

The University of Texas at Tyler

Procurement Card Program

Policies and Procedures

Credit Card Coordinator Information:
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GENERAL INFORMATION

Introduction

The University of Texas at Tyler (UT Tyler) offers University departments a MasterCard Procurement Program for ordering supplies or allowed 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 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 State of Texas Procurement and Support Services (TPASS) contract with Citibank. With the procurement card, one may purchase non-restricted commodities or allowed services directly from vendors without issuing a purchase order or entering an accounting transaction document. 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 regulations.

Cardholder Eligibility

Full time UT Tyler employees, whose job duties include purchasing for the department, may request a procurement card if approved by the department head/budget authority or budget authority's supervisor.

Cardholder Responsibilities and Liabilities

Procurement cards are issued to an individual employee and not to an office, department, or other cardholder group. The named cardholder is responsible for the security, control and use 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 and account number should be guarded carefully and kept in a secure location. To avoid unintentional misuse, it is strongly recommended that the procurement card is not kept in the same wallet or purse pocket as personal credit cards. Use of procurement cards result in charges that must be paid but that will not have been encumbered on a UT Tyler purchase order. It is important that cardholders not make procurement card purchases in excess of department available balances.

The cardholder is ultimately responsible for verifying that all itemized transactions listed on a receipt and other supporting documentation are accurate. The cardholder is responsible for submitting itemized transaction receipts and other supporting documentation to the department Procard Reconciler by the end of each credit card cycle (the fourth (4th) business day of each month).

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 policies and procedures may result in suspension of or termination of the procurement card, notification of the situation to management, and further disciplinary measures that may include termination. The Texas State Comptroller discourages "card sharing" and Citibank may not honor fraudulent charge claims when a procurement card has been shared with another UT Tyler employee.

Notify both Citibank and the Credit Card Coordinator immediately when a procurement card has been lost, stolen, or is suspected of suspicious activity.

Cardholder Department Responsibilities

Procurement card transaction logs are required by the State of Texas Procurement Card Program. It is the responsibility of the cardholder or Procard Reconciler to maintain a transaction log for each statement cycle. Monthly Citibank charges must be paid in a timely manner in accordance with State of Texas prompt payment laws. The cooperation of the cardholder's designated Procard Reconciler and Procard Reviewer/Approver is essential in meeting processing deadlines each month. If changes need to be

made to either the assigned Procard Reconciler or assigned Procard Reviewer/Approver it is the Department's responsibility to notify the Credit Card Coordinator in Financial Services for updates to be made for timely processing and future reconciliations in the accounting system.

It is the Procard Reviewer/Approver's responsibility to review itemized transaction receipts to verify that no State of Texas sales tax was charged, to ensure that each transaction serves a legitimate business purpose and is appropriate and necessary for the department. The Procard Reviewer/Approver must verify that appropriate chart field funds have been used for each transaction. In addition, the department budget authority and Procard Reviewer/Approver must sign and date the cycle procurement card transaction log. If the cardholder is a budget authority, the budget authority's supervisor must review and approve the department budget authorities Procurement credit card transactions in UT Share/PeopleSoft.

UT Tyler's Responsibilities and Liability

UT Tyler's Credit Card Coordinator is responsible for processing applications for new or reissued procurement cards, suspending or terminating existing procurement card accounts, maintaining dollar limits, assigning and/or updating Procard Reconcilers and Procard Reviewer/Approvers in the accounting system, and for coordinating timely payment to Citibank each month in the accounting system.

State agencies may be liable for late payment fees and transactions charged to lost and stolen cards if lost or stolen cards are not reported immediately. UT Tyler will have no liability for transactions that occur after notification of a card being lost or stolen. For unauthorized charges made prior to the card being reported lost or stolen, UT Tyler's liability is limited to a maximum of \$50 per card (up to \$100,000).

Termination or Suspension of Procurement Card Privileges

The cardholder may cancel a procurement card at any time. Financial Services is required to close a procurement card account if a cardholder moves to a new job in which a procurement card is not required, or the cardholder terminates his/her employment with the University. The procurement card should be shredded or otherwise destroyed, with notification to cancel the card prior to the employee's change in status. If a terminated employee continues to use the procurement card after the last active date of employment, the department will be liable for all charges.

Financial Services will suspend or cancel a procurement card account for any cardholder who accrues one or more violations of procurement card policy or procedure as follows:

- The cardholder uses a procurement card for personal purchases.
- The cardholder directs procurement card shipments to a personal address.
- The cardholder uses a procurement card for unauthorized or disallowed purchases.
- The cardholder fails to timely submit all itemized transaction receipts for payment processing.
- The cardholder splits a purchase to circumvent the transaction amount limitation on the card.
- The cardholder fails to validate and document Vendor Hold status for all purchases of \$500 or greater.
- The cardholder fails to obtain a refund for State of Texas sales tax charged on a transaction or fails to reimburse the University when a vendor refuses to refund the sales tax.

A procurement credit card account will be suspended for one or more of the stated violations and may subsequently be cancelled pending audit review. The cardholder may also be subject to disciplinary action in accordance with University policies and procedures including termination for cause.

Auditing

Procurement card transactions are subject to review by various State Auditors, Internal Auditors, University Compliance Office, and the Credit Card Coordinator. Procurement card documentation and department procedures will be reviewed as scheduled.

For audit purposes, procurement card documentation must be retained by the department from the end of the fiscal year the transaction activity took place plus three (3) additional fiscal years. (See current University Records Retention Schedule, Section 4).

GUIDELINES FOR PROCUREMENT CARD USE

Application for a Procurement Card policy and procedure

Full-time UT Tyler employees may request a Procurement credit card if approved by the department budget authority (director, chair, dean, project director, etc.) or if the Procurement credit card is for the budget authority, if approved by his/her Reports To supervisor.

Access a Credit Card Application from the Forms web page of the Financial Services website. You will be directed to the University's electronic signature software to complete the form. The completed and signed application must be routed to the Credit Card Coordinator in Financial Services, STE-123. The Credit Card Coordinator will submit the application to Citibank. Citibank will issue the new procurement card within 10 to 14 business days from application submittal. The named cardholder will be contacted by email and will be directed where to pick up the procurement card and what is required to complete the procurement card agreement.

Procurement Card Control Limits

- Transaction or "single purchase" limit (Default = \$5000)
- Spending limit per card per billing cycle (Default = \$10,000)
- 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 an email justifying the increase. A transaction includes the prices of all items purchased during the event plus allowable out of state tax and freight. In no case will the single transaction limit be increased over the University's small order limit in compliance with competitive solicitation policies. **Cardholders must not make a purchase greater than his/her approved amount or to split a purchase to circumvent the limit of the card. This is a violation and may result in suspension or termination of card privileges or disciplinary procedures including termination.**

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 allowed services that are specifically related to job related and official state business. A University procurement card may NOT be used for personal purchases – NO exceptions. **To do so is a violation and may result in suspension or termination of card privileges or disciplinary procedures including termination.**

The cardholder must keep all itemized transaction receipts or other documentation for any purchases made with a procurement card and submit all of the documentation either by paper or scanned electronic copies to the department Procard Reconciler.

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 at <https://fmcpa.cpa.state.tx.us/tpis/search.html>. If the vendor is not on hold, the cardholder must electronically save the Vendor Hold Search web page results and retain with other supporting documentation (see following section). **Do not purchase from a vendor on hold with the state. To do so is a violation and may result in suspension or termination of card privileges.** (Texas Administrative Code, Title 34, Part 1, Chapter 5, Subchapter E; <https://fmx.cpa.state.tx.us/fmx/tins/verify/#business>)

Sales Tax

Since UT Tyler is an agency of the State of Texas, the University's purchases are exempt from State of Texas sales tax. The cardholder must verify that no State of Texas sales tax was charged during a purchase transaction. Charges for State of Texas sales tax must be refunded by the vendor. If sales tax is charged on a purchase, the cardholder must contact the merchant for credit of such tax. The credit receipt must be retained with the other procurement card related documents. If the vendor refuses to refund Texas sales tax the cardholder must reimburse UT Tyler for the State of Texas sales tax. **If the cardholder does not obtain the sales tax refund or does not reimburse the University a violation will be assessed and may result in suspension or termination of card privileges or disciplinary procedures including termination.**

The University is not exempt from other state's sales tax. Interstate purchases may be appropriately subject to sales and use tax. When placing an interstate order, the cardholder must require itemized receipt documentation whether or not sales tax was included in the total cost and receive hard copy verification (by email, by fax or in the shipment).

Activity Report Reconciliation

The cardholder is responsible for maintaining records of every transaction made with the procurement card. These records must be reconciled to the Citibank transactions loaded into UT Share / PeopleSoft and to the Citibank activity report each monthly billing cycle. Any discrepancies should be investigated immediately.

For Audit purposes, these items must be retained in departmental files for each monthly cycle:

- ✓ Copies of Vendor Hold Search web page verifications (purchases of \$500 or greater),
- ✓ Itemized transaction receipts or credit card slips:
 - For phone orders, ask the vendor to include an itemized transaction receipt in the package.
 - For internet orders, electronically save the detailed transaction online order confirmation and electronically save a copy of the detailed transaction confirmation email received from the vendor,
- ✓ Completed Substantiation of Entertainment and Business Meeting expense form, if applicable,
- ✓ Packing slips, if applicable,
- ✓ Electronically saved Receiving Reports,
- ✓ Procurement Card Log, available on the Forms web page of the Financial Services website (you will be directed to the University's electronic signature software to complete the form),
- ✓ Special authorizations, if applicable (e.g., email authorization for increased transaction limit).

Reconciliation and Procurement Card Payment Process

- The Citibank credit card billing cycle generally starts on the 4th of every month and ends on the 3rd of each following month.
- All cardholders or their department support staff are mailed a monthly statement when there is credit card activity on a procurement card account.
- All cardholder itemized transaction receipts and other supporting documentation will be submitted to the department Procard Reconciler by the 4th day of each month (the credit card cycle ends on the 3rd day of each month).
- Email notification is sent by Financial Services to begin Reconciling, Reviewing, and Approving procurement card Transactions (example: "ATTENTION-Procard Transactions have been loaded for ...").
- Procurement card transactions are processed by Procard Reconciler.
 - Compare itemized transaction receipts to the Procard Transaction Log
 - Identify appropriate Account code and funding chart fields for each transaction
- In UT Share / PeopleSoft
 - Reconcile each transaction and the chart field distribution. Update Account code and funding chart fields as needed.
 - The Procard Reconciler enters appropriate notes as needed in the "Comments" bubble found on each transaction line and attaches all supporting documentation including copies of the signed Procard Log inside the "Comments" bubble.

- Verify that Budget Status shows “Valid”. Correct chart fields and/or run the Validate Budget process if necessary.
- Update process Status to “Verified” and Save all changes.
- The Procard Reconciler notifies the Procard Reviewer/Approver to begin his/her procurement card transaction review and approval. The designated Approver must verify and approve the procurement card transactions by the deadline given in the notification email.

Note: Detailed Reconciliation and Review / Approval procedures are covered in separate documents found on the Financial Services “Training Resources” web page.

- When the Procard holder is a university budget authority, his or her supervisor must review and approve the budget authority’s Procard transactions in UT Share/PeopleSoft.
- All Approved procurement card transactions are processed for electronic payment to Citibank by the Credit Card Coordinator / Accounts Payable.
- It is the responsibility of cardholder departments to maintain valid default chart fields. Notify the Credit Card Coordinator if default chart field updates are needed.

Allowed Purchases

The procurement card may be used for purchase of goods or allowed services up to \$5,000 per transaction. A transaction includes allowable interstate taxes, shipping, and handling fees. The procurement card may be used for in-store and online purchases, mail, telephone, and fax orders.

For example, Institutional funds (**NOT “State Appropriations” or “21” Cost Centers**) may be used for:

➤ Animals ¹	➤ Beverages and Food ²	➤ Computer Supplies
➤ Concession food for resale	➤ Entertainment/Restaurants ²	➤ Flowers, Plants
➤ Lab Supplies	➤ Memberships ³	➤ Office Supplies
➤ Postage ⁴ and Shipping	➤ Research Supplies	➤ Registration including students
➤ Repair services	➤ Recurring services	➤ Software ⁵
➤	➤ Veterinary services	➤

1. The purchase of animals related to research or teaching in a class or lab setting
2. Institutional funds (**NOT state / NOT “21” Cost Centers**) MAY be used for the purchase of food and beverages (**Note: It is strongly recommended that you have another form of payment in the event the procurement card is declined!**). **Must complete the form for Entertainment and Business Meeting Expense for required documentation.**
3. Institutional funds (**NOT state / NOT “21” Cost Centers**) MAY be used to pay for memberships.
4. Institutional funds (**NOT state / NOT “21” Cost Centers**) MAY be used to purchase Postage from U.S. Post Office.
5. All software that is not on the pre-approved IT lists must be reviewed by Information Security prior to purchase. The purchase of Cloud Storage, such as *DropBox*, is prohibited.

Disallowed Purchases

The procurement card should never be used for paying another university department including the auxiliary services such as Sodexo, Barnes and Noble, Cowan Center or Campus Police.

Prohibited Purchases: The procurement card may NOT be used for purchasing the following items regardless of the source of funds:

➤ Alcoholic beverages	➤ Controlled substances	➤ Prescription drugs
➤ Ammunition	➤ Cylinder gases	➤ Purchases involving trade-in of University equipment
➤ Cash advances	➤ Foreign purchases/goods or services	➤ Radioactive materials
➤ Charitable contributions	➤ Gasoline or other vehicle fuel ¹	➤ Services requiring a formal contract
➤ Cloud storage	➤ Gift cards or gift certificates	➤ Travel and related expenses
➤ Consulting services	➤ Leases or rentals	➤ UT Tyler tuition & fees
➤ Controlled computer equipment	➤ Purchases not connected with official state business	➤ Weapons
➤ Controlled equipment – Other ²	➤	➤

1. The purchase of **gasoline or other vehicle fuel** for University owned vehicles must be made with the State’s Retail Fuel Card “Voyager” (State Contract 946-C1). University Travel Cards are to be used for away from “headquarters” travel expenses regardless of which University campus location the traveler normally works at.
2. **Other Controlled Equipment if \$500 or greater per item includes:** sound systems/audio equipment, portable cameras, televisions, video players/recorders, and data projectors.

State Appropriated funds (“21” cost centers) may NOT be used to purchase the following items.

➤ Animals ¹	➤ Flowers or Plants, live or artificial	➤ Memberships
➤ Holiday Cards	➤ Food or beverages ²	➤
➤ Entertainment	➤ Paper in excess of 8 ½ x 11 inches	➤

1. Exception: The purchase of animals related to research or teaching in a class or lab setting.
2. Exceptions: The purchase of food related to research or teaching in a class or lab setting.

Disallowed Vendors/Prohibited Merchant Category (MCC) Codes

The following vendor types, are disallowed by State Contract and the procurement card charge will be rejected or “declined” at the vendor/merchant site. If the procurement card is declined for one of the prohibited MCCs listed below, an override will not be allowed.

Travel Related Merchants	Personal Goods / Service Merchants
• Airlines	• Beauty Shops, Barbershops
• Rental Agencies	• Wig and Toupee Shops
• Taxicabs & Limousines	• Funeral Services & Crematories
• Rail Services	• Dating and Escort Services
• Bus Lines	• Tax Preparation Service
• Cruise Lines	• Counseling Services
• Travel Agencies & Tour Operations, Bridge and Toll Roads	• Buying/Shopping Services/Clubs

• Lodging Hotels, Motels, Resorts	• Massage Parlors
• Timeshares, Recreational Facilities and Campgrounds	• Health & Beauty Spas
• Service Stations, Fuel Dispensers	• Babysitting Services, Childcare
• Parking Lots and Garages	• Other Miscellaneous Personal Services
	• Precious Stones, Metals, Jewelry & Watches
Financial Institutions	• Grocery and Convenience Stores
• Money Orders, Wire Transfers, ATMs	• Bars, Cocktail Lounges, Clubs, etc
• Insurance & Savings Bonds	• Package Stores, Beer, Wine, Liquor
• Hospital Patient Personal Funds Accounts	• Art Dealers, Galleries, Stamp/Coin Stores, Cosmetic Stores
• Management, Consulting, & Public Relations Services	• Entertainment, Betting and Gambling, Lottery Tickets
Government Services, Court Costs, Fines, Taxes	• Florists and Greeting Cards, Cigar Stores
Charitable/Political/Religious Organizations	• Antiques, Pawn Shops, Furs, Luxury Items

Foreign Purchases

University issued Procurement credit cards may not be used for foreign purchases of any type of goods or services due to federal Export Controls, federal Sanctions review, and Internal Revenue Tax compliance.

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. To do so is a violation and may result in suspension or termination of card privileges or disciplinary procedures including termination.**

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, may be made to personal residences. **To do so is a violation and may result in suspension or termination of card privileges or disciplinary procedures including termination.**

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 **75701 (PLEASE NOTE: ZIP Code 75701 is used for Procurement Card transactions)**

Note: Longview, Palestine, or Houston 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, it is imperative that Citibank be notified immediately by calling 1-800-248-4553. Inform the bank that the card in question is a University of Texas at Tyler procurement card. The Credit Card Coordinator should also be notified at 903-565-5584 or by email at msanders@uttyler.edu. The bank will deactivate the old card and send a new one to Financial Services. The cardholder will be notified by email when the new procurement card arrives. UT Tyler will have no liability for transactions that occur after notification of a card being lost or stolen. For unauthorized charges made prior to the card being reported lost or stolen, UT Tyler's liability is limited to a maximum of \$50 per card (up to \$100,000). (2017 TPASS Procurement Manual Section 2.45)

How to Handle Returns, Credits, and Disputed Charges

Should a problem arise with a purchased item, allowed 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.

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.

- **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 a future month's statement. All credits should be indicated in the cardholder's transaction log.
- **Disputed Charges:** A cardholder may dispute a charge that appears to be incorrect or is not recognized as part of the authorized purchase. 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 Citibank at 800-248-4553 and complete and submit a Citibank Cardholder Dispute Form to Citibank within 60 days of the statement date on which the disputed transaction was posted. All disputed items should be indicated in the cardholder's transaction log. Disputes must be sent to Citibank within 60 days of the billing close date. The closing date for the previous billing cycle is on the 3rd of the next month. 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 (877) 507-7318
- Financial Services, Credit Card Coordinator at (903) 565-5584
- Internal Audit at internalaudit@uttyler.edu

Reference:

State of Texas Procurement and Contract Management Guide – Vs 2.0; Publication # 96-1809; 10/2021