
Procurement Card

Procedures Manual

Introduction

The procedures outlined within incorporate Federal Laws/Regulations, Alabama State laws/Regulations, University of Alabama in Huntsville (UAH/University) policies, and best practices. Additionally, when using a procurement card (pcard) for purchases funded by grants, any additional requirements necessary to meet the terms and conditions of the grant must be followed.

Cardholders are required to follow the procedures contained herein. An exception may be authorized by the Director of Procurement & Business Services, the University's Chief Financial Officer or designee as necessary to conduct University business.

Exceptions are at the sole discretion of the Director of Procurement & Business Services, the University's Chief Financial Officer or their designee.

For all the latest forms, rules and guidance, refer to <https://www.uah.edu/business-services>.

The purpose of the Pcard Program is to provide a cost-efficient method to pay for goods and non-professional services authorized by the University. The pcard provides convenience by allowing for a quicker receipt of those goods and services. It also provides transparency by requiring more accountability from the University in the form of consistent and timely reconciliation. The use of the pcard is **not** intended to replace all methods of purchasing, but simply an enhancement to the University's existing purchasing and payment process. The Pcard Program is designed to comply with existing University expenditure and procurement laws, policies, procedures, and guidelines, as well as all other governing authorities.

Business Services may evaluate new software or methods to administer and manage the program. Refer to <https://www.uah.edu/business-services> for the most up to date information regarding the program. Certain procedures, including but not limited to, maximum credit limits, forms, training materials, and deadlines will be posted on the Business Services' website at <https://www.uah.edu/business-services> and may be changed periodically as required by changes in laws, regulations or best practices at the discretion of the Director of Procurement & Business Services, the University's Chief Financial Officer or their designee.

By acquiring a pcard, a cardholder becomes a representative of the University and must ensure proper use of the pcard. This manual is to help the University Community better understand the roles and responsibilities of each stakeholder as well as the Pcard Program and its process. Cardholder's purchases must be made in compliance with:

1. [State of Alabama Bid Law](#);
2. [Alabama Ethics Commission](#);
3. [Board Rules of The Board of Trustees of the University of Alabama](#);
4. All applicable [UAH Policies](#);
5. Cost accounting standards;
6. Fiscal requirements of regulatory sponsor, such as Federal grants.

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I. GENERAL

I.1. Eligibility and New Cardholder Request

The Cardholder must be a full-time faculty or staff and approved by his or her Budgetary Approver. In certain circumstances, part-time or temporary employees may also request a pcard.

The Director of Procurement & Business Services, the University's Chief Financial Officer or designee may allow for additional categories to receive a pcard on a case by case basis and at their sole discretion.

Eligible cardholders who are interested in becoming a Cardholder must complete a pcard application form, refer to <https://www.uah.edu/business-services> for the latest form or link for the application form. Once the application is approved by the Department Head, Dean or Director it must be submitted to Business Services and once approved by Business Services, Business Services will process the application and order a new pcard.

Once the pcard is received by Business Services the Cardholder will be contacted by a Business Services' representative to schedule pcard training. The Cardholder must complete all required training, and sign the cardholder agreement prior to receiving the pcard and activating it. Cardholders are required to review, understand and comply with all policies, procedures and guidelines related to the pcard program, and stay current in their compliance by referring to <https://www.uah.edu/business-services> for the latest information.

I.2. Roles and Responsibilities

Business Services Staff. Business Services Staff will manage the Pcard Program, including, but not limited to, issuing new pcards, closing cardholder accounts, assisting cardholders with issues, interacting with the pcard vendor, and conducting audits of cardholder's charges.

Cardholder. Upon becoming a Cardholder, Cardholders must ensure that the use of the pcard is for official University business purposes only. Additionally, Cardholders are responsible for the following:

1. Ensure that pcard transactions are in compliance with University purchasing policies, procedures, federal and state laws and regulations.
2. Maintain the pcard in a secure location at all times.
3. Obtain all sales slips, register receipts, and/or pcard slips and provide this documentation to the Department Reconciler for reconciliation and approval within 72 hours of each purchase. For cardholders that do not have a Department Reconciler, or choose to do their own reconciliation please see item 12 below.
4. Attempt to resolve disputes or billing errors directly with the vendor and notify the bank which issues the pcard, if the dispute or billing error is not satisfactorily resolved. Refer to <https://www.uah.edu/business-services> for more information on the current bank used by UAH and the pcard program.

5. Ensure that Alabama state sales tax has not been charged. Additional states may have a program to accept our tax exemption certificate. Refer to <https://www.uah.edu/business-services> for additional information on what states will accept our tax exemption certificate.
6. Only accept credit to the pcard account; never accept cash.
7. Immediately report a lost or stolen pcard to the issuing bank. Refer to <https://www.uah.edu/business-services> for more information on the current bank used by UAH to issue pcards and the Pcard Program.
8. At the first opportunity during normal business hours, notify Department Reconciler of a lost or stolen pcard.
9. Return the pcard to Department Head, Dean, Director or Procurement upon terminating employment with the University or transferring between Departments within the University.
10. Understand that improper use of the pcard may result in disciplinary action, up to and including termination of employment.
11. Ensure that transactions are not split into multiple transactions, or deferred into several billings to circumvent pcard limits.
12. For Cardholders that do not have a dedicated Department Reconciler, the Cardholder is responsible to have the Cardholder Monthly Statement (also known as Cardholder Activity Report) for all reconciled transactions signed each month by the by the Approving Official ensuring that all purchases are appropriate and all required documentation is attached. The Cardholder Monthly Statement is a pdf file summarizing all of the Cardholder's transactions for the month found within the issuing bank's software.

Department Reconciler. A Department Reconciler assists users with allocation of charges, use of the pcard and managing day to day activities. Each Department Head, Dean, Director may designate one or more Department Reconcilers for his/her department. Responsibilities may vary between department, and may include, but are not be limited to:

1. Reconcile all Cardholder receipts to the Bank Providers Software's Cardholder Activity Report. Monthly summary activity report
2. Have the Cardholder Monthly Statement for all reconciled transactions signed each month by the Cardholder. Have the Cardholder Monthly Statement signed by the Approving Official ensuring that all purchases are appropriate and all required documentation is attached.
3. Attempt to resolve any disputes with the vendor and/or the Bank not resolved by the Cardholder.
4. Notify Business Services of lost or stolen pcards.

5. Request that Business Services cancel a Cardholder's card (e.g. terminated employees, employees transferring to other departments, loss of pcard privileges) as approved by the Director / Dean / Department Head.

6. Collect cancelled pcards from Cardholders and notify Business Services that the Cardholder accounts can be closed. Cancelled cards are to be shredded once cancelled, either by the Department or by Business Services.

7. Assist Cardholders with erroneous transaction declines and emergency transactions.

Approving Officials. Designated Approving Officials can be Deans, Directors, Department Heads, Budget Managers, or Principal Investigators, or their designee, who have fiscal responsibility for the department, or college the cardholder is a part of. Approving Officials cannot approve their own transactions. Approving Officials are responsible for oversight of departmental budgets and assistance for department Cardholders and Department Reconcilers. Approving Officials responsibilities include:

1. Ensure that all Reconcilers / Cardholders have received appropriate training regarding their responsibilities.

2. Review monthly Cardholder transactions and Cardholder Monthly Statement to ensure that all purchases are appropriate and that prohibited items have not been purchased.

3. Ensure that proper controls are in place.

4. Ensure that all proper and completed documentation is attached to the Cardholder monthly statement.

5. Sign the Cardholder Monthly Statement for all the Cardholder's under the Approving Official.

6. Assign an alternate Approving Official in his/her absence.

Procurement Card Coordinator. Responsible for the everyday operation of the program. Conducts audits of the program for Cardholder compliance. Specifically, the Procurement Card Coordinator is responsible for the following:

1. Review Department approved applications for completeness of required information.

2. Request pcards based on completed applications through the issuing Bank's Software.

3. Train Cardholders before releasing pcards to Cardholders.

4. Ensuring that each Cardholder signs an agreement with the terms of the Pcard Program. Refer to <https://www.uah.edu/business-services> for the latest form.

5. Handle transaction declines, and Cardholder information changes.

6. Increase monthly limits upon receipt of an email from the Department Director/Head/Dean approving an increase to a Cardholder monthly limit. Increases to monthly limits are subject to additional review and approval by Business Services.

7. Assist in handling disputed charges/discrepancies not resolved by the Cardholder or Department Reconciler.

8. Cancel cards as required. Temporarily close cards as appropriate.

9. Every month download the monthly statements from the issuing bank, submit a Wire Transfer form to Finance, and transfer data from the issuing Bank's Providers Software to the current University's ERP software if necessary.

10. Monthly audit of Cardholders' pcard transactions as directed by the Director of Procurement & Business Services.

I.3. Cardholder Liability

It is the Cardholder's responsibility to ensure that the pcard is used within stated guidelines of the Pcard Program, as well as Policies and Procedures relating to the expenditure of University funds. Failure to comply with program guidelines may result in permanent revocation of the pcard, and notification of the situation to the Cardholder's management.

The pcard must **never** be used to purchase items for personal use or for non-University purposes even if the Cardholder intends to reimburse the University. If a University employee is in a position to obligate the University, that employee is entrusted with the responsibility of protecting the University from liability or risk. A Cardholder who makes an unauthorized purchase with the pcard or uses the pcard in an inappropriate manner may be subject to disciplinary action including possible card cancellation, termination of employment, and criminal prosecution.

I.4. Code of Ethics

The use of the University pcard at the department level includes responsibilities and accountability. The procurement function is being conducted in a decentralized manner by an increasing number of individuals. The following code of ethics, modeled after the National Association of Educational Procurement's Code of Ethics, is being offered to provide guidance in the procurement function:

1. Give first consideration to the objectives and policies of my institution.
2. Strive to obtain the maximum value for each dollar of expenditure.
3. Decline personal gifts or gratuities in connection with the procurement function.

4. Refrain from entering into purchasing contracts with students, faculty, and staff or members of their immediate families unless full disclosure of the background facts is presented in writing to the Procurement Department.
5. Grant all competitive suppliers equal consideration insofar as state or federal statute and institutional policy permit.
6. Conduct business with potential and current suppliers in an atmosphere of good faith, devoid of intentional misrepresentation.
7. Demand honesty in sales representation whether offered through the medium of a verbal or written statement, an advertisement, or a sample of the product.
8. Receive consent of originator of proprietary ideas and designs before using them for competitive purchasing purposes.
9. Make every reasonable effort to negotiate an equitable and mutually agreeable settlement of a controversy with a supplier.
10. Accord a prompt and courteous reception insofar as conditions permit to all who call on legitimate business missions.
11. Cooperate with trade, industrial and professional associations, and with governmental and private agencies for the purposes of promoting and developing sound business methods.

II. PCARD PROGRAM OVERVIEW AND PROCEDURES

II.1. Cardholder Limits

Single Transaction limits and monthly limits will be set when requesting a new pcard by the department. The Director of Procurement & Business Services, the University's Chief Financial Officer or designee may approve higher single transaction limits after receiving a written request from Department Head, Dean or Director. For current limits and thresholds refer to <https://www.uah.edu/business-services>.

Transactions on the pcard may not be split into multiple transactions, or deferred into several billings, to circumvent pcard limits. Likewise, it is not permissible to use several pcards within a department to make a purchase that in total exceeds the single transaction limit for the purchasing card. Cardholders can request an increase or decrease to their limits via a Transaction Limit Change form. The form can be found at <https://www.uah.edu/business-services>.

II.2. Cardholder Travel

Cardholders with approved travel may use their pcards for allowable expenses. Refer to <https://www.uah.edu/business-services> for more information and current travel policy and guidance.

II.3. Cardholder and Department Sanctions

Sanctions will be imposed on a cardholder on a case-by-case basis after a review of the policy violations. The Director of Procurement & Business Services, the University's Chief Financial Officer or designee may at their sole discretion:

1. Impose a temporary suspension of the pcard if the cardholder commits a minor offense, does not provide a Cardholder Monthly Statement or receipts in a timely and proper manner as required by Business Services, makes a personal purchase or other infraction of the policy;
2. Permanently terminate the Cardholder's pcard if the infraction is deemed severe enough to warrant such an action. The Department Head, Dean or Director will be informed of the circumstances by Business Services.
3. Business Services may suspend or terminate an entire Department or College's cards when it finds that one or more of the department's cardholders is not compliant with policy. Business Services will inform the Department Head, Dean or Director prior to taking this action.

Personal purchases will require immediate repayment to the University. Payments are to be processed by the Bursar's office, or as outlined within <https://www.uah.edu/business-services>. A receipt or the reimbursement is to be attached to the current Cardholder Monthly Statement if performed within the same month, or provided to the Procurement Card Coordinator if the purchase was discovered after the month it occurred in.

II.4. Authorized and Unauthorized Transactions

The Pcard Program is an extension of the University's procurement, and it is intended to allow cardholders to purchase low risk, low volume purchases. Cardholders must check the latest list of restricted purchases prior to making the purchase; refer to <https://www.uah.edu/business-services> for more information. Cardholders must ensure that the transaction is within their daily and monthly limits. Cardholders are not allowed to split transactions to get around their limits.

Prior to a purchase, the Cardholder is required to check <https://www.uah.edu/business-services> for existing State or University contracts available that could be applicable to his/her purchase. Approval must be obtained from Business Services to purchase items from a different source when the items are available on a University standing contract.

The Cardholder should advise the supplier of the tax exempt status and should monitor the purchases to verify that no tax is charged. Only Alabama State sales taxes are exempt, occupancy taxes, municipal, other states, and any other non- state taxes are allowable.

Exceptions must be authorized by Business Services through an Exception Approval form prior to the transaction taking place. The form can be found at <https://www.uah.edu/business-services>.

II.5. Acceptable Documentation

Each transaction on the pcard must be represented by an **itemized receipt or other acceptable form of documentation that verifies the date of purchase, the vendor name and address, itemized list of each item purchased, dollar amount of each item, and total transaction amount to include shipping and handling.** For record keeping purposes, the following items should be maintained by the Department and Business Services:

1. Sales receipts
2. Priced packing slips
3. Order confirmation
4. Other information related to the purchase
5. Travel Authorization Form
6. Exception form, emails or memorandums documenting non-standard transactions

When an itemized receipt is not available, itemized supporting documentation **must** be secured. In many cases, the packing slip may provide the itemization needed.

If documentation has been lost or misplaced, contact the vendor for a duplicate copy. If a duplicate copy is impossible to obtain, complete a "Procurement Card Missing Receipt Affidavit" found at <https://www.uah.edu/business-services> and attach it to your monthly back up. **NOTE: Repeated use of this method will subject the Cardholder to loss of privileges.** Each department will be required to maintain a file of all documentation associated with pcard activity.

II.6. Declined Transactions

A situation may occur in which a vendor receives a transaction-declined message at the point of sale when processing a pcard transaction. If a Cardholder does not know the reason for the decline, they need to contact the Bank Provider for an explanation.

If the decline was in error, the Cardholder should contact Business Services for assistance. If the purchase is being made outside of normal business hours, the employee must find an alternate payment method or cancel the purchase and contact Business Services during normal business hours. In case of fraudulent activity, the Cardholder must contact the Bank personally. The bank's customer service number can be found on the back of the pcard.

II.7. Grant Funded Transactions

It is the Cardholder's responsibility to ensure that all purchases made using grant funds follow the guidelines of the grant. For more information and guidance please contact the Contracts and Grants Accounting Department (CGA), contact information and general information is available at <https://www.uah.edu/c-g>

III. GLOSSARY

Approving Official – University employee within each department who is primarily responsible for all transactions, and has the ability to reallocate individual charges; may oversee more than one Cardholder; ultimate approval for department.

Cardholder – An employee to whom a Commercial Card is issued for the purpose of making designated business purchases on behalf of their organization.

Cardholder Monthly Statement – A monthly statement with all the cardholder's transactions that must be signed or digitally approved by a supervisor. The name of the form may change based on what bank's software the University uses.

Controls - The internal, external, and/or environmental policies, procedures, and technological processes put in place to reduce the risk of card fraud and misuse.

Documentation – Any communicable material serving to record and support business expenses paid via the card (e.g., receipts).

Fraud – Unauthorized use of a card.

Personal Purchase – Improper transactions; transactions that are not authorized by policies and procedures.

Reconciler – An employee who reviews, approves, and processes the card transactions of the Cardholder, performs the monthly reconciliation, and enters purchase requests on behalf of the Cardholder.

Reconciliation – Process of reviewing and comparing card transactions to internal records of orders/payments and receipts, including resolving discrepancies and validating or allocating transactions to appropriate accounting codes.

Transactions – An agreement, communication, or movement carried out between separate entities or objects, often involving the exchange of items of value such as information, goods, services, and money.