

## PURCHASING CARD

### POLICY SUMMARY

This policy establishes the requirements and responsibilities for Purchasing Card use.

### REASON FOR THIS POLICY

The use of the Purchasing Card creates efficiency and reduces administrative burdens of the University, but also exposes the University to potential risks. Some potential risks associated with the program include inappropriate card use, internal and external fraud, non-compliance with policies and regulations, and reputational damage to the University. This policy provides mitigating controls to address these risks.

### ENTITIES AFFECTED BY THIS POLICY

- All departments that have employees that use a Purchasing Card
- Contracts, Purchasing and Risk Management
- The Comptroller's Office

### WHO SHOULD KNOW THIS POLICY

- Employees who have been issued a Purchasing Card
- Purchasing Card Administrator
- Reimbursement Processing Support staff
- Local Fiscal Oversight representatives

### DEFINITIONS

**Approver:** A Contracts, Purchasing and Risk Management employee that has been assigned to monitor compliance and approve Purchasing Card transactions.

**Public Purpose:** A description of how the purchase serves the University.

**Purchasing Card:** A University issued purchasing card.

**Purchasing Card Administrator:** The Contracts, Purchasing and Risk Management employee that has been assigned to manage the Purchasing Card program.

**Reconciler:** A University employee that has been issued a Purchasing Card.

**Single Transaction Limit:** Dollar spending limit for a single Purchasing Card transaction which includes sales tax and freight.

# POLICY

## A. Introduction

The Purchasing Card is a University liability purchasing card issued in the name of authorized and trained University employees to purchase eligible goods for authorized University business. The Purchasing Card eliminates the use of petty cash funds, improves small dollar traditional purchasing processes, reduces the number of requests for travel advances, and reduces the need to reimburse for use of personal funds.

## B. Eligibility

Eligibility is based on the following criteria in accordance with Purchasing Card procedures:

1. The Reconciler is a University employee;
2. Submittal and approval of a Reconciler Account Application;
3. Completion of required online training;
4. Signature of the Purchasing Card Agreement by the Reconciler;
5. Reconciler has access to Peoplesoft Financials; and
6. Reconciler has activity the previous fiscal year.

## C. Reconciler Obligations

1. Understand the named Reconciler is the only individual authorized to make purchases with their Purchasing Card.
2. Physically secure the Purchasing Card at all times.
3. Use the Purchasing Card only for authorized University business.
4. Do not use the Purchasing Card for any personal transaction.
5. Adhere to Purchasing Card, Purchasing, and all applicable University policies and procedures. Failure to comply may result in the suspension of Purchasing Card privileges and/or disciplinary action, up to and including termination.
6. Immediately report suspected fraudulent use of, or a lost or stolen Purchasing Card in accordance with Purchasing Card Procedures.
7. Ensure any account changes are submitted in accordance with Purchasing Card procedures.
8. Verify Purchasing Card transactions in accordance with Purchasing Card procedures.
9. Deposit any rebates, refunds, or promotional items received by the Reconciler as a result of a Purchasing Card transaction into the applicable department's financial account.

## D. Departmental Responsibilities

1. Ensure Purchasing Card transactions are authorized departmental expenses.
2. Assign a departmental Local Fiscal Oversight (LFO) representative to review Purchasing Card transactions for area of oversight weekly in accordance with Purchasing Card Procedures.

## E. Contracts, Purchasing and Risk Management Responsibilities

1. Administer and maintain all information pertaining to the Purchasing Card program.
2. Serve as the liaison with the bank.
3. Monitor and enforce the Purchasing Card policies and procedures.
4. Approve Purchasing Card transactions in the University's financial system.

## F. Eligible Purchases and Shipping

1. Goods and travel related transactions that serve a University business purpose and further the goals of the University.
2. Commodities that are provided under a University negotiated contract. Refer to the Purchasing Card procedures for a list of such commodities.

3. All orders shall be shipped directly to a University designated receiving area or location and not to a home address.

#### G. Prohibited Purchasing Card Transactions

The following may not be purchased on a University Purchasing Card. Submit a [Purchase Request](#) for review and approval if any of these commodities are needed.

1. Any purchase for services or a purchase for goods that includes services. Services include but are not limited to consulting, installation, moving, web hosting, and web development.
2. Advertising
3. Asbestos Containing Material (ACM) or Presumed Asbestos Containing Material (PACM)
4. Cell phones for NAU business unless authorized under the [University cell phone policy](#)
5. Construction, includes renovation, removal, maintenance and associated installation
6. Animals - Dead or alive
7. Cleaners, disinfectants, and hand sanitizers. Refer to [PUR 301-05](#)
8. [Computers](#)
9. Entertainment
10. Financial Institution/Travelers Checks/Securities/Insurance/Loans
11. Firearms/Ammunition/Explosives
12. Gifts, including gift cards, and employee appreciation/recognition items unless authorized under policy [CMP 401-03](#)
13. Goods prohibited by state or federal law
14. Insurance
15. Meals/Travel Related
16. Narcotics/Drugs
17. Personal Protective Equipment also known as PPE which includes, but is not limited to masks, clothing, helmets, goggles, or other garments or equipment designed to protect the wearer's body from injury or infection (PPE), Refer to [PUR 301-05](#)
18. Personal Purchases
19. [Printing services](#)
20. Prohibited items under [CMP 401-03](#)
21. Purchases in which a University employee has a conflict of interest, and that employee participates in the purchase process
22. Radioactive materials
23. Rare and precious metals

#### H. Travel Transactions using a Purchasing Card

1. All travel shall be subject to University travel policies and procedures.
2. Purchasing Cards may be used to purchase the following approved travel related items:
  - i. Airline Tickets
  - ii. Bridge and Road Fees, Tolls
  - iii. Bus Tickets
  - iv. Commuter Trains and Passenger Railway
  - v. Gas and Oil for fleet or rental cars only
  - vi. Lodging (no meals/food)
  - vii. [Parking Lots and Garages](#)
  - viii. Rental Cars
  - ix. Taxicabs/Rideshare
3. Certain travel benefits are available when using a Purchasing Card to book travel. Current benefits offered along with contact information and instructions are contained in the Visa Commercial Guide issued within the Purchasing Card. It is recommended that Cardholders keep this guide in their possession while traveling in case emergency services suddenly are needed.

#### I. Purchasing Card Transactions using Federal Sponsored Accounts

1. Federal sponsored accounts and federal funds that are passed through an agency shall strictly

adhere to all guidelines outlined in [2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards \(Uniform Guidance\)](#). These guidelines restrict the purchase of specific items on federally sponsored accounts. Note that some restrictions may be in direct conflict with purchases allowed under the University's Purchasing Card and Purchasing policies, whichever, Uniform Guidance or University policy, is most restrictive shall be followed.

2. Restrictions/Limitations include:
  - i. Subscriptions are generally not allowable, except for business, professional, or technical periodicals.
  - ii. Books are generally allowable, but the direct benefit to the project shall be verified.
  - iii. Membership dues are not allowable.
  - iv. Conference registration fees are allowable. If subscription fees and membership dues are rolled into a registration fee and there is no way to ascertain the component cost of each part, the whole amount would be allowable. If there is a breakdown of costs, only the registration fee is allowable.
3. Questions concerning the types of expenses allowed on federally sponsored accounts shall be directed to: [Office of Sponsored Projects](#)

#### J. Fiscal Year End

1. Standard accounting practice requires expenditures to be recognized in the year goods are received. When the Purchasing Card is used, the merchant may hold the transaction posting for several days. This event may create an accounting issue at the end of fiscal year (June 30th). To ensure that Purchasing Card expenditures are properly recorded in the year the goods are received, the Reconciler shall inform the merchant that the transaction shall be posted the same day as the transaction and prior to June 30th. To ensure proper recording of expenditures, it is recommended that the Purchasing Card not be used during the last week of the fiscal year.
2. When the Purchasing Card is used for authorized travel related expenses and these transactions will crossover fiscal years, the Reconciler shall report these transactions to PCard@nau.edu. Contracts, Purchasing and Risk Management will coordinate with the Comptroller's Office.

#### K. Purchasing Card Violations

1. Types of Violations
  - i. Personal Purchase - A personal purchase is any purchase made that is not for authorized University business regardless of the intent to reimburse, or a purchase that lacks an appropriate business purpose.
  - ii. Non-Compliance with Policy - All Purchases made using a University Purchasing Card shall comply with Purchasing Card , Purchasing polices and procedures, and any other applicable University policy.
2. Consequences
  - i. Personal Purchase - A Reconciler's University Purchasing Card will be cancelled in the event two (2) personal purchases are made in a two (2) year period. A Purchasing Card cannot be reinstated when cancelled for personal purchases and the employee will no longer be eligible for a University Purchasing Card.
  - ii. Non-Compliance with Policy - Failure to comply with Purchasing Card policies and procedures, or any other applicable University policy may result in the suspension of Purchasing Card privileges and/or disciplinary action up to and including termination. Consequences for personal purchases are handled in accordance with Section 2.i above and are not subject to the following escalation process:
    - a. First Offense - the Purchasing Card Administrator will issue a Notice of Violation to the Reconciler or LFO outlining the violation and directing the Reconciler or LFO to review Purchasing Card policy, retake training, and respond with a justification outlining how the Reconciler or LFO will ensure no future violations will occur.
    - b. Second Offense - the Purchasing Card Administrator will issue a Notice of Violation to the Reconciler or LFO with a copy to the Reconciler's or LFO's

immediate supervisor outlining the violation and directing the Reconciler or LFO to review Purchasing Card Policy, retake training, and respond with a justification outlining how the Reconciler or LFO will ensure no future violations occur. The immediate supervisor shall sign the Notice of Violation.

- c. Third Offense - the Purchasing Card Administrator will issue a Notice of Violation to the Reconciler or LFO with a copy to the Reconciler's or LFO's immediate supervisor and the department Dean or Director outlining the violation and directing the Reconciler or LFO to review Purchasing Card Policy, retake training, and respond with a justification outlining how the Reconciler or LFO will ensure no future violations occur. The immediate supervisor and Dean or Director shall sign the Notice of Violation. Contracts, Purchasing and Risk Management will send a copy of the signed Notice of Violation to the respective Vice President and the University's Chief Financial Officer.
  - d. Fourth Offense or Continuing Violations - Contracts, Purchasing and Risk Management will make recommendations to Reconciler's or LFO's leadership and the University's Chief Financial Officer regarding Reconciler's continued Purchasing Card privileges or LFO's continued oversight of departmental Purchasing Card transactions.
- iii. Personal Responsibility - A Reconciler who makes an unauthorized purchase or carelessly uses the Purchasing Card may be liable to the University for the total dollar amount of such purchase plus any administrative or legal fees in connection with the misuse.
  - iv. Contracts, Purchasing and Risk Management may cancel a Purchasing Card in its sole discretion at any time if it deems a Reconciler's use of the Purchasing Card puts the University at risk or policy violations are persistent.
  - v. Purchasing Cards will be suspended at month end if a receipt is not uploaded to the financial system. Once receipts are uploaded, the suspension will be removed. Failure to upload a receipt is considered a policy violation and each occurrence will be an offense and follow the progressive process outlined in Section 2.ii.

### 3. Employee purchases after Card Cancellation

- i. In the event an employee's University Purchasing Card is cancelled, the employee may not purchase goods or services on behalf of the University using personal funds, this includes costs for travel unless listed as "reimbursable" in the travel policy. Reimbursement will not occur if personal funds are used.
- ii. All purchases will be submitted using a [Purchase Request](#) in the [Employee Service Center](#).
- iii. Contracts, Purchasing and Risk Management will use its Purchasing Card to purchase any item requiring purchase by Purchasing Card on behalf of the employee.
- iv. An employee may not submit a Purchase Request after a purchase is made. It will be a Purchasing violation if a Purchase Request is submitted with an invoice or other evidence the purchase has already been authorized by the employee. This violation may result in removal of the employee's access to submit Purchase Requests in the Employee Service Center. In this case, the employee's supervisor or delegate will be required to submit Purchasing Request tickets for the employee.

## RESPONSIBILITIES

**Comptroller's Office:** conduct compliance audits as required and administers Travel policies and procedures.

**Purchasing Card Administrator:** manage bank relations, and administer, monitor and enforce the University's Purchasing Card program.

**Reconciler:** responsibly use a University Purchasing Card according to University, Purchasing Card and Purchasing policies and procedures.

## PROCEDURES

[Purchasing Card Procedures](#)

## RELATED INFORMATION

### Forms or Tools

[Employee Service Center](#)

### Cross-References

[Travel Policy](#)

[Purchasing Policy](#)

[Office of Sponsored Projects Policy](#)

[Comptroller Policy](#)

### Sources

[Office of Management and Budget \(OMB\) Circular Number A-21](#) guidelines

## APPENDIX\*

None

\*Disclaimer: all documents, links, or other materials included in this policy's appendix are provided solely for the user's convenience and are not part of official University policy.