

Oregon Institute of Technology

Purchasing - Procurement Card

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POLICY

.100 POLICY STATEMENT

This policy sets forth basic standards for the establishment and administration of a procurement card program at Oregon Institute of Technology (Oregon Tech) campuses.

This policy supersedes FASOM Section 13.11: Purchasing - Procurement Cards.

.110 POLICY RATIONALE

Oregon Tech has established a procurement card program (Program) to provide for the rapid acquisition of low dollar value items without a significant portion of the costs inherent in public purchasing, and the efficient handling of student group and team travel expenses. The primary purpose of the Program is to streamline operations and eliminate unnecessary administrative costs.

Oregon Tech maintains a contract with a bank to provide procurement cards to purchase goods and services. The bank issues procurement cards to employee Custodians in the name of Oregon Tech departments. Authorized departmental users purchase goods and services using the procurement card. Only student group and team travel expenses are allowed on group/team cards that are issued separately from department procurement cards.

In order to fully utilize the procurement card and realize the associated administrative efficiencies and cost savings, Oregon Tech seeks to ensure that the policies and procedures related to procurement card programs are documented, communicated, clearly understood, and consistently applied. Establishing sound policies to guide the use of the procurement card within Oregon Tech is important to ensure compliance with state and federal laws, rules, and policies, including Federal OMB Uniform Guidance and Federal Acquisition Regulations.

.120 AUTHORITY

- OAD 580-061-0000, Code of Ethics
- OAM 10.40.10, Non-travel Meals and Refreshments
- Title 2, Code of Federal Regulations (CFR) Parts 215 and 220 (OMB Circular A-21)- Cost Principles for Educational Institutions
- Oregon State Board of Higher Education Policy, Financial Irregularities, Adopted November 7, 2008, Meeting #818
- Federal Acquisition Regulations

.130 APPROVAL AND EFFECTIVE DATE OF POLICY

Approved by former Oregon University System's Associate Vice Chancellor for Finance & Administration/Controller on 02/01/08. The effective date of this policy is 02/01/08 with full

08/2015

implementation based on each campus's implementation plan. Oregon Tech will be reviewing this policy over the next 12 months as part of the governance transition that was effective July 1, 2015.

.140 KNOWLEDGE OF THIS POLICY

All institutional personnel should be knowledgeable of this policy.

.150 DEFINITIONS

Budget Authority: The individual who is responsible for the budget of a department or division of an institution that has authorized one or more procurement cards for the purchase of appropriate goods and/or services.

Procurement Card Program Administrator: The individual who is responsible for the administration of the procurement card program of Oregon Tech. The Procurement Card Program Administrator is responsible for ensuring that the institution procurement card policies are compliant with Oregon Tech's policy, that the policies established by the institution are implemented, and that the procurement card procedures are being followed.

Card Custodian: The individual who is responsible for safeguarding the procurement card of a department or division of an institution, maintaining complete and accurate records of procurement card use, and preparing reconciliations between the documents supporting charges on the procurement card and the statement of charges received from the procurement card vendor in compliance with Oregon Tech's policies.

Card User: An individual authorized to procure goods and/or services with a procurement card of a department or division of an institution.

.160 RESPONSIBILITIES

Responsibilities relating to the establishment and administration of a procurement card program include the following:

A. BUSINESS AFFAIRS OFFICE

Developing policies guiding the establishment and administration of a procurement card program at Oregon Tech.

- Developing and maintaining a web-based training program on the Oregon Tech program policy. The Procurement Card Policy Knowledge Test is found on MyOIT/Faculty/Staff Tab/Procurement Cards
- Carrying out all aspects of procurement card administration set forth in this policy

.200 ROLES AND RESPONSIBILITIES OF KEY INDIVIDUALS INVOLVED IN THE PROCUREMENT CARD PROGRAM

Budget Authority: The Budget Authority is responsible for reviewing all charges against department funds, including procurement card charges, to determine appropriateness and reviewing the monthly reconciliation of the card activity to the monthly statement. Additionally, the Budget Authority is responsible for requesting and authorizing the use of one or more procurement cards for use by his/her department and for authorizing a departmental employee to be the Card Custodian for the department.

Procurement Card Program Administrator (Program Administrator): The Program Administrator is authorized by Oregon Tech's Vice President for Finance and Administration to implement and maintain a procurement card program at his/her institution. Responsibilities include, but are not limited to:

- Development and maintenance of a comprehensive Program policy
- Establishment of an institution-specific training program
- Maintaining a comprehensive listing of card users, card custodians, and budgetary authorities
- Ensuring that all persons involved in the Program have completed any training required by policy. Procurement Card Policy Knowledge Test is found on MyOIT/Faculty/Staff Tab/Procurement Cards
- Issuance of procurement cards
- Establishment and maintenance of a monitoring program that is designed to help ensure the following:
 - expenditures charged through the Program are appropriate and within policy
 - complete and proper documentation supporting card charges are retained
 - use of each card is by authorized card users
 - fraudulent activity is identified and minimized
 - monthly reconciliations are performed as required
 - distribution of procurement card expenditures to appropriate account codes (see .350)

Card Custodian (Custodian): The departmental representative charged with the responsibility to hold departmental procurement cards in safekeeping until needed by authorized card users. Other responsibilities include, but are not limited to:

- Ensuring complete and proper documentation supporting card charges are obtained and retained
 - Examples include sales slips, cash register receipts, invoices, order forms, and receiving reports. Charge slips that do not itemize expenditures are inadequate documentation in and of themselves. When no other documentation exists, such as when making a telephone purchase, a purchasing log will be maintained to record transactions.
- Ensuring that all card users have completed required training and completion of the Procurement Card Policy Knowledge Test which is found on MyOIT/Faculty/Staff Tab/Procurement Card
- Maintaining procurement card usage log as required for multi-user cards
- Monitoring card transactions for appropriate use
- Monitoring card activity for fraud
- Reporting questionable transactions to Budget Authority and Program Administrator

- Performing a monthly reconciliation of the detail transactions with purchase records and processing journal voucher(s) to redistribute charges or credits to the appropriate accounts

Card User: Person authorized to use a procurement card to make purchases of goods and services on behalf of a department of an institution. Responsibilities include, but are not limited to:

- Maintaining an understanding of the policies guiding procurement of goods and services, including those specifically related to the use of the procurement card
- Safeguarding the card and the card number(s)
- Limiting the use of the card to purchases that are authorized by policy
- Personal responsibility for non-business charges

.210 ESTABLISHMENT OF A PROCUREMENT CARD PROGRAM AT OREGON TECH DEPARTMENTS

A Procurement Card Application and Agreement (Agreement) obtained from the Program Administrator is completed and signed by the Department Custodian, as well as the other Department employees authorized to use the card. The Budget Authority approves the Agreement and the Program Administrator requests the card from the bank. After the card is issued, additional authorized users must sign the Agreement and the Program Administrator must be notified that the new user was added. Similarly, when an authorized user is removed or terminates employment, separation procedures will be followed to ensure that their name is removed from the authorized card user list and that all parties involved in the Program, including the Budget Authority, Program Administrator, and Custodian, are notified on a timely basis.

.220 CREDIT LIMIT

Based on the amount of anticipated expenditures to be made on a particular card, the Program Administrator will place a limit on the amount of charges allowed on each card during each billing cycle.

If there is a need for a credit increase for either single purchase, monthly credit limit or both, the Budget Authority must email a request for increase and reason why to the Business Affairs Office Director. Once approved by the Business Affairs Director, the Program Administrator will make that temporary increase and notify the requestor.

.230 AUTHORIZED PROCUREMENT CARD USES

Purchases from vendors that accept credit card payments may be charged to a procurement card, except as prohibited. The procurement card is designed to promote purchasing efficiency, flexibility, and convenience. The following is a partial listing of typical uses:

- Office supplies
- Teaching and research supplies
- Materials for minor repairs
- Non Capitalized Furniture & Equipment

- Conference registrations
- Subscriptions to newspapers, journals and periodicals
- Reference materials such as books, particularly those purchased from another country due to exchange considerations
- Travel expenses for student groups or teams

.240 ALLOWABLE AMOUNTS AND APPROPRIATE ACCOUNT CODES

Use of a procurement card is prohibited for cash advances and personal or non-business purchases.

Except for group or team travel cards, use of a procurement card is generally prohibited for travel costs (39000 account codes). Institutional policy may allow for use of a procurement card for conference hotel reservations and payments, and for rental car reservations. Institutional policy applies regarding use of procurement card versus ghost accounts for purchase of common carrier fares. Use of the procurement card will not provide insurance coverage that the travel/ghost cards provide.

For purchases other than library acquisitions (account code 40190), use of a procurement card is prohibited for capital outlay (40XXX account codes) due to fixed asset inventory recording requirements.

Use of a procurement card is prohibited for the following account codes due to W-2 tax reporting requirements:

- 10780 Employee Moving Expenses - Taxable
- 10781 Temporary Living & Supplemental Allowance – Employee
- 10782 Settling-In Allowance – Employee
- 10783 Storage of Household Goods – Employee
- 10784 Dependent Assistance Tuition & Fees – Employee
- 10785 Dependent Assistance – Other – Employee
- 10786 Utilities and Maintenance – Employee
- 10787 Housing Rentals – Employee
- 10788 Cost-of-Living/Post Allowance – Employee
- 10790 Moving-Employee – Non-Taxable
- 28502 Overtime Meal Allowance
- 28532 Hiring Incentive
- 39712 Employee Travel – Taxable
- 39713 Dependent of Employee Travel - Taxable

.250 BANK CHARGES

All bank charges, including interest and late charges, are absorbed by department accounts.

.260 DISPUTED ITEMS

Disputes regarding charges, products or services must be resolved with the merchant or bank as appropriate. Any refund or adjustment obtained from the vendor is credited to the department.

.270 LOST OR STOLEN CARDS

If the card is lost or stolen, the Card User or Custodian, depending on who had custody of the card at the time of the loss, shall report the loss immediately to the procurement card vendor bank as instructed by bank and to the Custodian, Program Administrator, and Budget Authority.

.280 PROCUREMENT CARD ABUSE

A misused procurement card may be cancelled and returned to the bank. Department management, in consultation with Human Resources if appropriate, is responsible for taking appropriate disciplinary action consistent with applicable personnel policies.

A Procurement card can be revoked by the Business Affairs Director after three violations; see below:

- 1st violation is a warning
- 2nd violation is a two day procurement card suspension
- 3rd violation is the procurement card being revoked

The violations include:

- Non-adherence to Oregon Tech Policy, improper use, abuse, and/or fraud
- Late submission of statements
- Insufficient documentation
- Insufficient/incomplete reconciliation

.290 POST TRANSACTION REVIEW PROGRAM

The Program Administrator will develop and implement a post transaction review program that includes periodic post transaction reviews of procurement card use and testing application of key controls.

.300 MONITORING REQUIREMENTS

Oregon Tech's Business Affairs Office will establish and maintain a formal compliance monitoring program that will include the following:

- Reviewing transaction data for compliance on a set schedule
- Reviewing the listing of MCC codes that are blocked by institution policy (blocked MCC codes should be documented in the institution Program policy, or are codes that the campus deems susceptible to misuse)

- Reviewing account codes used for procurement card charges for potential inappropriate purchases
- Reviewing transaction descriptions for distributions made within the procurement card module for potential inappropriate purchases
- Reviewing usage frequency of each card at least annually for inactive or infrequently used accounts, documenting action taken
- Assessing procurement card provider monitoring system(s) and implementing as deemed appropriate and cost-effective
- Reviewing card activity levels at least annually and resetting card spending levels accordingly

.310 TRAINING PROGRAM REQUIREMENTS

Oregon Tech will develop and maintain a web-based training program (Procurement Card Policy Knowledge Test is found on MyOIT/Faculty/Staff Tab/Procurement Cards) that will focus on the key provisions within the Oregon Tech Program policy, and will develop and implement a training program, as needed, to focus on key provisions of campus-specific Program and related policies.

Oregon Tech will ensure that all Card Users, Custodians, Program Administrators, and Budgetary Authorities who authorize payments have been provided required initial training. Card Users, Custodians, Program Administrators, and Budgetary Authorities must complete training and take the required Procurement Card Policy Knowledge Test every two years which is found on MyOIT/Faculty/Staff Tab/Procurement Card. Failure to complete the required training and testing will result in revocation of the authority to use the card.

.320 SEPARATION PROCEDURES

Oregon Tech will develop and implement separation procedures that include cancellation and re-issuance of a departmental procurement card when a Budgetary Authority or Card Custodian separates from their position.

.330 INAPPROPRIATE USE

Oregon Tech will develop and implement policy and procedures related to inappropriate use of the procurement card. At a minimum these policies and procedures will address:

- card cancellation triggers, including, but not limited to, fraudulent activity
- consequences for inappropriate use

.340 EXCEPTIONS

Exceptions to the Procurement Card Program policies should be kept at a minimum. In the rare case where an exception to either or both of these policies is granted, the campus granting the exception will document the exception in writing, including evidence of appropriate approvals. Exceptions to this policy must be approved by the Vice President for Finance & Administration or designee.

.350 ACCOUNTING

Oregon Tech will develop and implement policy and procedures to accomplish the distribution of procurement card expenditures to appropriate account codes monthly.

.360 FORMS

Each procurement card program shall include forms that capture the following information:

- The responsibilities of the Card Custodian, Card Users, and the Budget Authority (their signatures are required as an acknowledgement) and policy and procedural information, as identified by department.
- Log that includes at a minimum: date of purchase, user name, vendor name, purchase description, and amount. This log should be kept at department location for audit purposes.

These forms can be found on OIT.edu website – Business Affairs/Accounts Payable/Procurement cards.

.370 CONTACT INFORMATION

Procurement Card Program Administrator
Business Affairs Office – SN102A
541-885-1813