

KANSAS STATE UNIVERSITY

**BUSINESS PROCUREMENT CARD
Handbook**

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TABLE OF CONTENTS

<u>SECTIONS</u>	<u>PAGE NO.</u>
Overview	3-4
General Guidelines	
Card Use Procedures	4-6
How to Obtain a Card	
How to Cancel a Card	
Card Renewal	
Failure to Use the Card	
How to Report a Lost or Stolen Card	
Procurement Card Security	
Internet Security	
Business Procurement Cardholder Responsibilities	6-8
Receipt of Goods and Materials	
Record Keeping and Documentation	
Approval Process	
Declined Purchases	
Resolving Errors, Disputes, Returns and Credits	
Penalties	
Business Procurement Card Department Responsibilities	8-9
General Guidelines	
Record Keeping and Documentation	
Reconciliation and Approval Process	
Billing, Payment and Account Distribution Process	9-11
General Guidelines	
Paying the statement	
Auditing Business Procurement Card Program	
Letters of Reprimand	
Sales and Use Tax	
Contact Information	11
Appendix 1: Business Procurement Card Excluded Purchases	
Appendix 2: Business Procurement Card Account Action Request Form	
Appendix 3: Business Procurement Card Cardholder Dispute Form	
Appendix 4: Business Procurement Card Cardholder Agreement Form (Sample)	

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, email the BPC Administrator at **bpc@k-state.edu**.

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.

Suggested best practices for shopping on the Internet are listed below. Be aware that an outside party could gain access to your BPC account number if a vendor's Internet site is not secure.

1. **Only use your card in a secure environment, i.e., the location / address box on your browser starts with https://.**
2. Use sites that include a BBB (Better Business Bureau) Accredited Business seal. The seal should link to a page confirming that the business is BBB accredited. Be cautious if the seal is not linked to a BBB page confirming accredited business status. It could be a sign of unauthorized use of the mark.
3. If you are not familiar with an online merchant, verify its reliability with outside organizations, such as the Better Business Bureau (<http://www.bbb.org/> and <http://www.bbbonline.org/>).
4. Know who you are doing business with before placing an order. Use Web sites that provide clear contact information (phone number, address in the real world, customer service contact) for the company, as well as warranty, return and refund policy.

5. If an online purchasing website asks you to create an account with a password, protect that password.
 - Use a different password for each website that you utilize. (Do not use the same password for more than one website.) This procedure will help protect your BPC, if the password for a specific website is compromised.
 - Change passwords for online purchasing websites on a regular basis.
6. Do not provide personal information, such as Social Security, bank account or personal phone numbers or your home address.
7. A site should have a privacy policy explaining how the merchant will protect the information you submit when making a purchase. If you cannot find that policy, request that information.
8. Understand prices, shipping and handling charges, the terms of any product or service guarantees and the expected delivery date.
9. Check your order for keystroke errors to avoid ordering the wrong item or quantity.
10. Always print and retain a copy of each purchase order with a confirmation number and pricing information attached. It's also a good idea to print the "address" (Uniform Resource Locator) of the company site that you are doing business with.

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 point-of-sale or during the processing of an online transaction. 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 Purchase

If your BPC is declined with a vendor, send an email to bpc@k-state.edu. The BPC Administrator 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. Cardholders are strongly encouraged to communicate in writing in order to establish a written trail of communication (i.e. email, letter, etc.). 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 provide all supporting correspondence, sending information to 220 Anderson Hall. The dispute form and associated backup 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 E3998 until resolution of the dispute occurs. Please remember that E3998 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 communicating this information to General Accounting. This information may be sent using the 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 in accordance with University retention policies (PPM 3090).

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. 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 E3998.

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 and Reports will also conduct audits as they see fit.

Letters of Reprimand

The Division of Financial Services may 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 may be placed on hold with the Bank and no further charges allowed until payment is received in 220 Anderson Hall.

Cardholders receiving 3 violation notices will be reviewed for permanent revocation of their BPC.

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). When Kansas sales tax is inadvertently included in a transaction, departments are required to subsequently obtain credit for tax paid. Cardholders are strongly to make all request for a refund of sales tax in writing (email, letter, etc.). If the sales tax inadvertently included with the transaction is five dollars or less departments are not required to obtain a credit for tax paid.

CONTACT INFORMATION

BPC Coordinator	785-532-1839
BPC Administrator	785-532-1852
General Accounting	785-532-6202
Purchasing	785-532-6214
Accidents in rental car	800-VISA-911