Purchasing Card Program

PCards are credit cards used to support the University’s purchasing and payable processes.
# Card Types

<table>
<thead>
<tr>
<th>Card Type/Purpose</th>
<th>Limits</th>
<th>Eligibility Considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Service Center Card</strong></td>
<td>$7,500/transaction</td>
<td>• Issued in a department’s name and administered by a Card Manager; shared use by Service Center only.</td>
</tr>
<tr>
<td>Issued to Service Centers for the procurement of goods, services and travel expenditures necessary to conduct university business.</td>
<td>$50,000/cycle</td>
<td>• Tracking Log required.</td>
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<tr>
<td></td>
<td></td>
<td>• Issuance determined by B&amp;F authorization</td>
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<tr>
<td><strong>Department Card</strong></td>
<td>$5,000/transaction</td>
<td>• Issued in a department’s name and administered by a Card Manager; shared use by department.</td>
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<tr>
<td>Issued to departments for small dollar purchases of goods/services necessary to conduct university business.</td>
<td>$10,000/cycle</td>
<td>• Tracking Log required.</td>
</tr>
<tr>
<td><strong>Individual Card</strong></td>
<td>$5,000/transaction</td>
<td>• Issued in an individual’s name</td>
</tr>
<tr>
<td>Issued to faculty/staff for the procurement of goods, services and travel expenditures necessary to conduct university business.</td>
<td>$10,000/cycle</td>
<td>• Travel frequency must include 6+ trips per year or minimum business spend of $1,000/month.</td>
</tr>
<tr>
<td><strong>Group/Extended Travel Card</strong></td>
<td>Based upon the needs of the traveler.</td>
<td>• Issued in an individual’s name; contingent upon 2 or more travelers or for an individual’s travel that spans 7 or more consecutive days</td>
</tr>
<tr>
<td>Issued to faculty/staff for the procurement of business travel expenditures. Valid for one specific trip only. ATM use permitted with authorization.</td>
<td></td>
<td>• Must provide valid T#</td>
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<tr>
<td></td>
<td></td>
<td>• May be used for purchases on sponsored programs.</td>
</tr>
</tbody>
</table>
Card Types

Service Center Card: This will not be covered here because it is used solely by Business Operations Center

Group Extended Travel Card (GET): This will not be covered here because it is covered in the Travel Training.

Office of Sponsored Programs American Express procurement card: This will not be covered here. See the [OSP website for additional information](#). No OSP expenses can be processed using the cards discussed in this module.
eStores is an on-line store / website (similar to amazon.com) filled with catalogs from contracted suppliers. It is a purchasing tool that provides users an easy way to search for and order needed items. Access eStores by creating a new eRequest.

Only when these two tools have been exhausted should you use another vendor via the PCard.
Department Card Responsibilities

Card Manager

• Must complete an Application and Memorandum of Understanding.
• Required to complete training before applying.
• Responsible for knowing what is allowable on the card.
• The custodian of the card.
• Responsible for the security of the card while in their possession.
• Has the authority to deny use of the card.
• Responsible for maintaining a PCard Log tracking use of the card.
• Responsible for ensuring that an eRequest has been entered and approved prior to the PCard deadline.
• Responsible for ensuring upload of all receipts and needed documentation to the eRequest.
• Responsible for reviewing and signing the PCard statement prior to filing.
Department Card Responsibilities

Unit Approver

- Must **approve the Application and Memorandum of Understanding** for the card manager.
- Encouraged to complete **online PCard training** before approving.
- Establishes **who in the unit may use the card.**
- **Approves transactions** for budget and business purpose.
- **Ensures compliance** with program policies within unit.
PCard User

• Any employee *given authority* to use the card by the unit approver.

• Encouraged to review this online **PCard training**.

• Responsible for *obtaining pre-approval* prior to card usage.

• Responsible for the **security of the card** while in their possession.

• Responsible for ensuring **sales tax** is not charged on the purchases made.
Individual Cards are issued to faculty or staff that travel overnight more than six times per year or have an average monthly spend of over $1,000. Card is in the individual’s name.

- **Only the individual may use the card.**
- Responsible for **obtaining preapproval** prior to card usage.
- Responsible for **knowing what is allowable** on the card.
- Responsible for the **security of the card** while in their possession.
- Responsible for ensuring **sales tax** is not charged.
- Responsible for ensuring that an **eRequest** has been entered and approved prior to the **PCard deadline**.
- Responsible for ensuring **upload of all receipts and needed documentation** to the **eRequest**.
- Responsible for reviewing and signing the **PCard statement** prior to filing.
Process

Transactions must go through a process of pre-approval, purchase, documentation, and post-approval.
Internal suppliers

The university has many internal suppliers for goods and services.

eStores suppliers

eStores is an on-line store / website filled with catalogs from contracted suppliers. It is a purchasing tool that provides users an easy way to search for and order needed items. Access eStores by creating a new eRequest.

Only when these two tools have been exhausted should you use another vendor via the PCard.
Key contracts are mandatory and usually not allowable on a PCard

<table>
<thead>
<tr>
<th>Envelopes</th>
<th>Campus parking</th>
<th>Water service</th>
<th>Construction renovation repairs</th>
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</thead>
<tbody>
<tr>
<td>Letterhead</td>
<td>UniPrint</td>
<td>DS Services</td>
<td>F.O.D.</td>
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<tr>
<td>Business cards</td>
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<tr>
<td>UniPrint</td>
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<tr>
<td>Express outbound shipping</td>
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<td>UPS ICVS</td>
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<td>CampusParc</td>
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<td>Campus parking</td>
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<td>Water service</td>
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<td>DS Services</td>
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<td>Copiers</td>
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<tr>
<td>Staples</td>
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</tbody>
</table>
Red flag purchases are usually not allowable on a PCard
STOP and ask FIRST!

**Liability issues**
Safety, security, transportation

**IRS tax issues**
Gifts, payments to individuals for services

**University image**
Branding, promotional items, sales, giveaways

**Examples**
Charters (buses, canoes, boats)
Weapons, ammunition, bows, arrows
Unmanned Aerial Vehicles, Renovations that disturb the walls, floor or ceiling, Online file storage,
Online payment processing, Online software, Gifts to employees, Large gifts >$250 to non-employees, honoraria, emeriti, speakers, nurses, entertainers, drivers, **Promo items**: T-Shirts, hats, bags, trinkets
Know what is allowable - PCard Restrictions

These items require a Purchase Order or Internal Order and cannot be purchased on a Department or Individual PCard.

- PURCHASES OVER $5,000
- TABLET APPLICATION PURCHASES (EX. IPAD APPS)
- AIR CONDITIONERS
- AIRCRAFT
- AUDITOR OR ACCOUNTING SERVICE
- VEHICLES
- SECURITY SYSTEMS AND SERVICE
- BUILDING MAINTENANCE AND REPAIR
- PAINTING AND CONTRACTING SERVICES
- FIRE SAFETY SUPPLIES AND SERVICE
- GAS (ex. Propane, cylinder gases)
- LEGAL SERVICES
- LETTERHEAD AND MAILING LABELS
- COPIERS
- OFFICE SPACE RENTAL
- WEAPONS AND AMMUNITION
- CHEMICALS AND RADIOACTIVE PRODUCTS
- RADIO & SATELLITE EQUIPMENT
- SIGNAGE, TELEPHONES AND SERVICE
- VENDING
- VIDEO PRODUCTION

Computers and Tablets should be purchased with the help of an IT professional only and are usually restricted to eStores purchases.

Purchases on Office of Sponsored Programs (OSP) projects are ONLY allowable on OSP Amex Cards and Group Extended Travel Cards – these two programs are not covered here.
Get Pre-Approval

**Internal Control Structure**

Pre-approval procedures must be set by the unit approver

Examples:
- An eRequest is required prior to purchase
- Pre-approval in writing is required for purchases over $500

All PCard users should know this policy when asked.

**Travel Related Purchase**

T# required prior to purchase

Overnight Travel Pre-Trip Training
Security of Card

- Each card is tied to the card manager.
- If the card is lost or stolen while in the possession of a PCard user, the card manager has to be available to contact the bank and cancel the card.
- Card managers are the only individuals who can log the card in/out

What to do when the card manager is out:
1. Don’t use the card
2. The card manager can sign the card out to one user who can use the card
3. The card manager can sign the card out to another card manager who can sign the card in/out as needed.
Overnight Usage

Overnight usage creates the potential for a card manager to be needed after hours. Therefore it is up to their discretion whether a card can be taken overnight.

**Optional form:** Overnight Checkout Form

Units may use this form to authorize permission to take the card out overnight. It can help prevent the card being removed unnecessarily from the office.

User is accepting responsibility for card.

Manager is agreeing to be available if needed.
Every transaction should be recorded on the Internal Tracking Log by the individual making the purchase. The log should be stored in the secure place with the PCard. The card manager is responsible for making sure every transaction is accurately recorded.

Use the “Notes” column to record any problems (sales tax, backorders, etc.) as needed. This is not required, but will help track credits or orders that result in multiple transactions.

Card managers are not required to log their own transactions – but it makes reconciling the bank statement easier and also helps to track cycle limits.
Purchase

• Purchases can be made over the phone, in person or on-line.
  • At no time should the card number or copy of the card be faxed or emailed.
  • When doing business online, only use sites that are secure.
• User must inform vendor of the University’s tax-exempt status.
  • See the Troubleshooting section for additional information.
• If an item is returned to the supplier, a credit must be applied to the account.

Cash or a due bill cannot be accepted for a returned item.
  • An entry should be made on the PCard log for all credits.
• Note the transaction (usually $5,000) and monthly limits ($10,000)
• Remember there are special Merchant Commodity Codes that are restricted.
• Ideally, purchases for travel related expenses should not combine T#s. In other words, there should only be one applicable T# per transaction.
Documentation

A receipt is required for every transaction
• Must be itemized
• Must be originals
• Don’t upload a receipt with a 16 digit full account number, cover the account number before scanning.

Best Practices
• One receipt per eRequest
• One T# per eRequest

Helpful Tip! Many restaurants (and other vendors) provide two receipts: one that is itemized with the order(s) and one with the payment information. Both of these receipts should be kept and attached to the paperwork to meet policy requirements.
Supporting Documentation

- **Goods over $75**: a packing slip needs to be attached to the eRequest. If no packing slip was received a comment on the eRequest stating the item has been received is ok as well.
- **Food for consumption**: a list of the consumers and their status as employee or non-employee.
- **Recognition and gifts**: a list of the receiver(s) and their status as employee or non-employee.
  - Note that there may be tax implications for the receiver. See gifts to employees and gifts to non employees job aids.
- **Shipped items**: packing slip and/or shipping confirmation.
- **Conference registration**: original registration form and T number
- **Car rental**: original car rental agency agreement and T number
- **Non-capitalized equipment**: the equipment should be added to the non-capital equipment tracking. Equipment that leaves the office should be tagged and an Agreement for Assignment of University Property form completed. Asset Management Guidelines
- **Sponsorships**: require approval from FAES. Sponsorship Guidelines
- **Problems or Exceptions**: Any transaction that does not follow policy/procedure should have a unit signed Exception Form attached to the eRequest. The Business Operations Center will obtain the college level approval needed.
1. Make sure all files that need to go with the eRequest are scanned or accessible from your computer. Make sure scans are readable and completely showing on your screen. When setting up your scan a minimum DPI of 300 is preferred and files are more easily managed in a PDF format.

2. Go to https://erequest.osu.edu, Click NEW. If you have never set your preferences, click Preferences first and put in your default address and Chartfield. You can change this on each eRequest but it will save you time later.

3. Requested For: If the purchase was made by another individual, click Lookup Employee in the Contact Information section. If the purchase was for your Unit Approver put their name here.

4. Choose “Purchasing Card Preferred” as the Payment Option. Enter the Last 4#'s on your card, if there are Multiple options use the drop down arrow to choose the appropriate card name. This will fill in when you enter the 4#'s.

It is best practice to enter within 48 hours of the transaction.
5. Enter the Description in a detailed way i.e. boxed lunches, not food
   Enter Quantity, Enter the actual total cost on your receipt in the Estimated Amount.
   Enter the Vendor from which you purchased the item.

6. Additional Information
   Enter your T number in the Additional Info section (if travel related)
   Make note in this section if your request requires special pre-approval (i.e. Alcohol)
   Enter the convenience order for registrations if a registration is non travel related: X17010
   You may also put needed user defined values here.

7. Attach scanned receipts and any additional necessary documentation
   Contracts for signature, recipient lists, packing slips, etc.
8. Enter the Business Purpose. If you run out of room you can add more in comments, additional info, etc.

Note about Abbreviations - this list allows users to put abbreviations on forms while still providing auditors with the information they need. Abbreviations should be avoided unless they are on this list.

Want to add an abbreviation to our list? [Link]

9. Enter Chartfield – BUGL, ORG, FUND and ACCOUNT (6xxxx) are required. You may add more than one Chartfield combination. Be sure to email the PDF version of your eRequest to the approvers on any additional ORGS you may be using other than your own.

You may use up to six characters for a User Defined, click on Lookup to make sure it is an active value, if it isn’t put the User Defined in the Additional Info section and ask that it be added.

10. Click Continue

11. Click Submit for Approval
Post Approval

Your eRequest must be submitted and approved before the reallocation deadline each month. This is the second to last business day of the month

http://controller.osu.edu/pcard/pcard-reallocate.shtm

Your unit approver will receive an email letting them know there is something to approve. Please watch the transaction in eRequest to make sure it gets approved before the deadline.

Print the eRequest, staple the receipts and any associated backup to the eRequest. File the ORIGINAL paperwork in a “pending statement” file.
Approval

- eRequest entered
- Approver reviews business purpose
- Approver reviews budget/Chartfield
- Approver approves eRequest

- Receive email for approval
- Review for appropriate business purpose – WHY do they need what they are buying
- Review for applicable budget using Chartfield provided
- Verify that the transaction is not for the approver
  - If a transaction is for your Unit Approver they should not approve. Approvers may never approve their own transactions
  - You may need to notify the supervisor that there is something to approve.
  - Note – if the transaction was purchased for the approver by someone else – i.e. computer software purchased by a computer tech, and cannot be seen as personal in nature (food, equipment, memberships, travel) then the approver may approve those transactions.
- Approve eRequest

It is best practice to approve within 24 hours of the submission.

It is very important to get the transaction entered and approved prior to the deadline each month.
Reallocation

- Every transaction posts to the financial system to a default Chartfield as indicated on the application form. 61206 is the clearing account used for all transactions.

- The reallocator is responsible for moving the transactions in the financial system from this default to the Chartfield selected on the eRequest.

- The reallocator must do this by a deadline (second to last business day of each month).

- After this deadline, the transactions will post to the general ledger on the Chartfield in the system.
System Approval

- System approval occurs after reallocation within the financial system.

- The system approver marks every transaction as either “Approved” or “Not Approved”

- Not approved: Those transactions that should never have been processed on university funds
  - Disputes
  - Fraud transactions
  - Personal expenses

- Vendor gets paid regardless of this approval status.
Statement Review

1. Every bank statement is to be reviewed, signed, and dated for proof of accuracy by the card manager.
2. An additional person in the unit should also review and sign the statement for accuracy to enhance internal controls.
3. The statement and a copy of the purchasing card log (department cards) are to be put in a file.

What does it mean to review for accuracy? Look at each transaction on your statement and trace it back to the original documentation in your file (ie. Pending Statement file) to verify the amount is correct.

Helpful Hint! The PCard Log can be very handy when reconciling the statement. Every transaction should have a record on the log.

Audit Tip! Annually the Business Operations Center will request the PCard manager to mail one month’s statement and log to verify that proper procedures are being followed.
Record Retention & Reconciliation

Reconciliation:
✓ Run the PCard Reconciliation Report
  ✓ Review for anything unusual
  ✓ Check the USER ID that reallocated the transaction – if not your normal reallocator, then you need to trace the transaction to the original documentation to verify it is your transaction.

Record Retention:
• All original documentation must be maintained for 4 years + the active year.
  • Example: In FY16, FY12-FY16 must be maintained.
  • Older documentation should be shredded securely.
• Units are responsible for maintaining the receipt files and will be the primary contact when original paperwork needs to be reviewed.
Troubleshooting

What to do if… you are charged sales tax, your card is declined, you need to make an exchange, etc.
No Scanner

Note: if you don’t think you can scan, check with your computer tech:
1. Many individuals have the ability to scan from their copiers, but may not be set up.
2. If you don’t know how to scan, but you have the capability.

- Scans are used to audit and reallocate the transaction.
- If you do not have access to scan documents your process will be as follows:

1. Enter the eRequest
   1. Type comments that originals will be mailed
2. Print the eRequest
   2. Copy all docs for your files
3. Mail originals to your reallocator
   3. Must be received by reallocator by deadline!
Sales Tax

• The university does not pay sales tax or use tax in Ohio and other states that have a sales tax exemption.
  • Purchasing Card users are responsible for making sure that tax is not charged, when applicable.

• Reasonable efforts must be made to collect all tax charged in error.
  • The sales tax charge and credit should be reported under account 64471 on the eRequest.
  • All efforts to recover the sales tax must be documented on the eRequest.

Tax Exemption Form State of Ohio
https://controller.osu.edu/forms/Secure/BlanketExem.pdf

Tax Exemption Forms for other states
https://controller.osu.edu/tax/tax-man-state.shtm#2
Using another Department’s Chartfield

Approval

The **unit approver for the PCard** grants pre-approval for purchases and post-approves in the eRequest.

The **unit approver for the ORG** grants pre-approval for use via email.

Documentation

Original transactions in the PCard manager’s files.

Electronic copy eRequest should be maintained in the ORG’s office for reconciliation.
Credits: Returning or Exchanging

- Credits should be applied to the card.
- All returns should be supported by their own receipt.
- Don’t forget to record it on your log!
  - Do not leave the original receipt with the vendor!
- Additional Information
  - Return reference number (from vendor)
  - Vendor restocking or handling fees
  - University shipping procedures
    - [http://receivingandmail.osu.edu/](http://receivingandmail.osu.edu/)
    - Record with original receipt and on the original eRequest
- Exchanges of like items should be documented on the paperwork for the original charge.
“Mismatch” Transactions

*Definition: transactions that are posted to the wrong Chartfield.*

- If found prior to the reallocation deadline for the transaction, contact the reallocator who can make the correction for you.

- If discovered during reconciliation of the general ledger, an expense transfer must occur.
  - Complete an Expense Transfer Form and attach the eReport showing the transaction.
  - Submit to the Business Operations Center or your journal initiator for processing
Declines

My card was just declined! Why, and what do I do now?

• There are many reasons why your card may be declined, including Merchant Commodity Codes, transaction limit and the monthly limit

• If time allows, an exception may be requested to increase limits.

• Verify that the information provided matches the account exactly.
  • Address, name on card, number, etc.

• Use a different buying tool
Account Changes

All changes to the card account must be documented and approved

A **Maintenance Form** is required for:

- Transaction limit requests
- Billing address changes
- **Reallocator**/approver changes
- Chartfield changes
- Embossed name change
- Card manager change
- Cancellation of account

These changes require the account to be closed.
For the first two, a new card will be assigned.

http://cfaesfinance.osu.edu/node/285
Reward Programs

**Travel Incentives:**
(Example: Frequent Flier Miles)
“In accordance with the State of Ohio Ethics Commission rulings, university travelers may accrue frequent flier miles, hotel points, rental car enticements or other travel industry inducements from university related business travel.”

The employee is required to:
1. Track accruals/usage for auditing purposes.
2. Use points for business purchases only

**Savings Card:**
(Example: Kroger Plus Card)
If the expenditure is found to be a valid and necessary purchase, a store rewards card can be used. As with travel incentives, the rewards should be tracked and used for University business only. We suggest requesting a card that will be used for office purchases only. Occasional use of a personal store rewards card is not considered a violation of this policy.
International Orders

In situations where the needed good(s) is only available through another country, special considerations are necessary:

- Currency exchange rates
- Bank fees (conversion fees)
- Shipping costs / arrangements
- Customs restrictions

PROCEED WITH CAUTION!!
Disputes

The card holder or the card manager is responsible for resolving any disputed charges.

Follow the steps referenced below:

1. Card holder or card manager must make a good faith attempt to settle the dispute directly with the vendor.

2. If the card holder or card manager is unable to resolve the dispute:
   a. Complete the Dispute Form (found on the back of the monthly credit card statement from the bank). To reduce risk to the university, only provide last 4 digits of card account # on Dispute Form (see sample PDF found on the back of the monthly credit card statement from bank).
   b. Submit the Dispute Form and the Memorandum of Agreement (this was submitted along with the Application Form) to the bank for resolution.

3. If the dispute is regarded as a fraudulent or unauthorized charge, the card holder or card manager must report the card as Lost/Stolen with the bank.
Disputes continued

NOTE: The dispute notification must be received by the bank within 60 days of the transaction.

Send dispute documentation to:

PNC Bank
P.O. Box 2859
Kalamazoo, MI 49003-2859

or

Fax: (269) 973-1688
Email: billinginquiries@pnc.com

http://controller.osu.edu/pcard/pcard-disputes.shtml
Lost, Stolen or Fraudulently Used Cards

Lost, stolen or fraudulently used cards must be reported immediately, as all charges made to your account before it is cancelled are the liability of the unit.

Follow the steps referenced below:
1. Call the Bank at (800) 685-4039 immediately. In order to expedite delivery of replacement card, caller must request a "rush" delivery.
2. Call the PCard Office (614-292-9290).
3. Call the Business Operations Center, Jesse Buxton, 614-292-6338
4. Notify your reallocator

If the card has been stolen, call the local or campus police.

A replacement card is generally mailed to the PCard office within 5-7 business days (unless a "rush" delivery is requested). The PCard office will notify the cardholder or card manager and the Senior Fiscal Officer via e-mail when the card is available for pick up. Upon receipt of the "replacement" card, be sure to activate the new account.

NOTE: If spending trends vary from the normal pattern or fraudulent use by a supplier is detected or suspected by bank, the PCard account will be immediately blocked from further use. The bank will notify the PCard office to verify the legitimacy of the transactions. The PCard office may contact the PCard manager directly in these instances.

⚠️ Ask the caller to identify themselves and verify their legitimacy in the OSU directory.
⚠️ Respond quickly to any requests as this may hold up legitimate transactions.
Occasionally, a purchase may need to be purchased for the unit approver. These purchases may also appear to be for the unit approver’s personal gain. For example: a professional membership, food at events, and equipment. These transactions require additional review and approval.

Preapproval should be received from the unit approver’s supervisor. This can be done in writing or verbally, but should be recorded in some way. If the supervisor is not available in a timely manner, the purchase may continue and approval from supervisor will take place in the form of the eRequest approval.

If the person entering the eRequest isn’t the unit approver - be sure to change the “Requested For” in the contact information section to reflect their name.

The unit approver should never approver his/her own transaction. You may need to email the unit approver’s supervisor to approve the transaction. Include the eRequest PR# in your email.
RESOURCES

University PCard office

eTravel    eRequest

University Training on use of e-systems

FAES PCard

PCard Forms

Ohio Ethics Law

University Business and Finance Policies

cfaesbusiness@osu.edu