Business Services
The University of Montana
Missoula, Montana 59812-1254

Procedure: 140004
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Revision Number: 13

PROCEDURE: UM Procard Purchasing Card Procedure

OVERVIEW

UM Procard Guidelines for Cardholders and UM Procard Account/Business Managers.

The UM Procard has been established to provide a convenient means with which to make purchases of lower dollar items, while at the same time containing the costs associated with the procurement of these items. The UM procard may be used for purchases of $5000 or less, and up to $15,000 if the cardholder has Limited Solicitation training. This program empowers the department to complete all accounting distributions for each transaction. The University will issue payment for authorized charges made with the purchasing card.

The UM Procard is issued to a permanent employee of the university (excluding temporary and student positions) for the purpose of making authorized purchases on The University's behalf. When the application has been submitted to Business Services, the employment status will be confirmed by Human Resources before the submission to the credit card company for processing.

These guidelines serve as a minimum requirement guide. Each department is responsible for establishing and enforcing any additional departmental guidelines.

Rental Vehicles: Additional Liability & Comprehensive/collision insurance should be refused. Travelers are automatically covered through the State of Montana. Personal property is not covered under the state's property insurance. When renting a vehicle from a car agency, individuals who wish to have their personal items covered during their travel may choose to do so at their own expense through the rental car agency or their personal insurance policy. This cost may not be put on the UM Procard or paid by The University of Montana. If rental contract is longer than 30 days, report to Risk Management Coordinator.

DEFINITIONS

Department Account/Business Manager - the individual person(s) assigned and responsible to redistribute all charges from the default account. The department Procard Account/Business Manager is also responsible for attaching receipts to the cardholder statements in the order that they appear, having the department

director or dean review the purchases and sign off on the statements. A cardholder may or may not be a department Procard Account/Business Manager; however a cardholder must be assigned to an Account Manager to complete redistributions.

Cardholder - A University of Montana "permanent" employee whose name appears on the purchasing card and is accountable for all charges made with the card.

Line Item Detail Report - a report showing all transactions for each cardholder per cycle.

Default Account - the index and account codes for your department assigned to this UM Procard. All charges will come into banner awaiting redistribution using the Banner Procard system. If you do not complete the redistribution during the current cycle, the charges will be expensed to your department default account and **must** be moved the next month to the correct account via a Journal Entry. All charges must be moved to appropriate account codes within the current billing cycle.

Support Documentation – A merchant produced original document that records the relevant details for each item purchased including: quantities, amounts, a name and address (sales receipt, invoice, credit receipt etc.). Record retention for all purchasing card transactions is a minimum of five years.

Supplier Who Does Not Accept Credit Cards – While the university does not endorse Visa or its associated banks specifically, we encourage suppliers to become involved in The University's purchasing card program so that cardholders can use the program more effectively. Suppliers may contact their local bank or financial institution to become Visa capable, or they may contact the provider of the purchasing card program, U.S. Bank, Minneapolis, Minnesota, for assistance.
These institutions can implement the processing of charge card transactions by suppliers.

Account Cycle – The UM Procard will cycle once a month on the 21st. If the 21st falls on a Saturday or Sunday, the cycle will end at 5:00 p.m. on the Monday following the 21st.

Tax Exemption – When making purchases from out of state suppliers/vendors, be sure to note to the vendor that your UM Procard transaction should be tax exempt. The University of Montana's tax exempt number is printed on your card.

Applicable Procurement Card Policies

- Issuance: All cards are issued per The University of Montana procurement and travel rules and regulations.

- Review: Card usage will be reviewed and any mis-use of the card may result in card cancellation, termination of employment and/ or legal action by The University.

CARDHOLDER RESPONSIBILITIES

THE CARDHOLER IS RESPONSIBLE FOR ALL PURCHASES MADE ON THEIR PURCHASING CARD.

1. Ensure that the UM Procard is used for purchases in accordance with UM policies and procedures. The UM Procard may not be used for the following: a) cash advances, b) per diem meals c) entertainment, d) contracted services such as independent contractors, performers, consultants, speakers, personal services, doctor visits, attorney fee's, printing services, IRS Form 1099 eligible suppliers, e) personal expenses, f) special requirement items, or g) purchases to be reimbursed by The UM Foundation, h) personal vehicle gas (may be used for rental car gas), i) Gift cards of any kind.

   All lodging and vehicle rental car expenses should be purchased using the UM Procard per state policy/procedures. If lodging exceeds the federal per diem rate, complete a justification for lodging at actual cost form. Refer to the Travel Procedures/Guidelines for more information regarding Lodging.

   All airline tickets, hotel/motel and taxes, rental car purchases for employee travel must be purchased using the UM Procard per state policy/procedures. Rental Vehicles: Additional Liability & Comprehensive/collision insurance should be refused. Travelers are automatically covered through the State of Montana. Personal property is not covered under the state's property insurance. When renting a vehicle from a car agency, individuals who wish to have their personal items covered during their travel may choose to do so at their own expense through the rental car agency or their personal insurance policy. This cost may not be put on the UM Procard or paid by The University of Montana. If rental contract is longer than 30 days, report to Risk Management Coordinator. Some exceptions may apply such as student travel, budget restraints that would not cover the expense of the airline ticket and/or the hotel/motel and/or the rental car. The portion that the budget will cover must be put on the UM Procard.

2. Charges should not be split in order to avoid exceeding the individual transaction limit.

3. Comply with all University and Department Purchasing and Expenditure Guidelines. Refer to Purchasing Procedure for more information. You may make purchases up to $5,000, however to purchase items over $5,000 with your procard you must have attended a purchasing limited solicitation training and have your single purchase increased to $15,000 by the Procard Administrator.

4. The UM Procard may be used only by the Cardholder whose name is embossed on the card. Use by anyone other than the embossed cardholder is prohibited. The card is not transferable between cardholders. **Failure to follow this policy will result in suspension of cardholder privileges and possible cancellation of credit card.**

5. It is the cardholder's responsibility to obtain original support documentation such as the original itemized sales slips/register receipts and UM Procard slips. You should submit the original itemized receipts and slips immediately to your Department Procard Account/Business Manager.

6. Ensure that the UM Procard guidelines defined and any additional guidelines defined by your department are met. If any University or department procedures are not being followed the occurrence should be reported to your Department Procard Account/Business Manager. The Department Procard Account/Business Manager should report occurrences to the Procard Administrator in Business Services. Failure to comply with University Procedures may result in termination of Procard privileges. Repeated issues or grave compliance issues will result in termination of Procard privileges.

7. Any changes to a UM Procard account (such as name, phone, or spending limit changes) must be submitted to the UM Procard Department Account/Business Manager who will forward to the Procard Administrator in Business Services for processing.

8. Report lost or stolen cards to US Bank immediately (24 hours a day). **US Bank - 1-800-344-5696**. Report the loss or theft to the UM Procard Department Account/Business Manager and the Procard Administrator immediately.

9. All transactions on a properly assigned UM Procard will be the financial responsibility of your department. Security precautions must be used to ensure that no improper use is made with your card.

The procard can be used at any vendor or merchant who accepts Visa and is in a merchant category code that was approved for your card. The UM Procard has also been given spending limits. University guidelines have determined the merchant categories and spending limits available to you.

If you experience denials when trying to use your UM Procard, contact the Procard Administrator with the date, dollar amount and approximate time of the attempted purchase, along with the merchant's name. The Procard Administrator will investigate to see if the merchant category or spending limits caused the denial. If you need your spending limit changed, the request should be sent to the Department Procard Account/Business Manager who will forward it to the Procard Administrator in Business Services. If your request is approved, making changes to the spending limits takes one evening processing time to activate.

Placing an Order

Traditionally, purchasing card transitions are performed over the phone, via internet or through the mail. When you make a transaction using the UM Procard, please follow the procedures below:

1. Tell the Supplier/Vendor that you will be paying with your Purchasing Card. If it is a phone, intranet or mail orders, give the merchant your UM Procard number and the expiration date. Instruct the vendor to include a copy of the itemized invoice or packing slip in the container, and make sure the "Ship To" address is your department's address. If the product must be shipped to a non-University address, approval from the Dean or Director is required. The "Bill To" address is 32 Campus Drive. If you are making the purchase in person, present your UM Procard to the merchant securing an original itemized receipt for your purchase.

2. Retain a copy all itemized receipts, invoices, UM Procard slips and print screens with all shipping cartons to ensure that the items were received until inspection by the Cardholder has taken place. This will allow easy return of the item if the need arises.

3. If you are using your Procard to pay or reserve a hotel room and the hotel requests copies of the front and back of your credit card, make a copy of the front and back <u>but before you fax to the hotel</u>, black out all information except the last 4 digits of the account number on the front and black out the number above the signature on the back. If they request a copy of your driver's license, make a copy and again before you fax to the hotel, black out all of your personal information leaving only your picture and

name showing. Do not ever send complete information over the fax machine as a fax machine is not a secure transmission method.

Recurring Routine Charges

If you are using your Procard to pay for recurring charges where an invoice is not provided, a Recurring Charge Form must be completed and submitted to the Business Services Procard Administrator. This authorization form must be renewed every 12 months.

Credit Card Security

The cardholder is responsible for the security of the card and the transactions made with the card.

Keep your UM Procard in an accessible, but secure location. Your department guidelines may require a specific storage method. The card should be handled as if it were cash. Guard the UM Procard account number carefully, do not post it at your desk or write it in your day planner.
The UM Procard should be kept in the cardholder's possession or locked up at all times.

The card number should not be given to a company or to a sales representative to "Keep on file" for future use.

Cardholders should never call US Bank and have the billing or shipping information changed.

LOST OR STOLEN CARDS

If the UM Procard is lost or stolen you must immediately notify US Bank (24 hours a day). Call US Bank at the number listed below. Notify your UM Procard Department Manager and the Procard Administrator as soon as possible.

Customer Service (24 Hour Bank Coverage) 1-800-344-5696

Failure to report your card as lost or stolen in a timely manner will result in your department being responsible for payment of transactions that take place during that time. Departments may require that the cardholder reimburse them for such activity.

Disputed Charges & Billing Errors

If a cardholder disputes a charge, the nature of the dispute and the final resolution must be documented. This documentation must be retained with the cardholder statement on which the disputed charge appears.

Whenever possible, the cardholder should try first to resolve disputed charges directly with the vendor. Most vendors prefer to resolve the dispute themselves and are willing to provide help. If the vendor agrees that an error has been made, the vendor should process a credit to your account. Future follow up is required to ensure all credits are received. Airline changes or agency fees may not be disputed.

If the dispute cannot be resolved directly with the vendor, the cardholder must first notify your Department Account Manager who will in turn contact the Business Services Procard Administrator. The Procard Administrator will register the dispute with US Bank and forward a dispute form to the cardholder for completion. Once the dispute form has been completed and returned to the Procard Administrator, the dispute will be credited back to your account until the transaction in question has been resolved. A charge cannot be disputed beyond 60 days past the transaction date as noted on the cardholder's statement.

Merchandise Returns and Exchanges

The cardholder is responsible for contacting the supplier when merchandise purchased with the purchasing card is not acceptable (incorrect, damaged, defective, etc.) Arrangements for a return, credit or an exchange need to be pursued directly with the supplier. Contact the supplier and follow directions closely. Be aware that in some instances a restocking fee will be assessed by the supplier. This fee may be negotiable and can occasionally be reduced or eliminated.

If merchandise is returned for credit, the cardholder is responsible for obtaining a credit receipt from the supplier and retaining that receipt with the support documentation for that purchase. Receiving cash or checks to resolve a credit is prohibited. If merchandise is to be exchanged, the cardholder is responsible for returning the merchandise to the supplier and obtaining a replacement as soon as possible. Documentation showing the proper resolution of the exchange is to be retained with the support documentation for that purchase.

Procedures for UM Procard Department Account / Business Managers

Cardholder Account Maintenance

All requests for account maintenance must be signed and completed by the Department Procard Account/Business Manager then forwarded to the Procard Administrator in Business Services for final action.

1. New Accounts:

    1.1. The Department Procard Account/Business Manager will send the following items to the Procard Administrator in Business Services:

        1.1.1. Individual cardholder application(s)

2. Account Closures:

    2.1. Accounts are to be closed when a cardholder leaves your department. It is extremely important that cancellations be done expediently to terminate your department's liability on the card. Send a memo indicating the cardholders name, card number and cancellation date to the Procard Administrator in Business Services, destroying the card.

3. Spending Limit Changes:

    3.1. To request a spending limit change, send a memo or e-mail to the Procard Administrator. Requests for extensions after Business Services management approval will be processed by the Procard Administrator. The new limits, if approved, will normally be effective the following day.

4. Temporary Block and Reinstatement:

    4.1. You can temporarily block an account when employees go on leave, etc. When temporarily blocked, all authorization requests will be denied on the account. Charges that were made previous to the block will still post to the account.

    4.2. To temporarily block and later reinstate accounts send a memo or e-mail indicating the cardholder's name, card number, and action requested to the Procard Administrator in Business Services. The Department Procard Account/Business Manager must initiate all requests for these actions. The request will be approved and processed by the Procard Administrator.

Redistribution

By the end of each billing cycle / or month the Department Procard Account/Business Manager will collect all original itemized related receipts from the individual cardholders in their department, complete all redistribution of commodity code information, accounting information, and maintain these records for a period of at least five (5) years from date of input into the Banner Finance System. At the end of the five (5) years if these documents are Grant related they should then be provided to the ORSP office for additional retention. These original itemized receipts should be attached to each individual cardholder statement in order and be reviewed to ensure the purchases conform to university procedures. All individual cardholder statements must be given to the Department Director or Dean for purchase approval and compliance to University Procard and Purchasing Procedures. The Department Director or Dean's signature and date is required on all statements which indicates that all purchases were approved and in compliance. This review and approval process should be completed monthly. If non-compliance is found by the Department Procard Account/Business Manager, Department Director / Dean, Business Services must be notified. Business Services will review the situation and take appropriate action. Non-compliance may result in loss of Procard privileges. When recurring charges appear on a Cardholder's statement, the end date for the recurring authorization should be noted.

The Department Procard Account/Business Manager may generate a line item detail report from the Banner Procard system for each cardholder for that cycle. The Line Item Detail Report will contain the total amount due for the department and a detail of each of the cardholders' transactions for that period.

It is extremely important the redistribution activity be performed on a regular and timely basis to ensure the monthly accounting system reports are accurate. Purchases will not be allowed to remain in the default account code. All transactions must be recorded in the appropriate account code to insure accuracy and accountability to the State. If purchases are left in the default account after the cycle has closed, it will be considered a Procard Exception to Policy and a letter will be sent to the Procard Account/Business Manager, and /or Department Dean or Director. If the charges are not expensed to proper accounts within 30 days via Journal Voucher, the Procard Administrator will complete a JV to transfer dollars to a penalty account. A Journal Voucher will then need to be completed to transfer from the penalty account to ensure the department expenses are recorded correctly. Repeated Procard exceptions to policy will result in department's suspension or cancellation of Cardholders charging privileges. The Account Manager should keep accurate records documenting all correspondence with department Cardholders, i.e. lost receipts, need for receipts, abatements, etc.

Split Payment Request

You will no longer be able to redistribute charges to other department's index codes unless you already have that security for your direct pay invoices. If you need to redistribute a charge to another department, complete the Procard Split Payment Request form securing authorized signatures and forward to the Business Services Procard Administrator.

When a purchase is made for another department or two or more departments share the purchase price of an item, the "Procard Authorization for Split Payment Request Form" must be completed and submitted to the Business Services Procard Administrator within 48 hours of the purchase. The Business Services Procard Administrator will then complete the redistribution and charge the appropriate department. The Procard Authorization for Split Payment Request Form will only be accepted for processing in Business Services if received by noon (12:00 pm) on the 4th working day after the cycle closes (i.e. if the cycle closed April 21 the deadline is 12:00 noon on April 25). Requests will be returned to the department unprocessed if received after the deadline.

If the request is not timely, expense the purchase to your department and complete a cost transfer to the other department.

Capital Purchases

If you are redistributing a capital purchase on the Banner Purchase Card Transaction Maintenance form (JAAINVT) (over $5,000 and expensed to 63XXX), you must include the building/room location. To include that information in the Accounting Transaction Information block, you would enter your account index, account number, activity code (if used) and then TAB to LOCN. Click on the hour glass to locate the building/room where the equipment will be located. Once found, double click to fill in the location. If you are unsure of location please contact Property Management for assistance, ext. 6628. REMEMBER-LOCATION IS A REQUIRED FIELD FOR CAPITAL PURCHASES OVER $5,000, 63XXX.

Exception to Policy

Continued failure to follow Procard policy and procedure will result in suspension of cardholder privileges and possible cancellation of the Procard. Policy exceptions are three levels. The first level of exception to policy will be minor in nature, will not be actionable and will be informational to the Cardholder and/or Account Manager only. Exception to policy levels two and three will result in action being taken by Business Services. Level two notices of exception to policy will be issued in writing detailing the exception(s) on a case by case basis to the Cardholder, Account Manager, Dean/Director/Chair and to the Internal Audit Department. A limited loss of Procard use may be enforced with a level

two notice. Level three notices are considered major in significance and consequence. Level three notices of exception to policy will be issued in writing detailing the exception(s) on a case by case basis to the Cardholder, Account Manager, Dean/Director/Chair, Internal Audit and the Vice President of Administration and Finance. Level three exceptions will result in the complete removal of Procard use for the Cardholder.

Abatements

Abatements should only be used to pay back an exception to policy. If abatement is used more than once (1), the cardholder may have their privileges suspended and possible cancellation of the Procard.

Procedures for the Business Services Procard Administrator

The Procard Administrator in Business Services is responsible to ensure that the cardholder understands and signs the cardholder agreement. The original cardholder agreement and the original of all other forms will be maintained in the Procard Administrator's files for that department.

New cards are normally received within Ten (10) working days. The Business Services Procard Administrator will notify the cardholder when the card arrives in Business Services. Cards are active for three years. Upon expiration a new card will be issued form US Bank and forwarded to the cardholder. The expired card is to be returned to the Department Procard Account/Business manager upon receipt of the new UM Procard. The Department Account/Business Manager will destroy the expired card.

The Procard Administrator in Business Services will complete a review of each department every other year. Records, including UM Procard original itemized receipts, invoices, packing slips, and approval forms should be maintained for the review and retained for a period of five (5) years unless otherwise specified.

If the review uncovers level two exceptions to policy, the Procard Administrator will complete the review papers forwarding a letter to the Department Account/Business Manager, Department Director or Dean and the AP Manager with a request to schedule a training appointment to explain to the Department Account/Business Manager and or cardholders on the policies and procedures that were not being followed. This appointment must be scheduled within 30 days of the completion of the review. If the exceptions were numerous or grave in nature, a second follow up review will be scheduled within 6 months to ensure compliance with policy and procedures.

Key Information

The following resources are available to answer any questions you may have or help solve problems that may arise:

To report your UM Procard **lost or stolen** please call (24 hours a day):

US Bank
Customer Service
1-800-344-5696

Business Services Procard Administrator:

The University of Montana – Missoula
Business Services
Phone: 243-2306 FAX: 243-4929

To Obtain a Purchase Card (UM Procard)

Card Application

All application materials are located on the Business Services Web Site Procard Page. After reading this manual, forward the completed application, signed by the employee, their supervisor and Dean/Chair/Director to the Business Services Procard Administrator for processing.

Upon receipt of the purchasing card, the Business Services Procard Administrator will contact the applicant to pick up the card in Business Services. The cardholder must pick up the card themselves, attend cardholder training and sign the Cardholder Agreement with the Procard Administrator.

The UM Procard should be kept in the cardholder's possession or locked up at all times. The liability of lost or stolen cards rests with the department of the cardholder; therefore, the department must be very clear in the guidelines established for its cardholders. Cardholders should treat this in the same manner they would treat a personal credit card. You should keep the procard guidelines for your reference.

Card Activation

When you receive the UM Procard, you will be instructed to call US Bank. In order to activate the UM procard they will ask you to enter your Social Security Number which is your Banner ID number and your business phone or zip code as written on your application. After this call, the UM Procard is ready to use.

The UM Procard is active for a three-year period. A new card will be received when the current card expires. The expired card should be returned to the Department Procard Account Manager at that time for destruction.

The University of Montana

Individual Cardholder Application

Please print clearly and completely. Incomplete applications can not be processed.

US Bank Purchasing Card

First Name - 12 characters	**Middle Initial** - 1 character	**Last Name** - 17 characters

Billing Address: Business Services
32 Campus Drive -2304
Missoula, MT 59812-2304

Banner ID # - 9 characters	**Dept Index Number***

Default Account Code
62250

Department Name

Job Title

Dept. Procard Account Manager	**Banner Log in**

Dept. Procard Business Manager	**Banner Log in**

Home Phone- (area code, phone number)	**Office Phone** (area code, phone number)	**E-Mail Address**

Spending Limit Authorizations:

Single Purchase: Default $5000	**Monthly Purchase**: Default $20,000	**MCC**: Default UMT 2 & UMT2 A

Justification for requests for variance to UM default limits and Mcc :

_____

_____

Authorization: Employee has read and will abide by UM procard policies and procedures

Employee Signature	**Cardholders Supervisor/Director's Name and Phone number**

Dept Procard Mgr's Signature	**Director's Signature**

Program Administrator's Approval:

Kay Lamphiear, Accounts Payable Manager	**Date:**	**406-243-4935**

Business Services:

Input By:	**Date:**	**QA By:**	**Date:**

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Recurring Procard Charge
(Must be renewed every 12 months)

The University of Montana

Department: _____

Cardholder: _____

Start Date: _____ End Date: _____

Vendor: _____

Recurring Payment Amount $ _____

Frequency of Payment (Monthly, Quarterly): _____

Purpose: _____

Dept Dean/Director Authorization: _____ Date: _____

When completed, forward to the Procard Administrator in Business Services.