

ADMINISTRATIVE PRACTICE LETTER

SUBJECT: PURCHASING CARDS

OVERVIEW

Purchasing cards are an efficient and convenient method for making many types of routine purchases. It is the intent of this practice letter to promote the use of purchasing cards while providing sufficient controls. The use of purchasing cards is subject to the requirements of all applicable Administrative Practice Letters, in particular Section's VII, A.2., B., H. and IV, B., C. Purchasing cards must only be used for University business and in accordance with the provisions of the respective university's purchasing card user manual (hereafter referred to as Manual), to be prepared by the Chief Financial Officer (CFO) at each university. Universities have much flexibility in structuring the paperwork flows in the various departments that will use the card, provided that the duties of purchasing and reconciliation are properly segregated. The following practices establish the minimum level of controls necessary for the proper use of purchasing cards, and should be incorporated in each university Manual. The universities are free to adopt additional controls to regulate purchasing cards in their respective environments.

PRACTICES

1. The CFO at each university will have the ultimate responsibility for monitoring and controlling the use of purchasing cards at his/her university, including making decisions as to which persons will be provided with a purchasing card. The card is identified as a purchasing card and the university or University of Maine System's name as well as the cardholder's name will be embossed on the card. The cardholder is responsible for using the card in accordance with this APL, the procedures defined in the applicable university Manual, for safekeeping the card, and is accountable for all purchases made using the card. The cardholder's Supervisor or a University CFO designee must ensure that all transactions are bona-fide and documented in accordance with the procedures defined in this APL and in the applicable university Manual.
2. Persons assigned a card must first receive training from the CFO or the CFO designee at each university, read the university Manual and System APL Section VII, C., and sign a Cardholder Agreement (Attachment I), which specifies that they will protect the card and adhere to all policies and procedures. A completed Cardholder Application as presented in each university's Manual must also be signed by the university CFO before a card can be issued. Renewal of expired cards will be in accordance with university Manuals.
3. In addition to cardholders, designated users can make purchases with a purchasing card. Designated users are individuals who have been given permission by the university CFO and the cardholder to make purchases on behalf of the university using the cardholder's card. Prior to making purchases, designated users must first receive training from the CFO or the CFO designee at each university, read the university Manual and System APL Section VII, C., and sign a Designated User Agreement (Attachment II), which specifies that they will protect the card and adhere to all policies and procedures.
4. At least two persons are required to approve any purchasing card transaction (the cardholder and his/her supervisor or a university CFO designee). The cardholder approves at the time of purchase, and the supervisor or designee approves at a minimum of once every month.

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5. All transactions must be supported by original, signed documentation (credit card receipt, vendor invoice, etc.). In addition, when a transaction is executed and original, signed documentation is not immediately available (mail order transactions, telephone transactions, etc.), the cardholder must document the transaction in an Order Log (Attachment III). Web purchases must be supported by on-line confirmations or other documents supporting the completeness of the transaction. It is the responsibility of the cardholders to ensure that all goods paid for are received in the quantity and quality desired (especially mail order purchases).
6. All cardholders will be held personally responsible for using a purchasing card solely for allowable transactions for University business. **The card must not be used for personal purposes, regardless of the intent to reimburse the University. Use of the card for personal purposes will result in the actions described in #9 below.** It is the cardholder's responsibility to insure that all personal travel expenses are separated from business expenses and paid by a means other than the purchasing card. A listing of disallowed transactions and actions is presented in item #7, following. Since procurement authority has been delegated to the cardholder from the Chief Financial Officer at each university, it is expected that the cardholder will strive to obtain the best price for the quality needed in the purchase. A cardholder should weigh price and service, not just convenience, in selecting a vendor.
7. The following transactions are disallowed:
 - Personal purchases.
 - Gift Certificates.
 - Refunds/returns/exchanges for cash.
 - Charging to a grant account unallowable grant transactions.
 - Internet transactions not on a secure site.
 - Payment of State of Maine sales tax. It is the responsibility of the cardholder to advise vendors that the University of Maine System is exempt from State of Maine sales tax including, but not limited to, tax on meals and hotels. A copy of the State of Maine sales tax exemption certificate and form can be found in APL Section VII, E.
 - Gambling.
 - Split purchases (splitting a purchase into two smaller transactions to defeat the transaction dollar limit that was placed on the card).
 - Prescription drugs and controlled substances, alcohol, beer, wine, tobacco, firearms.
 - Use of the card at excluded merchant types (see #8, following).
 - Paying for collision insurance on rental vehicles (primary insurance for collision and losses is provided by the card) except when the card does not cover the cost as identified by vehicle type. Information can be obtained from VISA.
 - Other purchases as defined by university policy.

