

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., E., H. and IV, B., C., I. Purchasing cards must only be issued to active regular status employees of the university and used only 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) or the CFO's designee 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. Monthly reconciliations by the PCard Administrators of the campus credit card statement to the general ledger must be reviewed by the CFO or the CFO's designee to ensure that reconciliations are being prepared and that any non-reconciling items are followed up on and resolved in a timely manner. 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 or the CFO's designee 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. Each appointed CFO designee and their specific responsibility shall be documented in writing and kept on file. 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 or CFO's designee must ensure that all transactions are bona-fide, documented and dated 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 cardholder's Supervisor and university CFO or the CFO's designee before a card can be issued. Renewal of expired cards will be in accordance with university Manuals.

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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 or the CFO's designee 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 or the CFO's designee). The cardholder approves at the time of purchase, and the supervisor or a university CFO or the CFO's designee approves at a minimum of once every month by signing and dating the credit card statement to provide evidence of timely review.
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 CFO or the CFO's designee 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 (unless approved by the CFO or the CFO's designee, **prior** to each purchase):
 - Personal purchases
 - Gift Cards or Certificates
 - Refunds/returns/exchanges for cash
 - Charging to a grant account unallowable grant transactions
 - Internet transactions not on a secure site

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- 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.

The following actions are prohibited:

- Lending to or sharing the purchasing card with unauthorized individuals.
 - Failure to obtain or retain original supporting documentation for the credit card purchases (receipts, invoices, substitute documentation form, etc.).
 - Failing to immediately report a stolen or lost card or card number to the purchasing card provider, the cardholder's supervisor and to the PCard Administrator or the CFO or the CFO's designee at each university.
 - Using the card to acquire goods/services the cardholder has not been authorized to purchase.
 - Other actions as defined by university policy.
 - Using another cardholder's card to circumvent a purchase limit assigned to either cardholder.
8. The card will not be used at any of the following vendor types. While cards will be coded to be restricted from making purchases from the following, the possible failure of the coding system does not make purchases at any of the following vendor types permissible:
- Duty free stores
 - Bars, taverns, nightclubs, cocktail lounges, etc.
 - Package stores, beer, wine, liquor
 - Personal service providers (barbers, funeral services, dating services, etc.)
 - Professional services (doctors, lawyers, accountants, architects, etc.).
 - Court costs including alimony and child support, fines, bails and bond payments, tax payments, etc.
 - Food stamps

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- Government loan programs
- Other vendor types, as defined by the university Manual

In addition, the PCard Administrator at each university may place additional Vendor restrictions, i.e., restrictions from buying from specific vendor types, on each card through the use of merchant category codes.

9. In the event any of the disallowed transactions and/or actions listed in item #7 and #8 occur, the responsible cardholder supervisor or the person that becomes aware of the transaction first will report the incident to his/her PCard Administrator who will then notify the university CFO or the CFO's designee. The CFO or CFO's designee at each university and the Human Resources staff at each university will review the transaction and determine suitable action including (but not limited to) notifying the System's CFO or the CFO's designee of major infractions and any or all of the following:

- Additional training on responsibilities
- Immediate reimbursement to the university for the amount of the purchase
- Cancellation of the card
- Disciplinary action up to and including termination of employment
- Criminal prosecution, if fraudulent activity has occurred
- Any other recovery action deemed appropriate, that is permitted by law

Note that any action taken will be subject to the same procedural standards that apply to any disciplinary action.

10. Prior to termination or retirement, employees must promptly surrender their purchasing card to the PCard Administrator or to their supervisor who immediately forwards it to the PCard Administrator. The PCard Administrator at each university should obtain from the university's Office of Human Resources a monthly list of employees who have left the university.
11. A maximum dollar amount per transaction and a maximum dollar amount that can be spent per cycle will be established for each card. The CFO or the CFO's designee at each university has the responsibility for approving what the amounts will be for each card. The CFO or the CFO's designee at each university must approve in writing any changes to these maximum limits and the approved documentation must be retained on file. . In the university CFO's or the CFO's designee's absence, the following individuals, in the order presented, will be authorized to make changes and document cardholder limits: University President, the System's CFO, the System's CFO's designee, the System's PCard Administrator or the System's Director of Finance and Controller.

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12. A dispute resolution process is described in each university Manual. If a cardholder disputes a transaction and is unsuccessful in resolving the item(s) with the merchant, a dispute resolution process should be initiated as described in each university's Manual.

For example, charges may be disputed for:

- a difference in amount authorized and amount charged
 - duplicate charges
 - account not yet credited but a vendor credit voucher was received
 - failure to receive goods or services
 - returned merchandise
 - defective merchandise (not returned at vendor's request)
 - unrecognized charges
 - unauthorized charges
 - altered charges
13. Cardholder transactions must be promptly reviewed and reconciled to the supporting receipts within two weeks of receipt of the transactions, ensuring that credits, if any, were posted. If necessary, expenses will be reallocated to the appropriate accounts. Transactions should be electronically authorized in the purchasing card software within a reasonable university-specified period of time (not to exceed two weeks), so that the Accounting system can be updated in a timely fashion. The university CFO or the CFO's designee will review electronically unauthorized transactions exceeding the two-week limit. Cardholder's whose transactions are not routinely authorized will have their card be subject to suspension or cancellation.
14. Universities will select an official office or offices of record for the purchasing card documentation (receipts, invoices, credit card statements, etc.). Documentation should be retained for a minimum of 5 years, in addition to the current year. The documentation for every card transaction must be signed **by the cardholder** and include the following information. If this information is not included in the merchant's documentation, the cardholder needs to record it directly on the documentation:
- Vendor Identification (merchant name)
 - Date purchase was made
 - Description, quantity and total cost of EACH item purchased

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If the original documentation has been lost, the university should receive a signed statement from the cardholder stating that the expenses were incurred on behalf of the university for business-related purposes. In addition, the university should also receive from the cardholder a description of the items purchased.

15. Universities should perform documented periodic reviews of their card programs to ensure that the required documentation and forms have been properly signed and maintained, to determine whether the required reconciliation's and reviews are being performed, and to assess whether cards with minimal use should be discontinued.
16. The System and campus PCard Administrators will monitor the program to ensure compliance with this APL and with all university Manuals. In addition, PCard Administrators will follow up on all deficiencies. If deficiencies are not corrected, cardholders will be considered to have breached their signed Cardholder Agreement and their cards will automatically be subject to suspension or cancellation. Appeals to the suspension or cancellation policy will be made to each university's CFO or the CFO's designee and the System's CFO or the CFO's designee.
17. If a purchasing card is used for travel, all travel expenses must be accounted for on a Travel Expense Voucher and in accordance with APL Section IV, B. and the university Manual.
18. Vendors may offer rebates to those who use the purchasing card. All cash and credit rebates received using the purchasing cards should be deposited to a university account and credited to the account(s) associated with the original purchase.

APPROVED:

Signature on file in the System Office of Finance and Administration

Vice Chancellor for Finance and Administration

**THE UNIVERSITY OF MAINE SYSTEM
PURCHASING CARD
CARDHOLDER AGREEMENT**

The University of Maine System ("University"), a body corporate, is pleased to provide you with the Purchasing Card. The card represents the University's trust in you and your empowerment as a responsible employee of the University to safeguard and protect its assets.

I, _____, hereby acknowledge receipt of a University Purchasing Card, card number _____. As a cardholder, I agree to comply with the terms and conditions of APL VII, C., this Agreement and the stated provisions of the University Purchasing Card Program Manual (Manual) provided to me. I acknowledge receipt of the Manual and APL VII, C., affirm that I have read and understood their provisions and that I will comply with the terms and conditions and those of subsequent Manual and APL revisions. I understand that the University is liable to the purchasing card provider for all charges made by me. I agree that transferring to, assigning to, or use by anyone other than myself or a designated user is considered misuse of the card.

As the holder of the University Purchasing Card, I agree to accept responsibility for the protection and proper use of the card as outlined in APL VII, C., this Agreement and the Manual. I shall protect the card at all times to prevent its unauthorized use. I understand that the University will audit the use of this Purchasing Card and that I cannot use the Purchasing Card for personal purchases or for any other prohibited transaction. I have read, understand, and agree to abide by the rules presented in the university Manual regarding prohibited transactions and the resulting consequences. Furthermore, I understand that I cannot use the card at any of the merchant types prohibited in the university Manual. Should the Purchasing Card be lost, stolen or compromised in any manner, I shall immediately advise the Program Administrator or Chief Financial Officer (CFO) or the CFO's designee, my Supervisor, and the purchasing card provider.

I understand that the card is the property of the University, assigned to me by the University and that, in the event of willful or negligent default of these obligations, the University shall take any recovery action deemed appropriate, that is permitted by law. I understand the University will collect from me any amounts for purchases found to be improper. If the University initiates legal proceedings to recover amounts owed by me under this Agreement, I agree to pay the legal fees incurred by the University in such proceedings.

Upon transfer from the department or termination of employment with the University, I agree to return this card to my Program Administrator or my Supervisor prior to my departure for immediate cancellation.

I have read, understand, and agree to the schedule of prohibited transactions and excluded merchant types in APL VII, C.

APPLICANT: Signature: _____
Date: _____
Print Name: _____
Department: _____ University Phone #: _____
University Address: _____

Supervisor Signature: _____

Date Card Returned and Cancelled: _____
Program Administrator Signature: _____

**THE UNIVERSITY OF MAINE SYSTEM
PURCHASING CARD SOFTWARE
DESIGNATED USER AGREEMENT**

The University of Maine System ("University"), a body corporate, is pleased to provide you with access to the Purchasing Card as a designated user. This access represents the University's trust in you and your empowerment as a responsible employee of the University to safeguard and protect its assets.

I, _____, hereby acknowledge receiving access to the University Purchasing Card as a designated user. As a designated user, I agree to comply with the terms and conditions of APL VII, C., this Agreement and the stated provisions of the University Purchasing Card Program Manual (Manual) provided to me. I acknowledge receipt of the Manual and APL VII, C., affirm that I have read and understood their provisions and that I will comply with the terms and conditions and those of subsequent Manual and APL revisions. I understand that the University is liable to the purchasing card provider for all charges made by me. I agree that transferring to, assigning to, or use by anyone other than the cardholder or a designated user is considered misuse of the card.

As a designated user of the University Purchasing Card, I agree to accept responsibility for the proper use of the card as outlined in APL VII, C., this Agreement and the Manual. While in my possession, I shall protect the card at all times to prevent its unauthorized use. I understand that the University will monitor the use of this Purchasing Card and that I cannot use the Purchasing Card for personal purchases or for any other prohibited transaction. I have read, understand, and agree to abide by the rules presented in the university Manual regarding prohibited transactions and the resulting consequences. Furthermore, I understand that I cannot use the card at any of the merchant types prohibited in the university Manual. Should the Purchasing Card be lost, stolen or compromised in any manner, I shall immediately advise the Program Administrator or Chief Financial Officer (CFO) or the CFO's designee, my Supervisor, and the purchasing card provider.

I understand that the card is the property of the University, and that, in the event of willful or negligent default of these obligations, the University shall take any recovery action deemed appropriate, that is permitted by law. I understand the University will collect from me any amounts for purchases found to be improper. If the University initiates legal proceedings to recover amounts owed by me under this Agreement, I agree to pay the legal fees incurred by the University in such proceedings.

Upon transfer from the department or termination of employment with the University, I agree to return this card, if it is in my possession, to the cardholder prior to my departure.

I have read, understand, and agree to the schedule of prohibited transactions and excluded merchant types in APL VII, C.

APPLICANT: Signature: _____ Date: _____

Print Name: _____ EmpId #: _____

Department: _____ University Phone: _____

University Address: _____

Cardholder's Signature: _____

Card Number: _____

Supervisor's Signature: _____

CFO or CFO Designee's Signature: _____

Program Administrator's Signature: _____

University of Maine System

ATTACHMENT IV

University of _____

Cardholder Credit Limit Changes

	Cardholder Name	Account Number	Max Monthly Spending Limit	Max \$ Amount per Transaction
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				

I have reviewed and approved the credit limit changes for the account(s) listed above.

CFO Name: _____

CFO Phone Number: _____

CFO Signature: _____ Date: _____

Program Administrator Name: _____

PA Phone Number: _____

**cc: Cardholder(s), Cardholder Supervisor, and
Person Responsible for Department Account**



Maine Revenue Services
Augusta, Maine

PERMANENT EXEMPTION CERTIFICATE

This Exemption Certificate
is issued under the provisions of Title 36, Part 3 MRSA

UNIVERSITY OF MAINE SYSTEM
16 CENTRAL ST
BANGOR, ME 04401

Registration Number: E10424
Date Effective: September 13, 1997
Date Issued: September 19, 2000

Executive Director

Form ST-2
4871667000918

This certifies that the organization named above is a school, and is therefore entitled to purchase tangible personal property or taxable services that will be used exclusively by the organization for the purposes for which it is organized without payment of the Maine sales or use tax.

Note to the Organization: This certificate is not to be used in activities that are mainly commercial enterprises including, but not limited to, purchases of items which will be resold by the organization. A copy of this certificate with the certification completed below, must be provided to your vendors in order to purchase goods exempt from tax. It is only necessary to provide one copy to the vendor. Subsequent purchases should indicate that the purchase is exempt from tax. In order to be exempt, the sale must be billed directly to and paid for directly by the organization named on the exemption certificate. This certificate cannot be used for purchases when payments are made with cash, personal checks, or personal credit cards.

Note to the Vendor: This certificate must be taken in good faith from the taxpayer named above. Your good faith may be questioned if you have knowledge of facts which give rise to a reasonable inference that the purchaser is not the holder of the exemption certificate or that the merchandise is not to be used exclusively by the organization. This certificate is valid only if the following certification is completed.

PERMANENT EXEMPTION CERTIFICATE

I HEREBY CERTIFY: That the above exemption certificate is valid, that the tangible personal property described herein which I shall purchase from _____ will be used exclusively by the organization named above for purposes for which it is organized.

Description of property to be purchased:

Authorized Signature

11/01/11
Date

UNIVERSITY OF MAINE SYSTEM
MISSING RECEIPT FORM

To be used in the rare circumstance that an itemized receipt was not provided/requested or has been misplaced.

Date	Amount	Type of Expense	Itemized receipt is unavailable because:
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Total: \$ -

By signing below, I am certifying that the above amounts are appropriate business expenses incurred by me on behalf of the University. I further certify that these expenses comply with the requirements of Administrative Practice Letter (APL VII-C - Purchasing Cards).

Signature: _____