

Eastern Connecticut State University Purchasing Card Procedures

1. Purpose:

The purpose of this procedure is to outline Purchasing Card (PCard) protocols for cardholders in alignment with CSCU 3-10 Purchasing Card Policy. Institutions must adhere to this procedure and the related policy. This is a working document as we transition to a new PCard program. There will be periodic updates and communication as it changes.

2. Institution: Eastern Connecticut State University

3. Definitions:

Business Meals: Meals provided to Eastern guests such as job candidates, visiting scholars, or donors or an essential or important part of a conference or workshop conducted by Eastern's institution furthering the business or mission. Business meals involving faculty, staff or students, including group meals, should have a business purpose such as multiple departments for a substantial meeting or when stopping the meeting to allow time for a meal would be disruptive or inconvenient.

Entertainment: Tickets for events for the entertainment of institutional donors, alumni, guests, and visitors. In all cases, the expenses must be shown to benefit the mission of the institution or directly support its programs.

Individual User: Cardholder with routine responsibility to make purchases for a single department.

Merchant Category Code (MCC): A four-digit number used by the payment card industry to classify businesses by the goods or services they provide.

P-Card Administrator: Individual(s) responsible for administering Eastern P-Card programs.

Purchase: Acquiring commodities or services strictly related to Eastern business, including travel.

Purchasing Card ("P-Card"): A commercial credit card intended as an Eastern procurement tool for approved commodities and services directly from vendors at a cost below a specified dollar amount and within all other limits of this policy.

Purchasing Card Log: Transactional P-card data set which may include vendor name, transaction dollar amount, an accounting string and a purchase justification that is used to reconcile against P-Card statements on a re-occurring basis. Eastern will use Cardholder Activity report created by US Bank.

Split Purchase: A purchase transaction that is staged or divided into multiple transactions that would otherwise exceed either the dollar limit or item limit applicable to an authorized cardholder.

Sum of Items: The expenditure limit of items purchased in a single transaction based on whether the cardholder is Purchasing Staff, Accounts Payable Staff or Individual User.

4. Procedures:

Institutional stakeholders participating in the PCard program will comply with the protocols indicated below. All referenced job aids can be found at <https://www.easternct.edu/fiscal-affairs/accounts-payable.html> under the PCard Section.

Eastern Program Protocols –

- Monitor the use of PCards by individual cardholders to ensure that all purchases are made in accordance with applicable laws and regulations, including, but not limited to, state statutes and CSCU System and institution policies and procedures.
 1. Perform periodic audits of cardholder records, including the purchasing card record, receipts, and reconciled billing statements, to ensure compliance with all the guidelines, policies, and procedures governing this program. The CSCU System Office to review continuous audit reports of PCard use. The objectives of continuous auditing are as follows:
 - a. Determination and evaluation of whether systemically identified expenses are allowable.
 - b. Ensure consistent testing methodology for institution data submitted to System Administration.
 2. The Eastern PCard Program will conduct audits of PCard
 - a. Bi-Annual Audits
 - b. During these audits the following criteria should be used to ensure compliance:
 1. Policies and procedures are being followed.
 2. Purchase volume appears reasonable.
 3. Transactions are appropriate.
 4. Purchases were not made from ineligible suppliers.
 5. Documentation is complete.
 6. Proper internal controls exist regarding the program.
 7. Credit limits are reasonable.
 - c. All audit findings will be filed with the System Office PCard Administrator for unresolved findings.

3. A PCard, whether it be an individual card or department card can only be issued if an employee of CSCU [Eastern], submits a justification stating why their job function requires them to have access to allow for immediate purchases and their supervisor and budget authority approves.
 - a. All justifications allowing the issuance of a PCard shall be submitted to the Eastern PCard Administrator during the application process. Final approval will be made by Eastern Vice President of Finance and Administration.
 - b. On an annual basis the list of cardholders should be reviewed to ensure the justification is still true and supervisor and budget authority agrees with the continuation of PCard use by the individual.
 4. The PCard Administrator or the cardholder's Verifier will determine if a cardholder has made personal or other unauthorized charges on their PCard. If misuse of a PCard occurs, item(s) must be immediately returned to the supplier for full credit or the cardholder must repay the institution amounts, including any applicable sales taxes.
- Determine personalized individual cardholder authorizations in the areas of credit and single purchase limits. The single purchase limit as outlined below may not exceed those limits without prior approval from the PCard Administrator in consultation with appropriate leadership-Eastern Vice President of Finance and Administration.

User Limits

<u>Department</u>	<u>Type</u>	<u>Per Transaction Limit</u>	<u>Monthly Limit</u>	<u>Daily Transactions</u>	<u>Monthly Transactions</u>
Admissions	Travel	2,500.00	5,000.00	10	100
AP/Travel*	Travel	10,000.00	50,000.00	20	100
Athletics	Travel	2,500.00	10,000.00	10	100
Biology	non-Travel	2,500.00	10,000.00	10	100
Department	non-Travel	999.00	10,000.00	10	100
Global Field Course	Travel	2,500.00	10,000.00	10	100

Housing	Travel	3,500.00	10,000.00	10	100
Individual(named)	non-Travel	999.00	10,000.00	10	100
Information Tech.	non-Travel	1,500.00	10,000.00	10	100
Orientation	Travel	2,500.00	10,000.00	10	100
President	Travel	2,500.00	10,000.00	10	100
Procurement	non-Travel	5,000.00	40,000.00	20	100
Sciences	non-Travel	2,500.00	10,000.00	10	100
Student Affairs	Travel	2,500.00	10,000.00	10	100

*A/P staff the same as Procurement staff at Eastern

- The PCard Billing Cycle End Date Calendar provides the billing cycle end dates based on the calendar year. Eastern's cycle end date is the 25th of each month or the next business day when the 25th falls on a weekend or holiday.
- PCard payment transactions must arrive at the bank in time to be posted prior to the close of the subsequent cycle. Any exceptions to this requirement due to holidays or major system issues should be announced as needed.
- PCard supplier provides a billing files that includes all transactions that were charged by the institution during the billing cycle.
- Transactions should be reviewed against the reconciled statement and any discrepancies resolved.
- Transactions that are rejected in the automated financial system must be corrected and approved by staff.
- All PCard non-compliance or fraud must be reported to the PCard Administrator, Controller and Vice President of Finance and Administration.

PCard Administrator Protocols

- Facilitating Cardholder Setup
 - When facilitating the cardholder setup process
 1. Obtain, process, and retain a completed PCard Application.
 2. Provide mandatory training to cardholders and their Verifier before a card can be released and whenever a new card issued to that cardholder.
- Account Maintenance

- Card and single purchase limits and other information such as name change, address, and phone may be changed by the appropriate departmental authorized person.
- Before cardholders are made authorized to make purchases over the cardholder's level the PCard Administrator must receive a written explanation of the need for an increased limit, the duration of the need, and steps to be taken to ensure controls will be maintained.
- The PCard Administrator should monitor card expiration dates and work with the PCard supplier Account Coordinator on reissues. Review the previous year's card usage and, if necessary, make cancellation recommendations. Note: Suppliers with embedded credit card numbers will have to be notified each time new card numbers or expiration dates are distributed.
- Card Usage
 - PCards remain the property of the PCard supplier and must be surrendered immediately upon termination of employment, transfer to another department, or upon request for any reason by CSCU [Eastern] leadership.
 - Timely cancellation of a PCard is an integral part of maintaining the integrity of the program. Whenever possible, complete the application forms to obtain a card for the new employee or an interim replacement cardholder prior to the current cardholder's departure date.
- Record Retention
 - All PCard associated documents should be retained according to the institutions and states protocols.
- Procurement Regulations
 - All PCard Programs and Cardholders must follow the Eastern Travel and Procurement Manual when making any purchases, changing dollar threshold limits and /or changing MCC restrictions.
 - Ensure all appropriate MCC are blocked per policy 10-3 Purchasing Card Policy, the institutions policies and state regulations.

Cardholder Protocols

- To Obtain a PCard
 - Complete and wet or electronically sign a PCard Application and Use Agreement that includes a statement acknowledging their understanding of the restrictions on the use of the card and the possible actions if they violate the conditions of policies on use of the PCard. Electronically route the signed PCard Application and Use

Agreement to Eastern's P Card
Administrator.

- Receive a mandatory training for both the Cardholder and Verifier before card is released.
- When picking up the new PCard, the cardholder must sign to acknowledge the receipt of the PCard.
- You will be informed if you have to activate the card, or the card has already been activated for you. If you have to activate the card, please refer to the job aid.
- **Compliance**
 - Always keep PCards and account numbers in a secure place. The PCard should be treated with the same level of care you use with your personal credit cards. Each cardholder is directly responsible for the physical security of their PCard and account information.
 - Misuse of PCard
 - If a purchase is made that is not allowable or purchased in mistake will need to be reimbursed. A personal check will need to be submitted to the Bursars Office. Please keep a copy of deposit slip with your reconciliation for audit purposes
 - The following is a list of sanctions that will be imposed (based on the seriousness of the infraction) on the user if the Purchasing Card is misused or there are reoccurring deficiencies in documentation of purchases:
 - Formal written warning to the cardholder and their supervisor.
 - 30 days
 - 6 months
 - Indefinite- Depending on the circumstances, seriousness of the infraction, or recurring nature of infractions, referral may be made to Human Resources for potential disciplinary action, up to and including termination of employment.
 - **Prohibited Use**
 - Alcoholic beverages
 - Entertainment related expenses unless explicitly listed in *Acceptable Use*
 - Cash advances of any type
 - Cellular phones and related monthly charges
 - Clothing except as educational supplies, as permitted in *Acceptable Use*

- Construction and renovation services
- Debit cards and Gift cards used like cash (e.g. Visa money card, vendor cards) unless explicitly listed *Acceptable Use*
- Equipment and furnishings over \$5,000 and/or that qualify as a controllable purchase as defined in the Capital & Controllable Asset Manual.
- Fine arts
- Firearms
- Food, beverages consumed at vendor's location (e.g. restaurants and bars) unless explicitly listed in *Acceptable Use*
- Food, catering or restaurant take-out for Eastern employees unless explicitly listed in *Acceptable Use*
- Gasoline except in the case of pre-authorized out-of-state travel using a state vehicle
- Gasoline for in-state rental vehicles
- Gifts/donations unless explicitly listed in *Acceptable Use*
- Internet service providers
- Monthly recurring expenses unless explicitly listed in *Acceptable Use*
- Moving services
- Personal use items (attaches, folios, pen/pencil sets etc.)
- Precious metals
- Prescription drugs and controlled substances
- Radioactive materials except as educational supplies, as permitted in *Acceptable Use*
- Reimbursements of any type
- Tobacco or cannabis products unless explicitly listed in *Acceptable Use*
- Travel Meals where a “per diem” is provided
- Textbooks used for student courses

- **Acceptable Use:** the following purchases are generally acceptable in conformity with all other provisions:
 - Advertising, promotional, or public relations items with appropriate review and approval consistent with college/system mission

- Awards, gift cards, gifts, and prizes properly authorized and pre-approved by the appropriate P-Card Administrator and area Vice President.
 - Books and periodicals (textbooks used for student courses not allowable)
- Dues and professional memberships (business, technical, professional, and institutional memberships only)
- Educational experiences (events, museums, field trips (travel cards only)
- Equipment and furnishings under \$5,000 and/or that do not qualify as a controllable purchase as defined in the Capital & Controllable Asset Manual.
- Event related expenses, including but not limited to
 - Food or catering for official Eastern sponsored meetings, events and functions (business meals)¹
 - Participation by Eastern officials in their official capacity in externally sponsored public, community, or business events
- Gasoline for State vehicles for pre-authorized out-of-state travel (as included in an approved Travel Authorization)
- Graduation event expenses including food/catering and entertainment
- Hardware supplies
- Library books
- Maintenance supplies
- Monthly recurring expenses with appropriate review and approval consistent with college/system mission
- Postage and shipping
- Rentals of any type (some of which may have a service component)
- Repair parts and materials
- Social and cultural activities (including related food/catering and entertainment expenses) sponsored by Eastern as part of its mission
- Software only when it does not house confidential data and will be installed on Eastern owned equipment and was approved by IT Protocol process if applicable.
- Computer supplies and non-controllable computer equipment
- Subscriptions (departmental use only)

- Office, laboratory, and educational supplies
- Tobacco and Cannabis educational supplies for Eastern Cannabis Cultivation and Chemistry Minor courses
- Tools, fixtures, and miscellaneous apparatus
- Purchase of individual items which together exceed “sum of items purchased” dollar limits should normally be planned and processed via regular purchase requisition process, not by PCard. Unless specific request is approved by Vice President of Finance.
- Separate PCard transactions should not be processed to avoid the “sum of items” limits **except** for authorized travel expenses as outlined separately in this manual. Unless specific request is approved by Vice President of Finance.
- For purposes of determining and applying “single item” and “sum of items” limits, the presumption shall be to consider how an item or multiple items at one time would have normally and reasonably been ordered and paid for if limits did not apply, and the total value for that normal transaction determines the application of the limits, for example:
 - Large numbers of certain supplies or books that are normally purchased in one order should not be split into two orders to avoid the sum of items limits.
 - Travelers normally pay for multiple hotel nights on a single trip as one transaction and should not pay separately for each night to avoid the sum of items limits.
 - Large numbers of certain supplies or books are purchased; later the same day another order is placed with the same vendor. This is permissible if the substance of the two transactions represents two separate purchases that would normally have been handled separately regardless of the sum of items limit.
- Monthly Reconciliation Requirements Refer to Job Aide if applicable.
 - All reconciliation process must be completed 10 business days after the billing cycle closes (25th of every month).
 - Cardholder Activity report is the transaction list within US Bank. This list must match the statement provided at the end of the cycle.
 - Cardholder Activity report must contain a description that details the purchase and purpose.
 - All receipts must be itemized receipts.

- Any missing receipts requires a missing receipt affidavit.
- General Procedures
 - Follow the Procurement, Travel and Expense protocols when making a purchase.
 - Determine whether the PCard is the most appropriate tool for the purchase (check to make sure it is not a restricted item and determine whether a State or CSCU System [Eastern] contract is mandatory).
 - Be certain that the total amount (including all shipping, handling, postage, freight, etc.) will not exceed the PCard's single purchase limit or any other limits that the institution of employment may have set.
 - Advise suppliers that we are exempt from CT sales tax. Provide exemption number printed on the card or give them our sales tax exemption certificate. These can be found under Accounts Payable Information. If tax is charged it is up to the cardholder to seek reimbursement of the tax. If less than \$1 every effort should be made, but it is allowable if tax is charged.
 - Obtain a detailed receipt, at the time of purchase, clearly identifying each item purchased.
 - Shipping Items: Give the supplier the recipient's name, department name, phone number, and complete delivery instructions. The goods should be shipped directly to a campus address by mail or parcel services.
 - Receiving Items: The cardholder is responsible for verifying the quantity and condition of the goods upon arrival.
- Purchases by telephone or online.
 - Telephone
 - Only the cardholder is authorized to place a phone order.
 - When calling, the cardholder should state that they are from a Eastern making a credit card purchase, and then give the supplier the PCard number and expiration date.
 - Online
 - For online purchases use extreme care when sending card numbers over the internet. Make sure the web site has some type of security alert box OR a secure site statement on the order page before submitting the final order.
- Specific Procedures
 - In addition to the General Procedures listed above, follow the specific procedures for:
 - Lodging (**Travel Card only**)

- All lodging needs to comply with the [Eastern] Travel Manual protocols.
- If required by the lodging facility, a 1-night deposit may be paid at time of reservation.
- The following supporting documentation must be included:
 - Date(s) of stay
 - Name and address of hotel/motel
 - Business purpose of trip
 - Number of nights
 - Single room rate
 - Total cost of transaction
 - List of all travelers
 - Travel Authorization (TA)
 - Exception documentation if applicable
- **Air Travel & Rail (Travel Card only)**
 - All air & rail travel needs to comply with the Travel Manual protocols.
 - Receipts provided should be the highest form of receipt issued by the airline/travel agency indicating a \$0 balance.
 - The following supporting documentation must be included: traveler's name, destination, departure/return dates, amount of fare, routing, class of travel, TA and purpose of trip.
- **Car Rental (Travel Card only)**
 - All car rental needs to comply with the Travel Manual protocols.
 - Payment for the rental is due upon return of the vehicle and must be paid with a charge card in the driver's name. Alternately, Eastern Enterprise Account may be used where available.
 - The following supporting documentation must be included: rental agreement, receipt as provided upon vehicle return, any additional receipts for gas and TA.
- **Business Meals**
 - Meals which exceed the \$50 per meal cap must be accompanied by an explanation of the reasonableness of the expense.
 - The following supporting documentation must be included:
 - Business purpose

- Itemized receipt
 - Names of attendees recorded
 - Exception documentation if applicable
- Gift Cards
 - Preapproval by PCard Administrator required.
 - No cash equivalent cards are allowed.
 - Gift cards provided to students for meals must be approved in advance by the Vice President of Finance and Administration.
 - Gift cards cannot be given to Staff, Faculty or any State employee. Except in the case of a student employee.
 - Gift cards exceeding \$600 have tax implications see Procurement Manual.
 - The following supporting documentation must be included:
 - Business purpose
 - Amount of each gift card
 - Name of person received.
- Returned/Refunded Goods & Services
 - If goods purchased with the PCard need to be returned, the cardholder should work directly with the supplier. Avoid suppliers that do not give credits on credit card purchases. Returns should be full credit with a separate charge for restocking fees; do not net the transactions for the full credit and restocking fees together.
 - To facilitate compliant return processes, cardholders should practice the following:
 - Always retain boxes, containers, special packaging, etc., until certain the goods are kept. Some items, such as software or fragile pieces, cannot be returned without the original packaging materials.
 - Read all enclosed instructions carefully. Often a phone number and other instructions are included on the packing slip and/or receipt.
 - Many suppliers require a “Return Authorization Number” before returns will be accepted. Make sure to get this number, when it is required, so that the package will be accepted, and credit issued to the account.
 - In some cases, there may be a restocking fee (usually a percentage of the purchase price). If the supplier is completely responsible for the error or problem, the cardholder should not have to pay this, or any other fee. However, if the supplier is not fully responsible, the cardholder may have to pay the fee.

The PCard may be used to pay this fee if it does not exceed any of the card limits.

- When reviewing the statement, make sure a credit was issued for the returned item. Any item(s) purchased with the PCard must be returned for credit. **Do not accept a refund in cash, check, or as an in-store credit.** Make sure to keep documentation of credits, returns, and exchanges with the PCard record. If refunds are received via a check **MUST** be deposited to the Institution. If there is a store credit or in the case of travel a free flight must be used for Eastern business.
- Supplier Debit cards/supplier rebates
 - Supplier Debit Cards
 - Some suppliers issue refunds on a debit card instead of a credit to the cardholder's PCard. The supplier debit card must be noted on the PCard record and must be forwarded to the cardholder's supervisor. This card should be used for purchases within the department.
 - Supplier Rebates
 - If a transaction includes a rebate, it should be noted on the PCard record. The check must be deposited to the original funding string and account code where the purchase was charged to. All rebate checks must be forwarded to the accounting office for deposit.
- Disputed Transactions
 - The monthly invoice must be paid in full to avoid finance charges. Therefore, all disputed items must be paid for when billed and resolved after the fact. The Cardholder is responsible for following up with a vendor regarding any erroneous charges, disputed items or returns within fifteen (15) business days from receipt of the bank statement.
 - Disputed charges can result from failure to receive goods, fraud or misuse, altered charges, defective merchandise, incorrect amounts, duplicate charges, credits not processed, etc.
 - The Cardholder should contact the vendor first to resolve any outstanding issues. If the Cardholder is unable to reach agreement with the vendor, the cardholder is to go to US Bank Access online and dispute the transaction online.
 - When the bank has completed its investigation, the Cardholder will be informed by email of the resolution and any corrections that were made.
 - Please note that, by law, vendors are not permitted to bill your credit card for purchases until the items have been shipped.

Verifier Protocols

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- The Verifier is responsible for ensuring compliance and allowability of the purchase per the policies, procedures, budget and job function.
- During the monthly reconciliation and reallocation process review the following criteria should be used to ensure compliance:
 - Policies and procedures are being followed.
 - Purchase volume appears reasonable.
 - Transactions are appropriate.
 - Purchases were not made from ineligible suppliers.
 - Documentation is complete.
 - Following the Specific Procedures
- Online sign off is required – Cardholder and Verifier will sign Card Holder Activity Report.
- Any disputes should be worked out directly with Cardholders or their Supervisor. If the dispute cannot be resolved contact their supervisor or the PCard Administrator for a resolution.
- The sign off must be completed by 15th day of the month after the cycle end date.