

A8.266 Purchasing Cards

1. General

The University of Hawaii Purchasing Card Program is a voluntary program that offers an alternative to the University's existing small purchase process. It is designed to simplify and expedite the procurement process for small-dollar goods and services, while ensuring that the purchases serve the public purpose, further the goals of the University of Hawaii, and adhere to the University's purchasing policies and procedures. The Purchasing Card enables the Cardholder to purchase goods and services directly from merchants on behalf of the University and payments are made by the University, directly from a specified general ledger account.

2. Authority to Purchase

Purchasing Cardholders are delegated the authority to purchase non-restricted small-dollar goods and services directly from merchants with a Purchasing Card, subject to the limitations contained in this section.

3. Conditions for Use

- a. The University of Hawaii Purchasing Card may be used for purchases of \$2,500 or less that are related to University business only.
- b. Use must be in accordance with all pertinent policies, procedures, and guidelines, and in compliance with applicable federal regulations, state laws and contract or grant terms and conditions.
- c. Use for personal purchases is strictly prohibited.

- d. Use must be in accordance with any additional guidelines, if any, as defined and supported by Cardholder's department.

4. Unauthorized and/or Inappropriate Card Use

- a. A Cardholder who makes an unauthorized purchase with the Purchasing Card, or uses the Purchasing Card in an inappropriate manner, will be subject to card cancellation and/or disciplinary action, up to and including, termination of employment, in accordance with applicable collective bargaining agreements and University administrative procedures. In addition, the matter shall be referred to the Office of the University General Counsel for appropriate civil action against the Cardholder to recover University funds expended as a result of the unauthorized and/or inappropriate use of the Purchasing Card.

5. Definitions

- a. Approving Authority: Individual who is authorized to certify that the purchase supports program objectives. This individual must be someone other than the Department Liaison. For federal contract and grant expenditures, authorization must be certified by the Principal Investigator or designee.
- b. Approving Official: The University official, i.e., Vice President, Chancellor, Dean or Director, who must assign a Department Liaison, select the Cardholders and determine the Cardholders' limits.
- c. Card Issuer: The bank with whom the University has contracted to issue Purchasing Cards to University employees, to bill the University for all purchases made on the cards, and to make payment to merchants on behalf of the University.
- d. Cardholder: An employee of the University who is approved by her/his Approving Official to use the Purchasing Card to execute purchase transactions on behalf of the University and is accountable for all charges made with that card.

- e. Default Account: The 10-digit account/subcode assigned to a Purchasing Card. All charges made with a Purchasing Card will be posted to the card's default account by the card issuer unless the charge is reallocated.
- f. Department Liaison: Employee(s) in each department who will be responsible for proper use of the Purchasing Card within the department. Normally, the department fiscal officer is the Department Liaison. Some organizations within the University may divide the work among several fiscal officers.
- g. Documentation: A merchant produced or non-University document that records the relevant details for each item purchased including quantities, amounts, a description of what was purchased, the total charge amount and the merchant's name and address, e.g., sales slips, original invoices, merchant receipts, telephone order records, transaction logs, Purchasing Card slips, packing slips, etc.
- h. Monthly Spending Limit: A dollar limitation of purchasing authority assigned to the Cardholder for the total of all charges made during each monthly billing cycle. This amount may not exceed \$25,000. Departments may establish lower limits on a per Cardholder basis.
- i. Parceling: Purchasing goods or services greater than \$2,500, and intentionally separating the payment into two or more transactions to purposely evade the transaction limit.
- j. Pro Value Services (PVS) Net: Internet reporting system that provides users the ability to review and report on information from transactions made on the Purchasing Card. Department Liaisons and/or Cardholders can see the results of all purchase activity within days after the transactions have been posted. PVS Net allows the user to reallocate expenditures and enables the University to download transaction information for recording to the University's Financial Management Information System (FMIS).

- k. Purchasing Card: A corporate liability card issued to an individual employee of the University for the purpose of making authorized purchases of goods and services on behalf of the University with a value less than such amount designated by the University.
- l. Purchasing Card Administrator: The central administrator located in the Office of Procurement and Real Property Management (OPRPM) who administers the Purchasing Card program for the University and acts as the University's intermediary in correspondence with the card issuer.
- m. Transaction/Charge Limit: A dollar limitation of purchasing authority assigned to the Cardholder for each total charge made with the Purchasing Card. This amount must not exceed \$2,500. Departments may establish lower limits on a per Cardholder basis. A single transaction/charge may include multiple items but cannot exceed the transaction limit.

6. Description of Responsibilities

- a. The Cardholder is responsible for:
 - 1) Properly using the Purchasing Card in accordance with all pertinent policies, procedures, and guidelines, and insuring that purchases are required as a function of Cardholder's duties, are in the best interest of the University and are in compliance with applicable federal regulations, state laws and applicable contract or grant terms and conditions.
 - 2) Adhering to the purchase limits and restrictions of the Purchasing Card and ensuring that purchases are not parceled. Furthermore, the Cardholder shall ensure that all purchases do not exceed budgeted funds and are within all other spending and merchant guidelines established by the University.
 - 3) Ensuring that the Purchasing Card is used only by the approved Cardholder. Cardholder acts as a purchasing agent of the University and is issued a card associated with her/his department.

- 4) Protecting and safeguarding her/his Purchasing Card and keeping the card number confidential.
- 5) Obtaining all documentation and promptly submitting to the Department Liaison for reconciliation, approval and allocation of transactions.
- 6) Verifying that goods and services received are consistent with what was ordered.
- 7) Working with the merchant to correct any problems, exchanges or credits.
- 8) Making sure that the purchase is properly coded in the accounting system. Cardholder or Department Liaison shall change the default account and/or subcode on individual transactions when necessary.
- 9) Attempting to first resolve a dispute or billing error directly with the merchant, notifying the card issuer if the dispute or billing error is not satisfactorily resolved and notifying the Department Liaison of unresolved disputes. A Cardholder must also ensure that an appropriate credit for the reported disputed item(s) or billing error appears on a subsequent Cardholder statement.
- 10) Not accepting cash in lieu of a credit to the Purchasing Card account.
- 11) Reporting a lost or stolen card to the card issuer immediately. A Cardholder must complete and submit to the card issuer a Lost or Stolen Card Notification form. In addition, the Cardholder must notify the Department Liaison of a lost or stolen card at the first opportunity during business hours.
- 12) Returning the Purchasing Card to the Department Liaison upon termination of employment, upon transferring departments within the University, upon change in employment that no longer includes

the purchasing function, or upon request from the Purchasing Card Administrator, the Approving Official, or the Department Liaison.

- 13) Not misusing the Purchasing Card.
- 14) Making payment to the University for purchases which are not in accordance with the procedures established for the proper use of the Purchasing Card.

b. The Approving Official is responsible for:

- 1) Selecting appropriate individuals within the department to receive Purchasing Cards, i.e., those with the responsibility of making the purchases, and determining the dollar level of purchasing and any additional guidelines for each Cardholder.
- 2) Designating Department Liaison(s) for the department and assigning a Department Liaison for each Purchasing Card application approved for her/his employees.
- 3) Establishing processes within the department to support the Purchasing Card program.
- 4) Taking appropriate disciplinary action in accordance with applicable collective bargaining agreements and University administrative procedures with Cardholders under her/his supervision who inappropriately or fraudulently use their Purchasing Cards.

c. The Approving Authority is responsible for:

- 1) Reviewing, approving and signing the monthly transaction log and/or statement for each Cardholder in her/his department in a timely manner.

d. The Department Liaison is responsible for:

- 1) Receiving training on the use of the Purchasing Card before any individuals in the department may receive a Purchasing Card.
- 2) Reviewing Cardholder responsibilities with potential Cardholders prior to submittal of their applications.
- 3) Assigning the default account and subcodes.
- 4) Collecting documentation from Cardholders and reconciling to card issuer's billing statements.
- 5) Monitoring Cardholder purchases to ensure that the Purchasing Card is being used properly, in accordance with Purchasing Card program policies and procedures.
- 6) Maintaining documentation for auditing purposes.
- 7) Reallocating expense to the proper account and subcodes for individual transactions on the Purchasing Card on-line system in advance of the monthly download date. The Liaison shall also ensure proper accounting of charges.
- 8) Attempting to resolve any disputes with merchant and/or card issuer not resolved by Cardholder. Notifying Purchasing Card Administrator within five (5) days of any unresolved disputes, noting the reason for dispute.
- 9) Notifying Purchasing Card Administrator immediately of changes in the default account, subcodes, or any other information contained on the Cardholder's Information form.
- 10) Notifying Purchasing Card Administrator immediately of lost or stolen cards and ensuring that Cardholder has notified card issuer.
- 11) Requesting that Purchasing Card Administrator cancel Cardholder's card (terminated employees, transferring departments, loss of Purchasing Card privileges) as approved by the Approving Official, collecting canceled cards from

Cardholders and forwarding them to Purchasing Card Administrator.

- 12) Notifying Approving Official of any questionable purchase or any purchase or reallocation which violates any portion of the administrative procedures, the Purchasing Cardholder Procedures, or any other relevant rules, regulations or guidelines.
 - 13) Ensuring availability of funds for transactions of those Cardholders for whom she/he is the Department Liaison.
 - 14) Acting as a Liaison with the Financial Management Office and the Purchasing Card Administrator and disseminating information to the Cardholders.
 - 15) Adhering to the year-end cut-off date(s) published by the Financial Management Office for proper and accurate recording of all Purchasing Card transactions.
- e. The Purchasing Card Administrator is responsible for:
- 1) Serving as the University's primary liaison with the card issuer.
 - 2) Reviewing department approved Cardholder Information forms, Unit Reporting Administrative Information forms, Cardholder Agreements, Department Liaison Agreements and Memoranda of Understanding for completeness of required information. Obtaining and verifying appropriate authorization signatures.
 - 3) Submitting completed applications to and receiving Purchasing Cards from card issuer.
 - 4) Training Department Liaisons and Cardholders before releasing Purchasing Cards.
 - 5) Handling disputed charges/discrepancies not resolved by Cardholder or Department Liaison. Assisting Cardholders, Department Liaisons and others as necessary with problem resolution.

- 6) Initiating change of Purchasing Card default account upon request of Department Liaison as approved by Approving Official.
- 7) Securing revoked Purchasing Cards and submitting information to card issuer.
- 8) Reviewing usage of Purchasing Card data for appropriateness. Supplementing (but not replacing) the Department Liaison's basic review responsibility, the Purchasing Card Administrator shall review Purchasing Card transactions on a sample basis. If incorrect or improper charges are found, the Purchasing Card Administrator shall direct the person responsible for the expenditures to correct the error. If necessary, the Purchasing Card Administrator may correct the department's error and will provide the department with a copy of the accounting entry.
- 9) For each billing cycle, reconciling the total amount and record count on PVS Net with the report of transactions downloaded from PVS Net to FMIS and with the monthly consolidated statement from the card issuer.
- 10) Upon completion of reconciliation of total amounts and record counts, advising Information Technology Services to post the transactions to FMIS and the Disbursing Office to proceed with payment.
- 11) Maintaining the Purchasing Card Program guidelines and the Purchasing Card administrative procedures. Obtaining appropriate approvals for all changes from all entities affected.
- 12) Designing all forms and other documents that are used and obtaining appropriate approvals for these as necessary.
- 13) Maintaining the following documents:
 - a) Properly signed application forms, Purchasing Cardholder Information, OPRPM

Form 139, Unit Reporting Administrative Information, OPRPM Form 140 (Forms are available on the Purchasing Card website at: www.hawaii.edu/oprpm/pcard/);

- b) Properly signed Memoranda of Understanding, OPRPM Form 141, Liaison Agreements, OPRPM Form 142, and Cardholder Agreements, OPRPM Form 143 (Forms are available on the Purchasing Card website at: www.hawaii.edu/oprpm/pcard/);
 - c) Memoranda listing approved exceptions to any limitations; and
 - d) Copies of transmittals, correspondence and forms submitted to the card issuer.
- 14) Auditing department Purchasing Card transactions.
- 15) Conducting Department Liaison Review meetings to discuss problems and share solutions.
- f. The Fiscal Services Office is responsible for:
- 1) Providing technical coordination for the Purchasing Card program.
 - 2) Acting as PVS Net Administrator.
 - 3) Formatting purchasing transactions to charge the department accounts and system-wide Purchasing Card clearing account.
- g. The General Accounting and Loan Collection Office is responsible for:
- 1) Redistributing accounts.
 - 2) Distributing reports.
- h. Information Technology Services is responsible for:
- 1) Downloading the transactions from PVS Net to FMIS.

- 2) Posting the transactions to FMIS.
- i. The Financial Management Office is responsible for:
 - 1) Approving payment to the card issuer.
- j. The Disbursing Office is responsible for:
 - 1) Ensuring that the monthly payment is made to the card issuer on a timely basis.
 - 2) Maintaining billing statements for Purchasing Card transactions.

7. Cardholder Eligibility

Criteria for eligibility are as follows:

- a. Applicant must be an employee of the University and may be issued only one (1) Purchasing Card. Due to the short-term nature of their employment, casual hire employees shall not be eligible to become Cardholders.
- b. Applicant's Approving Official must approve her/his request for a Purchasing Card.
- c. Applicant must have the support of his/her supervisor and Department Liaison.
- d. Applicant must attend a training session before she/he may be issued a Purchasing Card.
- e. Each Cardholder must sign a Cardholder Agreement. By signing this agreement, the Cardholder indicates that she/he understands the intent of the program, and will comply with all guidelines of the University Administrative Procedures and the Purchasing Cardholder Procedures.

8. Purchasing Card Security

- a. Cardholders shall treat the University Purchasing Card with at least the same level of care as they do their own personal credit cards.

- b. The Purchasing Card should be maintained in a secure location and the card account number should be carefully guarded.
 - c. Only the individual whose name appears on the face of the card is entitled to use the card. The card shall not be loaned to another individual for any reason.
 - d. Cardholder must not post their Purchasing Card account number where others can easily see it.
9. Guidelines for the Use of the Purchasing Card
- a. The University Administrative Procedures, the Purchasing Card Program guidelines, as well as good business practice, shall be adhered to in using the Purchasing Card, reconciling purchases and retaining documentation. The Department Liaison shall monitor compliance.
 - b. Use of the Purchasing Card shall not preclude compliance with current University requirements, contracts and State Procurement Office (SPO) price lists in which the University has agreed to participate.
 - c. Cardholders utilizing federally funded accounts must comply with OMB Circular A21, Section J.
 - d. By policy, the University has established that the Purchasing Card may not be used at certain categories of merchants and has blocked their Merchant Category Codes (refer to Purchasing Card website at: www.hawaii.edu/oprpm/pcard/). If the Cardholder attempts to charge with the card at any of the merchants in the excluded categories, the purchase will be declined.
 - e. Purchases may be made in person, over the telephone, by facsimile, or through a secured Internet connection with any merchant that accepts the Purchasing Card. Transactions are approved electronically, based on the single and monthly purchase limits and the approved commodities for the department's Purchasing Card purchases.

- f. When making purchases in person, the Cardholder must sign the charge receipt and retain the customer copy. The Cardholder should verify that either the charge receipt or sales receipt complies with the requirements for support documentation set forth herein.
- g. Cardholders are encouraged to receive their own shipments; however, if someone else will be receiving a shipment on the Cardholder's behalf, the Cardholder should notify that person in advance.
- h. Regardless of who receives the shipment, the Cardholder is responsible for obtaining appropriate documentation (packing slips, mail order form copies, etc.) related to the purchase and verifying that the documentation complies with the requirements for support documentation set forth herein.
- i. All transactions made with the Purchasing Card will be automatically posted to that card's default account and object code unless the transaction is reallocated. Payment for card transactions will be made automatically from the designated account.
- j. The card issuer will transmit transaction information to the University via PVS Net, the Purchasing Card on-line system, as it is received from the merchants.
- k. Transactions may be viewed by Cardholders and Department Liaisons with access to PVS Net within a few days of the transaction (for purchases made in person) or ship date (for mail, fax & Internet orders).

10. Restricted Commodities

- a. Although the Purchasing Card is available for most small purchases of \$2,500 or less, certain restrictions must be made due to tax reporting requirements, and to comply with University policies and procedures and state and federal regulations. Restricted commodities include "Items Not to be Purchased" in Administrative Procedure A8.225 and some commodities that require prior approval, special permits, etc. Purchases of the restricted commodities

listed below and purchases greater than \$2,500 must continue to be processed in accordance with established procurement and disbursement policies and procedures.

- b. The Purchasing Card shall not be used for the following commodities:
- 1) Animals and animal-related purchases that are restricted by law;
 - 2) Automotive gasoline;
 - 3) Biological commodities, radioactive and hazardous materials that require approval from the Environmental Health and Safety Office;
 - 4) Cash advances;
 - 5) Construction and renovations;
 - 6) Contractual agreements and non-procurement agreements;
 - 7) Contributions or donations to various causes;
 - 8) Fines and penalties;
 - 9) Firearms and ammunition;
 - 10) Goods and services for personal use (see Section A8.225, Limitations in Purchasing);
 - 11) Insurance;
 - 12) Narcotics and drugs;
 - 13) Payments to individuals (not companies);
 - 14) Rental/lease of real property;
 - 15) Specific services, e.g., consulting services, financial services, temporary help;
 - 16) Towing charges;
 - 17) Travel and entertainment-related expenses, e.g., hotels, meals, alcoholic beverages, auto rentals, travelers checks, catering and restaurant services, clubs, entertainment, railroads, theaters, tips, etc.;
 - 18) Any purchase prohibited by University policy or not related to University business; and
 - 19) Restricted items as indicated in OMB Circular A21, Section J or as otherwise restricted by sponsored award or grant.

Exception to the above may be granted by OPRPM, on a limited basis upon a showing of sufficient justification or extenuating circumstances.

11. Controlled Property and Components for Equipment Fabrication

Controlled property and components for fabricated equipment may be purchased with the Purchasing Card if adequate inventory information, i.e., description, location and decal number, is provided to the Property and Fund Management Office (PFMO). The Cardholder is responsible for filling in the appropriate information on the transaction log and the Department Liaison is responsible for submitting the inventory information to PFMO on a timely basis. If adequate information is not provided to PFMO on a timely basis, the Cardholder's Purchasing Card privileges may be revoked.

12. Goods and Services That May be Purchased Under Specific Conditions

Cardholders may use their Purchasing Cards for the purchase of the following goods and services under specific conditions:

- a. Renewal of equipment leases - in lieu of a purchase order, but not in lieu of a lease agreement;
- b. Renewal of maintenance - in lieu of a purchase order, but not in lieu of a maintenance contract;
- c. Equipment rental - in lieu of a purchase order, but not in lieu of an equipment rental agreement; and
- d. Furniture (office and laboratory) - unless restricted by award document.
- e. Business Cards - upon prior approval from Vice President, Chancellor, Dean or Director

13. Airline Tickets

Fiscal Officers are authorized to use their Purchasing Cards for the purchase of airline tickets.

- a. The ticket must be for authorized University business travel.
- b. The purchase must be in compliance with all University

policies relating to travel and the purchase of airline tickets.

- c. Purchase of the ticket for an employee must be reported on a Travel Completion Report with other expenses related to the trip.
- d. A ticket receipt must be submitted with the Travel Completion Report.

14. Sponsored (Federal) Funding Restrictions

- a. The federal government places additional restrictions on the expenditure of federal funds for sponsored research and the retention of supporting documentation.
- b. When utilizing federal funds, the Cardholder shall be responsible for ensuring that all purchases meet the requirements and regulations of the specific contract or grant.
- c. The use of the Purchasing Card versus any alternate form of procurement does not change the existing costing, charging, and document retention requirements that must be met. Cardholder is still required to demonstrate that the item procured is not expressly prohibited by sponsor regulations or by other federal guidance and that the item purchased is necessary (allocable) for the project.
- d. For specific questions regarding using sponsored project funds, Cardholders should contact the Office of Research Services.

15. Blocked Categories of Merchants

The University has authorized the card issuer to encode the purchasing card so that certain types of goods or services are blocked from Purchasing Card use. Transactions will be blocked at the point-of-sale. The Purchasing Card shall not be used to make purchases from the categories of merchants included in the Listing of Blocked Category Codes refer to Purchasing Card website at:

www.hawaii.edu/oprpm/pcard/. An exception has been made for Purchasing Cards issued to fiscal officers, which may

be used to purchase: 1) airline tickets; and 2) organizational memberships.

16. Cardholder Liability

The Purchasing Card is a corporate liability card that will not affect the Cardholder's personal credit. However, it is the Cardholder's responsibility to ensure that the Purchasing Card is used within the guidelines of the Purchasing Card Program as well as University Administrative Procedures relating to the expenditure of University funds. Failure to comply with the Purchasing Card program guidelines may result in permanent revocation of the card, notification of the situation to the Cardholder's supervisor, further disciplinary action in accordance with applicable collective bargaining agreements and University administrative procedures, and civil action against the Cardholder to recover University funds improperly expended through misuse of the Purchasing Card.

17. Erroneous Declines

- a. If it appears that the Purchasing Card has been declined in error by a merchant, Cardholder should contact the card issuer for assistance.
- b. If the matter is not resolved, Cardholder should terminate the purchase, find an alternate payment method and contact the Purchasing Card Administrator.

18. Lost or Stolen Cards

If the Purchasing Card is or appears to be lost or stolen, Cardholder must immediately notify the card issuer's 24-hour, 7-day a week Customer Service Center at 844-4444 or 1-808-847-4444 (toll-free number: 888-844-4444) and dial "0" for customer assistance. It is very important that the Cardholder notify the card issuer immediately, since there is no limit to the University's liability for charges made on the lost or stolen card until it is reported. Cardholder should also notify the card issuer in writing and inform the Department Liaison at the first opportunity during business hours. The Department Liaison will immediately notify the Purchasing Card Administrator who will follow up with the card issuer if necessary. The

missing card will be canceled and the card issuer will issue another Purchasing Card to the Cardholder.

A Purchasing Card that is found after it has been reported lost or stolen must be destroyed by cutting it in half. The same procedure applies if a card is damaged. Both card halves must be forwarded to the Purchasing Card Administrator.

The department will be responsible for all charges made on the Purchasing Card until the card issuer is notified that the card has been lost or stolen.

19. Canceling the Purchasing Card

The Purchasing Card Administrator may be required to close an account if:

- a. Cardholder transfers to a different University department;
- b. Cardholder moves to a new job within the University in which a Purchasing Card is not required;
- c. Cardholder terminates University employment; or
- d. For any of the following reasons which will also subject Cardholder to disciplinary action in accordance with applicable collective bargaining agreements and University policies and procedures relating to disciplinary action:
 - 1) The Purchasing Card is used for personal or unauthorized purposes;
 - 2) The Purchasing Card is used to purchase any substance, material, or service which violates policy, law or regulation pertaining to the University;
 - 3) The Cardholder parcels a purchase to circumvent the limitations of the University administrative procedures;
 - 4) The Cardholder uses another Cardholder's card to circumvent the purchase limit assigned to either

Cardholder or the limitations of the University administrative procedures;

- 5) The Cardholder fails to provide Department Liaison with acceptable documentation;
- 6) The Cardholder fails to provide, when requested, information about any specific purchase; or
- 7) The Cardholder does not adhere to the Purchasing Card policies and procedures.

The Purchasing Card Administrator shall notify the card issuer immediately of all revocations and closures.

20. Terminated or Transferred Employees

Department Liaison shall collect canceled Purchasing Cards from terminated employees, employees who transfer to another University department, or employees who move to a new job in which a Purchasing Card is not required. The Department Liaison shall immediately notify the Purchasing Card Administrator of the termination or transfer. A request for closing the Cardholder account shall be immediately submitted to the card issuer by the Purchasing Card Administrator. All Purchasing Cards shall be returned to the Purchasing Card Administrator for disposal.

A Cardholder who transfers to a new position within the same department and requires the use of a Purchasing Card as part of her/his new duties, should continue to use the same card.

21. Documentation, Recordkeeping & Retention

a. Cardholder Responsibility:

- 1) Cardholder is responsible for obtaining purchase documentation from the merchant for every Purchasing Card transaction (sales receipt, itemized packing slip, order form or registration application) to support all purchases made with the Purchasing Card and verifying that the documentation complies with the requirements for support documentation set forth below. In addition to obtaining the documentation, the

Cardholder must record the purchase in a transaction log.

- 2) Itemized receipts are the preferred documentation for Purchasing Card purchases. When an itemized receipt is not available, itemized supporting documentation must accompany the receipt. In many cases, when placing orders by telephone or fax, the packing slip may provide the itemization needed.
- 3) The account and subcode to be charged for each purchase must be noted on the receipt or logged in the transaction log.
- 4) For telephone or fax orders, Cardholder should request that the merchant include an itemized cash register tape, paid invoice, or delivery slip with the order. All documents received should be retained as proof of what was purchased. Cardholder should keep a record of telephone or fax orders to ensure that the order is received, and to keep track of budget balances.
- 5) If the original receipt is not available from the merchant or if it has been lost, it should be noted on the transaction log.
- 6) Transaction logs and receipts shall be given to the Department Liaison who will be completing the monthly reconciliation of the Cardholder's Purchasing Card.

b. Department Liaison Responsibility:

- 1) Department Liaison is responsible for reviewing transactions, i.e., monthly charges, of individual Cardholders to ensure that the transactions are appropriate University expenditures.
- 2) Department Liaison shall collect documentation from Cardholders and reconcile to card issuer's billing statements.

- 3) The Department Liaison shall ensure that all Cardholder statements, receipts, transaction logs and other source documents are filed in a manner which enable them to be retrieved upon request by an auditor or other staff. These records must be retained for three (3) years if audited, otherwise six (6) years after final payment [for federally funded purchases, three (3) years from date of final expenditure report].

c. Approving Authority Responsibility:

- 1) The Approving Authority shall review the purchase documentation, confirm that all purchases are reasonable and support program objectives.

22. Resolving Errors, Disputes, Returns and Credits with Merchant

- a. It is essential to resolve disputes in a timely manner. Cardholder is responsible for contacting the merchant when merchandise purchased with the Purchasing Card is not acceptable (incorrect, damaged, defective, etc.) and arranging a return for credit or an exchange.
- b. If merchandise is returned for credit, the Cardholder should obtain a credit receipt from the merchant and retain that receipt with the support documentation for that purchase. Receiving cash or checks to resolve a credit is prohibited.
- c. If merchandise is to be exchanged, the Cardholder is responsible for returning the merchandise to the merchant and obtaining a replacement as soon as possible. Documentation showing the proper resolution of the exchange is to be retained with the support documentation for that purchase.
- d. If the matter is not resolved with the merchant, the transaction becomes a disputed item and is handled as part of the dispute process. A message printed on the card issuer's statement informs the University that a transaction is in dispute.

23. Resolving Disputes and Billing Errors with Card Issuer

- a. Cardholder is responsible for first contacting the merchant to resolve any returns, disputed charges or billing errors.
- b. If the error, dispute, or return is not resolved with the merchant, the Cardholder should contact the card issuer's Customer Service Center at 844-4444 or 1-808-874-4444 (toll free: 888-844-4444).
- c. If possible, the card issuer should be notified of disputed charges before the closing date of the billing cycle. This will allow the card issuer to reverse the disputed charge within the same billing cycle. A disputed charge will be recorded to the department account if it was not reversed before the end of the billing cycle.
- d. Cardholder is responsible for following up on disputed charges that have not been reversed and verifying with the card issuer that they will be reversed in the following billing cycle.
- e. All notices of disputed items must be made within 60 days of the cycle in which the item first appears on the Cardholder statement.
- f. Cardholder should contact the Purchasing Card Administrator for assistance or if an acceptable resolution is not obtained.

24. Transaction Logs

All purchases should be recorded in a transaction log (or an equivalent document). The transaction log will serve as documentation in case of a lost receipt and disputed or returned items, and will also serve as a receiving report, or documentation of receipt of goods or performance of services. The transaction log with all appropriate signatures and support documentation must be forwarded to the Department Liaison immediately after the end of the current billing cycle. If goods or services are still outstanding (goods not received, problem with purchase, etc.), a copy of the transaction log should be retained until goods are received, services are provided, or the

problem is resolved. Upon receipt of the goods or performance of the services, a signed copy of the transaction log, together with documentation, should be forwarded to the Department Liaison.

25. Verifying and Reallocating Charges on PVS Net, the On-Line Reporting System

a. Cardholder Verification Responsibility:

- 1) Cardholder is accountable for all charges made with her/his Purchasing Card and is responsible for checking all transactions on PVS Net, the on-line transaction reporting system, to verify their accuracy and propriety. This check should be done regularly; transaction information is usually available on-line within a few days of the transaction.
- 2) Cardholder should match receipts, transaction logs and other documentation to the transactions on PVS Net.
- 3) Cardholder should contact the merchant if unfamiliar transactions show up or if the amount differs from that shown on the receipt. The card issuer may require the Cardholder to file a "Dispute Resolution Form" for any incorrect charges that are not resolved. If the Cardholder disputes a charge, the nature of the dispute and the final resolution must be documented. This documentation should be retained with the Statement of Account on which the disputed charge appears.
- 4) If a particular charge or credit does not appear on PVS Net, it should be checked against future on-line transaction information. If the charge or credit does not appear within 60 days after the original charge was made, the Cardholder must notify the Purchasing Card Administrator.

b. Cardholder Reallocation Responsibility

- 1) A default University account and subcode are assigned to each Purchasing Card issued. All

Purchasing Card transactions are charged to the assigned default account and subcode unless adjustments are made.

- 2) All Purchasing Card transactions that should be charged to an account and/or subcode other than the default account and/or subcode should be reallocated. All transactions in PVS Net should be checked and the transaction expense should be reallocated on-line to the proper account and subcode.
- 3) Verification and reallocation of charges should be done before the end of the monthly billing cycle. The University's billing cycle ends on the 14th of each month; thereupon the card issuer generates a statement.
- 4) After all transactions have been checked, the Cardholder must obtain all appropriate approving authority signatures and sign her/his transaction log. The log and all support documentation must be forwarded to the Department Liaison.

c. Department Liaison Verification Responsibility:

- 1) The Department Liaison is responsible for reviewing all of her/his department's Purchasing Card transactions using PVS Net to ensure compliance with the Purchasing Card Policies and Procedures.
- 2) Department Liaison should verify that each transaction is supported by adequate documentation and meets all the criteria for authorized card use. Questionable transactions (e.g. purchases of items for personal use or for non-University purposes, etc.) should be especially scrutinized.
- 3) For questionable transactions or transactions that lack adequate support documentation, the Department Liaison must contact the Cardholder to obtain an explanation, supporting documentation and/or reimbursement. Questionable charges for which satisfactory explanations or documentation

cannot be obtained will be deemed unauthorized and/or inappropriate.

- 4) If during the review process, serious irregularities are detected, the Department Liaison must notify the Approving Official and the Purchasing Card Administrator.

d. Department Liaison Reallocation Responsibility:

- 1) Department Liaison shall generate a "Transaction Review" or "Statement of Account" from PVS Net for all cardholders in her/his department. All transactions must be checked and reallocated in advance of the monthly cut-off date for changes. Department Liaisons will add analytical information for cost sharing when applicable.
- 2) The monthly default cut-off deadline is 4:00 p.m. on the 20th of each month (if the 20th falls on a weekend or holiday, the last day for any modifications to the transactions in PVS Net is on the previous business day).
- 3) Following the default cut-off date, the information from PVS Net will be downloaded to FMIS, the University's accounting system.
- 4) Department Liaison should make sure that valid and active accounts and subcodes are assigned to avoid transactions being rejected. Rejected transactions shall be recorded to the default account and will require a journal voucher adjustment.

Since Cardholders and Department Liaisons have the ability to view transactions at all times, it is recommended that both Cardholders and Department Liaisons monitor the Purchasing Card transactions on a timely basis. Constant monitoring of the Purchasing Card accounts is the most effective way to minimize problems.

The Fiscal Services Office will process the download of departmental charges from PVS Net to FMIS, the University accounting system.

The total amount billed by the card issuer will be charged to the individual departmental accounts and credits for disputed transactions will be posted to departmental accounts when the credit appears on the card issuer's billing.

The University will receive one (1) master summary bill monthly from the card issuer and the Purchasing Card Administrator will reconcile the detailed billing statement to amount paid the card issuer. The Disbursing Office will issue one (1) check monthly to the card issuer.

26. Reconciliation to Card Issuer Statement

Department Liaison shall reconcile the PVS Net Statement of Account or Transaction Review to the monthly statement issued by the card issuer.

27. Reconciliation to FMIS

- a. Department Liaison shall reconcile the card issuer's monthly statement to the report generated by FMIS and appropriate action should be taken to resolve reconciling items.
- b. A journal voucher should be initiated immediately to correct error(s) on the recorded transactions to FMIS.
- c. Department Liaison shall correct rejected FMIS transactions due to insufficient allotment balance.

After the Department Liaison review process is complete, the transaction log, Cardholder Statement Account and corresponding support documentation shall be filed in accordance with the requirements set forth herein.