

<b>Purchasing Card Program</b>	
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<b>Scope:</b> Purchasing Department, New Mexico Highlands University Internal Policy and Procedure	<b>Issue Date:</b> <b>December 2017</b>
<b>Version:</b> 2.0	<b>Revision Dates:</b> <b>5.07.2020</b>

### 20.1 Policy

The P-card Program is a managed procurement solution offered by NMHU through the Purchasing Department. It is a controlled process with most of the responsibility placed on the user. It enables users to purchase small goods and services under pre-approved thresholds and categories. Prior to obtaining a P-card, end users must obtain approval from management, which includes: their Direct Supervisor and the Director of Purchasing. Upon approval, the end user must also complete the required P-card training conducted by the Purchasing Department. The training includes acceptance and acknowledgement of the terms and conditions of P-card use. This document outlines the correct use of a P-card and the consequences of using the P-card in a manner not in line with the Purchasing Card Program.

### 20.2 Purpose

New Mexico Highlands University has established this policy and procedure to ensure that each employee using the P-card understands the intended and correct use of the P-card, as well as their duties and obligations as a P-card user. It is very important to understand and adhere to the policies and procedures before using a P-card. Purchases shall be made in accordance with the policy and procedures listed in this document, the Purchasing and Accounts Payable Manual, and the NM Procurement Code.

### 20.3 P-Card Limits

Individual, Daily, and Monthly Transaction Limits to be determined by Purchasing Department for each user.

### 20.4 Eligibility

Must be a regular, full-time NMHU employee. Temporary, term, student, or part-time employees are not eligible to obtain a P-card.

### 20.5 Training

All P-card users must attend and complete the required training. P-card users will be required to sign off on the NMHU P-card user agreement (Form B). The P-card user agreement will be signed by the P-card user, The Department Head, and the Director of Purchasing. The P-card user agreement outlines the responsibilities of the cardholder, as well as any additional thresholds or exceptions for user. Training will be provided on the correct use and application of the card and the procedural steps on how to use any associated software or technology.

### 20.6 Allowable Purchases

Purchase of tangible goods and services \$2500 or less and not listed in 20.7 and 20.8 of this policy.

Business and Hospitality Meals (luncheons, dinners, receptions). Must be able to justify (who, what, where, when, why).

Membership Dues and Fees (not including registration fees associated with travel)

Reference books and annual subscription renewals

Small equipment rentals (short term, limited use)

Small equipment repairs and repair parts

Emergency repairs and services where immediate attention is required to preserve public health, welfare, safety, or property. Justification memo must be attached to documentation and Purchasing Director must be notified as soon as possible.

### **20.7 Unallowable Purchases**

Personal Use

Honorariums, Stipends, Scholarships

Past due invoices, fines, penalties, or late fees

Split purchases with your P-card to avoid exceeding the single transaction limit of \$2500

Multi-year renewals/subscriptions that include contract terms longer than a year

Sales tax on your P-card, unless it is for a service

Maintenance agreements

Alcoholic beverages

Transactions that have a trade in item

Tuition to NMHU

Professional Services and Services that require fully executed contracts

Rental of large (15 passenger or more) buses or vans

Commit fraud or any other illegal activity

*Note: Exceptions may be made, but must be authorized in advance by Purchasing Director and/or President and VP for Finance and Administration and must have a bonafide business purpose. There must be written approval that can verify approval was granted in advance.*

### **20.8 Purchases where Pre-Approval is required:**

*In some instances, purchases may be made using the P-card, but will require pre-approval from Purchasing Director and/or President and VP for Finance and Administration.*

Lodging and travel related expenses-Travel must be approved in accordance with Policy 07 of the Purchasing and Accounts Payable Manual before using P-card for travel related purchases. Purchases include:

Rental vehicles, not including passenger buses

Lodging

Airfare

Taxi and shuttle transportation

Registration Fees Associated with Travel

Fuel purchases when utilizing a rental vehicle on Business Travel and gas card is not provided or functioning correctly.

Clothing (Cleaning, alteration, or repair)

Gift Cards

Holiday Decorations

Gifts

Equipment and/or furniture in excess of \$2500

Approved services in excess of \$2500

University related entertainment

Office refreshments and concession stand inventory purchases

Third party checkouts (Google checkout, PayPal)- Must use business email address

Promotional and public relations goods and services

IT Hardware, Software, and Related Purchases-Approval needed from IT Department

Restricted Fund Accounts

### **20.9 Violations**

Each violation included in this policy will be categorized as a "Minor" or "Major" violation. The level of the violation and the frequency of violations will determine the disciplinary action. It is the P-card user's responsibility for ensuring that all charges made using the P-card are allowable, or have gained proper approvals. P-card users will be responsible for reimbursing the University for Unallowable Charges and may be subject to discipline.

### **20.10 Minor Violation**

Missing or incomplete documentation of transactions

Documentation and bank statement do not balance

Documentation does not provide line item information

Documentation not received in a timely manner (within 5 calendar days of the request)

Unallowable purchases made on P-card on a single instance and not in excess of \$20

P-card holder transfers departments and does not notify Purchasing Department

P-card user fails to respond to requests from Purchasing Department or Business Office in a timely manner (within 5 calendar days of request, provided they are not on University approved leave).

P-card user pays tax on goods and fails to submit a request to credit from vendor

**20.11 Disciplinary Action for Minor Violations**

For minor violations, a notice of violation will be sent to the P-card user and his/her supervisor. A record of violations will be maintained in the Purchasing Department. A pattern or frequent occurrence of Minor Violations may constitute a Major Violation. The University retains the right to setup an account with the Business Office, or deduct via Payroll, to recover any money owed to the University.

**20.12 Major Violation**

Unallowable purchases as listed in P-card policy and/or Purchasing and Accounts Payable Manual in excess of \$20

Purchase made without pre-approval on purchases listed in pre-approval section

Incremental or Split purchase to avoid P-card policy rules and thresholds

Altering supporting documentation to balance purchases and bank statement

Travel purchases made for an unauthorized traveler

Double dipping: receiving a reimbursement for the same charge to a P-card

A consistent pattern of Minor Violations

**20.13 Disciplinary Action for Major Violations. Disciplinary action could include, but is not limited to:**

Immediate cancellation of P-card

Immediate personal reimbursement to the University by the violator for violations in the amount of money that is unaccounted for. An account may be setup in business office, or via Payroll deduction, for money owed.

Major Violations will be reviewed by Purchasing Department and forwarded to the VP for Finance and Administration for disciplinary action, which may include termination of employment.

If a violation is suspected, but cannot be factually proved, the P-card belonging to the user will be suspended, until an investigation is completed by the Purchasing Department.

Disciplinary action disputes will be resolved by the University's Policies or respective Collective Bargaining Agreement (CBA).

**20.14 Procedures**

The procedures outlined are intended to guide the use and application of the P-card policy outlined in preceding sections.

**20.15 Obtaining a P-card**

To obtain a P-card, the requester must complete a NMHU Application for P-card (Form A). The form must be approved by the P-card user's direct supervisor and the Director of Purchasing. Upon approval, the Purchasing Department will order a P-card for the requester

The requester must attend a mandatory training conducted by the Purchasing Department. Upon successful completion of the training, the requester will complete and sign the NMHU P-card user agreement (Form B).

The requester will receive the P-card and may begin using the P-card in accordance with the policies and procedures of the Purchasing Card Program and P-card user agreement.

### **20.16 Use of P-card**

Users must adhere to the policy guidelines outlined in this document and the P-card user agreement.

### **20.17 Reconciliation (As of July 1, 2020, reconciliation will be done through Chrome River)**

Ensure all supporting documentation is attached to P-card transaction log (Form D)

Ensure documentation is sorted in the order of the purchase on the statement

Ensure all charges are legitimate for the cardholder and have a business purpose

Ensure sales tax was not paid for tangible items.

Ensure charges are classified correctly (encumbered in the right FOAP)

Ensure that purchases are appropriate and within University policy

In the event a receipt cannot be obtained, a memo will need to be created detailing the following information:

- Description of purchase including Business Purpose
- Explanation as to why the original receipt is not available
- Confirmation that the expense is not being reimbursed by any other source

The memo will be attached to the P-card Transaction log and will require approval.

### **20.18 Returned Merchandise and Credits**

The cardholder will be required to coordinate the return of merchandise and ensure that a credit is granted to the University.

### **20.19 Suspicion of Fraud on Card**

If a P-card holder suspects or determines that suspicious activity is occurring on their card, the P-card user must contact the issuing bank and Purchasing Department immediately. Contact the cardholder will be responsible for providing details to the bank issuer. The cardholder must keep the Purchasing Department informed of action and resolution. Additionally, the P-card user is responsible for ensuring a credit is applied for any suspicious or fraudulent transactions.

### **20.20 Lost/Stolen P-card**

The cardholder is to immediately contact the issuing bank to request cancellation or a hold for a missing or stolen P-card.

The cardholder must then contact the Purchasing Department

The cardholder must also notify their direct supervisor, in writing, that the P-card has been lost or stolen.

### **20.21 Splitting of Procurements**

Cardholders are not allowed to split procurements in order to avoid any purchasing thresholds or a bid process. Exceptions will be made for the purchase of items or services that are made under a valid procurement contract or existing pricing agreement.

### **20.22 Taxes**

The cardholder is responsible for ensuring that gross receipts and other taxes are not charged for the procurement of tangible items (goods). The University may setup an account receivable to deduct charged taxes to an employee.

Services are taxable and may include hotel charges, freight charges, restaurant charges, photo and copying services.

A document containing NMHU's tax exemption information will be available on the NMHU website (Form C).

If a vendor requests a non-Taxable Transaction Certificate, please contact the Purchasing Department during normal business hours. A Certificate can be executed in a matter of minutes during business hours.

### **20.23 Thresholds, Merchant Category Codes, and FOAP's**

Each P-card will be assigned purchasing thresholds and merchant category code permissions and restrictions based on the needs of the department and discretion of the Purchasing department. Merchant category code designations for each P-card user will be based on a determination of the need and extent of the use of the P-card.

### **20.24 Forms Used**

**Form A-NMHU application for P-card**

**Form B- NMHU P-card user agreement**

**Form C- NMHU Tax Exemption Certificate**

**Form D- P-card transaction log-Update: Use Chrome River**