

# Davis Technical College

## Purchasing Cards

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### 1. Purpose

To outline the policies for the purchasing card program, which allows individuals to have a credit card issued to them for the purpose of making purchases on behalf of the Davis Technical College

### 2. References

2.1. Davis Technical College Procurement/General Policies

2.2. Davis Technical College Purchase Requisitions Including Capital Equipment Preparations and Processing

2.3. Davis Technical College Solicitation of Bids, Proposals and Emergency Procurement

2.4. Davis Technical College Purchases from Auxiliary Services

### 3. Definitions

3.1. **Cardholder** - A person to whom a College Purchasing Card has been issued.

3.2. **Default Account** - The accounting code assigned to a cardholder. All charges made with a purchasing card will be posted into that card's default account by the issuing financial institution unless the purchase is reallocated.

3.3. **Purchasing Card** - A credit card issued to an individual employee of the College for the purpose of making authorized purchases on its behalf. The College is responsible to make payments for all charges made using properly issued purchasing cards.

3.4. **Purchasing Card User's Guide ("Guide")** - The document that contains instructions and guidelines for the use of the purchasing card.

3.5. **Responsible Person** - The person to whom the cardholder reports related to transactions made with the purchasing card. Generally, the Responsible Person is the cardholder's immediate supervisor or budgetary manager.

### 4. Purchasing Card Program

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#### 4.1. Overview

4.1.1. The purpose of the College Purchasing Card Program is to establish a more efficient, cost-effective method of purchasing and payment for small-dollar transactions. The program is designed to supplement a variety of processes including petty cash, check writing, low-value authorizations, and small dollar purchase orders.

**4.1.2.** The College is responsible for paying the issuing financial institution for purchases made using purchasing cards.

**4.1.3.** All cards are issued per College policies. Card usage may be audited and/or rescinded at any time. The person whose name appears on the Purchasing Card is the only person entitled to use that card.

**4.1.4.** These policies and procedures provide the guidelines under which a cardholder may utilize their Purchasing Card. The cardholder's signature on the Cardholder Agreement indicates understanding of the intent of the program and agreement to adhere to the guidelines established by the program. Authorized cardholders will receive a College purchasing card upon completion of purchasing card training and submitting a signed agreement to accept the purchasing card and may begin using the card immediately upon receipt. Cardholders should contact the College Fiscal Services Department with questions.

**4.1.5.** Record-keeping will be essential to ensure the success of this program. This is not an extraordinary requirement. State Finance and Purchasing policies require retention of receipts, competitive quotations, etc. As with any charge card, cardholders must retain receipts for their own protection and the College's protection.

**4.1.6.** Cardholders should remember that they are committing State funds each time they use the College Purchasing Card. This is a responsibility that cannot be taken lightly!

## **4.2. General Information**

**4.2.1.** The program helps to eliminate the use of small dollar purchases orders, petty cash, and payment requests.

**4.2.2.** The program is NOT intended to avoid or bypass appropriate purchasing or payment procedures. Rather, the program complements the existing processes available.

**4.2.3.** Cards should be issued to full time faculty and staff only; exceptions may be allowed on a case-by-case basis as deemed necessary by the controller.

**4.2.4.** The program is not intended to replace the current travel program, and only authorized individuals may use their cards for travel related expenses.

**4.2.5.** The card is not to be used for personal use.

**4.2.6.** The program can be used for in-store purchases as well as mail, internet, and telephone, orders.

**4.2.7.** When items which will be delivered to the College are ordered with a Purchasing Card, the cardholder should notify Shipping and Receiving.

**4.2.8.** The use of a departmental or unassigned purchasing card is prohibited. Individual purchasing cards will be issued to a single cardholder. Each cardholder is responsible for the security of their card and the transactions made with the card. The card is issued in the name of the employee, and it will be assumed that any purchases made with the card will have been made by the employee. Failure to comply with the guidelines established for this program may result in severe consequences, **up to and including termination of employment.**

## **4.3. Purchasing card Limits and Merchant Category Codes (MCC)**

**4.3.1.** Newly issued Purchasing Cards will be given a monthly credit limit of \$500. Justification is required for any requested credit limit above \$500. Approval must be obtained from the cardholder's administrator and the Vice President and Chief Financial Officer.

**4.3.2.** Purchasing Card limits may be temporarily adjusted by the Controller to meet specific purchasing needs.

**4.3.3.** All purchasing cards will be ordered using the default Merchant Category Codes (MCC) of the State of Utah's purchasing card program and may be adjusted by the Controller to accommodate specific cardholder purchasing needs.

**4.3.4.** Executives, Directors and designated employees will have higher monthly limits and access to Merchant Category Codes (MCC) that allow the use of purchasing cards for the purchase of supplies, prepared meals, airline tickets, hotels, and other travel related expenses.

**4.3.5.** Supervisors may request specific MCC codes be allowed on individual purchasing cards to facilitate the purchases of needed items. The Controller will evaluate the request and grant exceptions on a case-by-case basis.

**4.4. Policy - Description of Responsibilities.**

**4.4.1. The Fiscal Services Department is responsible for:**

**4.4.1.1.** Updating the College information with the issuing financial institution when necessary (such as authorized limit increases, new applications, etc.)

**4.4.1.2.** Training cardholders.

**4.4.1.3.** Verifying appropriate authorization signatures and completed application forms for each purchasing card that is requested.

**4.4.1.4.** Continually updating the Guide, Program Policies and Procedures, and obtaining appropriate approvals for all changes from all entities affected.

**4.4.1.5.** Assisting Cardholders, Responsible Persons, and others as necessary with problem resolution.

**4.4.1.6.** Serving as the primary liaison with the issuing financial institution, suppliers, using departments and any other parties that are involved in the program.

**4.4.1.7.** Designing all forms and other documents that are used, and for obtaining appropriate approvals for these as necessary, such as from the Vice President and Chief Financial Officer.

**4.4.1.8.** Notifying the Vice President and Chief Financial Officer and appropriate supervisor of the cardholder of violations or fraudulent card use.

**4.4.1.9.** Maintaining the following documents:

**4.4.1.9.1.** Properly approved request forms and monthly purchasing logs.

**4.4.1.9.2.** Purchasing Card Logs for (4) Four Years.

**4.4.2. The Responsible Person for the default account that is assigned to a purchasing card is responsible for:**

**4.4.2.1.** Selecting appropriate individuals within their department or management to receive purchasing cards (i.e., those with the responsibility of making the purchases and those who are backups for that function). The division vice president or associate vice president must also approve each person selected to be a cardholder as well as the Vice President and Chief Financial Officer.

**4.4.2.2.** Establishing processes within their programs or area to support the purchasing card system.

**4.4.2.3.** Notifying the Fiscal Service Department promptly of any known or suspected inappropriate or fraudulent use of a purchasing card.

**4.4.2.4.** Taking appropriate disciplinary measures with cardholders under their supervision who inappropriately or fraudulently use their purchasing cards.

**4.4.2.5.** Reviewing and approving individual transactions on the monthly statement for each cardholder under him/her in a timely manner. The approval of the monthly statement is a sign of responsibility for and certification that the purchases made by cardholders under him/her are for a specific business purpose and in compliance with all College and State policies.

**4.4.2.6.** Ensuring that legible itemized documentation is provided to support each purchasing card transaction. Transactions should not be approved without itemized documentation attached. In the event that itemized documentation is not available, a missing receipts form must be approved by a member of the college executive team.

**4.4.2.7.** Never requesting or directing a cardholder to make a purchase or reallocation which violates any portion of the policy and procedures, the Guide, or any other relevant rules, regulations, or guidelines.

**4.4.3. The Cardholder is responsible for:**

**4.4.3.1.** Using the purchasing card in accordance with all pertinent policies, procedures, guidelines, etc. and ensuring that purchases are in the best interest of the Davis Technical College.

**4.4.3.2.** Documenting a detailed business purpose that demonstrates both the necessity of the purchase and how the purchase supports the mission of Davis Technical College.

**4.4.3.3.** Completing and submitting a food purchases and meal documentation form for each meal purchase. This form can be obtained from the Fiscal Services Department and will assist cardholders in clearly documenting the specific business purpose, necessity, and participants meal purchases.

**4.4.3.4.** Ensuring that food expenses are within reasonable amounts. Per person meal expenditures generally should not exceed per diem rates set by the Utah Division of Finance. Any meal expenditures exceeding the per diem rate must be supported by a detailed explanation for the overage and written approval by the employee's director or division vice president.

**4.4.3.5.** Maximum per person rates for provided meals should not exceed the in-state meal per-diem rates posted on the State travel website.

**4.4.3.6.** It is recognized that the College benefits when employee morale is strengthened; therefore, the cost of occasional and infrequent faculty or staff socials may be paid from College funds. The division vice president or associate vice president must provide written approval for all departmental socials in advance of the event. Institutional Discretionary Funds, to the extent available, should be used for such expenditures. If these funds are not available, departmental funds may be used. If more than one social per year is held, the combined cost paid from College funds may not exceed an amount that would reasonably be spent on one event. It is Departmental and College leadership's primary responsibility to ensure activities are appropriate, expenditures are prudent, and that individuals within their area use common sense and good business judgment in determining the propriety of all expenditures.

**4.4.3.7.** Promptly submitting monthly Purchasing Card Transaction Log along with supporting documentation, such as itemized receipts, telephone order records, supporting purchasing documents or bids and any reallocation information to their supervisor. Failure to submit a purchasing card transaction log to the purchasing card administrator prior to due date may result in the deactivation of a purchasing card.

**4.4.3.8.** Being up to date with the current version of the Guide.

**4.4.3.9.** Ensuring that Utah sales tax is not charged at the time of purchase, or requesting a credit promptly from the supplier, if sales tax is included in error. Repeated failure to obtain tax credits for sales tax charged in error may result in loss of purchasing card privileges. The College's Utah sales tax exemption number and exemption

certificate can be obtained from the Fiscal Services Department. The College's tax-exempt number will be printed on individual purchasing cards.

**4.4.3.10.** Willingly surrendering the card upon termination of employment, or upon change in employment that no longer includes the purchasing function, or upon request from the Fiscal Services Department, or from their supervisor.

**4.4.3.11.** Notifying the Fiscal Services Department promptly of any known or suspected inappropriate or fraudulent use or loss of a purchasing card.

**4.4.3.12.** Promptly reporting to the Controller (confidentially, if necessary) any request or direction by his/her supervisor(s) to use the card in an un-allowed or fraudulent manner.

#### **4.4.4. Responsible Person/Cardholder Relationships**

**4.4.4.1.** There shall not be reciprocal approval-of-statement relationships between a cardholder and a responsible person. The responsible person must always be higher in the organizational unit than the cardholder.

**4.4.4.2.** All cardholder/responsible person relationships are subject to review and approval of Division Heads and the Fiscal Services Department.

**4.4.4.3.** If due to unique circumstances, a responsible person that meets the above criteria cannot be identified, the cardholder's purchasing activity will be subject to audit at least quarterly.

**4.4.5. Purchasing Card User's Guide.** The purpose of the policies and procedures listed in this section are to outline items that are not referenced in the Guide. The Guide includes:

**4.4.5.1.** Contact information for customer service for the issuing financial institution and for the College.

**4.4.5.2.** Instructions for keeping the purchasing card secure while in the cardholder's possession.

**4.4.5.3.** Information and form regarding the College's sales tax exemption status.

**4.4.5.4.** Detailed list of limitations on all cards and on each individual card.

**4.4.5.5.** General purchasing guidelines.

**4.4.5.6.** Instructions regarding the handling of disputed transactions.

**4.4.5.7.** Instructions regarding the relevant accounting and reallocation procedures.

**4.4.6. Inappropriate or Fraudulent Use of Purchasing Cards.** In the event that a purchasing card is used inappropriately or fraudulently, the procedures described below must be followed:

**4.4.6.1.** The Fiscal Services Department will be notified promptly, who will in turn notify the Vice President and Chief Financial Officer, and the cardholder's appropriate supervisor.

**4.4.6.2.** If it appears that the misuse was intentional or fraudulent, an audit and/or investigation will be conducted to determine the full extent of misuse or fraud. During the audit or investigation, the cardholder's card will be temporarily deactivated.

**4.4.6.3.** The cardholder will be disciplined in one or more of the following ways:

**4.4.6.3.1.** A letter of reprimand in the employee's personnel file.

**4.4.6.3.2.** Requiring reimbursement from a cardholder.

4.4.6.3.3. Temporary or permanent loss of the purchasing card.

4.4.6.3.4. Termination of employment.

#### 4.4.7. Canceling a Purchasing Card

4.4.7.1. Reasons for canceling a Purchasing Card:

4.4.7.1.1. Voluntary termination.

4.4.7.1.2. Involuntary termination.

4.4.7.1.3. Transferring to position or department which no longer requires use of purchasing card.

4.4.7.1.4. Disciplinary action.

4.4.7.1.5. No purchases were made on the card for a 12-month period.

4.4.7.2. Process for canceling:

4.4.7.2.1. **Voluntary termination** - The **Cardholder** must surrender their purchasing card to the Fiscal Services Department at time of termination.

4.4.7.2.2. **Involuntary termination or transferring to a department which no longer requires use of card** - The **Cardholder's Supervisor** must:

4.4.7.2.2.1. Take possession of the cardholder's purchasing card

4.4.7.2.2.2. Return the card to the Fiscal Services Department with written notice that the card should be canceled.

4.4.7.3. Disciplinary Action:

4.4.7.3.1. **Permanent** - same as above.

4.4.7.3.2. **Temporary** - Program Coordinator or assistant will deactivate the card for the specified probationary period and only reactivate with written request of supervisor and Vice President and Chief Financial Officer.

4.4.7.4. The **Fiscal Services Department** must:

4.4.7.4.1. Wait an appropriate time for all purchases that were made with the card to be processed by merchants (approximately 4 days)

4.4.7.4.2. Submit a form to the issuing financial institution to cancel.

#### 4.4.8. Employee Transfers

4.4.8.1. If a cardholder is transferred to a new position within the department or another department and will still need to make purchases using a purchasing card, the same card should be used. The **Cardholder's Responsible Person or his/her designee** must promptly notify the Fiscal Services Department if there are changes to be made (such as the default account, etc.).

4.4.8.2. If a cardholder is transferring to a new position within the department, but will not have the same Responsible Person, and/or will no longer be purchasing items for the department the card must be retrieved and canceled as described in section.

**4.4.9. Certification Training**

**4.4.9.1.** All cardholders shall take web-based training annually and be certified by Fiscal Services. Cardholders who fail to re-certify will have their cards deactivated.

**4.4.9.2.** All responsible persons shall take web-based training annually and be certified by Fiscal Services. Failure to do so will result in their card and the cards of those whom they supervise being deactivated, thus restricting purchases and travel.