

Category: Operations

Policy Title: Purchase Card

Policy Statement: The college has a purchase card program that offers a more efficient, cost effective method of purchasing and paying for small dollar transactions (generally less than \$1,000). Each card is issued in the name of the cardholder and any purchases made against the card are the responsibility of the cardholder. Purchase cards may be issued to employees who obtain approval from their Department Director and the Business Office. Cardholders are responsible for complying with the terms of a Purchasing Card Cardholder Agreement and the college's policies and procedures.

Procedures:

Use of the Purchase Card

The purchase card works like a personal credit card, except that all acceptable charges are paid in full by the college. It is to be used only for college related purchases. The purchase card is NOT to be used to avoid or bypass appropriate procurement or payment procedures. Instead, the purchase card complements the existing processes.

Cardholders should always treat the purchase card with at least the same level of care as one does his/her own personal credit cards. The card should be kept in a secure location and the account number should be carefully guarded. The only person entitled to use the card is the person whose name appears on the face of the card. The card may not be lent to another person for any reason.

Requesting a Purchase Card

A request for a card must be made by the Department Director and submitted to the Chief Financial Officer. The Chief Financial Officer reviews and approves or denies all requests. All disapproved requests are returned to the Department Director, indicating the reason for the disapproval.

The Chief Financial Officer will determine each employee's monthly credit limit. Changes to credit limits must be submitted through the employee's supervisor and approved by the Chief Financial Officer.

Training

Attendance at a cardholder training session is mandatory for all employees who receive a purchase card. At the training, each new cardholder will receive the Purchase Card Policies and Procedures that guide card use. Cardholders will also be trained in the procedures of the program, such as maintaining the Procurement Log of Transactions (PLOT). A card will not be

distributed until a Purchase Card Cardholder Agreement is signed by the cardholder. Your signature on the agreement indicates you understand the intent of the program and agree to adhere to the established guidelines. You will be issued your purchase card after receipt of the signed agreement by the Chief Financial Officer in the Business Office. You may begin using the card after completion of training provided by the Business Office.

Purchase With the Card

The purchase card may be used to purchase goods only. The card cannot be used to purchase computer equipment, software, or to pay for services. College purchase procedures must be followed at all times. Purchases made with college funds must adhere to the following guidelines: purchases of \$10,000 or more require written bids and due consideration regarding cost, quality, service, and consideration of local businesses.

Prior to making purchases with the card, there must be budget funds available in the proper general ledger account to cover the expense.

The purchase card may be used to purchase goods in person (at the point of sale), over the telephone or over the Internet. When using your card over the Internet, please be sure that you are using a secure site.

A cardholder must:

- ensure that the card is used only for legitimate college business purposes
- ensure that the card is used only by the cardholder. Use by anyone other than the approved cardholder is strictly prohibited
- obtain **all itemized** sales slips and register receipts
- not use the card for cash transactions, such as accepting cash in lieu of a credit to the purchase card account
- not use the card to obtain a cash advance
- not use the card to purchase gift cards

When placing your order in person:

- identify yourself as a college employee
- state that it is a tax-exempt purchase and provide the tax-exempt number printed in the upper right hand corner of the card (you may be required to provide a tax-exempt certificate)
- obtain an **itemized** receipt in addition to the purchase card receipt

When placing your order by telephone:

- state that you are making a purchase using a Visa card
- state that it is a tax-exempt purchase and provide the tax-exempt number printed on the card
- provide the card number and expiration date
- provide the complete delivery address

- state the quantity and description of the items being ordered
- verify that the card will not be charged until the item is shipped
- verify the total cost of the purchase with the vendor, including shipping and handling charges

When placing your order on the Internet:

- be sure to place orders through a secure Internet site
- follow the instructions of the Internet site
- assure that the purchase is tax-exempt. If the online form depicts a charge for sales tax, **do not** complete the transaction; instead, place the order by telephone
- print a detailed online receipt of the completed transaction
- verify that the card will not be charged until the item is shipped

Receipt of Goods and Materials

The cardholder is responsible for ensuring receipt of goods and materials and will follow up with the vendor to resolve any delivery problems, discrepancies and damaged goods.

For telephone, catalog and on-line orders, make sure complete shipping address and instructions are given along with your name (name, department name, complete address, city, state, zip code).

If goods or materials are ordered by phone, ask the vendor to include a detailed sales receipt in the package and explain that we are a tax exempt organization. Save the credit card receipt and shipping document.

Sales Tax

Garden City Community College is an agency of the State of Kansas and is exempt from paying Kansas sales tax or use tax per KSA 79-3606(b). The tax-exempt number appears on the front of the card. This number must be given to all vendors by the Cardholder at the time of the transaction. When the purchase card is used for expenses such as in-state lodging and in-state team meals, sales tax exemption is required. For other expenses, employees should make every effort to make purchases tax exempt.

Travel Expenses

An approved Trip Request form must be on file in the Business Office before any travel expenses will be allowed on the purchase card. See travel policy for more information on travel expenses.

Gasoline Purchases

Gasoline should be purchased with college gas credit cards. The purchase card should not be used for gasoline purchases. The college loses the federal and state exemption from excise gasoline tax when gasoline is paid for by the purchase card. In the event a gasoline station cannot be located that will honor college gas credit cards, the purchase card may be used. This gasoline

will be charged back to the employee's departmental cost center.

Lost or Stolen Card

If the card is lost, stolen or compromised, immediately notify the Chief Financial Officer in GCCC Business Office at 620-276-9577. If you are unable to notify the Chief Financial Officer, notify the Comptroller in GCCC Business Office at 620-276-9575. If you are unable to notify either one, notify Bankcard by calling 1-800-VISA-911 24 hours a day. Do not order a new card. The business office will order your replacement card.

Credits

The vendor should issue a credit to your card for any item they have agreed to accept for return. Under no circumstances should you accept cash in lieu of a credit to the purchase card account.

Disputes and Billing Errors

Cardholders may dispute a charge that appears on their purchase card statement. The cardholder is responsible for following up with a vendor regarding any erroneous charges, disputed items or returns within five (5) business days from receipt of the statement. Disputed charges can result from failure to receive goods, fraud or misuse, altered charges, defective merchandise, incorrect amounts, duplicate charges, credits not processed, etc. The cardholder should contact the vendor first to resolve any outstanding issues.

If the cardholder is unable to reach agreement with the vendor, the next step is to complete the Cardholder Statement of Questioned Item form and send it to the Accounts Payable Coordinator in the Business Office.

Misuse or Abuse of the Card

The term "misuse or abuse" shall mean the use of the purchase card outside of the employee's authorized parameters. Misuse or abuse of the card includes, but is not limited to:

- using the card for personal or unauthorized purposes
- using the card without sufficient budget to cover the expense
- using the card to obtain a cash advance or cash in lieu of a credit to the purchase card account
- using card to purchase gift cards or gift certificates
- using the card to purchase alcoholic beverages or any substance, material, or service which violates policy, law or regulation pertaining to Garden City Community College
- allowing use of the card by another individual
- splitting a purchase or using another cardholder's card to circumvent the purchase limit of the card
- failing to provide the Department Director with required receipts
- failing to complete and submit the Purchase Log of Transactions (PLOT) within allotted time designated by the business office (usually 5 to 7 business days).

- failing to provide, when requested, information about any specific purchase
- not adhering to all of Garden City Community College Purchase Card Procedures and general purchase guidelines.

Depending on the severity of the violation, the following actions may be taken:

- **First Offense:** Both the cardholder and the cardholder's Department Director will be notified of the infraction. The cardholder will be advised to use the card for business purposes only within the parameters established by these policies. The cardholder will also be advised that all card privileges will be suspended if further violations occur. The cardholder will be personally responsible for reimbursing the college for unauthorized purchases.
- **Second Offense:** All purchase card privileges will be suspended for a period of three (3) months. The cardholder's Department Director will be notified of this violation and subsequent suspension of privileges. At the end of the three month period, the cardholder's Department Director may elect to reinstate the cardholder's privileges, with the approval of the Chief Financial Officer. The cardholder will be personally responsible for reimbursing GCCC for any unauthorized purchases.
- **Third Offense:** Use of the purchase card will be suspended permanently. The cardholder will be personally responsible for reimbursing the college for any unauthorized purchases.

These actions may be initiated at the discretion of the Chief Financial Officer after consultation with the appropriate Department Director. Further, the Department Director may ask the Chief Financial Officer to initiate any of the above actions at any time.

Fraudulent Use of the Card

The term "fraudulent use" shall mean the use of the purchase card with a deliberately-planned purpose and intent to deceive and thereby gain a wrongful advantage for oneself or anyone else other than the college. The following actions will be taken:

- immediate suspension of card privileges
- removal of cardholder's purchase authority
- required employee reimbursement to the college for any unauthorized purchases
- formal disciplinary action which may result in termination of employment.

These actions, with the exception of formal disciplinary measures, may be initiated at the discretion of the Chief Financial Officer after consultation with the appropriate Department Director. Further, the Department Director may ask the Chief Financial Officer to initiate any of the above actions at any time. Formal disciplinary action must be initiated by the Department Director in accordance with Garden City Community College's Personnel Policies and Procedures.

Employee Termination

A cardholder who terminates employment with the college must return the purchase card to the

Director of Human Resources during the exit interview or to the Business Office on his/her last day of work.

Audit of Individual Accounts

The Business Office may elect to audit a cardholder's account and Purchase Log of Transactions (PLOT) at any time and without notice. It is, therefore, important that cardholders maintain accurate records of all transactions at all times. The cardholder is responsible for the transactions identified on his/her card statement. When an audit of the cardholder's account is conducted, the cardholder must be able to produce receipts, and/or proof that the transaction occurred.

Documentation

Accurate record keeping is essential to ensure the success of the program. Standard payment policies require retention of receipts and other documentation. As with any credit/charge card, cardholders must retain sales slips, cash register receipts, invoices, order forms and receiving documents. The cardholder is responsible for maintaining adequate documentation to verify and explain all purchase card transactions. To facilitate reconciliation and approval of statements, it is essential that cardholders obtain at the time of purchase and retain vendor documentation for purchases, including

- itemized vendor sales receipts
- itemized packing slips or shipping orders
- purchase card charge slips with items descriptions.

On an ongoing basis, the cardholder must maintain a Purchase Log of Transactions (PLOT) to document transactions made with the card, whether the transaction was made at the point of sale, by telephone or on the Internet. Adequate documentation, as described above, must be attached to the PLOT for each transaction.

Each month, the cardholder will receive a statement that lists charges made during the previous billing cycle. Upon receiving the statement, it is essential that the cardholder perform the following:

- review the reconciliation statement and compare back-up documentation (receipts, packing slips, charge slips, etc.) to the transactions listed on the statement
- reconcile each and every transaction on the PLOT to assure that it is correctly listed on the statement (it is, however, possible that transactions listed on the PLOT will not appear until the next statement).
- reconcile each and every transaction on the statement to assure that it is correctly listed on the PLOT and that adequate documentation for each transaction is attached to the PLOT

If a charge listed on the statement is being disputed by the cardholder, attach a copy of the Cardholder Statement of Questioned Item form that has been completed to dispute the charge.

You should list each receipt individually on the PLOT. Upon completion of the PLOT, the employee must then enter a requisition in Datatel to Commerce Bank-Commercial. Items charged to an account number may be grouped and entered as one line item in Datatel. Forward the entire purchase card statement and the PLOT (including all supporting documentation) to the Department Director within five (5) business days after the close of each billing cycle. The Department Director will review and approve the Datatel requisition by:

- ensuring that each purchase is an appropriate use of college funds
- confirming that receipts and written explanations are attached for each listing on the statement
- confirming that the attached receipts match the dollar amount of each listing on the statement
- confirming that a Trip Request form supports all travel expenses
- ensuring that the card is not used for personal purposes
- ensuring that the card is used and receipts are signed only by the cardholder.

The Department Director must approve (by signing) the PLOT. By signing and approving the requisition and the PLOT, the Department Director certifies the statement's compliance to the established policies and procedures governing the purchase card program. The Department Director must forward the approved statement to the Accounts Payable Coordinator in the Business Office within ten (10) business days after the close of each billing cycle.

Purchase Card Flow Chart

Make purchases using sales tax exemption & requesting itemized receipt

Receive monthly statement from Business Office via email

PLOT

Enter charges onto PLOT

Attach itemized receipts to PLOT

Attach copy of Trip Request to PLOT

Attach copy of your monthly VISA statement

Send PLOT to supervisor for approval

Enter requisition into Datatel as Commerce Bank- Commercial Cards.

Contacts: Chief Financial Officer

Approved Date: 8/1/2016

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Related Form: Purchase Card Cardholder Agreement, Cardholder Statement of Questioned Item Form