UNIVERSITY OF THE INCARNATE WORD

CREDIT CARD/PURCHASE CARD POLICY

VERSION 1.0

Effective Date: June 1, 2019
Contact: Edie Cogdell, Associate VP for Business & Finance and Comptroller

This policy is applicable to all of the employees who currently use corporate credit cards/purchase cards (P-cards) to purchase materials or services on behalf of the University of the Incarnate Word (UIW), Incarnate Word High School, St. Anthony Catholic High School, Incarnate Word Education Foundation, UIW International, Texas Institute for Graduate Medical Education and Research, and all other entities managed by the University (collectively referred to as the University).

The policy has been created to provide guidance to University personnel on the appropriate usage of P-cards, including management of expenditures within budget constraints and departmental needs and monitoring P-card transactions for authorized business expenses. Failure to adhere to the University's policies and procedures may result in disciplinary action up to and including termination.

This policy provides various guidelines to ensure that University personnel are conducting and approving appropriate transactions in accordance with University operations. The policies and procedures outlined are intended to support an effective, adequately controlled, and safeguarded P-card program.

Important P-card Contact Information

The P-card program is managed by the Comptroller's Office. Any questions can be submitted via email to uiwcc@uiwtx.edu.

P-card Program – General

The P-card program is designed to facilitate small or frequent University-related purchases into a single billing and disbursement process, which will increase efficiency and reduce paper handling at both operating and administrative levels. The program is designed to offer a low cost and more efficient alternative for the purchase of miscellaneous goods and services which do not require a purchase order (PO) and/or contract. The P-card operates in a manner similar to a personal credit card and will enable cardholders to purchase goods and services directly from vendors on behalf of the University. Purchases can be completed in person, online, or over the phone, and receipts should to be obtained for all purchases as support. If an employee is issued a P-card, he or she must charge any allowable University-related expenses to the P-card and go through the P-card process rather than using personal funds and requesting an advance or reimbursement.

The P-card program is not intended to avoid or bypass compliance with the University's Procurement and Bid Policy, the University's Travel and Entertainment Policy or any other policies in place. Furthermore, the P-card program does not allow cardholders to charge personal expenses on the University P-cards. The cardholder will be required to reimburse the University for any personal, unallowable, questionable or unsubstantiated expenses charged to the P-card. The cardholder authorizes the University to payroll deduct as necessary to recoup such funds. Recurring noncompliance with University policies can result in permanent cancellation of the P-card, and the cardholder may be subject to disciplinary action up to and including termination.

Issuance of P-cards

P-card Eligibility

P-cards may be issued to the President, Vice Presidents, Deans, Directors and other budget managers of the University. Upon request from the supervisor, the University can also provide P-cards to other employees with a business need such as frequent travel on behalf of the University.

Applying for a P-card

An eligible employee can request a P-card from his or her supervisor. If the supervisor determines the employee has a legitimate business need for a P-card, the supervisor should submit the approved request via email to the P-card email account at uiwcc@uiwtx.edu. The request for a P-card should include the employee name, school ID number, home department, budget manager for approval purposes, and monthly credit limit. University P-cards have no effect on the cardholder's personal credit history.

Issuance of Cards

Once the card has been issued by the P-card vendor, the cardholder will be notified via email and will be required to pick up the P-card in person. The cardholder will be provided the P-card policy to review and is required to attend training and sign the Cardholder Agreement prior to receiving the P-card. Cardholders are responsible for activating their cards, selecting a personal identification number (PIN) and creating an online profile on the P-card platform. Additionally, the University will provide refresher training to all P-card holders as needed to ensure continued compliance.

Each cardholder is only allowed one P-card. A University employee should not have more than one P-card, even if the cardholder makes purchases on behalf of different departments or budgets. In that case, transactions should be charged to the appropriate budgets at the time of reconciliation. For departments that have more than one individual that may need to use a P-card, a departmental P-card can be issued instead of a P-card assigned to an individual employee. However, the budget manager will be the assigned cardholder and will ultimately be responsible for oversight and compliance for P-card activity.

Responsibilities

Cardholder Responsibilities

Once a P-card is issued, the card becomes the responsibility of the cardholder. The P-card should only be used for qualified University purchases when sufficient funds are available in the budget to cover the transactions. The cardholder, or authorized employees for a departmental P-card, are the only persons authorized to use the P-card. The P-card should be safeguarded at all times to minimize the potential of any fraudulent activity related to the card. If the card is lost or stolen, the cardholder should immediately report the lost or stolen card to the P-card vendor.

The cardholder is allowed to purchase goods and services on behalf of the University as outlined below. Before paying with the P-card, the cardholder should present any applicable University tax-exempt certificate. The University is exempt from Texas sales and state hotel tax. See the Sales Tax Certificate and Hotel Tax Exemption Certificate located at the myWord portal. If tax is included in the transaction, the cardholder should ask for the tax to be removed prior to paying with the P-card. For each transaction, the cardholder is required to upload the receipt and any other supporting documentation to the P-card portal, provide a clear business purpose and assign an appropriate account number within ten business days of the statement date. The cardholder must ensure that all scanned support is legible so that the vendor, date, amount, etc. can be easily identified. A detailed explanation describing the items purchased must be included for any missing receipts. Once transactions are submitted, they will be routed for approval.

Personal expenses are not allowed to be charged to a P-card. If a supervisor notes any personal or questionable expenses charged to the P-card and after communication with the cardholder determines the expenses are not allowed, the cardholder is required to reimburse the University. Furthermore, expenditures with missing receipts or any sales tax paid for exempt transactions may be considered the personal responsibility of the cardholder and may require reimbursement. Reimbursements should be done through the Business Office. The cardholder authorizes the University to payroll deduct from his or her paycheck for any personal expenses within 30 days of notification that reimbursement is due. Noncompliance with the P-card policy may result in suspension or cancellation of the employee's P-card as well as other disciplinary action up to and including termination.

Supervisor Responsibilities

Supervisors are responsible for approving P-card requests for cardholders within their departments. Additionally, the supervisor of the cardholder is required to attend training sessions and sign the P-card Supervisor Agreement indicating that he or she will perform proper due diligence in reviewing all transactions to ensure the cardholder is adhering to the University's P-card policy.

Once a cardholder has uploaded receipts, provided a clear business purpose and assigned an account number to each transaction on the monthly statement, the completed P-card expense report will be routed to the supervisor for approval before it is submitted for posting. An e-mail notification will be sent to the supervisor letting him or her know an expense report has been submitted for approval. The supervisor is ultimately responsible for reviewing all P-card transactions to ensure the following:

- The charges are appropriate business expenses and made in accordance with the University's P-card policy.
- There are no charges that are for personal use.
- The charges are properly documented based on the receipt or support attached. The receipts and other supporting documentation should be reviewed, and the supervisor should determine that the vendor, date amount and other information are legible. Receipts should be attached for all charges in their entirety.
- The charges do not include taxes from which the University is exempt.
- The charges have been assigned an appropriate account number.
- A detailed explanation is included to describe the items purchased for any transactions with missing receipts.

After submission, the supervisor has ten business days to review and approve the P-card expense reports so the charges can be recorded in the general ledger in a timely manner. If any issues are identified during the review process, the transaction(s) should be routed back to the cardholder with an adequate explanation of what needs to be corrected. When the transaction is sent back to the supervisor after necessary corrections are made, it should be carefully reviewed to verify the issues previously noted have been corrected before the expense report is approved. Supervisors may be subject to disciplinary action if they do not adhere to their obligations regarding the proper review and approval of P-card transactions.

P-card Program Administrator Responsibilities

The Comptroller's Office serves as the P-card program administrator and manages the P-card program which includes reporting, analysis, maintenance, compliance and training. The P-card program administrator also serves as the liaison between the University and the P-card vendor. Monthly P-card activity will be posted to account 6863 (P-card Clearing) in the home organization for the cardholder within five business days of the P-card statement date to reflect expenses in the general ledger on a timely basis. Once the monthly P-card expense report is submitted and approved, the P-card activity will be recorded in the appropriate accounts and account 6863 will be credited.

<u>Approved P-card Purchases</u>

Purchases

All purchases greater than $1,000 should follow the Procurement and Bid Policy, except travel expenses which should follow the Travel and Entertainment Policy.

The P-card program is designed to allow employees to quickly and efficiently purchase goods and services which do not require a purchase order, master service agreement (MSA) or contract. It is also designed to allow employees who travel to be able to pay for travel expenses as they are incurred. Cardholders are responsible for exercising prudent judgment when expending University funds.

Office Supplies

The University utilizes a preferred office supply vendor and receives advantageous pricing based upon the frequency and volume of use. For office supplies less than $1,000, departments should order office supplies through the preferred vendor's online portal and provide a P-card number for the charges. Purchase orders should continue to be processed for office supplies totaling $1,000 or more. Bottled water, sodas and snacks for office personnel and/or breakrooms are considered personal expenses and should be not purchased with a P-card.

Technology Accessories

If the cardholder is currently receiving a cell phone allowance, the cardholder is not authorized to charge any incidental cell phone accessories (i.e. cases, screen protectors or chargers) on the P-card as the allowance is meant to offset the business portion of the cost of the phone, service and accessories. Necessary accessories for other technology equipment such as iPad or laptops are allowed.

Travel

P-cards may be used to charge hotel, meals, car rentals, ground transportation, registration and other incidental travel expenses that are not paid through other payment methods such as direct bill accounts. The cardholder is responsible for taking a tax exemption certificate when traveling to receive applicable tax exemptions for purchases made. All receipts should be uploaded to the expense report on the P-card portal. For more detailed information related to travel expenses, please refer to the Travel and Entertainment Policy.

Automobile Expenses

Gasoline purchases and expenses to maintain personal automobiles should not be charged to the University. Business related mileage for use of personal automobiles is reimbursed by the University at the mileage rate established by the Internal Revenue Service (IRS) upon submission of the Expense Reimbursement Form. Fuel for University fleet vehicles should be charged to the driver's P-card. A Fleet P-card for fuel will be provided for drivers that do not have their own University issued P-card. Other automobile expenses for University fleet vehicles such as oil changes, maintenance and repairs are managed by the Vehicle Services Department.

Entertainment

Entertainment expenses may be charged to P-cards if the event is substantially related to the business of the University. The business purpose of the expenditure and names of individuals attending the event should be included with the support uploaded to the P-card portal. The documentation can include a phrase stating who was present, their relationship to the University, and the purpose of the event. General descriptions such as "business lunch" or "recruiting" are not sufficient. A more detailed description such as "lunch with Jane Doe, candidate for Director" or "recruiting – college fair at ABC High School" should be provided. For additional guidance related to entertainment expenses, please refer to the Travel and Entertainment Policy and the Guidelines for University Sponsored Gifts and Events.

Other Purchases

Other allowable, routine purchases can include, but are not limited to, professional dues, periodical subscriptions, books, promotional items and educational or professional seminars.

Disallowed Transactions

There are certain transactions that are expressly prohibited from being purchased with P-cards. Prior to making a purchase, cardholders should ensure that proposed purchases are not prohibited, including the transactions noted below. Cardholders cannot use the P-card for transactions requiring a purchase order. Please refer to the Procurement and Bid Policy for more information. Other disallowed transactions include the following:

Catering / Refreshments

The University's contracted food service provider has the right of first refusal for all catering functions on school premises above the established threshold. See the Travel and Entertainment Policy for additional information.

Furniture and Small Equipment

Cardholders cannot purchase furniture or small equipment, including any items requiring an electrical connection, with a P-card. The University strives to maintain a consistent quality and appearance for furnishings throughout the facilities. In addition, only qualified technicians are authorized to assemble furniture and equipment. Therefore, furniture or small equipment requests must be submitted in advance and will be managed by the Purchasing Department.

Technology Equipment and Software

Purchases of technology equipment or software should not be charged to P-cards by departments. Technology equipment includes, but is not limited to, computers, printers, projectors, cameras and iPads. Technology equipment and software purchases should be requested through the Digital Infrastructure and User Services Department in accordance with appropriate policies.

Cash Advances

Cash advances are not allowed on the P-cards. In addition, cardholders are not authorized to obtain petty cash advances/reimbursements or travel advances since the P-card should be used for all allowable purchases.

Administrative Items

Purchase Card Limit Increases

Each cardholder has an approved monthly limit that is unique based on his or her anticipated purchases. If a cardholder anticipates a purchase that is above his or her respective limit, the cardholder's supervisor can contact the P-card program administrator via email to request a temporary increase. In addition, as departmental needs change, a permanent limit increase or decrease can be requested by the budget manager.

Declined Transactions

Transactions may be declined due to exceeding the monthly card limit, an invalid PIN or suspected fraud. A transaction may also be declined if the cardholder attempts to make a purchase from a blocked vendor or merchant code category. Other reasons a transaction may be declined include the magnetic strip not being read properly or incorrect information (account number, expiration date or security code number) being entered. If a cardholder tries to make an appropriate purchase that is declined, the cardholder should call the number noted on the back of the card for further information.

Fraudulent Transactions

If a cardholder identifies fraudulent transactions on his or her P-card, the cardholder is responsible for reporting the fraudulent activity to the P-card vendor as soon as the activity is identified and providing any requested information to resolve the issue. The P-card vendor will create a service ticket, cancel the compromised P-card and issue a new one. The P-card program administrator should also be notified after the cardholder has contacted the P-card vendor.

Expense Coding

Cardholders are responsible for assigning an appropriate account number to each transaction. Cardholders should only charge budgets for which they have authority. Account numbers should be assigned based on the nature of the expenditure, not availability in specific budget line items. Expenditures for next fiscal year should be charged to the prepaid account number XXXXX – 1751, and the proper account to charge in the subsequent year should be included in the description for the transaction.

Document Retention

The cardholder is required to obtain and retain a receipt for all purchases made with the P-card. All receipts should be itemized, and the cardholder should ensure that all pages of the receipts are legible. The employee should ensure the amount, description, date and location for each transaction are clearly identifiable on the receipt. Cardholders should retain hard copies of all receipts for 90 days as applicable. If the purchase is being made in conjunction with a grant, the documentation should be retained for a period of three years after the grant has ended. If a cardholder is unable to locate a receipt, the cardholder should make every effort to request the receipt from the vendor. If the vendor is unable to provide a receipt, the cardholder may write a memo that includes the amount, description, date, location, attendees present and purpose of transaction. Memos must be approved by the supervisor and will be reviewed by the P-card program administrator. The P-card program administrator or budget manager may determine a memo is not sufficient based on the amount or nature of the expenditure. Therefore, any missing receipts may be considered the personal responsibility of the cardholder and may require reimbursement. Excessive missing receipts may result in disciplinary action as well as suspension or cancellation of the P-card.

Cardholder Reporting Requirements

On a monthly basis, the cardholder will receive an email notification that the monthly P-card statement is available. The cardholder is required to complete the P-card expense report by uploading receipts and other supporting documentation for each transaction to substantiate the purchases made, provide a clear business purpose and assign appropriate account numbers. The cardholder is required to submit all receipts within ten business days of the statement date. Upon cardholder submission, the cardholder's supervisor will review and approve all transactions.

Payment

All P-cards are automatically drafted from the University's operating account. Cardholders are not responsible for monthly payments to the P-card vendor.

Credits

Merchants should issue any credits back to the original P-card used for the transaction. Cardholders should never accept cash in lieu of a credit to the P-card.

Disputes

Cardholders are responsible for resolving any statement discrepancies with vendors and/or the issuing bank to ensure corrections and/or credits are made on timely basis. Disputes should be identified and explained during the monthly P-card reconciliation process.

Cancellation of P-cards

The University will monitor P-card usage. If a P-card has been inactive for more than six months, the P-card program administrator will inquire if there is still a business need for the P-card. If not, the P-card will be cancelled.

Violations

If a cardholder is suspected of abusing, misusing or being negligent with the P-card, the P-card may be suspended or cancelled, and the actions of the employee may be subject to disciplinary action up to and including termination.

The following are examples of abuse, misuse, and negligence related to P-cards:

- Intentionally splitting a purchase to circumvent policy limits
- Failing to maintain adequate receipts and other documentation to provide as support
- Using the University P-card for personal transactions
- Other breaches of policies and procedures as specified within the policy

Audits

The University has a process in place to perform audits of the P-card program and P-card transactions to ensure that cardholders are adhering to the P-card policy. The audits will be performed throughout the year, and all cardholders are required to fully cooperate with all audit requests. Audits may include requests for additional support or further clarification of expenses. Upon completion of an audit, any expenses subsequently deemed unallowable will require reimbursement from the cardholder.

Changes to P-cards

Cardholders are responsible for notifying the P-card program administrator of any changes such as name, home department, or the need for cancellation. If a temporary or permanent credit limit change is needed, the cardholder's supervisor can request the change from the P-card program administrator via email.

Card Renewals

Prior to expiration, a new P-card will be sent to the P-card program administrator by the P-card vendor. The P-card program administrator will request that the cardholder schedule a time to pick up the card in person. This will ensure service is not interrupted.

Cardholder Termination

Prior to leaving the University, the cardholder is responsible for completing P-card expense reports for any outstanding transactions that are identified in the P-card portal. P-cards from terminated employees should never be transferred to or used by other employees. The cardholder authorizes the University to payroll deduct from his or her final paycheck for any transactions that are not adequately documented.