



Berea College Purchasing Card Policy

Effective November 1, 2003

Revised February 14, 2011

Introduction

This program has been established to provide a more efficient method for purchasing small dollar items (generally under \$1,000) 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 purchased in excess of \$1,000 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 and supplies 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 (generally those under \$1,000) and those who are identified as frequent travelers, are made by departmental directors/managers and must be approved by the 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.

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 Administrators:

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

Guidelines for Use of the Purchasing Card

The cardholder is encouraged to use the Purchasing Card for purchases under \$1,000. Additionally, for frequent travelers, the card may be used for travel, lodging and related expenses. 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. Additionally, only the cardholder is authorized to use the card issued to them unless a delegation form is completed.

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 cycle dollar limit, that can be expended for authorized purposes. These limits will be set by the vice president of each respective department 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 single purchase limit. Such action may result in termination of card privileges.

Use of the card is restricted to the cardholder. Under extreme circumstances, the cardholder may delegate another staff or faculty member to make purchase using their card. In these rare cases, delegation of the card is permitted only with the prior written consent of the cardholder. Cardholders and delegates are required to complete a delegation form, available from the Purchasing Card Administrator, and keep it in the cardholder's purchasing card file at all times. In the event the cardholder wants the delegate to charge an expense on their behalf, they are to provide a written authorization in the form of an email or written statement. The written consent must accompany the corresponding receipt in the cardholder's purchasing card file. 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. 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 any in-state purchase. Berea College's Kentucky sales tax exemption number is embossed on the face of the purchasing card. The cardholder is responsible for ensuring that sales tax is not charged. 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 \$1,000, where a Purchasing Card should not be used, but where such transactions should follow the regular method of procurement and payment. These include:

- Capital and inventory items of significant quantity
- Controlled Substances
- Fuel for personal or motor pool vehicles
- Interdepartmental Charges

In general, the purchasing card system should work as follows:

- Cardholder makes purchases and obtains appropriate receipt documentation. The receipts are retained by the cardholder or are given to a department designee who is responsible for the account reconciliation. ***Regular reconciliation of charges via the Smart Data On-Line (SDOL) website is required.*** Charges must be reviewed by the cardholder, approved by their supervisor, and checked off accordingly a minimum of once per month. (See separate instructions for logging on, account code reclassification and cardholder/supervisor review verification or contact the Purchasing Card Administrator to set up a training session.)
- Departmental budgets are charged each month for Purchasing Card transactions. One of the features of the purchasing card program is a drop-down menu in which you can select the general ledger account for expensing each purchase. It is suggested that each cardholder or their designee expense these charges weekly, or as often as possible. Also, charges can be split into multiple accounts if/when it is necessary.
- Each cardholder is responsible for reconciling their monthly statement by identifying any charges that should be reclassified to other accounts.
- Records of monthly statements (which can be printed from SDOL) and transaction receipts must be maintained in a central area in each department for a minimum of three years.

It should be noted that Account Administrators within each department are responsible for ensuring that purchasing card transactions do not overdraw departmental budgets, as is the case with any budgetary transaction. Other responsibilities are as follows:

- Report misuse/abuse of purchasing card
- Ensure cardholders are updated if/when new policies are formed
- Review Purchasing Card files no less than quarterly for proper receipts, reclassification, authorized charges and reconciliation of receipts with monthly cardholder statement
- Document review of the Purchasing Card files

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 notation on the Purchasing Card expense report indicating that the receipts are attached to the travel form should be made.** Copies of the receipts should then be attached to the purchasing card expense report in order to assure accurate and timely analysis of the purchasing card purchases. Travel forms must be submitted to the Accounting Assistant, 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.

The cardholder is responsible for obtaining itemized receipts for all Purchasing Card purchases. 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. The receipts should be in order of purchase, as they relate to the purchasing card statement. Individuals who rely on a departmental Account Administrator for reconciling their statement should ensure receipts are given to the Administrator in a timely fashion.

Cash Advances

Cash advances should be used sparingly and responsibly. Local ATM cash advances should be avoided whenever possible. For ATM transactions, Fifth Third charges 2% of the withdrawal amount, or a \$1 minimum, in addition to fees charged by the ATM bank that can be as much as \$4.95 per transaction. An additional interest fee of 8.75% is assessed from the time of the withdrawal until the College's account is paid at the end of the cycle. 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 account with the College until all supporting documentation has been provided and approved in the form of a Travel Expense Report. The charge will then be re-classed to the designated departmental account and credit posted to the cardholder's personal account.

User Account Maintenance

Changes may be made in the dollar limits, name/address of employee or supervisor. To make these and other changes, contact the Program Administrator either by phone or by e-mail (cheryl_hinkle@berea.edu). Dollar limit changes must be approved by the Vice President of the respective department.

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. 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/Internal Auditor will perform periodic 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.

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

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.