



TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER EL PASO

Operating Policy and Procedure

HSCEP OP: 72.15, Purchasing Card Program

PURPOSE: The purpose of this Texas Tech University Health Sciences Center El Paso Operating Policy and Procedure (HSCEP OP) is to provide a purchasing alternative to departments that simplifies the process of ordering goods and services.

REVIEW: This HSCEP OP will be reviewed July 1 of every even numbered year by the Director of Payment Services and the Director of Purchasing, with recommendations for revisions forwarded to the Chief Financial Officer by August 1.

POLICY / PROCEDURE:

1. Overview.

The Purchasing Card Program (Program) utilizes a MasterCard credit card as the purchasing instrument. The Texas Comptroller of Public Accounts selects a bank through a statewide contract.

The Program enables the user to make purchases directly from vendors without the issuance of a purchase order or check issuance request (RI). Payment Services will pay the charges on all cards each month and charge the FOP designated by the department for their purchases.

The card is not designed to replace the current TTUHSC El Paso purchasing process. It is a supplement to that process and an additional delegation of purchasing authority by the account manager. The card may be used for single purchases up to \$5,000. The monthly credit limit is established based on the cardholder's estimated monthly usage. See the next page for prohibited purchases.

There are certain categories of merchants such as hotels, restaurants within a hotel complex that are owned and operated by a hotel chain, rental car agencies, package liquor stores, bars, and jewelry stores that are blocked. If you attempt to purchase from an excluded merchant type or exceed the spending limits, the transaction will be rejected when the merchant attempts to process the purchase. Some items may not be purchased with the purchasing card and others are not permitted on State accounts.

Cards are issued to individuals, not departments. Only the person whose name is on the card may use that card unless the cardholder has granted their permission for another person to use it for a specific purchase or event. The credit card receipt and the card should be returned to the cardholder as soon as the transaction is completed. A department that applies for cards in the name of the account manager is responsible for the proper use of the card (see § 11, last paragraph for specific control methods). The ultimate responsibility for this card remains with the cardholder.

Any abuse of the card, such as splitting orders to avoid purchasing rules, inadequate record keeping or not responding to billing inquiries promptly will result in disciplinary action. A cardholder making unauthorized purchases or carelessly using the card may be liable for the total dollar amount of such unauthorized purchases. The cardholder will also be subject to disciplinary action up to and including termination of employment.

The credit card is to be used for TTUHSC El Paso official business only. **Personal purchases,**

other than an error that is immediately corrected, will be considered misappropriation of state funds and will result in discharge, criminal charges, or both. The cardholder must reimburse TTUHSC El Paso immediately for non-business related expenditures. The reimbursement must be sent to the Purchasing Card Coordinator and a copy maintained in the transaction binder.

Important: Be Sure You Know Before You Commit - Contact Purchasing **prior** to incurring an expense if you are unsure whether it is proper. The person incurring the expenditure has the burden of determining whether it is proper **prior** to making a commitment. Failure to do so results in the cardholder reimbursing the institution for the improper charge processed.

NOTE: No employee, except those in Purchasing or Contracting who have express authority to do so, may sign a letter of intent, agreement, or contract. Therefore, the Procurement Card may not be used to pay for commodities or services for which the vendor requires a signed letter of intent, agreement or contract. If a vendor requires any signed document, the vendor's document must be sent to the Purchasing Department as an attachment to a Purchase Order form, regardless of the dollar amount of the purchase.

Before purchasing goods or services over \$500 with the purchasing card, the cardholder should verify if a potential vendor is indebted to the State of Texas and identified as being on Warrant Hold Status. Vendor status query may be obtained under "Links" at the Purchasing Card website or from the Comptroller's website at <https://cpafmprd.cpa.state.tx.us/tpis/search.html>.

2. **Use of the Purchasing Card.**

a. **Required Use of the Card.**

Permitted purchases of \$5,000 or less must be made using the credit card subject to the vendor accepting credit cards. Permitted purchases are all categories of purchases except those listed in the Prohibited Uses section below.

The purchasing card should be identified as the method of payment at the time the order is placed with the vendor. Verify that the vendor processed the transactions within 2-4 days of placing the order. Contacting the vendor with the purchasing card number after receiving the invoice is considered purchasing without the authority and will be reported as such to the appropriate administrator (see OP 72.01 Purchasing Supplies, Equipment, and Services). This includes invoices not processed properly by the vendor and all that are past due. These invoices must be processed through TechBuy as a non-compliant order.

When a department can anticipate that purchases of goods and services to a single vendor during a fiscal year will exceed \$5,000.00, the purchasing card should not be used with that vendor without the written approval of the Director of Purchasing (OP 72.01).

b. **Prohibited Uses of the Card.**

Any exception must have prior written approval from Purchasing and be filed with all other documentation regarding the purchasing card transaction.

Prohibited Purchases

- Amazon Prime Membership
- Awards and Prizes (see HSCEP OP 72.03)
- Chemicals and other potentially hazardous materials, radioactive materials, biological

toxins, potentially hazardous infectious agents, controlled substances included in schedule I, II, III, IV, or V of the Controlled Substances Act (CSA), 21 USC, Chapter 12, and 21 CFR Part 1300 – end, as well as chemical precursors and chemical laboratory apparatus as referenced in the Memorandum of Understanding (MOU) between the Texas Higher Education Coordinating Board (THECB) and the Texas Department of Public Safety (DPS), and as identified in the Texas Health and Safety Code, Sections 481.0621(b), and 481.002(51), and (53).

- Consulting, Medical Services, Personal or Professional Services
- Controlled Assets (shipping and handling included in the total): At any cost: hand guns, rifles, machine guns, and shotguns with a cost between \$500 and \$4,999.99:
- Cameras - Portable
- Computers – Desktop and Laptop
- Data Projectors
- Smartphones, Tablets/iPads & Other Handheld Devices
- Sound Systems, and Other Audio Equipment
- TVs, Video Players/Recorders
- Donations, Contributions & Sponsorships (see HSCEP OP 72.03)
- E Bay Purchases
- Items or Goods with the TTUHSC El Paso logo
- Lease or Rental of Space (includes booth rental)
- Malpractice Insurance
- Medical License other than for the State of Texas
- Notary Applications
- Payments to Patient/Study Participants
- PayPal Services
- Printing Services (of any kind with or without TTUHSC El Paso logo)
- Supplies (Medical, Pharmaceuticals, and Office) require use of the Institutional Supply Contract unless a deviation approval has been received from Purchasing)
- Temporary Personnel
- Travel Related Purchases (i.e. airline ticket, hotel and rental car reservations, restaurant services within a hotel complex, and internet services, etc.)
- Uniforms (includes lab coats)

Prohibited Purchases on State and Federal Funds

(Funds 10XXXX, 11XXXX, 12XXXX, 21XXXX, and 22XXXX)

- Alcoholic Beverages
- Flowers
- Food and Entertainment Expenditures
- Membership Dues
- Promotional Items

c. Additional Requirements on Certain Purchases

- Flowers - Flower purchases are permitted using local funds for official TTUHSC El Paso functions or for employees and their immediate family members in the cases of illness or death. See OP 72.03 (pg. 8, 3a) for details. Purchases of flowers must be processed with the purchasing card. Documentation of the recipient and their relationship to the employee is required. The only allowed substitution (processed in TechBuy using the TTUHSC El Paso Direct Pay Form) is a donation to a charitable organization (OP 72.03 (pg. 5, 2d).
- Goods and Services from Vendors – Foreign purchases for goods and services must be reviewed before completing the order and making payment. Contact the Program

Coordinator.

- Gifts – See OP 72.03 (pg. 2, 2c) for procedural details regarding gifts. Purchase of retirement gifts are allowed on the purchasing card. Gift cards are strictly prohibited on the purchasing card and immediate reimbursement to the institution will be required.
- Memberships – Memberships must be on the Professional Membership List of approved organizations. This list may be found at <http://elpaso.ttuhs.edu/president/profsociety.aspx>. This verification must be obtained at the time of purchase. A print screen from the website of the approved organization must accompany the documentation for membership payment. Payment on State FOPs must be processed In TechBuy using the Direct Pay Form. See HSCEP OP 72.03 (pg. 6, k).
- Official Functions, Business Meetings, and Entertainment - See OP 72.16 for procedural details regarding official functions, business meetings, and entertainment when using the departmental purchasing card for these expenditures. Food and Entertainment Expenses of \$500 or more require the use of the Pre-Approval Form.
- Ownership of Items Purchased with Institutional Funds – Purchases of equipment or supplies made with institutional funds remain the property of TTUHSC El Paso. See OP 72.03 for details.

3. **Obtaining a Purchasing Card.**

The administrative contact for the Purchasing Card Program is the Program Coordinator. The purchasing card application form and cardholder agreement are available at <http://elpaso.ttuhs.edu/businessaffairs/paymentservices/Forms.aspx>. Upon receipt of the completed forms, the Program Coordinator will process the request and submit it to Citibank. The process normally takes about two weeks. The card must be activated prior to its first use. Activation instructions accompany each new card. Cardholder training is required prior to the issuance of the purchasing card. The applicant must complete the “Purchasing Card Training” module and the Training Questionnaire at <http://elpaso.ttuhs.edu/businessaffairs/paymentservices/Trainings.aspx>. An employee who does not have a purchasing card but uses the card to purchase items for the department or maintains the records of a cardholder must also view the module and complete the questionnaire. A Procurement Card Log should be used to document who is using the card. A copy of this log should be submitted with the expense monthly report.

4. **Record Keeping.**

- a. The purchasing card program represents an extension of institutional purchasing authority to each cardholder. The desired result of this extension of authority is time savings for the user and the elimination of numerous paper documents. The benefits of the program are accompanied by a greater responsibility to keep good records that support the purchases made when using the card.

Order Referencing Number

In order to expedite deliveries and help in forwarding invoices to the correct departments, the shipping address for the delivery of an item should contain the proper delivery address for departments utilizing the 5001 El Paso Drive address as follows:

Texas Tech University Health Sciences Center El Paso
Department Name
Attn: Employee's Name
5001 El Paso Drive Building
El Paso, TX 79905

Transaction Log (available but not required)

The Purchasing Card Transaction Log allows the cardholder to maintain a list of what has been ordered by the department, the item description with reason for purchase and to record the reconciliation process of the expense report and ledger sheets. A copy of the log may be downloaded at <http://elpaso.ttuhs.edu/businessaffairs/paymentservices/Forms.aspx>.

A detailed description of the purchase as a legitimate state business expense must be entered into "Citi" to be reflected on the Expense Report.

Required Documentation

The cardholder must retain all original credit card slips, sales receipts/invoices, packing slips, or any other information related to the purchase. Documentation for registrations must include the order form detailing the charges of the conference. Documentation for membership dues must include the enrollment form or renewal notification/invoice. Documentation should be filed in an orderly fashion according to the date processed on the report. Documentation is required to be sent to Payment Services for review. Documentation will then be scanned into Application Xtender.

Missing Receipts

If credit card receipts/invoices are missing, the cardholder must attempt to get a copy of the original documentation. If unsuccessful, the three TIMELY attempts must be documented with the required information on the Missing Receipts Form found at <http://elpaso.ttuhs.edu/businessaffairs/paymentservices/Forms.aspx>. This form must be signed by the fund manager. If the cardholder is also the fund manager, the cardholder's supervisor or department administrator (if applicable) must sign. Use of this form should be the exception and not the rule. Continuous abuse involving this practice may result in the cancellation of the card.

Sales Tax

State of Texas sales tax charged by a vendor must be corrected **immediately** by the cardholder by obtaining a credit from the vendor or personally reimbursing TTUHSC El Paso. The Tax Exemption Certification form can be found at <http://elpaso.ttuhs.edu/businessaffairs/paymentservices/Forms.aspx>.

Review and Reconciliation

Purchases made with the credit card will be subject to post-payment review by Payment Services, TTU System Audit Services, and/or the Comptroller's, State and Federal Auditor's office.

An Expense Report detailing all purchases must be printed for every month ending cycle. The charges listed on the report should be compared with the supporting documentation validating the accuracy of the charge by the vendor and posted by the bank. These charges should also be reconciled monthly to the detailed transactions obtained with Cognos Reports verifying that it posted to the appropriate Banner FOAP.

The fund manager responsible for the card should review the reconciliation and selected documentation monthly. The Expense Report must be signed and dated by the cardholder and fund manager. If the cardholder is also the Fund Manager, the cardholder's supervisor or department administrator (if applicable) must sign. This signature is testifying that the purchase was a valid business expense and that the cost was reasonable. It also verifies that the charge was appropriately processed to the correct Banner FOAP. If more than one fund was used, approval from each fund manager is required.

Retention of Records

Documents should be retained for the current fiscal year plus the three previous fiscal years. The file retention period for cards issued for use with grants or contracts with terms greater than one year is the current fiscal year plus the term of the grant or contract plus three years. The file retention period also applies to the procurement card records of terminated employees. Failure to keep complete and accurate records, and retain them for the full retention period is a serious breach of the record keeping system.

5. **Post-payment Review.**

Spot checks are performed on a daily basis. A download of all transactions that processed at the bank for the previous day or weekend are reviewed. The purpose of the procedure is to review purchases that may be a result of split transactions, credit card theft of a cardholder's number, personal purchases by a cardholder, purchases processed to prohibited vendors, etc. E-mails are sent to cardholders to verify valid transactions. Response is expected in a timely manner. E-mails may not be sent to a designated person that the cardholder requests.

Reviews will be performed on a monthly basis for each month ending cycle. The objective of the review is to determine compliance with the purchasing and record keeping requirements set out in the operating policies. Documentation is reviewed and can include the visual inspection of a specific purchase. The review process is outlined at <http://el Paso.ttuhsc.edu/businessaffairs/paymentservices/Forms.aspx>.

Follow-up with a cardholder's supervisor may be necessary if there is no major improvement after numerous reviews. A written response stating that the employee was counseled on his/her performance will be obtained from the supervisor with the notification that closure of the card is the next step.

The Purchasing Department will perform at a minimum a semi-annual review of all transactions sorted by vendors and cardholders. This will help identify purchases that must follow the required bid procedures. As stated in the Purchasing Manual, § PURCHASING METHODS AND PROCESSING GUIDELINES, Page 1 "Large purchases may not be divided into smaller lot purchases in order to avoid bidding requirements. If needs can be anticipated (same items are purchased multiple times throughout the year) the annual expenditure estimate would govern the required bid procedures." A request for additional information from the Purchasing Department to a cardholder must be answered within 10 working days. Failure to respond to this request could result in revocation of the purchasing card.

6. **Billing and Payment.**

Payment Services is billed monthly by Citibank for all charges made by TTUHSC El Paso cardholders. Cardholders or their designated allocation user will have the opportunity to allocate charges from the default FOP to other FOPs and edit an account code through "Citi". On approximately the 7th business day after the close of the monthly cycle, Payment Services will charge the cardholder's FOAP as reflected in "Citi".

On the rare occasion that changes are needed after the charges have been applied to the Banner FOAP, a cost transfer must be completed and sent to Accounting Services.

7. **Questions or Problems with the Purchasing Program Card.**

- a. Customer Service: Citibank is the current issuing bank. Citibank customer service representatives are available 24 hours a day, and seven days a week at 1-800-248-4553.
- b. Lost or Stolen Purchasing Card: A cardholder **must** notify Citibank at **1-800-248-4553** **immediately** of a loss, theft or unauthorized use of a Purchasing Card. Representatives of Citibank are available 24 hours a day, and seven days a week

The cardholder must also notify the fund manager/department administrator and the Purchasing Card Coordinator immediately.

- c. Disputing a Transaction: Citibank's procedures for disputing a charge that is not recognized by or that appears to be incorrect to the cardholder can be found in the Citi PCard System User Guide at <http://el Paso.ttuhs c.edu/businessaffairs/paymentservices/Trainings.aspx>.

8. **Purchasing Card Cancellation.**

When canceling a purchasing card, the fund manager or cardholder should call the Program Coordinator immediately. The card (cut in half) must be returned to the Purchasing Card Coordinator. It is essential to cancel a card immediately and do a final review when an employee leaves TTUHSC El Paso voluntarily, transfers to another department or is terminated.

When a cardholder terminates employment or transfers to another department of TTUHSC El Paso, the fund manager or supervisor has the specific obligation to reclaim the purchasing card. The Purchasing Card Coordinator must be called so that the card can be **cancelled immediately**. The record keeping remains the same and the reconciliation must be completed. The cut card should be returned with the transaction documentation to the Purchasing Card Coordinator so that a final review can be performed.

9. **Coverage for Fraud /Employee Abuse**

The statewide contract 946-M1 Payment Card Services states in § 4.5 that the State of Texas "will have no liability for transactions that occur after notification of a card being lost or stolen". It is expedient that the cardholder **notify the bank immediately** if a card is lost or stolen.

Citibank Company Liability Waiver Insurance for "employee misuse" is up to \$25,000 per cardholder per year. Unauthorized charges billed up to 75 days preceding the discovery date of the misuse are covered.

If a cardholder uses his or her card as a "departmental card", there must be strong internal departmental procedures regarding the use of the card in this manner. The card must be in the hands of the cardholder or secured in a safe location with a "sign-in" log for the users of the card. The card should be returned with the receipt immediately after the purchase to the cardholder or the identified secured location.

10. **Contact Information**

Payment Services
Attn: PCard
Telephone: (915) 215-6470
Email: PcardELP@ttuhsc.edu