

Purchasing Card (P-Card) Cardholder Training

Introduction

- What is the Purchasing Card (P-Card) Program?
- Definitions
- What are the Cardholder's Responsibilities?
- What are the Reviewer's Responsibilities?
- Misuse of P-Cards and Other Violations
- Returns, Credits and Disputed Items
- Key Contact and Resource Information

What is the P-Card Program?

- The North Dakota University System participates in the statewide P-Card program. It is administered by the North Dakota Office of Management and Budget.
- Each institution assigns a P-Card Administrator. The Administrator cannot be a P-Card Holder.
- A way to purchase goods and services more efficiently.
- Authorized for use with only certain categories of merchants.
- Transactions must comply with NDUS policy and procedures, North Dakota Century Code and the cardholder's campus policy and procedures.
- A credit card issued in the name of the NDUS employee for official NDUS business use only.
- All P-Card transactions are paid centrally by the institution's business office or accounting/finance department.

Benefits

- The use of the P-Card saves time and reduces costs.
 - Eliminates purchasing delays.
- Lowers administrative costs by reducing number of checks or purchase order issued.
- Provides increased information about purchasing information.
- No need to issue 1099's.

A Purchasing Card is NOT

- A means to access cash or credit.
- A means to avoid procurement or payment procedures.
- A means to pay other departments.
- A right of employment.
- For personal use.

Definitions

- **Cardholder:** NDUS employee whose name appears on the P-Card is responsible for all charges made with the card.

- **Default departmental funding:** The NDUS budget fund and account number assigned to the cardholder's P-Card. Only one budget fund and account number can be assigned to a card. Cardholders can reallocate transactions to one or multiple funds.
- **Detailed Documentation:** Original or electronic detailed receipt, vendor invoice, charge slips, cash register receipts, printout of E-mail or web page transaction confirmation that must include:
 - Itemized description of goods or services purchased including unit price
 - Vendor name
 - Transaction date
 - Transaction total
- **Merchant Category Codes (MCC):** Used by the bankcard industry. All vendors are assigned a MCC code, based on the product or service they provide. The P-Card Administrator assigns allowable MCC codes based on the institution's purchasing policies. Attempting to purchase from excluded vendors will cause the transaction to be declined.
- **Purchasing Card (P-Card):** A credit card for making authorized purchases of supplies and services, including travel arrangements.
- **Purchasing Card Administrator:** Each institution has a designated Purchasing Card Administrator, who is responsible for administering the P-Card program.
- **Reconciliation/Reallocation:** The cardholder or card administrator reviews the monthly statement to:
 - Ensure transactions and amounts listed are correct
 - Ensure the Cardholder performed all transactions,
 - Assign appropriate fund-dept-account (project/program if applicable),
 - Verify that detailed documentation is included and contains the business purpose for each transaction.
- **Retention:** Follow current NDUS retention policy. Purchasing card documentation is located in the Accounts Payable category found at:
<http://www.ndus.edu/makers/procedures/sbhe/default.asp?PID=128&SID=11>
- **Reviewer:** The cardholder's supervisor or other designated employee (other than the cardholder) who is familiar with the departmental budget and expenditures. The Reviewer is responsible for ensuring purchases are necessary and reasonable both in amount and relative to a business purpose.
- **Statement:** The monthly detail listing of transactions to a cardholders P-Card.
- **Transaction Limit:** Cardholders have single transaction and monthly total purchase amount limits.

Compliance with Laws and Regulations

- P-Card holders are responsible for complying with
 - North Dakota Century Code,
 - SBHE policies and procedures and
 - Institution policies and procedures.
- Contact your institution's Procurement Officer or P-Card Administrator, if you have any questions.

Procurement Requirements

The following requirements apply to commodities and services.

Purchase Price	Quote/Bid Requirement	Documentation Maintenance Requirement
Less than \$10,000	At least one fair and reasonable quote. Note: Equipment and software must be added to inventory if \$5,000 or greater.	Documentation is not required. Alternate Procurement form not required if multiple quotes not solicited.
\$10,000 - \$50,000	Solicit informal quotes/bids or proposals from at least three vendors, or post on SPO Online with appropriate state Bidders List. May send to additional vendors.	Documentation is required. Alternate Procurement form required if competition not solicited from at least three vendors. The form is not required if fewer than three bids or proposals are received.
\$50,000 - \$100,000	Solicit informal bids or proposals using SPO Online with appropriate state Bidders List. May send to additional vendors.	Documentation is required. Alternate Procurement for required if: <ol style="list-style-type: none"> 1. Competition is not solicited. 2. SPO Online is not used.
\$100,000 and over	Must be purchased using formal sealed bids or Request for Proposal (RFP). Solicitations must be posted using SPO Online with appropriate state Bidders List. May send to additional vendors.	Documentation is required. Alternate Procurement for required if: <ol style="list-style-type: none"> 1. Competition is not solicited. 2. SPO Online is not used.

Direct Purchases (SBHE Procedures 803.1)

Institutions can purchase directly from the following sources without obtaining competition or completing an Alternate Procurement form.

State Contracts	State contracts established by the state Office of Management and Budget (OMB).
Government Sources of Supply	<p>Government entities, including but not limited to:</p> <ul style="list-style-type: none"> • OMB’s Central Supply • Central Duplicating • Surplus Property divisions • Roughrider Industries • Information Technology Department (ITD) • Core Technology Services (CTS) • Work Activity Centers • Correctional institutions • 1033 Program • 1122 Program
Cooperative Purchasing Agreements	Approved higher education cooperative purchase agreements. OMB cooperative purchase agreements are listed as State Contracts.
Statutory Exemptions	<p>N.D.C.C. §54-12-08 – Legal counsel with attorneys not employed by the state.</p> <p>Commodities and services exempted under N.D.C.C. §54-44.4.02.</p>
OMB-approved Limited Competition and Non-competitive Purchases	Commodities and services listed in North Dakota Administrative Code Chapter 4-12-09-01.

Non-Competitive Purchases (SBHE Procedures 803.1)

- The procurement officer shall prepare a justification for noncompetitive procurements using the Alternate Procurement Request form.
- The form must be approved by the appropriate campus official and retained in the procurement file.
- Noncompetitive or sole source requests based on personal preference, cost or price, perceived quality, vendor performance, delivery time, trade-in allowance or no cost options or accessories or other special packages or deals are not permitted; rather, these items may be considered in evaluating bids or proposals.

Emergency Purchasing (SBHE Procedures 803.1)

Purchasing procedures may be waived when the purchasing agent or other person delegated by that authority determines that an emergency exists. An “emergency” means when the immediate demand for supplies, materials, or services is necessary to:

- Prevent or respond to a public health or public safety issue;
- Repair losses or protect against future loss or damage to state property; and
- Prevent or minimize serious disruption to institution operations.

The nature of the emergency and determination that the circumstances justifying waiver of purchase procedures shall be documented in writing and retained.

Credit Limits

- P-Card Holders are assigned monthly and single amount transaction limits.
- Splitting transactions to circumvent the single amount transaction limit are not allowed.
- If you have a one-time need for a high credit limit, contact your P-Card Administrator.

What is PaymentNet?

- PaymentNet is a web-based P-Card management tool from JPMorgan Chase that cardholders use to:
 - View their activity and Statement of Account
 - Match transactions with receipts
 - Dispute transactions
 - Print off their Statement of Account
 - Cardholders are provided access to PaymentNet upon successful completion of Purchasing Card Training.

Each Cardholder is responsible to:

- Follow North Dakota Century code, NDUS and their institution’s procurement policies and procedures when using the P-Card.
- Sign the P-Card immediately upon receipt.
- Safeguard the P-Card.

- P-Cards must be kept in a secure location, such as a locked drawer, and used only to process transactions by the cardholder. In order to prevent exposure to fraud, the Purchasing Card account number shall not be in locations that are accessible.
- Notify your supervisor, P-Card Administrator and JPMorgan Chase immediately in the event of P-Card is lost or stolen.
- Inform vendors that your institution is exempt from sales taxes. Your institution's tax exempt number is embossed on each P-Card.
- Print the Purchasing Record Form or Statement of Account report in PaymentNet each month.
- Reconcile monthly statement and receipts.
- Sign the Purchasing Record Form or Statement of Account attesting that all purchases are for NDUS business and in compliance with NDUS policy and procedures, North Dakota Century Code and the cardholder's campus policy and procedures.
- Forward the signed and completed Purchasing Record Form or Statement of Account and original/electronic receipts, invoices, and other supporting documentation, to designated reviewer.
- Allow adequate time for reviewer to submit paperwork to your campus business office or accounting/finance department.
- Confirm with reviewer that paperwork was submitted before the required deadline.
- Resolve disputes in a timely manner.
- Destroy and discard an expired Purchasing Card.

Other Cardholder Responsibilities

- Terminated employees or employees who transfer to another department must complete the P-Card change request form and email the Purchasing Card Administrator and their supervisor to cancel their P-Card.
- Cardholder will return the cancelled P-Card to their supervisor.
- The supervisor or Purchasing Card Administrator is responsible for shredding and disposing returned cards. Returned Purchasing Cards are not to be reissued to other employees for use.
- Any unauthorized charges that occur on the Purchasing Card must be IMMEDIATELY repaid by the cardholder to the institution.

Decline at Point of Sale

- Contact your P-Card Administrator. They can help determine why the card is being declined.
- Common reasons for decline:
 - Card not activated
 - Limit exceeded
 - MCC category blocked

Returns, Credits, and Disputed Items

- P-Cardholder must follow-up immediately with the merchant or bank (JPMorgan Chase) on erroneous charges, disputed items or returns.
- Examples of disputed billings are:

- Failure to receive the goods charged,
- Defective merchandise,
- Incorrect amounts,
- Duplicate charges,
- Charging of sales tax
- Credit not processed,
- Fraud and misuse.
- Documentation for credits, returns and exchanges must be attached to the Purchasing Record Form or Purchasing Card Statement of Account.
- Returned items must be returned for credit. Do not accept refunds in cash or check.
- If you cannot reach resolution, contact your P-Card Administrator or JPMorgan Chase Customer Service 1-800-270-7760.

Misuse of Purchasing Card and Other Violations

Note: All P-Card transactions are subject to audit.

Failure to use the P-Card in accordance with applicable policies and procedures may result in revocation of the P-Card and may involve appropriate disciplinary actions, up to and including termination and possible criminal prosecution. Violations include but are not limited to:

- Allowing someone else to use your card – The NDUS employee whose name appears on the P-card is accountable for ALL charges made with that card. A cardholder shall NOT lend the P-Card to anyone.
- The cardholder must be a NDUS employee. Students, including graduate students and student organizations are not allowed to obtain a Purchasing Card. If an employee is also a student, the issuance of the P-Card must be based on their status as an employee, and all transactions must be related to their employment.
- Purchasing cards are not issued in the name of the Department. They are only issued to individuals.
- The JPMorgan Chase MasterCard Program provides liability protection to NDUS once notification of any loss, theft or fraudulent use is made. However, the level of liability protection does not apply to cards that are made available to multiple users.

Misuse of Purchasing Card and Other Violations, Cont'd

- Failure to submit statement and supporting documentation to your campus business office or accounting/finance department by the required monthly deadline.
- Splitting a purchase to circumvent Purchasing Policies. Splitting purchases is making multiple purchases for the same business purpose within a short amount of time.
- Purchasing items with the card for personal use.
- Purchasing unallowable items.
- Repeatedly allowing sales tax to be charged when the purchases are tax exempt.
- Any unauthorized charges that occur on the Purchasing Card must be IMMEDIATELY repaid by the cardholder.

Cardholder Disciplinary Actions

Cardholders who do not comply with P-Card policies and procedures may face disciplinary actions, up to and including termination and possible criminal prosecution.

- **First Offense** – P-Card Administrator will send written or emailed warning to Cardholder.
- **Second Offense** – P-Card Administrator will send written or emailed warning to Cardholder and supervisor.
- **Third Offense** – 30 day suspension of card. Cardholder must contact P-Card Administrator to reactivate card within 30 days after suspension.
- **Fourth Offense** – P-Card is canceled. The Cardholder must return the card to the P-Card Administrator.

Offenses will be tracked per employee in a twelve-month period beginning with the first offense.

Purchasing Card Administrator reserves the right to suspend/cancel any card at any time.

A Cardholder may request a new card after 120 days of having their card canceled.

The Cardholder and their direct supervisor must go through an Appeals Process, which is a review of the Cardholder's violation history and the justification for a new card.

The appeals process will determine if a Purchasing Card will be reissued.

If reissued, the Cardholder must fill out a new Purchasing Card Application and retake training.

No Cardholder will be considered for reinstatement until all unauthorized personal charges on the previous card are paid back in full to the institution.

Reviewer Responsibilities

The Reviewer is the cardholder's supervisor or other designated employee, who is familiar with the departmental budget and expenditures.

The Reviewer's responsibilities include:

- Review information submitted by the cardholder. Verify receipts for each transaction are attached to the cardholder statement.
- Verify that no personal transactions have been made.
 - If personal transactions occur, the employee must IMMEDIATELY repay the institution, including any applicable sales tax.
 - If personal or other unauthorized charges are occurring on the P-Card:
 - Appropriate steps, up to and including dismissal and possible criminal prosecution, will be taken to resolve the misuse/abuse of the P-Card.
- Verify purchases are ordinary, necessary and reasonable both in amount and relative to a business purpose.
- Sign cardholder Purchasing Record Form or Statement of account to certify that purchases comply with appropriate policies and procedures.

- Forward the signed Purchasing Record Form or Statement of Account form with all original/electronic receipts and supporting documentation to your campus business office or accounting/finance department before the required deadline.

Key Contacts and Other Resources

- Your Institution's P-Card Administrator

JPMorgan Chase Cardholder Customer Service:

- Call 1-800-270-7760 for:
 - For authorization assistance
 - For questions concerning monthly statements
- To report a lost or stolen card call: 1-800-270-7760

Important Links

Policy link

<http://www.ndus.edu/makers/procedures/sbhe/default.asp?PID=519&SID=9>

Procedure link

<http://www.ndus.edu/makers/procedures/ndus/default.asp?PID=520&SID=60>