

The University of Texas at Tyler

Procurement Card

Policies and Procedures

Revised April 2008

GENERAL INFORMATION

Introduction

The University of Texas at Tyler (UT Tyler) offers University departments a MasterCard Procurement Program for ordering supplies or business services. The program is a fast, flexible method of processing low dollar value purchases from vendors that accept the MasterCard credit card. This program is designed as an alternative to the traditional payment process and eases the process of purchasing commodities for UT Tyler. The Procurement Card is not intended to avoid or bypass appropriate purchasing or payment procedures. This program compliments the existing processes available.

The Procurement Card Program is authorized by a Texas Procurement and Support Services (TPASS) contract with JP Morgan Chase. With the procurement card, one may purchase non-restricted commodities or services directly from vendors without issuing a purchase order or entering an accounting transaction. This program will reduce the time and effort required to make purchases for the University.

The use of the procurement card to pay for a purchase does not exempt UT Tyler or its officers and employees from the purchasing requirements of state law and TPASS.

Cardholder Eligibility

Any full time UT Tyler employee, whose job duties include purchasing for the department, may request a procurement card if approved by the department head or budget authority.

Cardholder Responsibilities and Liabilities

Procurement cards are issued to an individual employee and not to an office, department, or other cardholder group. The Texas State Comptroller discourages "card sharing" and JP Morgan Chase will not honor fraudulent charge claims when a card has been shared. The cardholder is responsible for the security of the procurement card. This card should be treated with the same level of care as the cardholder would use with his/her own personal charge cards. The procurement card account number should be guarded carefully and kept in a secure location.

There is a personal liability associated with the procurement card. Any cardholder making an unauthorized purchase will be held personally liable for reimbursing UT Tyler for the amount of the unauthorized purchase. Failure to comply with the procurement card guidelines may result in permanent revocation of the card, notification of the situation to management, and further disciplinary measures that may include termination.

UT Tyler's Liability

The TPASS procurement card contract terms assign UT Tyler liability for unauthorized purchases made using lost cards up to \$10,000 or the billing cycle limit of the card, whichever is lower.

Auditing

For audit purposes, all procurement card documentation must be retained for five years by the department. The Internal Audit and Compliance offices will review departmental procurement card procedures and cardholders at various times as scheduled.

How to Obtain a Procurement Card

Download a [procurement card application](#) from the Forms section of the Financial Services website. The completed and signed application should be sent to Financial Services, ADM 123. Financial Services will submit the application to JP Morgan Chase and upon receipt of the card, will contact the named cardholder. The named cardholder must pick up the procurement card at the Cashiers office, where they must first present a valid ID and complete a procurement card agreement. **In compliance with FTC regulation 16 CFR 681.3, Financial Services never delivers procurement cards via US mail or intercampus mail. The named cardholder must pick up the card in person with valid ID.**

How to Use the Procurement Card

The procurement card works like a credit card. A cardholder may make allowed purchases from vendors that accept the MasterCard credit card. The card may be used for purchases of goods or business services that are specifically related to official state business. The cardholder must keep all receipts or documentation for any purchases made with a procurement card. If the required receipts are not submitted, the employee may be required to reimburse UT Tyler for the amount of the purchase.

Procurement Card Control Limits

- Transaction or "single purchase" limit (Default = \$999, up to \$2000 with budget authority approval)
- Spending limit per card per billing cycle (Default = \$5,000)
- Number of authorizations allowed per day (Default = no limit)
- Number of credit card transactions per cycle (Default = no limit)

To obtain a higher single purchase or billing cycle limit than the default limit, the budget authority must send Financial Services a letter or e-mail justifying the increase. The single transaction limit is the dollar amount allowed on the Procurement Card for a single purchase event. A transaction includes the prices of all items purchased during the event plus allowable tax and freight. **Cardholders must not attempt to make a purchase greater than his/her approved amount or to split a purchase to circumvent the limit of the card. This will result in loss of card privileges.**

Verification of Vendor Status - Prior to Purchase

For purchases of \$500 or more from vendors based in Texas, the cardholder is required to research the vendor's hold status by using the "Vendor Search" function in POINT Plus. If the vendor is not on hold, the cardholder should print the vendor page from POINT Plus and retain with other supporting documentation. **Do not purchase from a vendor on hold with the state.**

Activity Report Reconciliation

The cardholder is responsible for maintaining records of every transaction made with the procurement card. These records should be reconciled to the JP Morgan Chase activity report each monthly billing cycle. Any discrepancies should be investigated immediately. **The following items must be retained in departmental files for each monthly cycle:**

- ✓ Sales receipts
 - For phone orders, ask the vendor to include a sales receipt in the package.
 - For internet orders, print the online order confirmation or print a copy of the confirmation email received from the vendor.
- ✓ Packing slips, if applicable
- ✓ Credit card slips
- ✓ [Procurement card log](#), available in the Forms section of the Financial Services website
- ✓ Vendor Account Information page (see previous section)

- ✓ Special authorizations, if applicable (e.g., VP approval of membership purchases)

Approval of Payment Vouchers

DEFINE electronic VP7 payment vouchers are created at the end of each 30-day cycle (5th day of the month or the following business day), charging the account specified on the cardholder application for each transaction. VP7 document(s) will be electronically routed for approval to the individual(s) designated by your office manager. The procurement card purchaser must have submitted to the VP7 approver all receipts and supporting paperwork related to his or her procurement card transactions, including the procurement card log. The designated departmental personnel must verify the charges and approve the VP7 documents in a timely manner. **Failure to timely review and approve VP7 documents may result in the following measures:**

- First failure to timely approve VP7s: warning letter
- Second failure to timely approve VP7s: 30-day suspension of card privileges
- Third failure to timely approve VP7s: permanent loss of card privileges

Allowed Purchases

The procurement card may be used for purchase of goods or business services up to \$2,000. Some examples of allowable purchases are office supplies, research supplies, repairs, conference registration fees, and computer supplies. The card may be used for in-store and online purchases, mail, telephone, and fax orders.

Disallowed Purchases

The procurement card may NOT be used for purchasing the following items:

➤ Alcoholic beverages	➤ Flowers, Plants	➤ Postage ⁴
➤ Ammunition	➤ Food ²	➤ Prescription drugs
➤ Animals ¹	➤ Gasoline	➤ Purchases not connected with official state business
➤ Cash advances	➤ Gift cards/certificates	➤ Purchases involving trade-in of University equipment
➤ Charitable contributions	➤ Hazardous chemicals, Liquid nitrogen, Cylinder gases	➤ Travel and related expenses
➤ Consulting services	➤ Internet provider services or other recurring charges	➤ UT Tyler tuition & fees
➤ Controlled substances	➤ Leases	➤ Veterinary services
➤ Entertainment	➤ Memberships ³	➤ Weapons

1. Exception: The purchase of animals related to research or teaching in a class or lab setting
2. Exceptions: a) Cowan Fine Arts Center, and b) the purchase of food related to research or teaching in a class or lab setting. Otherwise, the purchase of food, coffee, or related items for consumption by employees or departmental visitors is not allowed, regardless of fund source.
3. Exception: Professional memberships may be purchased using the procurement card, **but written VPAA approval must be obtained PRIOR to the purchase and retained with other supporting documentation.** The purchase of recreational and athletic memberships is not allowed.
4. Exception: Postage purchased from the United States Post Office

Disallowed Vendors/Prohibited Merchant Category (MCC) Codes

The following vendor types, sorted by MCC codes, are disallowed and the procurement card charge will be rejected at the retailer site:

3000-3299	All Airlines	7011	Lodging Hotels, Motels, Resorts
3351-3441 & 7512	All Rental Agencies	7012-7033	Timeshares, Recreational Facilities and Campgrounds
3501-3816	All Hotels	7230	Beauty Shops, Barbershops
4121	Taxicabs & Limousines	7261	Funeral Services & Crematories
4011-4112	All Rail Services	7273	Dating and Escort Services
4131	Bus Lines	7276	Tax Preparation Service
4411	Cruise Lines	7277	Counseling Services: Marriage/Personal
4511- 4789	Travel Agencies & Tour Operations, Bridge and Toll Roads	7278	Buying/Shopping Services/Clubs
4829	Money Orders, Wire Transfers, ATMs	7280	Hospital Patient Personal Funds Withdrawal Account
5094	Precious Stones, Metals, Jewelry and Watches	7295, 8351	Babysitting Services, Childcare
5541- 5542	Service Stations, Fuel Dispensers	7297	Massage Parlors
5698	Wig and Toupee Shops	7298	Health & Beauty Spas
5812	Eating Places, Restaurants	7299	Other Miscellaneous Personal Services
5813	Bars, Cocktail Lounges, Clubs, etc.	7392	Management, Consulting, & Public Relations Services
5814	Fast Food Restaurants	7523-7524	Parking Lots and Garages
5921	Package Stores, Beer, Wine, Liquor	7832-7996, 7998, 7999	Entertainment, Betting and Gambling, Lottery Tickets
5971-5972	Art Dealers, Galleries, Stamp/Coin Stores, Cosmetic Stores	7997	Recreational/Athletic Memberships
5932-5681	Antiques, Pawn Shops, Furs, Luxury Items	8651-8661	Charitable/Political/Religious Organizations
5992- 5993	Florists and Greeting Cards, Cigar Stores	9211-9401	Government Services, Court Costs, Fines, Taxes
6010-6760, 9950, 0003	Financial Institutions, Insurance & Savings Bonds	9751-9752	Grocery and Convenience Stores

Termination of Procurement Card Privileges

The cardholder may cancel a procurement card at any time. Financial Services is required to close an account if a cardholder (a) moves to a new job in which a procurement card is not required, (b) terminates employment or (c) for any of the following reasons, which may also subject the cardholder to disciplinary action in accordance with University policies and procedures relating to disciplinary action and termination for cause:

- The card is used for personal or unauthorized purchases or fails to provide required receipts
- The cardholder splits a purchase to circumvent the limitation of the card.

- The cardholder fails to timely review and approve VP7 electronic payment documents.

The procurement card should be returned to Financial Services, Adm. 123, with notification to cancel the card prior to the employee's change in status.

Purchase Orders

If the total payment to be made to a vendor for a purchase, including freight, is more than the approved procurement card transaction limit, a purchase order must be used. **Do not split payments to a vendor to bypass the proper purchasing procedure. This will result in loss of card privileges.**

Blanket Orders and State Term Contracts

If the item to be purchased is on a State Term Contract or University Blanket Order the cardholder must verify that the vendor will accept a procurement card for payment. If the vendor does not accept the procurement card, a purchase order must be used.

Sales Tax

All purchases made with a procurement card are exempt from State of Texas sales tax. The cardholder should monitor all transactions to ensure that State of Texas sales tax is not charged on any procurement card purchases. Interstate purchases may be subject to sales and use tax. When placing an interstate order, the cardholder must require documentation whether or not sales tax was included in the total cost and receive hard copy verification (either by fax or in the shipment).

Credits and Returns

By rule of the State Comptroller, cardholders are not allowed to receive a cash refund for returned merchandise. All credits or refunds must be applied to the same cardholder account that was used for the original purchase.

Shipping and Receiving

Orders are usually delivered to The University's Central Receiving dock unless other arrangements are made. It is the cardholder's responsibility to ensure receipt of goods and services and to follow up with vendors to resolve any delivery problems, discrepancies, or damaged goods. No shipments, including subscriptions, should be made to personal residences.

Billing Address

The main campus address is shown below: Since procurement card purchasing is decentralized, it is extremely important to include the ordering department's building and room number.

The University of Texas at Tyler
(Ordering Department / Building and Room Number)
3900 University Blvd.
Tyler, Texas 75799

Note: Longview and Palestine procurement cardholders or applicants will need to indicate their respective campus addresses.

How to Report a Lost Card

If a procurement card is lost or stolen, the cardholder should notify JP Morgan Chase immediately by calling 1-800-890-0669. Inform the bank that the card in question is a University of Texas at Tyler procurement card. The bank will deactivate the old card and send the new one to Financial Services. The cardholder will be notified when the card arrives.

If a procurement card is lost or stolen, it is imperative the Bank be notified immediately. Financial Services should also be notified at 903-566-7327. The University is responsible for all charges incurred against a card until the Bank receives notification that the card has been lost or stolen. This liability limit is \$10,000.

How to Handle Returns, Credits, and Disputed Charges

Should a problem arise with a purchased item, service or charges, every attempt should be made to first resolve the issue directly with the supplier. Review of future statements is vital to ensure the account is properly credited for returns, credits, and disputed charges. The returned, credited, or disputed item should be noted on the Cardholder's Procurement Card Transaction Log.

- **Returns:** If a cardholder needs to return an item to a supplier, contact the supplier and obtain instructions for return. Note that some suppliers may charge a restocking or handling fee for returns. All returns should be indicated in the cardholder's transaction log.
- **Credits:** If an item is accepted as a return by the supplier, a credit for this item should appear on the following month's statement. All credits should be indicated in the cardholder's transaction log.
- **Disputed Charges:** A cardholder may dispute a charge that is not recognized or that appears to be incorrect. The cardholder should first make a good-faith effort to settle a claim or dispute for purchases directly with the vendor. If an agreement cannot be reached with the vendor, contact a JP Morgan Chase Chargeback Specialist at 888-297-0768. All disputed items should be indicated in the cardholder's transaction log.

Disputes must be sent to JP Morgan Chase within 45 days of the billing close date. The closing date for the previous billing cycle is on the 5th of the next month (or the following business day). The Non Travel Related Dispute form may be requested by the Chargeback Specialist and should only be completed upon their request.

How to Report Fraudulent Use of a Procurement Card

- Anonymously to the University Ethics Hotline at (800) 500-0333
- Compliance Office at (903) 566-7151
- Financial Services (903) 566-7461