



Berea College Purchasing Card Policy

Adopted November 1, 2003

Revised January 1, 2012

Introduction

This program has been established to provide a more efficient method for purchasing small dollar items (under \$2,000) and for paying travel related expenses with the use of a Purchasing Card. The Purchasing Card itself looks and performs like a Master Card credit card and is issued under Berea College's agreement for this program with Fifth Third Bank.

The small dollar purchasing aspect of the program is intended to replace the use of purchase orders for small dollar items where no value is added by processing such purchases through the formal procurement system. The travel aspect of this program allows employees considered to be frequent travelers to use this card for travel related expenses. This should significantly reduce the use of personal funds, personal credit cards, and reduces the need for cash advances for College related travel. The card is not intended to replace the traditional purchasing process for goods or services purchased in excess of \$2,000 or where value is added by using the purchasing system.

The goals in establishing this program are to allow departments to acquire small dollar goods or services in a timely manner, to allow for greater ease and flexibility, to decrease the use of cash advances and personal funds for frequent travelers, to increase vendor satisfaction in terms of billing and payment processing, and to reduce the number of purchase requisitions, purchase orders, and the associated check processing for items for which no value is added in the regular purchasing system.

Obtaining a Purchasing Card

Recommendations for those employees who should have a Purchasing Card, primarily those who are responsible for making a significant number of small dollar purchases (those under \$2,000) and those who are identified as frequent travelers, are made by departmental directors/managers and must be approved by the vice president or associate/assistant vice president who has responsibility in that area.

Those who are considered frequent travelers are employees whose positions require them to travel often on College business. Examples would be certain Admissions and Development employees. This does not include employees, including faculty, who occasionally travel to

professional training or development conferences. However, mechanisms will be in place to prepay airfare and other significant costs in situations where occasional travel occurs in order to alleviate the requirement of a significant amount of personal funds and/or personal credit cards being used.

Those employees recommended to receive a Purchasing Card will be required to complete an application, attend an orientation session, and sign a Cardholder Agreement before obtaining a card. Additionally, all cardholders will be given a copy of this policy statement. Although the card is issued in the name of the employee, personal credit history is not affected by its use.

The mandatory orientations will take place at the time the Purchasing Card is presented to the cardholder and will be performed by the Berea College Program Administrator. Each card will require phone activation before the card can be used.

Cards are renewed every two years. All cardholders will be required to sign an updated cardholder agreement upon each card renewal. Justification for card limits and usage will be reviewed at each card renewal by the appropriate vice president or associate/assistant vice president.

Program Administrator

The Program Administrator's function is to oversee the Purchasing Card Program, order additional cards when needed, and to act as liaison with Fifth Third Bank. The Program Administrator can be contacted if there are questions regarding the program, when there are problems encountered with card use or vendor authorization, and when a card is lost or stolen.

Berea College Program Administrator:

Cheryl Hinkle
Accounts Payable Supervisor
Lincoln Hall Suite 021
(859) 985-3250

Guidelines for Use of the Purchasing Card

The Berea College Purchasing Card is to be used for purchases of goods or services that are \$2,000 or less, and for college-related travel/conference expenses (e.g. airfare, hotel, and registration fees), which may exceed \$2,000. **Exceptions may be made in an emergency or if pre-approved by the Controller or Vice President for Finance.** The card must be used in compliance with Berea College financial policies and procedures. The cardholder is responsible for all charges made to the card, so individual cards must be kept secure and protected at all times. All cardholders will be required to sign the back of their card in the presence of the Program Administrator and at no time should an individual other than the cardholder sign for a purchase.

Personal use of any Purchasing Card is strictly prohibited. All purchases made on the card must be for official College business. Misuse of the card will result in revocation of the card, disciplinary action up to termination, and possible filing of criminal charges.

Purchases will be limited based on budgetary needs. There will be a dollar limit per transaction, as well as a billing cycle dollar limit, that can be expended for authorized purposes. These limits will be set by the appropriate vice president or associate/assistant vice president with the cardholder being notified of these limits at the time the card is issued. Transactions for more than the card's limit will be denied at the point of sale. It is not acceptable practice to split the cost of the purchase into multiple transactions for purchases that exceed the \$2,000 purchase limit or the card transaction limit. Such action may result in termination of card privileges.

Use of the card is restricted to the cardholder. The cardholder may delegate another staff or faculty member to make internet or phone purchases using their card (e.g. booking airline tickets). This practice should be used sparingly and with the understanding that ALL charges made to the cardholder's account are the sole responsibility of the cardholder. Again, **at no time should an individual other than the cardholder sign for a purchase.** Use of the Purchasing Card by students is prohibited. As with all purchases, the card should be used only for those purchases that are in the best interest of the College.

Sales tax should not be paid on Kentucky purchases or in other states where our tax-exempt status is honored. The cardholder is responsible for ensuring that sales tax is not charged. Some internet and phone orders may require the payment of sales tax at the time of purchase but the vendor normally has a process to claim a refund of the sales tax. Cardholders should use their judgment when claiming refunds for sales tax amounts less than \$5. The necessary efforts should still be made up front to ensure sales tax is not charged on purchases; however, the refund process for amounts below \$5 is not necessarily cost effective. Berea College's Kentucky sales tax exemption number is embossed on the face of the Purchasing Card. In those cases where a tax-exempt form is needed, tax exemption certificates for Kentucky, as well as a number of other states, may be printed from the Purchasing Department link on the Berea College website at <http://www.berea.edu/vpf/purchasing/default.asp> or by contacting the Purchasing Manager directly.

There are situations, even when the amount is under \$2,000, where a Purchasing Card should not be used, but where such transactions should follow the regular method of procurement and payment. These include:

- Controlled substances
- Fuel for personal or motor pool vehicles
- Interdepartmental charges

In general, the Purchasing Card System should work as follows:

- The cardholder is responsible for obtaining itemized receipts for all Purchasing Card transactions. When an itemized receipt is not available, itemized supporting documentation must accompany the receipt. In many cases, when placing orders by phone or fax, the packing slip may provide the itemization needed. All transaction receipts should be kept for a minimum of three years.
- ***Regular, at least monthly, reconciliation of charges via the Smart Data Generation 2 (SDG2) website (<https://sdg2.53.com>) is required.***
- Expense descriptions and account codes are required to be entered into SDG2 for each transaction. This function may be performed by either the cardholder or another designated person. A separate “Administrative View Only” account will need to be requested by the cardholder if the data entry function is delegated to another individual. This type of account will allow individuals to access and edit transaction information, such as expense descriptions and account codes, without having the authority to indicate transactions as reviewed or approved.
- Transactions and supporting documentation must be reviewed by the cardholder and the “reviewed” box checked in SDG2 once all transaction details are verified. Card supervisors are responsible for ensuring that transactions are appropriate in amount, type, and account. Once this information has been verified, the card supervisor must check the “approved” box in SDG2. All charges are to be reviewed and approved no later than the 15th of the month following the date of the transaction. However, as detailed below, charges are uploaded to Banner after the close of the 4th working day each month.
- Each SDG2 user is given a unique username and password for the website. This information should not be shared for any reason.
- Departmental budgets are charged each month for Purchasing Card transactions. One of the features of SDG2 is a drop-down menu in which you can select the Banner general ledger account for expensing each purchase. Charges can be split into multiple accounts if necessary. It is suggested that each cardholder or their designee code these charges weekly, or as often as possible. Charges are uploaded to Banner after the close of the 4th working day each month. Any changes made in SDG2 after that time will not be reflected in Banner and a correcting journal entry must be prepared.

The monthly billing will be paid directly by Accounts Payable.

All travel expenses, including those charged on Purchasing Cards, must be accounted for on the Berea College travel expense form as indicated in the travel policy. **The original receipts must be submitted with the travel form.** A copy of these receipts should also be maintained by the cardholder. Travel forms must be submitted to the Senior Accountant, Lincoln Hall, Suite 010, for approval.

Fuel charges and Rental vehicles

Note that vehicle fuel charges should never be charged to the Purchasing Card unless you are traveling in a rental car. When using a College vehicle, fuel charges should be paid with the fleet card provided with each vehicle. For personal vehicle use, the traveler is personally responsible for fuel charges and will be reimbursed at the standard mileage rate.

When using the Purchasing Card to pay for car rental, employees are to decline the additional insurance offered by the rental agency. College employees traveling on official College business are covered by College sponsored insurance, as well as coverage provided by MasterCard. For more information on the valuable benefits of being a purchasing cardholder, refer to the *MasterCard Corporate Payment Solutions Guide to Benefits* available on the Business and Finance public folder in Outlook.

Cash Advances

Cash advances should be used sparingly and responsibly. Local ATM cash advances should be avoided whenever possible due to the high amount of fees associated with such transactions. If time permits, cash advances are to be obtained at the Student Service Center located on the first floor of Lincoln Hall.

All ATM cash advances will be charged to the cardholder's personal accounts receivable account with the College until all supporting documentation has been provided and approved in the form of a Travel Expense Report. The travel expenses and associated ATM fees will be charged to the designated departmental account and credit for the ATM cash advance will be posted to the cardholder's personal accounts receivable account.

User Account Maintenance

Changes may be made in the credit limits, name/address of cardholder or card supervisor. Credit limit changes must first be approved by the vice president or associate/assistant vice president of the respective department. Temporary increases in credit limits may be appropriate in some cases. To make these and other changes, contact the Program Administrator either by phone or by e-mail (cheryl_hinkle@berea.edu).

Office Max

All Office Max questions and inquiries, excluding purchase declines, should be addressed to the Purchasing Manager. Purchase declines should be addressed to the Purchasing Card Program Administrator. New cardholders who wish to make Office Max purchases with their Purchasing Card should notify the Purchasing Manager prior to their first purchase in order to verify that their account is established and activated.

Returns, Credits, and Disputes

The following relates to problems with a purchased item or billing resulting from use of the Purchasing Card:

- If a purchase needs to be returned, send/take the item back to the supplier and request a credit to the Purchasing Card used in the original transaction. The cardholder is responsible for verifying that the credit appears on a subsequent statement.
- Attempt to resolve the problem with the supplier or vendor directly.
- If a charge needs to be disputed, please complete the Fifth Third Multi Card Dispute Form and fax it to Fifth Third. The dispute form can be located at <http://www.berea.edu/vpf/accountspayable/default.asp>. A copy of the dispute form is to be sent to the Program Administrator. If a dispute cannot be resolved quickly, contact the Program Administrator, after informing the departmental director/manager of the problem.

Controls/Audits

As a part of the College's internal control procedures, the Financial Analyst/Auditor will perform monthly reviews of Purchasing Card statements and documentation to verify compliance with established policies and procedures. Failure to adhere to policies and procedures laid forth in this document will be noted and discussed with departmental directors/managers and/or vice presidents.

A cardholder who makes unauthorized purchases or uses the Purchasing Card in a careless or reckless manner will be liable for the total dollar amount of such unauthorized purchases, plus any administrative fees charged in connection with the misuse. The cardholder must then surrender the card and will be subject to Berea College disciplinary actions regarding misuse of College resources. It is considered a privilege to participate in this program and it is expected that policies will be followed.

Any suspected misuse or abuse of Purchasing Cards should be reported to the Program Administrator or Financial Analyst/Auditor.

Lost/Stolen Cards

Lost or stolen Purchasing Cards must be reported immediately to the Program Administrator or the Fifth Third Customer Service Center if the Program Administrator is not available. Prompt notification will help protect the College against fraudulent card use. The old card will then be cancelled and a new card will be requested.

Fifth Third Customer Service
Berea College Program Administrator

1-800-375-1747
(859) 985-3250

Departmental Transfers

Cardholders transferring to another College department must immediately notify the Program Administrator. The existing Purchasing Card may remain open; however, a new Purchasing Card Application must be completed by the new department. The Program Administrator will update all the necessary card information in SDG2 once an approved application is received.

Cardholder Separation

Prior to separation from service at Berea College the cardholder must surrender his/her Purchasing Card to the Purchasing Card Program Administrator. Upon receipt of the card, the Program Administrator will ensure that the card is cancelled.