Procurement Card 101

Presented by ASU Materials Management

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Mission Statement

The ASU Materials Management & Purchasing Departments’ objective are to procure goods and services to support the educational and research requirements of the University.
General Info ...

• The two primary methods of purchasing goods and/or services are by Purchase Order or Procurement Card (pro-card).

• Procurement card training is now required every **two years** to maintain use of the procurement card for ASU purchases.
  
  ▪ Anyone that has signature authority on a procurement card is required to take the training.
General Info: Forms

- Ramport: Work Life Tab, Administrative Forms Access
General Info: Forms

• Ramport, Work Life Tab, Fiscal Forms

Examples of Forms you Might Need:

• Pro-card Application

• Pro-card Transaction Log

• Paper Requisition
Conflict of Interest ...

- **Officers, faculty, and staff (‘employees’) of ASU may not have direct or indirect interests in purchasing:**
  - No employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award.
    - **Employees may not receive any financial benefit from purchases with ASU.**

- The officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to sub-agreements.

- The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the recipient.
Procurement Card 101

The ASU pro-card establishes a more efficient, cost-effective method for paying for small orders and to delegate the authority and capability to make purchases to the end-user and/or the department. The pro-card is not intended to avoid/bypass purchasing procedures or bidding requirements.

The pro-card is issued to both individuals and/or departments of ASU.
Pro-card Info ...

- The Pro-Card is a **MasterCard** issued by Citibank either in an individual’s or department’s name. The Card is to be used by Angelo State University’s faculty and staff. The authorized Cardholder is able to purchase directly on behalf of ASU, thereby allowing **tax-exempt use**. Transactions are paid directly by the University to the bank. The program does not affect personal credit ratings in any way.
Pro-card Info ...

**Activating the card:** Please call from an ASU phone to activate the card. Do not call from a personal phone. Sign the back of the card & keep in a safe place.

**Security:** *The cardholder is responsible for the security of the card and card number.* This card shall be treated with the same level of care as the cardholder would use with his/her own personal charge cards. Guard the Pro-Card account number carefully. It should not be posted in a work area or left in a conspicuous place. It must be kept in a secure location.

**Cardholder Responsibilities:**
- Following all Pro-Card policies, procedures, rules and guidelines outlined in the Program Guide and University Operating Policies
- Maintaining the necessary documentation related to purchases made with the Pro-Card (i.e. Keep Receipts & they must be tax exempt!)
  - If you need a tax exempt certificate prior to making a purchase, please contact the Purchasing Office at 325-942-2012.
Pro-card info ...

- **Citi-Bank Customer Service:** Available 24 hours a day, 7 days a week
  - Assists the cardholder with general questions about the Pro-Card account
  - **If a Pro-Card is lost or stolen, immediately contact Citi-Bank Customer Service at 1-800-248-4553.**
  - **After contacting Citi-Bank, notify the Program Administrator and your Department Head.**
Pop Quiz

1. Primary Methods of purchasing are procurement card and direct bill: True or False?
2. The pro-card is not intended to avoid/bypass purchasing procedures or bidding requirements. True or False?
3. The VISA pro-card is issued by Citi Bank and is tax exempt. True or False?
4. The pro-card is issued to both individuals and/or departments of ASU. True or False?
5. If a Pro-Card is lost or stolen, immediately contact CitiBank Customer Service at 1-800-248-4553. After contacting CitiBank, notify the Program Administrator and the Governor's office. True or False?

1. False (p-card & PO) 2. True 3. False (MasterCard) 4. True 5. False (Dept. Head – not the Governor's office)
Financial Manager Responsibilities

• Designating cardholders and reconcilers
• Approving each cardholder’s monthly Pro-Card documentation
• Ensuring that all employees issued a card understand the department budget constraints under which cards are to be used
Department Card Use

- The **Financial Manager** must approve the issuance of a Departmental Card and approve the appointment of a **primary and secondary reconciler** that is primarily responsible for overseeing the Departmental Card.
  - The Reconciler is responsible to ensure that the individual using the card is aware of appropriate uses for the card and the need to return the card and associated documentation immediately after making the purchase.
  - A **Departmental Card Agreement Form** will need to be filled out by all full-time faculty and staff that request the use of the Card. The form will be kept on file with the department and a copy sent to the Program Administrator with the monthly Expense Report.
  - Departments may not have more than two Departmental Cards. Please note than when a Card is issued in a department’s name, it is much more difficult to dispute erroneous charges, but the department will still be liable for the charges placed on those cards.
  - **All Department Cards will have the monthly cardholder spending limits set at $1,000 per single transaction with a $10,000 monthly billing cycle limit.** The cycle begins on the 4th of the month and ends on the 3rd of the following month. The single transaction limit includes the purchase price plus freight and installation.
Individual Card Use

• The Financial Manager must approve the issuance of an Individual Pro-Card and approve the appointment of a reconciler.

• It will be the responsibility of the Cardholder to submit associated original vendor receipts, and any other required supporting documentation or forms (if applicable) to the Program Administrator by deadlines issued.

• The majority of the Individual Pro-Cards will have a single transaction limit of $1,000 with a $5,000 monthly billing cycle limit. The cycle begins on the 4th of the month and ends on the 3rd of the following month. The single transaction limit includes the purchase price plus freight and installation.
Employee Transfer/Termination

- It is imperative that in either of the following cases the Department Head or his/her designee ensure that the Procurement Card is returned to the Program Administrator:
  - upon employee transfer to another University department
    - When a cardholder changes employment from one University department to another, the department has specific obligation to reclaim the Pro-Card and return it to the Program Administrator prior to the effective date of change. Failure to reclaim or dispose of cards as designated may result in revocation of all department card privileges.
  - upon employee termination from University employment
    - When a cardholder terminates employment with the university, the department has specific obligation to reclaim the Pro-Card and return it to the Program Administrator prior to the employee’s termination date. Failure to reclaim cards may result in the department being responsible for payment of any fraudulent charges and revocation of all department card privileges. Verification of card return will be part of an employee’s exit interview with Human Resources. Any fraudulent charges made by a terminated employee after the employee’s termination will be reported to the University Police Department. The employee will be expected to reimburse the University.
Employee Transfer/Termination

• The Department Head is responsible for determining the FOAP (fund/org/account/program) for outstanding charges.

• The department may be subject to suspension or termination of all departmental cards for failure to secure and return cards from employees transferred or terminated.
Card Termination

• Use of the credit card is a privilege that carries a great deal of responsibility, but one that will be worth it due to the ease with which purchases can be made. If any one cardholder is allowed to abuse the use of the Pro-Card, the whole program is impacted.

• Certain Pro-Card rule violations will result in immediate deactivation or cancellation of all of a cardholder’s cards as noted herein.

• Other violations will be tracked on a **points basis** accumulated by cardholder. **Every point given stays with the cardholder for length of 6 months.** Points given within a 6-month time frame will be reviewed and appropriate action taken as noted herein.
  - Note the actions and subsequent consequences outlined herein should not be considered all inclusive. Points may be accumulated during any transaction review, research or audit by either the Program Administrator or the Department of Audit Services.
Immediate Card Cancellation and/or Deactivation:

Immediate Card Cancellation – results in cancellation of all cards with no option to ever receive another card
• Items purchased for **personal use** – when determined to be intentional abuse or fraud
• Use of the P-Card to secure a cash advance
• 2nd Lost or Stolen Card within 3 years after the 1 lost or stolen card

Immediate Card Deactivation – results in a waiting period of 3 months for re-activation
• Transaction Details not posted by the required date for 3 consecutive months or 3 months during a 6 month period
• **Splitting purchases to avoid purchasing procedures** (2nd offense)
• Failure to provide documentation within the requested timeframe for an audit
Points Schedule

• Points will accumulate as noted below against each cardholder. An accumulation of points over a 6-month period will result in the following action:

• **10 points accumulated within a 6-month period** will cause all of cardholder’s cards to be cancelled for a minimum of one year. New cards will be issued only after the one-year waiting period and only upon completion of a new Pro-Card Application/Approval Form.

• Points will accumulate as noted below when the following unacceptable purchases are made, procedures are not followed, or documentation is not produced:
  - 1 - Purchases of promotional items bought from vendors who are not on the Logo approved vendor list
  - 1 - Food purchases not documented
  - 1 - Purchase of controlled, hazardous or radioactive materials
  - 1 - Fuel for automobiles (unless approved by the Program Administrator)
  - 1 - Professional and consultant services or other services requiring a written contract
Points Schedule Continued ...

- 2 - Tax charged/no credit received
- 2 - Insufficient Funds to cover expenses
- 2 - Items for personal use – when determined to be accidental
- 2 - Using as a payment card
- 2 - Purchase of “Controlled Equipment” (unless approved by the Program Admin)
- 2 - Unable to produce printed and signed Expense Report upon request

- 3 - Unable to produce verification of purchase upon request; e.g., receipts, invoices, credit receipts, printed internet or email confirmations, etc.
- 3 - Splitting purchases to avoid purchasing procedures (1st offense)
- 3 - Inappropriate purchase for the account charged
- 3 - Failure to secure the p-card account number; i.e., card number posted in a public area, cards left lying around or not kept in a secure location
Other card cancellations & actions

- **Non-Use**: If the cardholder has not used the procurement card within one year, the Pro-Card will be cancelled. To receive a new card, the cardholder will be required to submit a Pro-Card Application/Approval Form and attend training.

- **Failure To Promptly Report A Lost Or Stolen Card**: If a cardholder fails to make a report of a lost or stolen card immediately upon discovery, the cardholder may be required to reimburse the University for any fraudulent charges made on the card until it has been cancelled. The University will pay the charges and the employee will be required to reimburse the University. The cardholder will be subject to a minimum 3-month waiting period before a new card will be issued. If a 2nd p-card is lost or stolen within 3 years after the 1st lost or stolen card, all of the cardholder’s cards will be cancelled with no option to ever receive another card.

- **Administrative Authority** - The Department Head or supervising Dean, Vice President, or President has the authority to request that the Program Administrator deactivate or cancel an employee’s cards at any time for any reason. Any cards so deactivated or cancelled may be reactivated or new cards issued with approval by the position that originally requested the deactivation or cancellation. The Program Administrator or the Department of Audit Services has the authority to request that an employee’s card be deactivated while transactions are being researched or investigated, or an audit is being conducted. At the conclusion of the research, investigation or audit, the cards will be reactivated and/or appropriate action taken as specified herein and in policy.
Pop Quiz

1. The cycle begins on the 5th of the month and ends on the 3rd of the following month. True or False?

2. The majority of the Individual Pro-Cards will have a single transaction limit of $1,000 with a $5,000 monthly billing cycle limit. True or False?

3. When a cardholder terminates employment with the university, the department should immediately chop up the card. True or False?

4. Items purchased for **personal use** – when determined to be intentional abuse or fraud will result in card cancellation. True or False?

5. 12 points accumulated within a 6-month period will cause all of cardholder’s cards to be cancelled for a minimum of one year. True or False?

6. If the cardholder has not used the procurement card within one year, the Pro-Card will be cancelled. True or False?
Restricted Vendors ...

• Vendors are assigned a Merchant Category Code (MCC) based on the type of business they operate. The Pro-Card program is restricted from use with certain types of suppliers and merchants. If the Pro-Card is presented for payment to these vendors, the authorization request will be declined. If this happens and the purchase is within other guidelines, call the Program Administrator while still at the vendor's place of business. The change allowing the purchase to be completed may be made by phone. If this is not possible, the Program Administrator will advise what steps to take to complete the purchase. The cardholder may be required to return to the office and submit a requisition.

• Please note that many vendors who operate within acceptable Merchant Category Codes may sell some items that are restricted from purchase on the Pro-Card. Just because the vendor sells it does not mean the Cardholder can buy it. See Acceptable and Unacceptable Purchases.
Making a Purchase ...

- **#1: Determine if the transaction is an acceptable use of the card.**
  - *Splitting purchases to avoid purchasing procedures or bidding requirements is not allowed*
  - *Consider available contracts for best value: State Contracts, TXMAS Contracts, DIR Contracts and Cooperative Contracts*
  - *Consider Recycled Products*
  - *See examples of Acceptable and Unacceptable Purchases*
  - *NOTE: Payments for food purchases may be made on the University Procurement Card (Pro-Card) only if food purchases are an allowable expense from the designated Fund/Org. The purchase of food is only appropriate with local funds and cannot be purchased with a state account.*
Making a Purchase ...

• #2: Determine if the transaction is within the cardholder’s spending limit. A transaction includes the purchase price, plus freight and installation and excluding tax.
  
  ▪ Make sure there is money in your budget for the purchase.
  ▪ NEVER split purchases to stay within the cardholder’s spending limit
  ▪ Sales Tax should never be charged. ASU is a tax exempt agency. Sales tax is not a disputable item. If tax is charged the individual / department will be responsible for obtaining a credit from the vendor charging the tax.
Making a Purchase ...

• #3: Identify the vendor.
  
  ▪ State law mandates, on both state and local accounts, that ASU make a good faith effort to increase business with Historically Underutilized Businesses (HUBs). ASU's percentage of business with HUBs is considered during the state's biennial budget allocation process. HUBs may be searched at the State of Texas CMBL search site or the purchasing director can provide a list.

  ▪ Prior to the commitment of funds, state law mandates that the cardholder verify the vendor's hold status FOR ANY PURCHASE EXCEEDING $500.
Vendor hold checking:

Per the Comptroller, if you are going to purchase an item or service $500+ using the Citi Procurement Card, you must run a vendor hold search prior to making a purchase. As ASU personnel cannot purchase from vendors that have holds issued against them with the Texas Comptroller, this search engine will prevent any purchases that violate the procurement card state regulations. Documentation must be attached to your monthly reconciliation log to be compliant with the state for auditing purposes.

The site is very easy to use: https://fmcpa.cpa.state.tx.us/tpis/

Enter the official business name into the search window
Keep “Sort by Relevance” as the default search
Print a copy of the search result – make sure the date is listed on the bottom of the page.

Attach the paperwork to the monthly procurement card reconciliation for the purchasing department
Vendor hold check cont...

- If the vendor hold search results show that the vendor has holds registered against them, we are not allowed to purchase from the vendor per the Texas Comptroller – you will have to find another vendor to purchase from. Below is a sample of what the page will look like when a vendor hold is registered against a vendor (for privacy I have blacked out the vendor’s name).
Vendor hold check cont...

- If there are no holds against the vendor (what we want) it will look like the following:

Vendor Hold Search

Search terms: ANGELO STATE UNIVERSITY

No vendor hold record was found for the search criteria.

New query
Making a Purchase:

• #4: Call or fax the order, visit the vendor, or place the order over the internet if you feel that the site is secure. Confirm pricing including shipping and installation and excluding tax.

  - The Pro-Card identifies Angelo State University as being a tax exempt entity of the State of Texas but does not automatically result in the charge being tax exempt. **Stress to the vendor that ASU is tax exempt.**

  - Prior to purchasing, contact the purchasing department if you need a tax exempt certificate.

  - Provide the vendor with the “Ship To” address of: ASU, Central Receiving, 1635 Vanderventer, San Angelo, TX 76909. Request that the word “Pro-Card” and Cardholder’s/Department’s name appear on all packing lists and box labels. This will help ensure that the shipment gets to the right person and/or department.
Making a Purchase

• **#5: Secure a receipt or invoice to fully document the purchase and if applicable, any problems associated with the purchase.** Always instruct the vendor to send the receipt/invoice directly to the cardholder, not to Accounts Payable.
  - Receipts/invoices should be itemized.
  - **A state agency may not pay for goods before their delivery to the agency.** Vendors should only charge the account when goods are shipped. *Back Orders should not be charged until the goods are shipped.*

• Ensure receipt of goods and follow up with vendors to resolve any delivery problems, discrepancies and/or damaged goods.
Acceptable Purchases with pro-card

• The Pro-Card may be used for a wide variety of purchases of goods and services with a maximum single transaction limit of $1000. A transaction includes the purchase price, plus freight and installation. Examples include but are not limited to (this list is not all inclusive):

  • Tools/Hardware
  • Safety Supplies Books
  • Janitorial Supplies
  • Lab Supplies
  • Medical Supplies
  • Office Supplies
  • Computer Supplies & Software
  • Registration fees*

  • Subscriptions
  • Small Equipment (not capital or controlled; see below)
  • Food Purchases – only if allowed from the Fund/Org being used (local funds only)
  • Services (unless it requires a written contract)
  • Rentals (excluding vehicle rentals)

* Registration fees can by paid for any employee (not students) in the department with a Departmental Card; if the card is in an individual’s name, then only the registration fees for that person can be paid using the Pro-Card.
Unacceptable Purchases

• The Pro-card must **NEVER** be used for the following:
  
  • **Items for Personal Use**
  • Items purchased with HEAF funds
  • Promotional items bought from a vendor that is not collegiate licensed
  • Printing (unless the Print Shop cannot provide the service)
  • Animals that are required to be reported on the Annual Financial Report
    • NOTE: Consumable animals, such as lab rats, are acceptable purchases
  • Travel and related expenses
    • Note: Registration is no longer considered a travel expense
  • **Membership dues**
  • Cash advances or cash refunds
  • Controlled, hazardous, or radioactive materials
  • Fuel for automobiles (must be pre-approved by the Program Administrator)
  • Alcoholic Beverages
  • Professional and consultant services or other services requiring a written contract
Unacceptable Purchases Continued

• **Controlled Equipment:** Equipment with a single unit value from $500 to $4999.99 and identified as any one of the following:

  a) Stereo systems
  b) Cameras (film & digital)
  c) Televisions
  d) VCRs
  e) DVD Players
  f) Camcorders (including digital)
  g) Any combo of c-f
  h) Microcomputers, servers, laptops, PDAs, and/or handheld computers
  i) Printers
  j) Data Projectors
  k) Firearms
Returns, Credits & Disputed Charges

• Should a problem arise with a purchased item or charge, the cardholder shall make every attempt to first resolve the issue directly with the supplier. Review of future statements is vital to ensure the account is properly credited for returns, credits and disputed charges. Returned, credited or disputed charges must be documented on the Expense Report. **Sales tax is not a disputable charge.**

• **Returns and Credits**
  - If a cardholder needs to return an item to a supplier, contact the supplier and obtain instructions for the return. Note that some suppliers may charge a restocking or handling fee for returns. If an item is accepted as a return by the supplier, a credit for the item must be obtained as quickly as possible.

• **Disputed Charges**
  - If a cardholder finds a charge on a monthly statement that is inaccurate the cardholder may choose to dispute payment by disputing the charge with Citibank.
  - If disputed, Citi Bank will place the charge in a 'State of Dispute' and the account may be given a provisional credit until receipt of adequate documentation from the vendor is provided. If the documentation appears to be in order, the transaction will be re-posted to the account and the dispute considered closed. If the charge is suspected to be fraudulent, the card will be immediately blocked. An investigation of the charge will continue and a provisional credit will be issued. A new card will then be re-issued to the cardholder, if appropriate. If, after the investigation, the disputed charge appears to be legitimate, the transaction will then post to the new account.
Procurement Card Payment

• ASU has selected a billing cycle of 30 days with payment due in 30 days. ASU's statement closing date will be the 3rd day of the month or the 1st preceding business day if the 3rd falls on a weekend or holiday (i.e. if the 3rd is a Saturday the statement closing date will be Friday the 2nd). The Program Administrator will receive master statement listing all transactions during the period by each cardholder.

• Accounts Payable will pay the summary billing in full once reviewed by the Program Administrator, except for charges officially disputed. It is imperative that funds be available from the designated Fund/Org to avoid a delay in payment.
Recurring Issues with Pro-cards

• Insufficient Funds
• Tax on Receipts – ASU is tax exempt. If you need a tax exempt form, contact the purchasing office.
• Not enough details as to why the purchase was made
• Wrong Account Codes
• Receipts not Itemized
• Deadline for reconciliation not met
• Required signatures missing
• Transactions being split to avoid the transaction limit
More info ...

- https://www.angelo.edu/services/purchasing/procurement_credit_cards.php
  - Procurement Credit Card Forms & Guidelines
    - Pro-Card Application
    - Department Pro-Card Application
    - Procurement Card Guide
    - Procurement Card Guidelines
    - State of Texas Procurement Manual
    - Departmental Card Agreement Form
    - Pro-Card Exception Form
    - Citi Card GCMS On-line Guide
      - This is a step-by-step guide to Reconciling Your Card Monthly
    - Frequently Used Account Codes
Pop Quiz

1. Vendors are assigned a Merchant Category Code (MCC) based on the type of business they operate. The Pro-Card program is restricted from use with certain types of suppliers and merchants. True or False?
2. Splitting purchases to avoid purchasing procedures or bidding requirements is allowed. True or False?
3. State law mandates that the cardholder verify the vendor's warrant hold status for any purchase exceeding $500. True or False?
4. ASU is tax exempt. True or False?
5. A firearm is not a piece of controlled equipment. True or False?
6. Always keep receipts. True or False?
7. Items for personal use are never acceptable purchases with the pro-card. True or False?
8. A state agency may pay for goods before their delivery to the agency. True or False?
9. You should always get itemized receipts when using a pro-card. True or False?
10. You have the option of disputing charges with Citi-Bank. True or False?
12. Registration fees are not an acceptable purchase with the pro-card.
Certificate of Completion

____________________________________
(please print name)

has completed the mandatory
Procurement Card 101 training
on ____________________ (date).

____________________________________
Supervisor’s signature

Please bring your certificate to the Purchasing office to receive your card.