

System-wide Procedures for FI0530: Procurement Cards Procurement Cards Procedures	
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Objective

This document states the University's procedures related to its procurement card.

Scope

This procedure applies to all University employees involved in the procurement card process.

Procedure

I. Obtaining a Procurement Card; Increasing Limits

A. Generally

1. Employees who seek to obtain a procurement card will apply through the University's travel system. The travel system will route the request through workflow to the employee's department head and to the applicable campus/institute procurement card coordinator.
2. In addition to completing the application through the travel system, prospective cardholders must also successfully complete the training program and questionnaire in the K@TE learning management system.
3. Cardholders may request procurement-card purchasing limit increases or decreases through the travel system. The travel system will route the request through workflow to the employee's department head and the applicable Chief Business Officer.
4. Whenever possible, an employee who serves as a procurement card verifier may not obtain a procurement card.

B. Application Process

1. Before an employee is eligible to receive a procurement card, the potential cardholder must successfully complete the procurement card training and questionnaire in K@TE.
2. After a potential cardholder completes training, the potential cardholder will receive a certificate of completion. The potential cardholder must attach that certificate to their request that the employee will submit through the University's Travel System.

3.The employee must submit the request through the University's Travel System within 3 months of the employee successfully completing the training.

C. Issuance

- 1.The UT System Accounts Payable Office will request a procurement card within 2-3 weeks after the cardholder successfully completes the application process, which includes training and the questionnaire.
- 2.The bank that issued the procurement card will send the procurement card to the cardholder's office address.

D. Renewal

- 1.The bank that issues the procurement card will automatically send the cardholder a card before the card's expiration date.

II. Making a Purchase

A. Cardholders must follow the guidelines below when making purchases.

- 1.If the intended purchase is up to \$9,999.99, find a vendor who accepts our procurement card and provides the best value to the University.
- 2.Ensure that the vendor will issue a proper receipt, as outlined in this procedure.
- 3.Obtain an itemized receipt for each transaction.
- 4.Ensure that the purchase does not include Tennessee sales tax.
- 5.When ordering over the telephone or the internet, the cardholder must tell the vendor that they are from the University of Tennessee and are making the purchase with a procurement card. The cardholder must advise the vendor of the University's tax-exempt status. The cardholder must request an itemized receipt.
- 6.Inspect the order to verify accuracy, quality, and price.

III. Acceptable Receipts; Unacceptable Receipts

A. Minimum Information in Acceptable Receipts

- 1.Acceptable receipts must include the following information, at a minimum:
 - i. Itemized description of goods or services purchased, including unit price
 - ii. Vendor name
 - iii. Transaction date
 - iv. Transaction total
 - v. Payment method indicating credit card

B. Acceptable Receipts

- 1.Generally, the following types of documents are acceptable receipts, provided that the document includes the information listed above: invoices, charge slips, receipts, packing slips, or printouts (digital or physical) of order confirmations.

2. Transaction detail from the UT Market Place is an acceptable receipt, since this is a University system and all relevant information is retained and available through this system.
 3. Since original receipts for conference registrations must be filed with the traveler's reimbursement request and marked as company paid in the University's ERP System, departments may reference the trip number on the procurement card statement or they may file a copy of the receipt as support for these expenses.
- C. Generally, order forms are not acceptable as receipts. For subscriptions, a copy of the renewal notice or initial subscription request is considered a receipt.
- D. Cardholders must complete supplemental receipt forms when a proper receipt is not available. The supplemental receipt form is not intended for use as a replacement receipt. When a cardholder utilizes a supplemental receipt form, the cardholder must attach all relevant documentation.

IV. **Reviewing and Reconciling Statements**

- A. The monthly procurement card statement will be available in the ERP System by the fifth business day of each calendar month.
- B. Departments must not attempt to send payment to the card provider.
- C. Departments are responsible for reviewing and reconciling procurement card statements as described below:
1. The cardholder must review the monthly statement to ensure that the transactions and amounts listed are correct and must review for the following information:
 - i. Amounts on the statement that are higher than the receipts (may need to allow for shipping charges)
 - ii. Items on the statement not purchased by the cardholder
 2. If a cardholder identifies a discrepancy, the cardholder must consult the incorrect charges section of this procedure for guidance.
 3. The cardholder must sign the statement. The cardholder's signature affirms that (1) the charges are correct with exceptions noted, (2) all receipts are included, and (3) all expenditures are properly authorized business purchases.
 4. The cardholder must forward the signed statement and original receipts to the individual who is responsible for verifying procurement card purchases in the department.
 5. The person who is responsible for verifying procurement card purchases must complete the verifier steps described in this procedure and electronically distributes the charges by the Treasurer's Office deadline. They are also responsible for attaching in the ERP System the signed statement and all receipts.

- 6.The department head or approver reviews and electronically approves the accounting distribution of monthly charges by the Treasurer's Office deadline.
- 7.Departments must report noncompliance to the UT System Accounts Payable Office.

V. **Cardholder's Responsibilities**

A. Cardholders must:

- 1.Read and abide by applicable policies and procedures.
- 2.Complete the procurement card questionnaire in K@TE learning management system.
- 3.Always ensure that each purchase is for official University business purposes.
- 4.Make reasonable efforts to obtain the best possible value for the University when making purchases.
- 5.Keep the card in a secure location and keep the card number confidential.
- 6.Exercise caution in sharing account information.
- 7.Ensure that Tennessee state sales tax is not charged when making a purchase. Tax exemption information can be found on the Controller's website.
- 8.Ensure that the cardholder's department creates an asset record, when applicable (both for sensitive minor equipment items and equipment items).
- 9.Obtain and keep receipts and maintain detailed information for each card transaction. Cardholders must obtain an itemized receipt for each transaction. Receipts are critical to the success and integrity of the procurement card program.
10. Review the monthly statement for accuracy.
11. Sign the statement and forward it and the receipts to the verifier in the department (electronic signature is acceptable).
12. Resolve all incorrect charges and product returns with the merchant or vendor as quickly as possible.
13. Call the card provider immediately if the card is lost or stolen and notify the campus or unit coordinator and the program administration in the UT System Accounts Payable Office (only the cardholder is authorized to speak with the card provider).
14. Dispute any incorrect or fraudulent charges by following the card issuer's dispute process.
15. Fully cooperate with any audits, investigations, or reviews of the procurement card program.

VI. **Verifier's Responsibilities**

A. Verifiers must:

- 1.Attach in the ERP System the monthly statement, containing the cardholder's signature, and receipts for every transaction. Confirm that the receipts are acceptable documents according to University policy and the items purchased

- appear to be legitimate purchases and appear to be purchases made for official University business purposes. Failure to routinely verify statements may result in disciplinary action.
2. Report any questionable purchases to the attention of the department head or the campus internal audit department. Questionable purchases include, but are not limited to, personal purchases, fraudulent purchases, or wasteful purchases.
 3. Distribute the charges to the appropriate accounts.
 4. In the ERP System, mark the document as complete by the UT System Accounts Payable Office's deadline. The distribution must proceed even if the verifier does not have all of the receipts or if some transactions are disputed.
 5. Ensure that an asset record has been created for any equipment items procured (including sensitive minor equipment and equipment), and that it is properly linked to the transaction during the procurement card reconciliation process.
 6. For disputed transactions:
 - i. Indicate in the ERP System that an applicable charge is disputed.
 - ii. Once resolved, indicate in the ERP System that the disputed charge is resolved.

VII. Department Head / Department Approval Responsibilities

A. The department head must:

1. Only approve procurement card requests for employees who are responsible, in good standing, and capable of properly performing the responsibilities that come with the card.
2. Select employees who will be responsible for verifying monthly statements. The verifier must have access to and be [trained](#) to use the University's ERP System. If possible, the department head must ensure that the verifier is an employee other than the cardholder.
3. Ensure that cardholders and verifiers abide by applicable University policies and procedures.
4. Ensure that the appropriate asset records are created for any equipment purchased with the card.
5. Ensure that the supporting documents are attached in the University's ERP System.
6. For any cardholder that will be leaving the University: ensure that the card is obtained from the cardholder and steps are taken to cancel the card. The department head must work with their campus card coordinator when cancelling cards.

- ### B. The department head (or designee) is normally the approver. The approver must be authorized to approve the expenditure of University funds and must have knowledge of the department's procurement card activities. The department head or department

approver is responsible for the final approval of procurement card statements and must:

1. Review procurement card statements on the electronic approval system for approval or rejection. Approval indicates that the purchases and the distribution of charges are appropriate and accurate.
 2. Electronically reject statements requiring further processing by the verifier. The approver must attach an explanation indicating why the statement was rejected. Approvers must reject statements when they suspect an inappropriate purchase (that has not been marked as disputed), when they do not have enough supporting documentation to make an informed decision about the appropriateness of a purchase, or when the distribution of charges needs to be changed.
 3. Report all personal, fraudulent, or wasteful use of the procurement card to the UT System Accounts Payable Office.
 4. Approve appropriate statements by the UT System Accounts Payable Office's deadline.
 5. Ensure that asset records have been properly created for any equipment that is purchased with the card.
- C. A department head must submit a request to cancel a procurement card if any of the following conditions arise:
1. Cardholder suspects the card number has been or may be used without authorization (i.e., stolen).
 2. Cardholder has transferred to another University department.
 3. Cardholder seldom or never uses the card.
 4. Cardholder is no longer employed by the University.
 5. Cardholder is under investigation for misuse or is involuntarily placed on leave.
 6. Cardholder is requested to surrender card due to violation of policies.
 7. Cardholder/department decides to no longer participate in the program.
 8. The cardholder fails to comply with applicable policies and procedures
 9. Personal items are being charged to the card, even if these items have been repaid
 10. Cardholder fails to complete K@te renewal card training successfully before the card expires.

VIII. **Campus/Institute Coordinator Responsibilities**

- A. Each campus/institute coordinator must:
1. Review and approve the card application in the applicable software system.
 2. Run routine reports to identify verifiers that are not completing the procurement statements by the deadline and follow-up with them to ensure future compliance.

IX. Program Administrator Responsibilities

- A. The UT System Accounts Payable Office will designate one or more employees to be the procurement card program administrator(s).
- B. The program administrator(s) will do all of the following:
 - 1. Serve as the primary liaison between the University and the procurement card provider.
 - 2. Manage the flow of information into the University's ERP System.
 - 3. Review applications and verify, for applicable campuses and units, that card applicants have completed the procurement card training and questionnaire before cards are issued.
 - 4. Review and pay monthly invoices from the card provider.
 - 5. Answer questions and solve problems regarding the program.
 - 6. Maintain accurate training and guidance information.

X. Distributing Charges

- A. Each procurement card is associated with a default departmental account. As part of the application process, each applicant provides a default account that will initially be charged for transactions associated with the applicant's card. In addition, all transactions will initially be charged to the defaulted general ledger (G/L) account number. However, transactions are not posted to the account until the next month, allowing departments the opportunity to distribute the transactions to other account if the default values are not appropriate. It is important that the G/L code accurately reflect the correct expense category.
- B. The charges are distributed in the following manner:
 - 1. The account will be charged monthly in arrears (except June) following the expense verification and distribution actions by the department.
 - 2. Expenses not distributed by the department before the Treasurer's Office deadline (25th of the following month) will be charged to the departmental default account.
 - 3. Departments may establish a departmental clearing (expense) cost center as the default cost center. Departments are responsible for transferring all expenses from this cost center to the appropriate responsible account each month. (Departments are strongly encouraged to use the University's accounting system for transferring or distributing these expenses.) Any undistributed charges in the clearing cost center at fiscal year-end will be automatically expensed to the department's general operating account.
 - 4. Departments must request any changes to the default account by email to the campus or unit coordinator. If the new account number will result in a different person being the responsible approver for the account number, cardholders must request a new procurement card.

5. Charges that post after June 30th will be charged to the new fiscal year. The best practice is for departments to avoid making procurement card purchases from June 26 - June 30.

XI. **Creating Assets**

- A. Departments may purchase assets (equipment) up to \$4,999.99, which includes sensitive minor equipment and other equipment.
- B. Departments must create an asset record, when applicable under FI0600 and FI0605.

XII. **Problems**

A. **Declined Purchases**

1. If a transaction is declined, the cardholder must call the card provider to determine the reason.

B. **Returning an Item**

1. Cardholders must follow the steps listed below when returning an item:
 - i. For a purchase made in person, return the item directly to the vendor and obtain a credit receipt. **Cash refunds are prohibited.**
 - ii. For a purchase by phone, mail, or fax:
 - a. Contact the vendor for return instructions.
 - b. Obtain a return reference number from the vendor, e.g., Returned Material Authorization (RMA) or credit memo number. Note: Some vendors might charge a restocking or handling fee.
 - c. Follow University or department shipping procedures to return the item to the vendor.
 - iii. On the paper statement where the original charge appears, note the date of the return. Be sure to check subsequent statements to verify that credit was received for the returned item.
 - iv. For refunds to a canceled card, the cardholder must process the statement and the funds will be credited to the default account assigned to that card.

XIII. **Incorrect Charges**

- A. If an item on the monthly statement is incorrect, the cardholder must call the vendor immediately to resolve the disputed charge.
- B. Vendors have a right to attempt to resolve a problem with a University procurement card purchase within a reasonable time. Accordingly, when a cardholder identifies an incorrect charge or receives a defective item, the cardholder must first contact the vendor and allow up to 30 days for the vendor to resolve the issue.
- C. If the vendor does not resolve the discrepancy within 30 days, the cardholder must call the procurement card provider. The card provider requires the University to submit

disputes to the card provider before 60 days **from the transaction date**. The card provider will issue a temporary credit until the dispute is resolved (resolution usually occurs within 60-90 days from the point that the cardholder files the dispute with the card provider).

XIV. Lost or Stolen Cards

- A. Cardholders must immediately call the procurement card provider as soon as they realize that their procurement card has been lost or stolen. The procurement card provider has customer-service support representatives available 24 hours a day, 7 days a week.
- B. The Cardholder will need to provide their verification identification number is 9+[cardholder's UT identification number].

Penalties/Disciplinary Action for Non-Compliance

Failure to comply with these procedures could result in adverse human resources actions, up to and including termination. If a cardholder utilizes a procurement card to make personal, wasteful, or fraudulent purchases, the cardholder might be subject to criminal charges and personal civil liability.

Responsible Official & Additional Contacts

UT System Administration

Subject Matter	Office Name	Telephone Number	Email/Web Address
Policy Clarification and Interpretation	Accounts Payable	865-974-2302,	ap_cardadmin@tennessee.edu

Related Policies/Guidance Documents

- [FI0405 - Procurement](#)

- [FI0525 - Petty Cash](#)
- [FI0531 - Travel Cards](#)
- [FI0705 - Travel](#)
- [FI0715 - Entertainment, Group Arranged Events, Food and Housing Purchases for UT
Sponsored Conferences and Seminars](#)
- [FI0600 - Equipment - Sensitive Minor](#)
- [FI0605 - Equipment](#)
- [FI0120 - Records Management](#)