



PURCHASING CARD MANUAL

A Guide for Cardholders, Designated Users,
Supervisors, and PaymentNet Software Users

Purchasing Card Administration:

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TABLE OF CONTENTS

I. OVERVIEW	3
II. UMS POLICY	4
Hazardous Materials	4
Internet	4
Buying Services	4
Fiscal Year End	4
Automobile Insurance	4
III. CARDHOLDER RESPONSIBILITIES	5
Activating Your Card	5
Ordering	5
In Person	5
Over the Phone	5
Order Log	6
Documentation	6
Substitute Documentation	6
When Merchandise is to be Delivered	6
Returns	7
If Your Card is Rejected	7
Request for Tax Exemption Certificate	7
When a Merchant does not take VISA	7
Reconciling a Statement	7
Disputing a Transaction	8
Reporting a Lost or Stolen Card	8
Transfer or Termination of Employment	8
IV. DESIGNATED USER'S RESPONSIBILITIES	8
V. SUPERVISOR'S OR CFO APPOINTED DESIGNEE'S RESPONSIBILITIES	9
VI. RECORDKEEPER'S RESPONSIBILITIES	9
VII. APPROVER'S RESPONSIBILITIES	10
VIII. GETTING STARTED	10
FORMS	12

I. OVERVIEW

The University of Maine System (UMS) Purchasing Card program is governed by Administrative Practice Letter (APL) VII - C. Should the UMS Purchasing Card Manual differ from APL VII - C, the guidelines of APL VII - C supersede this manual.

The UMS Purchasing Card (PCard) program is designed to improve efficiency in processing purchases of low dollar value. The PCard is a VISA credit card and can be used to make purchases with any merchant that accepts VISA. Many suppliers with whom you currently use a purchase order will accept VISA. Use of the card is similar to any credit card.

Transactions made with a PCard are approved or declined at the point of sale based on the following authorization limits:

- Spending limit per transaction
- Spending limit per 30 day cycle
- Approved Merchant Category Code (MCC)

Each card defaults to one predetermined PeopleSoft Chartfield combination. With correct authorization, expenses may be reallocated to a different Chartfield combination in PaymentNet. Charges for purchases made with the PCard will be electronically posted to PeopleSoft General Ledger (GL) upon authorization within PaymentNet. The length of time between transactions and posting to PeopleSoft GL depends upon merchant submittal (typically 1 to 3 days) and timely approval in PaymentNet.

The PCard is a UMS liability and not a personal liability card. UMS funds are committed whenever the PCard is used to purchase merchandise.

The PCard is not to be used for personal transactions even if the intent is to reimburse the University. Per APL VII - C, use of the card for personal purposes may result in cancellation of the card with no right of re-issuance.

Each PCard is issued to a named individual. The credit card is identified as a "Purchasing Card" and "University of Maine System" is clearly displayed on the card. The person to whom the card is issued is responsible for protecting the card and is accountable for all purchases made with the card. Fraudulent use of the PCard will result in disciplinary action, up to and including termination of employment.

The UMS Office of Strategic Procurement, Accounting, and Internal Audit will perform periodic surveys and audits. These actions provide a review of the program's performance, assurance that the required documentation is maintained, and feedback to improve the program.

Cardholders are required to meet with a Purchasing Card Administrator or attend a training session before they receive a card.

II. UMS POLICY

Purchases must be for the use and benefit of the University. No personal purchases are allowed – regardless of the intent to reimburse the University. Personal use of a card may result in revocation of the card.

The use of the PCard does not change or obviate the procedures or documentation required by other applicable APL's.

Hazardous Materials

The Office of Facilities must track UMS use of hazardous materials. Therefore, the PCard must not be used to purchase hazardous materials, which instead must be purchased through the Purchasing system.

Using the PCard for Purchases on the Internet

PCards may be used to make purchases on the Internet as long as the site is secure. As with other purchases, the cardholder is ultimately responsible for purchases made with their card and, therefore, is also responsible to determine whether an Internet site is the most appropriate method to make a given purchase.

Buying Services

The PCard may be used to obtain services **from corporations only**. If the service you wish to obtain is provided by an individual or an unincorporated organization, you must follow the guidelines for obtaining the services of Independent Contractors, as outlined in APL VII - C, and use the Purchasing system to create a Purchase Order.

Fiscal Year End

Purchases made in June (or the last month of the applicable fiscal year or grant) may not get posted to your account by June 30. Posting depends upon the merchants submitting transactions on a timely basis, something over which UMS has no control.

Automobile Insurance

The PCard provides collision insurance on most rental cars so UMS employees should not buy insurance when renting a car unless it is a model not covered. Models not covered include trucks, pickups and full size vans mounted on truck chassis, campers, trailers, motorcycles, motorbikes, antique cars, limousines, luxury or exotic vehicles (unless rented outside the US) such as Mercedes, Porsche, and Jaguar. To confirm coverage for a particular vehicle, call 1-800-VISA-911.

III. CARDHOLDER RESPONSIBILITIES

As a cardholder, you are authorized to make purchases up to the limit set for your card. You are to use the card only in compliance with APL VII - C and this manual.

As a cardholder you must:

- Complete the UMS PCard Cardholder Application (Form PC-1)
- Meet with a Purchasing Card Administrator or attend a training session
- Sign the Cardholder Agreement to receive the card
- Activate the card
- Keep the card secure
- Immediately report a lost or stolen card to a UMS Purchasing Card Administrator (Form PC-3)
- Surrender your card upon transfer or termination
- Make and document purchases in accordance with this manual and with UMS Policy and Procedures
- Attempt to resolve disputed items with merchants
- Obtain credits for any taxes charged to your account by merchants
- Review and approve your transactions as applicable
- Notify a Purchasing Card Administrator of changes in the information on your application (Form PC-3)

Activating Your Card

An inactive VISA card will be issued to you upon signing the Cardholder Agreement. Follow the instructions provided with the card to activate the card.

Ordering

Most people are already familiar with making purchases using a credit card. The process for placing orders using a PCard is very similar to that used when making a purchase with any credit card. The important differences are as follows:

- Approval at the point of sale is based upon several controls established by your department and UMS
- Supporting documentation must be obtained and maintained
- The charges are electronically submitted to UMS and are posted to the appropriate Chartfield combination upon approval
- The cardholder must inform merchants that purchases are for UMS in order to obtain any discounts and to avoid sales tax.

When placing orders in person, provide merchants with the PCard and remind merchants that orders are for UMS and that they are tax exempt. The tax exempt status is printed on the card. Merchants will approve transactions through the

banking system, the same as with any credit card transaction. Retain copies all original, itemized charge slips and sales receipts.

When placing orders by phone, give your name, phone number, VISA number, the card's expiration date, indicate the tax exempt status, and, in some cases, you will also need to provide the three-digit Security Code on the back of your card. Merchants will approve transactions through the banking system, the same as with any credit card transaction. It is important for merchants to have your phone number, as merchants will often not approve transactions until after the call has been completed. If transactions fail approval, merchants will need to contact you to find out how you wish to handle the purchase. All phone orders must be documented on an Order Log.

Order Log

When placing orders by phone or at other times when normal documentation is not immediately available (e.g., mail or internet orders), you must document the orders on an Order Log.

Documentation

Ensure that documentation contains all of the information required per APL VII - C, including your signature. Some merchants no longer provide signature-bearing receipts; in those cases, you must sign the slips or a summary of the slips for UMS records.

Additionally, documentation should include any changes from the default UMS Chartfield combination to which the transaction will be posted, regardless of who does the approvals in PaymentNet.

Substitute Documentation

The Substitute Documentation Form must be filled out by the cardholder when original documentation has been lost or merchants could not provide original documentation. **This form is meant to be used on an exception basis and not as a regular means of documentation.** If a pattern of regular use of the Substitute Documentation Form is seen, your card may be deactivated.

When Merchandise is to be Delivered

Give merchants your name, department name, and complete delivery address, including building and room number. You are responsible for inspecting the shipment. Retain packing slips for documentation.

Returns

Cardholders are responsible for coordinating returns and credits directly with the merchant or vendor.

If Your Card is Rejected

Your card could be rejected at the point of sale. If this occurs you should contact JPMorgan Chase at 800-270-7760 (listed on back of card) and explain what happened. They will be able to look at the transaction and tell you why it was rejected. A card may be rejected because the merchant has been coded with the wrong MCC code, or your card limit may have been exceeded. It is important to determine the cause. Contact a Purchasing Card Administrator if you need additional assistance in correcting a problem.

Request for Tax Exemption Certificate

Suppliers may request a Tax Exemption Certificate or number from UMS as a result of a PCard transaction. Provide a copy of the Tax Exemption Certificate contained in APL VII - C.

When Merchants do not Accept VISA

It is possible that some vendors may not accept credit cards when you first contact them. (If this occurs, you have the option of using a purchase order or going to another vendor who will accept a credit card). Forward the name, address and phone number of the vendor to the Purchasing Card Administrator so that JPMorgan Chase can work with the vendor to be an acceptor of VISA.

Reconciling a Statement

If the procedures related to your card (refer to Form PC-2) call for the Cardholder to reconcile the monthly statement, ensure that the documentation for each transaction of the statement is available and complete. If your supervisor is approving your transactions by signing your statement, submit the statement to your supervisor for signature and forward it to the appropriate person for filing.

If the procedures for your card call for another person to reconcile the statement, forward all statements and all documentation to that person and cooperate fully in resolving any unmatched transactions.

Disputing a Transaction

You are responsible for attempting to resolve disputed charges with vendors. If successful, you must obtain a credit from vendors. If you are unable to resolve a disputed transaction, contact the Purchasing Card Administrator for assistance.

Reporting a Lost or Stolen Credit Card

If a PCard is lost or stolen, you must immediately contact VISA at (800) VISA-911. Representatives are available 24 hours a day, 7 days a week.

After reporting a lost or stolen PCard to VISA, you must also immediately report it to your supervisor, complete Form PC-2, and forward it to the Purchasing Card Administrator. Your department will be responsible for charges made to a lost or stolen card between the time it is lost and the time it is reported.

Transfer or Termination of Employment

Prior to leaving your position, you must turn in your PCard, together with completed Form PC-2, to the Purchasing Card Administrator. Despite the option in UMS APL VII - C to return your card to your supervisor, UMS policy is to return it **only** to the Purchasing Card Administrator. Submit to your supervisor all original documentation for any transactions you have made that have not been approved up to the point of your departure. For your own protection, obtain written notice from the Purchasing Card Administrator that you have returned your card.

IV. DESIGNATED USER'S RESPONSIBILITIES

PCards are issued in the name of the cardholder. With approval, cardholders can appoint a designated user of the card to make purchases. Designated users are authorized to make purchases on behalf of the cardholder, subject to the limits placed on the cardholder's card, and in compliance with APL VII - C and this manual.

Designated users are responsible for:

- Signing the Designated User Agreement
- Meeting with a Purchasing Card Administrator or attending a training session
- Making purchases as requested by the cardholder
- Providing documentation of all purchases made as a designated user to the cardholder's Recordkeeper
- Reviewing and approving transactions made as a designated user
- Attempting to resolve disputed items with the merchant
- Obtaining credits for any taxes charged to transactions by merchants
- Notifying a Purchasing Card Administrator of changes in the information on your Designated User Agreement

V. SUPERVISOR OR CFO APPOINTED DESIGNEE'S RESPONSIBILITIES

- Supervisors or CFO Appointed Designees must approve all cardholder activity (in PaymentNet or on the monthly statement) in a timely manner to ensure transactions are bona fide and documented. Faxed statements are acceptable documentation provided they bear an original authorized signature. Electronically authorized transactions will be journaled to PeopleSoft
- Ensure that all cardholders review and approve their transactions promptly
- Notify a Purchasing Card Administrator and cardholders of any known or suspected inappropriate or fraudulent use of purchasing cards
- Receive notice from cardholders when cards are lost or stolen

VI. RECORDKEEPER'S RESPONSIBILITIES

Recordkeepers may also be cardholders, designated users, supervisors or other designated staff.

Recordkeepers must:

1) Attend a training session or arrange for a meeting with a Purchasing Card Administrator.

2) Obtain original documentation for all PCard transactions. Ensure that all documentation contains the following information:

- Vendor identification
- Date of purchase
- Description of items purchased
- Quantity of items purchased
- Cost of items purchased
- Card number and cardholder name
- Chartfield combination to be charged for the purchase, if different from the default
- Cardholder signature

Reconciling Statements

Recordkeepers who are responsible for reconciling monthly statements must ensure that all transactions are supported by documentation and have statements signed by cardholders' Supervisor or CFO Appointed Designee.

Cardholders who are responsible for reconciling their own statements must have statements and reconciliations approved before filing.

Documentation and Record Keeping

Recordkeepers maintain official records of all PCard transactions. In the event of an audit, Recordkeepers will be contacted to provide documentation supporting the business purpose of any PCard transactions under review. It is critical that record keepers establish sound documentation and record keeping procedures to ensure that the following questions can be answered:

What specific goods or services were purchased?

What is the business purpose served by this transaction?

Purchases made in person should be supported by original credit card receipts and the merchants' receipts. Some merchants provide only one receipt that contains both the payment information and the sales receipt.

**PCARD RECEIPTS AND DOCUMENTATION ARE THE PRIMARY DOCUMENTS
THAT SUPPORT FINANCIAL TRANSACTIONS –
DO NOT DISPOSE OF THESE RECORDS!!!**

Per UMS's Retention Schedule, supporting documentation for PCard transactions must be maintained for five years plus the current fiscal year.

VII. RESPONSIBILITIES OF INDIVIDUALS AUTHORIZING TRANSACTIONS ELECTRONICALLY USING PAYMENTNET

Individuals responsible for authorizing transactions online may be cardholders, supervisors, CFOs, Appointed Designees, or Recordkeepers.

Transactions should be authorized in PaymentNet within two weeks of the day that they appear. Transactions will be posted to PeopleSoft after they are authorized. If transactions are not authorized on a consistent basis, cards may be revoked.

VIII. GETTING STARTED

UMS PCard Cardholder Application

A UMS PCard Cardholder Application (Form PC-1) must be completed for each new cardholder and forwarded to the Purchasing Card Administrator at the UMS Office of Strategic Procurement.

The Cardholder Application requires confidential information from applicants. The purpose for the requested information is to verify credit card ownership when requesting activation or cancellation of a PCard. Failure to provide information may delay or prevent the issuance of a PCard. All information provided on PCard applications will remain confidential. Upon receipt of an application, the PCard Administrator will send applicants a copy of the Purchasing Card Manual and APL

VII – C for their review prior to attending the formal training. PCard applicants will be informed when their PCard Application has been approved.

Record Retention and Approval Form

Applicants must also complete and submit a Record Retention and Approval Entry Form (Form PC-2) along with their original PCard Application.

Cardholder Training

Cardholders must attend a training session or meet with a Purchasing Card Administrator prior to being issued a card to ensure that the cardholder is familiar with relevant UMS policies and procedures. Cardholders will receive their PCard during the training session. Cardholders must sign the UMS Purchasing Card Cardholder Agreement which states that they will protect the card and adhere to all policies and procedures.

Card Renewal

Renewal PCards will be mailed to the Purchasing Card Administrator approximately one month before the expiration date of expiring cards. PCards are renewed every two years. An Administrator will contact cardholders when the new cards are available, and a refresher training session will be scheduled at that same time.

FORMS

- Cardholder Application (Form PC-1)
http://www.maine.edu/system/stratProcure/documents/pspPC1_000.xls
- PCard Record Retention/Approval (Form PC-2)
http://www.maine.edu/system/stratProcure/documents/pspPC2_001.xls
- PCard Account Maintenance (Form PC-3)
http://www.maine.edu/system/stratProcure/documents/pspPC3_000.xls