

KANSAS STATE UNIVERSITY

**BUSINESS PROCUREMENT CARD  
Policies and Procedures Manual**

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## **OVERVIEW**

Kansas State University is participating in the State of Kansas and UMB Bank VISA Purchasing Program. The purpose of the State of Kansas Procurement Card Program is to establish a more efficient, cost-effective method of purchasing and paying for small dollar (under \$5,000) transactions within established usage limits.

The Business Procurement Cards (BPC) can be used for in-store purchases as well as mail, internet, phone, or fax orders. The program is designed to ease the ordering & payment process by reducing purchase orders, payment vouchers, and the use of personal funds reimbursed by payment vouchers.

This manual provides the guidelines under which you may use your procurement card. Please read it carefully. Your signature on the Business Procurement Card Cardholder Agreement indicates that you understand the intent of the program and agree to adhere to the established guidelines. You will be issued your procurement card after the Division of Financial Services receives an approved BPC account action request form, required training is completed and the cardholder has signed the BPC cardholder agreement form.

### **General Guidelines**

The Business Procurement Card is an additional tool to be used by University employees for the purchasing of commodities, services and travel related expenses, similar to an agency purchase order. All policies and procedures regarding the spending and payment of State and Grant funds still apply. The BPC is not to be used for Foundation fund expenditures. These are not departmental cards. Cards are issued to specific individuals within a specific department to insure responsibility of the use of the card.

It is likely that any merchant you currently utilize as a source for commodities will accept this card. However, due to certain restrictions, some attempts to purchase goods from a merchant through the use of the BPC may be declined. If you are declined and feel the decline should not have occurred, contact the BPC Coordinator.

Each card has been assigned an expenditure dollar limit applicable for a 30-day billing cycle. During this cycle, merchants are paid by UMB Bank within three days of the business transaction. It is imperative that the merchants NOT invoice the University, in addition to the detailed charge receipt, as an invoice could result in duplicate payment. Additionally, when making these purchases, be sure to remind the vendor of the University's tax exempt status when making a purchase. Kansas State University's tax exempt number is printed on the front of your purchasing card.

For your continued use of the BPC as well as the overall success of the program please remember that the Procurement Card is NOT intended to avoid or bypass appropriate procurement or payment procedures. Rather, the procurement card complements the existing processes available. It should not be used for personal use and charges to the card cannot be used as a pass-through of personal funds or funds from Foundation.

The cards are further restricted by the individual transaction limit of \$5,000, including shipping and handling. All purchases for commodities where the State Use Contract is in place must be made from the contract suppliers.

You are responsible for the security of this card and the transactions made against it. The card is issued in your name and any purchases made against the card will be your responsibility. Use of the card for purchases not in accordance with guidelines established may result in personal liability.

Remember that you are committing university funds each time you use the procurement card. This is a responsibility that cannot be taken lightly.

## **CARD USE PROCEDURES**

### **How to Obtain a Card**

After you have read and understand the procedures in this manual, your department may request a new card be issued to you by forwarding the BPC Account Action Request Form (Appendix 2) to 220 Anderson Hall. The BPC Administrator will assist with gaining access to the applicable training for the type of card requested. Once the BPC Account Action Request Form has been received and training has been completed, the appropriate Business Procurement Card will be requested on your behalf.

The BPC Administrator will notify you, via email, when your new card is ready to be picked up in 220 Anderson Hall. At that time, you will be asked to read and sign the BPC Cardholder Agreement Form (Appendix 4).

When you receive your card, sign the back of the card immediately and always keep it in a secure place. Although the card is issued in your name, it is the property of the State of Kansas and is only to be used for University purchases as defined in this manual.

### **How to Cancel a Card**

Business Procurement Cards are to be canceled immediately if a cardholder terminates employment, transfers to another department, or experiences a change in job description that excludes the necessity of procurement card authorization. The cardholder's final paycheck may be withheld until the card is returned.

The process for canceling a procurement card begins with the return of the card to the Department. The card should be cut in half and the BPC Account Action Request form (Appendix 2) should be completed and forwarded to the BPC Coordinator.

### Card Renewal

A renewal card will automatically be mailed to the BPC Coordinator. The cards are typically mailed out from the Bank around the middle of the month that the card expires in. You will be notified when the card has arrived from the bank is available for pick-up.

### Failure to Use Card

An unused card is considered a security risk. If the BPC is not used on a regular basis a report is generated by the Bank notifying the BPC Coordinator of the inactive card. After six months of inactivity the card will automatically be cancelled by the bank.

### How to Report a Lost or Stolen Card

If a procurement card is lost or stolen, immediately contact the BPC Coordinator to have your card closed and re-issued. If the card is lost or stolen after normal business hours (M-F; 7:30 a.m. to 5:00 p.m.), please notify UMB Bank Security at 1-800-821-5184 and then the BPC Coordinator when the Division of Financial Services re-opens for business. A BPC Account Action Request form (Appendix 2) must be completed and sent to the BPC Coordinator immediately after reporting the card lost or stolen. A new card will automatically be issued by the Bank and sent to 220 Anderson Hall.

### Procurement Card Security

Only the authorized cardholder may use the card. Cards and card numbers must be safeguarded against use by unauthorized individuals in the same manner you would secure your personal credit card.

## **BUSINESS PROCUREMENT CARD HOLDER RESPONSIBILITIES**

### Receipt of Goods and Materials

The cardholder is responsible for ensuring receipt of goods and materials and will follow-up with the vendor to resolve any delivery problems, discrepancies and damaged goods.

For telephone or catalog orders, make sure complete shipping address and instructions are given along with your name, department name, complete street address, room number, city, state, and zip.

If goods or materials are ordered by phone, explain we are a tax-exempt organization and ask the vendor to include a detailed sales receipt in the package. Save the credit card receipt and shipping documentation.

## Record Keeping and Documentation

Record keeping will be essential to ensure the success of the program. Standard payment policies require retention of receipts and other documentation. As with any credit/charge card, you must retain sales slips, cash register receipts, invoices, order forms and receiving documents. All of these documents should be submitted to your department accountant with your monthly statement.

## Approval Process

Itemized receipts must be forwarded to the departmental accountant for review and approval. Please note: Departmental approval and document routing processes may vary between departments.

## Declined Purchases

Cardholders may experience a purchase declined at the vendor's place of business when the card transaction is run through the bankcard system. Reasons may include:

1. Purchase exceeds the \$5,000 transaction limit.
2. Purchase exceeds the monthly dollar limit established for the card.
3. Merchant category code not included on KSU's acceptable list of codes.
4. Incorrect expiration date, CVV, or address was entered.
5. International Purchases

If your BPC is declined with a vendor, email Sabrina Ritter, Memory Buffington, and Jody Schlup at the General Accounting office and we will contact the Bank to determine the reason for the decline. Please include the following items in your email: last 8-digits of the card, cardholder's name, vendor name, amount to be paid to the vendor, description of purchase, and if it is an international charge the country charging the purchase. These items will help us in getting the bank to open the card for the charge to go through the first time.

## Resolving Errors, Disputes, Returns and Credits

The cardholder is responsible for contacting and following up with the vendor on any erroneous charges, disputed items or returns as soon as possible. If the cardholder is unable to reach agreement with the vendor, the next step is to contact the BPC Coordinator.

The BPC Coordinator may request the cardholder to complete a BPC Cardholder Dispute Form (see appendix 3) and return the form to 220 Anderson Hall. The dispute form will be forwarded to UMB Bank for resolution with the vendor. The bank must be notified of any disputed items within 60 days of the last cycle in which the item was purchased.

Disputed billing can result from failure to receive goods or materials, fraud or misuse, altered charges, defective merchandise, incorrect amounts, duplicate charges, credits not processed, etc. In the event of fraud notify the BPC Coordinator immediately. Documentation regarding any resulting credits should be kept to explain each item to be returned or exchanged. All problems resulting from

the use of the BPC must be charged to the departmental account and coded as E3999 until resolution of the dispute occurs. Please remember that E3999 may not be used on a Grant project.

### Penalties

Obtaining a BPC is a privilege and must be used appropriately. Failure to follow the policies and procedures of the University and BPC program could result in written warnings, cancellation of the card, and even loss of position. Buying from established contracts, providing supporting paperwork, processing payment in a timely manner, etc., are critical elements to a successful University-wide card program.

## **BUSINESS PROCUREMENT CARD DEPARTMENT RESPONSIBILITIES**

### General Guidelines

The department business office determines who is eligible for a card, authorizes the cardholder type (standard, enhanced or enhanced lodging), audits and signs transaction logs, controls spending through the bank summary review and maintains records.

The department business office must also complete the BPC Account Action Request Form (appendix 2) identifying the cardholder and the type of card being requested. Once approved, send the original to the BPC Coordinator who will coordinate with the BPC Administrator to get the cardholder training. Once the appropriate training has been completed, the BPC Coordinator will request the card from the Bank and the BPC Administrator will activate your card and contact you via email when the card is available for pick-up.

If an employee leaves the department or assumes different duties that do not require the use of the procurement card, the department's business office is responsible for retrieving and cutting up the card and sending a BPC Account Action Request Form (Appendix 2) to 220 Anderson Hall. If an employee moves to another KSU department, the old department's card does not transfer to the new department. The new department must initiate the process to obtain a new card for the employee.

Each department needs to determine how to secure the cards and card numbers. In some areas it is more appropriate for individuals to carry the cards. In other areas, the cards may be stored in a secure place in the department's business office. In either case, the account number should be protected and cards must only be used by the cardholder appearing on the card.

If changes in the credit limit or type of card established on the original card or other elements (other than cardholder name or department) are required, use the BPC Account Action Request form (Appendix 2) to request the changes and send it to 220 Anderson Hall.

## Record Keeping and Documentation

Departments should receive all supporting documents for each purchase made on a procurement card. The department accountant should then have all necessary documentation to prepare a Procurement Card Voucher (PCV) to pay the monthly statement. These supporting records must be maintained for five years.

## Reconciliation and Approval Process

The department/unit business office is responsible for editing and approving the PCV. Funding, object code, and descriptions should be corrected before the PCV is approved and sent to 220 Anderson Hall.

## **BILLING, PAYMENT AND ACCOUNT DISTRIBUTION PROCESS**

### General Guidelines

Each cardholder will receive a statement of activity for the month at his/her department accounting office. This is to be used to reconcile invoices and produce a PCV. Concurrently, a control account statement is mailed to 220 Anderson Hall from which the Division of Financial Services will process the Bank's monthly payment.

### Paying the statement

When the cardholder receives the monthly bank statement it should be immediately given to the person in charge of reconciling the account along with all supporting documentation. Departmental internal order/purchasing forms, charge slips and receipt tapes should be matched to the statement. If a receipt is missing, the cardholder should be immediately contacted to see if one has been received. If not, the vendor must be called and asked to provide a detailed invoice, credit memo, or an adequate substitute. If they can only FAX you a copy, please remember to certify and sign it as valid and the only copy you received. Verify purchases again for sales tax on each item and request a credit, if needed. Check state contract items and verify that shipping charges were handled according to the contract.

Once the statement has supporting documentation for each entry on the statement and the receipts all match the statement, a PCV must be prepared. As long as the attached invoice, packing slip or other payment document is itemized, the items purchased may be described in general terms. Attach the backup documentation in the order of the entries on the PCV, not the order on the statement. Each department is responsible for allocating purchases to the appropriate funding and object code. Make certain that if tax has been charged, it is entered on a separate line on the log and coded E3999.

If inappropriate purchases appear, the employee should supply a justification. If the justification is insufficient, appropriate measures should be taken to receive a credit from the vendor for the purchase. To obtain a credit a cardholder can return the goods. During the timeframe that the credit is pending, the charge should be coded to E3999.

The PCV must be signed by the cardholder and someone with signature authorization. Forward the entire package to 220 Anderson Hall within approximately two (2) weeks of the end of the BPC billing cycle. The PCV will be used to reimburse the Division of Financial Services' control account from which payment is made to the Bank. As a result, the corresponding FIS entry will not show payment information to the vendors from which goods were received.

Prompt payment is critical. The Division of Financial Services is required to pay the full statement within 10 days after each statement cuts off. Therefore, your prompt payment to the Division of Financial Services is essential to having enough funds in our account to pay for all cardholder's statements.

The supporting documentation and PCV should be sent to 220 Anderson Hall for audit and posting to the Financial Information System.

#### Auditing of Business Procurement Card Program

The Division of Financial Services will review all transactions and supporting documentation when the PCV arrives in 220 Anderson to ensure that the State of Kansas and Kansas State University policies and procedures are followed.

The Kansas State University Office of Internal Audit may conduct periodic audits to determine compliance with Business Procurement Card policies and procedures.

The KSU Purchasing Office reserves the right to conduct random audits of departments throughout the program to ensure compliance with purchasing rules and regulations. If abuse is found during these audits your card may be revoked. Any minor offenses will be documented and the documentation will be signed by the BPC Coordinator

State of Kansas Division of Accounts & Reports will also conduct audits as they see fit.

#### Letters of Reprimand

The Division of Financial Services will issue letters of reprimand for the following:

1. Misuse of the BPC card, i.e. charging something to the card that is not allowed. See excluded purchases in Appendix 1.
2. Late Payments. If your department has a payment that has become past due by 60 or more days, your card will be placed on hold with the Bank & no further charges will be allowed until payment is received in 220 Anderson Hall.

Each cardholder will be allowed 3 violation notices before the BPC card is permanently revoked.

Sales and Use Tax

Kansas State University, as an agency of the State of Kansas, is exempt from paying Kansas sales or use tax per KSA 79-3606(c).

**CONTACT INFORMATION**

BPC Coordinator, Memory Buffington	785-532-1839
BPC Administrator, Jody Schlup	785-532-1852
General Accounting	785-532-6202
Purchasing	785-532-6214
Short's Travel Management	800-255-3507
Enterprise Rental Car	785-537-0557 (Ft. Riley Blvd)
	785-537-6000 (Stagg Hill Rd)
Accidents in rental car	800-VISA-911

**Example of Excluded Purchases**

Alcoholic Beverages

Cash Advances

Construction, Renovation or Installation

Gift Cards

International Companies, except for Canada, United Kingdom, & Australia. Special approval process is required for any other countries.

Meals while in travel status

Personal Items

Printed materials (not including books) i.e. copying services, business cards, etc.

Purchases involving trade-in of University property

Real Estate Leases

Sales Tax

Tobacco Products

Weapons, Ammunition

**KANSAS STATE UNIVERSITY**  
BUSINESS PROCUREMENT CARD (BPC) ACCOUNT ACTION  
REQUEST FORM

_____	_____	_____
<i>Name on card</i>	<i>Title</i>	<i>Email Address</i>
_____	_____	_____
<i>Department Name</i>	<i>Office Address</i>	<i>City/State</i>
_____	_____	_____
<i>Last 4 digits of SSN</i>	<i>Phone</i>	<i>Cardholder Signature</i>

<b>Additional Contact Person:</b>		
_____	_____	_____
<i>Name</i>	<i>Phone</i>	<i>Email Address</i>

**Select Action Requested:**

- Standard BPC**—Purchases of commodities, capital outlay items and contractual service items made in accordance with approved KSU purchasing policies and procedures. Transaction total is limited to \$5,000 per purchase.
- Enhanced BPC**—May be utilized to purchase airfare, registrations, rental car and gas, Road Runner, shuttles, baggage fees, and tolls in addition to the types of transactions allowable using a Standard BPC. Transaction total is limited to \$5,000 per purchase.  
**Existing Card # if any:** \_\_\_\_\_
- Enhanced Lodging BPC**—May be utilized to purchase lodging, in addition to the types of transactions allowable using an Enhanced BPC. Transaction total is limited to \$5,000 per purchase.  
**Existing Card # if any:** \_\_\_\_\_
- Cardless Account (ghost account)**—Purchases of commodities, capital outlay items and contractual service items made in accordance with approved KSU and state procurement policies and procedures. No per transaction limit.
- Automotive BPC**—Purchases of fuel and minor repairs for state vehicles and rental cars:

_____	_____	_____
<b>Vehicle Tag</b>	<b>Vehicle Make</b>	<b>Vehicle Model</b>

- Reissue replacement card**  
Reason for replacement: \_\_\_\_\_  
Card #: \_\_\_\_\_
- Permanently increase credit limit to:**  
Reason for limit increase: \_\_\_\_\_  
Card #: \_\_\_\_\_
- Close BPC Account**  
Card #: \_\_\_\_\_
- Change BPC Account Address**  
Card #: \_\_\_\_\_

<b>Department Head/Dean/Provost Signature:</b>	
_____	_____
<i>Printed Name</i>	<i>Uki pcwtg"....."Fcvg</i>
<b>**Signature stamps and those with signature authority do not qualify as a signature on this form.</b>	

Authorization Strategy _____	Cycle Code _____
Listserv _____	_____
BPC Coordinator _____	Date _____

**KANSAS STATE UNIVERSITY**  
**Business Procurement Card (BPC) Cardholder Dispute Form**

ACCOUNT NO.: \_\_\_\_\_

MERCHANT NAME: \_\_\_\_\_

CARDHOLDER: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

DEPT & ADDRESS: \_\_\_\_\_

TRANSACTION AMOUNT: \_\_\_\_\_

\_\_\_\_\_

TRANSACTION DATE: \_\_\_\_\_

\_\_\_\_\_

REFERENCE NO.: \_\_\_\_\_

Please indicate below the reason for your dispute.

Description of item(s) disputed: \_\_\_\_\_

I am disputing this charge because: \_\_\_\_\_

After contacting the vendor, the following was / was not resolved: \_\_\_\_\_

\_\_\_\_\_

\_\_\_ I did not make, nor authorize, the above transaction. I have not ordered merchandise by phone or mail, or received any goods or services.

\_\_\_ The amount authorized and the amount billed are different. (Enclosed is a copy of the charge that was authorized.)

\_\_\_ I was previously charged for this transaction. The date of the previous charge is \_\_\_\_\_.

\_\_\_ I have been charged for merchandise that I did not receive.

\_\_\_ My account has been charged for the above listed transaction, but I have since contacted this merchant and canceled the order. Shipment will be refused if merchandise is still sent.

\_\_\_ My account has been charged for the above transaction, but the merchandise has since been returned. Enclosed is a copy of my postal insurance receipt. (A copy is provided with this correspondence.)

\_\_\_ I have received a credit voucher for the above listed charge, but it has not yet appeared on my account. A copy of the credit voucher is enclosed. The date on the voucher is between 30 and 90 days old. A copy of this voucher is included with this correspondence.

CARDHOLDER SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

BPC COORDINATOR SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_