

December 5, 2002

To: Department Master Card & VISA Card Holders

From: William G. Shawver, Director of Purchasing

Re: Procurement Cards

In an effort to improve services, the Office of Purchasing has completed an agreement with Fifth Third Bank to convert all university purchasing cards to Master Card. This change to Master Card will provide for departments real time on-line access to postings of purchase card transactions. Additionally, a web site will be available to record and update accounting transactions for inter-departmental charge back reports. The navigation and data entry within the site is reasonably self-tutorial. The purchasing office will provide specific instruction for the monthly account charge reconciliation at the time new cards are issued.

If you are a current VISA Cardholder, this change in program will require the issuance of new cards and a new use agreement contract. For VISA cardholders we are asking that you to please complete the enclosed registration forms. Please Note; it is important that you complete these forms and return them to purchasing because your VISA card will be cancelled in the near future. You will be notified of the cancellation date.

Also, the attached policy has been revised to reflect this change to Master Card and also to allow for broader use of the card to conduct small dollar procurement needs. Specifically, the purchasing card is the preferred method for pre-payment, conference registration, airline ticket purchases and business use hotel room charges. The card may also be used for on-line purchases (be sure the site is secure) and to supplement or replace LPO's where it is more convenient.

The Office of Purchasing is continuing to analyze the purchasing card program with the goal of providing a more useful and more efficient method for small dollar procurement needs. The success of the card program is dependent upon all departments adherence to the policy and record keeping requirements.

Please feel free to contact our office at 9-9200 or myself directly, should you have any questions.

**Miami University
Office of Purchasing**

**UNIVERSITY PURCHASING CARDS
(Master Card Credit Cards)**

Purchasing Card

Departmental Cards - \$1000 per transaction limit, \$8,000 monthly limit. Minimum waived for travel.

The ADepartment Card≡ is a Master Card Purchasing Card with a low dollar limit for departments to conduct small purchases, supplementing the University=s limited purchase order (LPO) system and business travel use. Card usage should be restricted to purchase transactions or commodities following the same guidelines as the Limited Purchase Order Policy, or as authorized by the Director of Purchasing. The preferred use of the purchasing cards include conference registrations, certain travel expenses, automobile rental, orders requiring prepayment, purchases from retail stores with cumbersome open account requirements, small purchases from companies where the University does not have an account, on-line ordering vendors, etc. Examples of approved use for the Card are, laboratory supplies, books, and periodicals. Also, non-capitalized equipment (subject to individual departmental policies for tracking and recording) such as hand tools, cameras, sporting goods, or calculators. The Director of Purchasing may authorize higher transaction limits for specific cards to meet certain specific procurement needs.

Issuance

Cards will be issued in the name of the University, the department, and a responsible individual (Chair/Director) within the department. Normally one card will be issued per department in the name of the chair or director, with the card then entrusted to the departmental administrative staff to manage. The chair or director may also designate a business officer, secretary, or account clerk as the cardholder. The cardholder would then provide the card or the number to individuals within the department to make purchases in much the same manner that an LPO is delegated.

Where needs warrant, additional departmental cards may be issued for an assistant chair/director, or other person specifically authorized by the department chair/director to approve and make small purchases on behalf of the department. To be a cardholder, a person must have signature authority granted under the University LPO/Requisition policy.

Even though each card will have an individual cardholder=s name, the department and the University, not the cardholder, is responsible to the issuing bank for the card=s payment. The card in no way will reflect on the individual=s personal credit records. The cardholder will be responsible to the University for proper card usage, and for reconciling monthly charges made on the card. If the card is being used in person by an individual other than the card-holder, the merchant may require additional identification or an authorization slip to complete the sale.

To obtain a card, the cardholder will have to complete a purchasing card application (Appendix A). If the cardholder is other than the department chair/director, it requires the approval of the chair/

director. All applications are subject to approval by the Director of Purchasing prior to issuance. At the time the card is issued and received, the cardholder will complete a purchasing card agreement (Appendix B).

General Use

Needs and use will be discussed with the individual department to which the card is to be assigned prior to issuance. Items eligible for LPO usage which will **not** be approved for departmental purchasing card at this time include:

- hosting and entertainment expenses
- meals during travel status (traveler to be reimbursed per diem by travel policy)

Items restricted from LPO usage, and thus from purchasing card usage as well include:

- Movable Equipment (Capitalized exceeding 1200.00),
- furniture, furnishings, carpet, window treatments,
- telecommunications equipment and devices,
- business cards, letterheads, envelopes,
- items available in University stores or office supply room,
- building repair, painting, renovation/remodeling
- payment of consultants, speakers, etc.
- contracting for temporary employment services,
- reimbursements to or purchases from University employees,
- other purchases restricted and published by the Director of Purchasing

The Director of Purchasing may authorize one or more of the above restrictions for certain cardholders/departments whose duties include specifying and procuring that commodity for the University. Any such authorization must be in writing and made in advance of the transaction.

Making a University related purchase with the Master Card Purchasing Card is similar to using any credit card. An order for goods is placed with a supplier either by mail, phone, fax, secure Internet site, or in person. The supplier processes the transaction as they would any consumer credit card purchase through the Master Card network. **Please be sure to clarify with the vendor that each transaction is tax exempt.** Refer to the transaction instructions that follow.

Master Card regulations require the supplier must ship the goods before a transaction is processed.

Any goods ordered by MasterCard **must include the shipping instructions to a valid Miami University campus address, department name and building. Do not consign delivery to Central Receiving.**

Please note it is the responsibility of the department card holder that charge slips, itemized sales tickets, and/or packing slips be collected by the cardholder for each transaction, and held for a reconciliation process to be done once monthly on receipt of the memo billing.

Travel Expenses

The Master Card may be used for certain university authorized travel expenses at the approval and discretion of the departmental chair or director in whose name the Master Card is held. The Master Card may be used for travel related expenses without limit for conference registration fees, air travel tickets (either agency or internet), hotel/lodging/meeting rooms for official University travel/business. Reporting for travel expenses must be included with the individuals Travel Expense Report as a non-reimbursable item. The Master Card may not be used for any personal expenses per the travel policy.

Rental Car may be processed by Master card as well, provided expenses are approved in accordance with departmental and university policy. Reporting for car rental expenses must be included with the individuals Travel Expense Report as a non-reimbursable item.

Record Keeping

Issuance and use of a purchasing card **requires** the cardholder to maintain card purchase records and individual receipts for each transaction. Records should be kept on a monthly basis coinciding with the individual card billing cycle. Individual receipts must be obtained from the supplier for each purchase, and kept for reconciliation. Once monthly, the memo billing and individual receipts will be reconciled by the cardholder and forwarded to the Office of Purchasing for review and distribution of charges, in accordance with reconciliation procedures.

In general, departments should treat card purchases the same as an LPO authorization, with the card and related documentation held by the individual primarily responsible for LPO=s and requisitions (the cardholder). Faculty and staff wanting to make a purchase shall receive authorization from the cardholder and the cardholder determines if a purchasing card transaction is authorized and advantageous to an LPO for the requested purchase. **At the time of the purchase, the purchaser must inform the seller that the sale is tax exempt, and presents or completes a tax exemption form if requested.** The card and charge slip with itemized receipt are then returned to the cardholder when the purchase is complete.

It is extremely important that the department cardholders obtain the charge slips and cash register tapes/itemized invoice from the individual buyers. In the event that an individual charge slip and/or cash register receipt is lost, a Master Card Purchasing Card Lost Sales Slip Report (Appendix D) shall be completed and certified by the purchaser and approved by the department head. For large purchases, the department may be required to obtain duplicate copies, with the costs of obtaining such paid for by the department. Repetitive incidents of lost sales slips may result in revocation of card privileges for individual purchasers or the department.

Payment

Each month at the end of the billing cycle, the Office of Purchasing will receive a consolidated electronic invoice for all monthly credit card purchases from Fifth Third Bank. At the same time each the cardholder will receive a billing statement for all charges to their card.

Upon receipt of the memo statement, the department cardholder reconciles the statement on line. The cardholder must ensure that each charge is valid and accounted for, and should also check that no tax is charged. Each purchasing card is assigned a default Banner index number, normally the department's main account. If the charge is to be made to that account, no entry is required on the envelope in the column marked ABanner Account=. If the charge is to be made to other than the

default account, the proper Banner Index/account number must be entered.

After reconciliation, the cardholder obtains the signature of the department head or other signature authority authorized for the total amount, makes a copy of the exterior form for their files, and forwards the envelope to Purchasing. **The folders must be received in Purchasing within seven (7) days after receipt of the memo billing in the department.**

The Purchasing Office will review the purchases for appropriateness. This document is then copied into an Excel spreadsheet and prepared for an automated payment voucher upload to charge to the proper accounts. The completed spreadsheets and original documentation is then forwarded to Accounts Payable for posting. All monthly charges to an account for the 5/3 Purchasing Card purchases will be reflected in a single entry on the Banner reports as A5/3 Purchasing Card Purchases. In the event that a department fails to submit their purchasing card charges in a timely manner, to allow payment of the bill in accordance with the University's agreement with 5/3 Bank, all charges against the department's card will be processed and posted to their card default account, and the department will be responsible for initiating any journal voucher entries to correct the charges.

Responsibility

The department chair/director and cardholder are responsible for the security and the appropriate use of their assigned card. The card is issued in the department name and it will be assumed that any purchases made against the card have been properly authorized unless the card is reported lost or stolen prior to use. Use of the card not in accordance with University policies and procedures, or failure of the cardholder or his/her designee to properly account for purchases and reconcile the statement in a timely manner each month, may result in card revocation, personal liability to the University, and/or disciplinary action.

Should a cardholder terminate employment with the University or transfer between departments, the user department has the specific obligation to reclaim the credit card and return it to the Purchasing Office prior to the employee's termination date.