

FINANCIAL MANAGEMENT

Policy 30910: Small Purchase Charge Card

1. PURPOSE

Purchasing charge cards (small purchase charge card program) are intended to supplement existing methods for procuring goods and services and to simplify payment to vendors. The program permits purchasing departments or individuals to make small purchases more timely and with less paperwork. The program also reduces the number of accounts payable transactions by consolidating multiple vendor invoices into one monthly invoice from the charge card vendor.

2. POLICY

- 2.1. **Transaction Limits**: The maximum charge per transaction, allowable by State policy, is \$5,000. Germanna Community College reserves the right to assign lower transaction limits and also to impose monthly limits. **Purchasing cards shall be used for official Commonwealth of Virginia purchases only.** Use of the card for personal items, cash advances, lodging and business travel expenses is not permitted. Efforts should be made to use vendors who accept the corporate purchasing card in order to maximize administrative cost savings and minimize delays in receiving goods or services. **Existing procurement laws and regulations must be followed.** Items that are required to be purchased from specific vendors under State contracts shall be purchased from those vendors even though the card is used to pay for goods or services. Employees are not to pay sales tax since the College is tax exempt with the exception of prepared food.
- 2.2. **Administrator**: The Procurement Officer shall be the College's Purchasing Card Program Administrator. This person is responsible for card issuance, card cancellation, and communicating to the charge card vendor about which persons within the College should receive the cards, monthly billings, additional statements, and management reports. The Materials management Technician shall serve as the backup Program Administrator.
- 2.3. **Cardholder Training**: Each employee receiving a card must receive training with issuance of the card. All cardholders must participate in training annually. The Program Administrator shall coordinate training opportunities.

In addition to the annual training for the card, each employee may receive training on eVA, Virginia's Electronic Purchasing System. All purchases made, with the exception of those expressly excluded as indicated in

Chapter 14 of the *Agency Procurement and Surplus Property*, **must** be entered through eVA.

- 2.4. **Card Limit Requests:** Supervisors of cardholders are required by state policy to examine the duties and charge card activities of each cardholder at least annually and provide written recommendations regarding limit changes.

3. PROCEDURES

- 3.1 **Card Issuance:** Purchasing cards are obtained through the Program Administrator for the College upon request from employee's supervisor. The Program Administrator for Germanna Community College shall be the Procurement Officer. Cards will be issued to those persons with appropriate purchasing authority as determined by the Program Administrator and whose supervisor has submitted to the Program Administrator a Purchasing Card Request (see Attachment 1). Cards are issued in the name of the designated individual and Germanna Community College. Cardholders must sign an Employee Agreement Form and attend training prior to obtaining the purchasing card (see Attachment 2). An Acknowledgement of Receipt Form must be completed at the time the card is issued (see Attachment 3). The Program Administrator shall establish limits for each cardholder at the College that shall not exceed the state limit.
- 3.2. **Card Restrictions:** The College may select from the following restrictions for each card:
- Dollar limit per transaction,
 - Dollar limit per cardholder per month,
- 3.3. **Cancellations:** The card shall be returned immediately to the Program Administrator upon request by the College and/or upon separation of employment (including retirement).
- 3.4. **Changes in Card Status:** The Program Administrator must be contacted when changes need to be made to existing purchasing cards. If a new purchasing card needs to be issued, the cardholder should receive the replacement card seven (7) to ten (10) business days after the Program Administrator transmits the request to the charge card vendor.
- 3.4. **Purchasing Card Security:** Authorized use of the purchasing card is limited to the person whose name appears on the face of the card. The purchasing card shall not be loaned to another person. If the cardholder is going to be absent from work for an extended period of time, a separate card may be issued to a different person, which shall permit procurement authority for the duration of the absence.

- 3.4.1. **Method of Purchase**: All purchases must be entered in to eVA unless exempt per ASPSM 14.9. Cardholders may make purchases in person, via telephone or Internet. **However, transmission of credit card numbers via fax machine is prohibited.**
- 3.4.2. **Location of Card**: The purchasing card shall be kept in an accessible but secure location. The account number on the purchasing card should not be posted, left in a conspicuous place, nor repeated aloud carelessly.
- 3.5. **Lost or Stolen Card**: If the purchasing card is lost or stolen, the cardholder must immediately notify the small purchase card issuer and then the Program Administrator.
- 3.6. **Liability**: Germanna Community College and the Commonwealth of Virginia are liable for the use of the purchasing card by authorized users, provided that use is within all limits imposed by the College and the Commonwealth for the user. Neither the College nor the Commonwealth will accept liability for the following:
- Unauthorized use of the purchasing cards,
 - account numbers which are fraudulently used, or
 - purchases made with stolen or lost cards that are beyond the maximum limit of \$50 and the maximum length of liability of 24-hours after discovery and reporting of card loss or theft.

4. GENERAL REQUIREMENTS FOR CARD USAGE

- 4.1. **Purchase Log**: Cardholders must maintain a log of purchases each month of their purchases so those transactions can be reconciled to the monthly charge card statements and so spending limits can be monitored and reviewed. Each month's log must be forwarded to the cardholder's supervisor for signature approval and returned.
- 4.2. **Submission of Logs and Coversheets**: Card charges and logs are audited monthly by the Purchasing Department. See instructions for filling out and submitting the log on the s drive at S:\Public\Business Office\Small purchase credit card (see attachment 4).
- 4.3. **Making a Purchase**: The cardholder should follow the below steps:
- 4.3.1. Give the vendor the tax exempt number, the account number and expiration date on your purchasing card or hand the card to the clerk. **Do not fax your card number.** The vendor will verify the account number with the charge card vendor. The transaction amount will be checked electronically for compliance with any spending limits or restrictions.

- 4.3.2. Enter the purchase information on the cardholder's purchasing log at time of transaction.
- 4.3.3. Retain all documentation pertaining to the purchase. Documentation of the purchase such as a sales receipt or a packing slip should accompany the order. This documentation must be kept on file by the cardholder for reconciliation to the charge card statement and then attached to the monthly log.

4.4 **Allowable and Disallowable Purchases**

4.4.1. What items can be purchased?

- Books and magazines
- Dues
- Subscriptions
- Equipment
- Supplies
- Registration fees (tuition)
- Office supplies (*not expressly prohibited)
- Ribbons and toner cartridges
- Local hardware store items (*not expressly prohibited)
- Department store purchases (*not expressly prohibited)
- Services (repair and maintenance)
- Airline and mass transit tickets

*note: not expressly prohibited pertains to mandatory state contracts. Check with purchasing office before purchasing.

4.4.2. What CANNOT be obtained with the card?

- Personal items
- Cash advances
- Business travel expenses (except airline and mass transit tickets)
- Lodging
- Restaurants or eateries

Please consult with the Purchasing Office prior to making any purchases for which you are not completely certain about the eligibility of the goods or services being acquired.

4.5 **Returns, Credits, and Disputed Items**

- 4.5.1. **Disputed Items**: In most cases, disputes can be resolved directly between the cardholder and the vendor that provided the goods and services.

4.5.2. **Returns and Credits:** The cardholder shall use the following guidelines when returning an item:

4.5.2.1. If an item needs to be returned for any reason, the cardholder should send the item back to the vendor in the manner agreed upon with the vendor.

4.5.2.2. The vendor issues a credit for items that are returned. This credit will appear on the subsequent charge statement. The vendor should issue documentation of the return such as a credit receipt. All documentation pertaining to returns must be kept on file for reconciliation to the charge card statement.

4.5.2.3. The return shall be entered on the cardholder's purchasing log.

4.5.2.4. If the cardholder and the vendor cannot resolve an issue the cardholder should contact the Program Administrator

4.5.2.5. Attach all credit and return documentation to the monthly log.

4.5.2.6. **Under no circumstances can you accept store credit when returning merchandise.** It must be a full credit refund to the Purchasing Card.

4.6. **Reconciliation of the Charge Card Statement:** Each cardholder is responsible for retaining documentation of purchases and returns and reconciling them, with the aid of the purchasing log, to the monthly charge card statement. The following guidelines must be followed for reconciliation each month:

4.6.1. Each cardholder should print a monthly charge card statement from the issuer's website on about the 15th of each month. This statement should be compared to the purchasing log to verify that all purchases and returns are accurately listed on the statement.

4.6.2. All documentation pertaining to each purchase and return must be matched with the charge card statement.

4.6.3. Discrepancies should be noted on the purchasing log for subsequent resolution. Purchases made late in the month that are not included on the current month's statement should be recorded on the subsequent month's purchasing log.

4.6.4. The original Cover Sheet and the Purchasing Log must be forwarded to Accounts Payable no later than the 25th of the month. The cardholder and the cardholder's supervisor must sign coversheet and log. All supporting documentation pertaining to the purchases and returns on the statement should be attached to copies of the signed log and coversheet, along with a copy of the statement and forwarded to the Program Administrator.

- 4.7. **Payment of the Charge Card:** The Business Office is responsible for processing payments to the small purchase card issuer. The following guidelines must be observed when processing payments:
- 4.7.1. One consolidated invoice for all purchasing cards for the College will be mailed by the small purchase card issuer following the billing cycle cutoff.
 - 4.7.2. The payment due date is established by the terms of the contract with the small purchase card issuer. The small purchase card issuer must receive payment on the 8th of each month. Do not adjust due date for holidays or weekends. Example: If the charge card billing due date is 5/15/07, the due date is 6/8/07. (Payments to the small purchase card issuer will be deposited into their bank account on 6/14/07 by Financial EDI).
 - 4.7.3. The listing of Financial EDI Trading Partners should be used to identify the appropriate vendor ID and suffix.
 - 4.7.4. **The full amount of the charge card invoice must be paid by the due date.** Disputed amounts and credits will appear on subsequent invoices. Monthly invoices must not be reduced by unapplied credits.
 - 4.7.5. Payments to the small purchase card issuer for purchases charged to the purchasing card that should be paid from Local Funds may be paid from State Funds providing that the State is reimbursed from Local Funds within thirty (30) days. Documentation reimbursements relating to non-state funds must be made in accordance with CAPP Topic No. 20350, Non-State Funds.
 - 4.7.6. Payment can be made before the statement is reconciled, but reconciliation must occur prior to receipt of the following month's statement.
 - 4.7.7. To save additional administrative time, certain subobject codes have been established to record expenditures made only with the charge card. These codes may be used for permanent recordation.
 - Contractual services – 1209
 - Supplies – 1309
 - All other expenses (including equipment) must use the detailed subobject code. See the Business Office if you need a listing of all subobject codes. **It is NOT permissible to use 2209 for equipment.**
- 4.8. **Management Information Reports:** The small purchase card issuer, at no cost to the College, offers detailed management information reports that enable the College to monitor cardholder usage, policy compliance, and frequency of vendor usage.
- 4.8.1. **Access to Reports:** The above-named reports should be requested through the Program Administrator.

4.9. **1099 Reporting:** Payments made to vendors using the purchasing card may be subject to 1099 reporting. The College is responsible for adding 1099 reportable payments to individual vendor payment totals for proper 1099 reporting. Then Un-Incorporated supplier Report is available to assist in the process. The Business Office shall be responsible for 1099 reporting compliance.

4.10 **Internal Control:** The Program Administrator shall establish a program of internal control to ensure compliance with this policy and these procedures. Monthly audits shall be conducted of cardholder records. Results of noncompliance findings shall be reported to the cardholder, the cardholder's supervisor, the small purchase card files and the Vice President of Administrative Services. Repeated offenses may result in the revocation of the cardholder's purchasing card if deemed necessary by the Program Administrator and the Vice President of Administrative Services.

5. DEFINITIONS

6. REFERENCES

Purchasing Charge Card, Topic Number 20355, Commonwealth Accounting Policies & Procedures Manual (CAPP)

Agency Procurement and Surplus Property Manual, 1998 version with revisions

7. POINT OF CONTACT

Terri Givler
Procurement Officer
Germanna Community College
2130 Germanna Highway
Locust Grove, VA 22508
540-423-9033
540-727-3207 fax
tgivler@gcc.vccs.edu

8. APPROVAL and REVISION DATES

Reviewed and Revised by: Jane Krakowsky
July 6, 2004

Revised Policy Approved by: President's Council
August 9, 2004

Reviewed and Revised by Terri Givler
April 25, 2007

Revised Policy Approved by: President's Council
May 4, 2007

**Germanna Community College
Corporate Purchasing Card and Card Limit Request**

_____ **Department**

Date of Request _____

TO: Terri Givler
Program Administrator

FROM: _____
Unit Manager/Supervisor

A Purchasing Charge Card is hereby requested for the following employee under my supervision. **(Please print or type all information as requested below).**

Name, as it should appear on card: _____

Employee's DOB: _____

Employee's Email: _____

Employee's Job Title: _____

Employee's Work Phone: _____

Work Mailing Address (include both USPS and Package delivery addresses, including

Zip Code: _____

I hereby certify that I have examined the employee's duties and estimate that the purchasing card will be used for approximately _____ transactions per month at a dollar value range of \$ _____ to \$ _____ per transaction (attach analysis). **[NOTE: A "transaction" is one order placed with a vendor who accepts the card].**

Based on these estimates, I am requesting limits of \$ _____ per transaction (not to exceed \$5,000) and \$ _____ total per month (not to exceed \$100,000) be placed on this card. I will examine this cardholder's activity at least annually and provide written recommendations regarding limit charges.

I further certify that I will review and approve this cardholder's transactions and supporting documentation on a monthly basis.

Signed: _____
Requesting Authority

Date: _____

Supporting Documentation Attached

**Germanna Community College
Corporate Purchasing Card**

Employee Agreement

I, _____, acknowledge receipt of a Corporate Purchasing Card. As a Cardholder, I agree to comply with the following terms and conditions regarding my use of the Card.

1. I understand that I am being entrusted with a valuable purchasing tool and will be making financial commitments on behalf of Germanna Community College and will strive to obtain the best value for the College by using State contracts and eVA vendors.
2. I understand that Germanna Community College is liable to GE Master Card for all charges made on the card.
3. I agree to use this card for approved purchases only and agree not to charge personal purchases. I understand that Germanna Community College will review the use of this card and the related management reports and take appropriate action on any discrepancies.
4. I will follow the established procedures for the use of the card. Failure to do so may result in either revocation of my privileges or other disciplinary actions, including termination of employment.
5. I agree to return the card immediately upon request or upon termination of employment (including retirement). Should there be any organizational change that causes my work unit to likewise change, I also agree to return my card and arrange for a new one, if appropriate.
6. If the card is lost or stolen, I agree to notify the Program Administrator and GE Master Card immediately.
7. I understand that in order to properly purchase goods and services through the internet, the vendor must have a Secure Socket Layer (SSL) Version 2.0 or greater. To ensure the vendor has a SSL, the address window must start with https://. I will record the vendor's website address on the purchasing log.

Employee Signature and Date

Supervisor's Signature/Date

Agency Address

Program Administrator's Signature/Date

**Germanna Community College
Corporate Purchasing Card**

ACKNOWLEDGEMENT OF RECEIPT OF CARD

I, _____, hereby acknowledge that on
_____ (date) I was issued a GE Master card.

Number _____.

Card Holder's Signature

Program Administrator or Designee

Instructions for filling out the log

Logs and cover sheet are found on the S drive/public/business office/Small purchase credit card.

As you make purchases fill out your log from the receipt. This allows you to view your purchases so that you don't go over your monthly amount and are ready to reconcile when your statement closes.

Transaction / Control No: exempt (exempt from eVA), DO (direct order) or PCO (purchase card order) number from EVA

Date: Date that the transaction occurred

Vendor: Name of vendor where purchased or web address if ordered on-line

Goods or Services: Description of purchase (membership, subscription, advertising, office supplies, etc.)

FRS Account: Department number (budget to charge it to)

Object Code: Expenditure code (see list)

Amount: Amount of receipt

Total per log: Total of all transactions

If no purchases are made for the month simply send an email stating a zero balance for the month to Lynn Lineberger @ llineberger@germanna.edu and copy in Melissa @ msloan@germanna.edu

Reconciliation:

Amount due per Credit Card Statement: Amount due on Statement

Items on log not included on statement: List vendor name and amount

Add these items to the statement amount. This must agree with the total on the log.

Copy the items not on this statement onto next months log. Sign and date your log.

Cover Sheet:

Fill in the identifying information at the top. When filling out the bottom lump together all the amounts for each account number. (Example: If you have 3 line items for account # 161006 with an object code of 61309 add those 3 items together and put them on one line). Sign and date this form and give the cover sheet, log, statement, and receipts to your Supervisor for their approval and signature.

Email the log and cover sheet as an attachment to the Accounts Payable department (*Melissa Sloan*) in the business office. Deadline for submission is the 25th of the month.

Send the signed cover sheet and log to the credit card Administrator (*Lynn Lineberger*) in the business office. Submit in the following format stapled or clipped together. Deadline for submission is the 25th of the month.

GE Master Card cover sheet: signed by both cardholder and approving signature.

GE Master Card log: signed by both cardholder and approving signature.

GE Master Card Statement followed by the Supporting documentation: (receipts, invoices & eVA orders in the order they appear on the statement). If you want to keep a record for yourself please make copies before sending.