

MEMORANDUM

DATE: June 27, 2007

TO: Deans, Directors, and Department Heads

FROM: Tom Kaloupek, Director of Materials Management

RE: Guidance Regarding Future Purchasing Card (P-Card) Use

Background: The state has developed an electronic procurement system (eVA) and has mandated its use for all agencies and institutions. Virginia Tech has elected to use an alternative e-procurement system offered by SciQuest (the HokieMart) instead of eVA. We have chosen this alternative for several reasons, primarily because SciQuest is directly linked to our financial system (eVA is not) and our belief that SciQuest will better support our growing research component.

In order to gain approval to use an alternative system, Virginia Tech agreed to send all completed purchasing data to the eVA data warehouse via an electronic interface. (Our purchases will be completed in the HokieMart, not eVA, but we have agreed to send the data to eVA). Another part of the agreement is that we have established a goal of capturing and sending the data for 95% of our transactions that would have otherwise been entered into eVA.

The new situation: The P-Card has been a useful tool for conducting small purchases. However, it is not practical for us to obtain P-Card data in sufficient detail or timeliness to be able to send the information to eVA. Therefore, in order to comply with our agreement with the state, we need to move away from conducting small purchase transactions (that are not exempt from eVA) and move toward conducting all of those transactions in the HokieMart.

There is also the matter of eVA fees. New state rules require that agencies and institutions pay 1% for every transaction placed with an eVA-registered supplier. If the supplier is not registered with eVA, or if the transaction is not conducted in (or sent to) eVA, the fee is 2%. By maximizing our data transmission to eVA, we will reduce the amount of fees that we are required to pay to the state.

Guidance: Going forward, P-Cards may be used in situations where the transaction is exempt from eVA. (List follows). When the transaction is not exempt (for example: office supplies, lab supplies, computers) the transaction should be conducted in the HokieMart and not on the P-Card.

eVA-Exempt Transaction Categories (P-Card may continue to be used for all):

Common Transactions:

- (1) “pick up” purchases made with suppliers in the local area
- (2) Airline tickets for business travel
- (3) Conference and course fees, seminars/training and other registration fees
- (4) Membership and association dues

Less Common:

- (1) Utility payments
- (2) Purchases from the US Post Office
- (3) Federal, state or local licenses (not software licenses)
- (4) Purchases from other governmental agencies (Federal, state, local, town, city, state colleges and universities, authorities, public boards, and state hospitals)
- (5) Group travel to foreign countries
- (6) Payments made to private educational institutions not associated with sponsored research
- (7) Honoraria and speaker fees
- (8) Advertising for employment opportunities and other announcements
- (9) Alcohol purchased from ABC stores
- (10) Academic testing services

Exceptions: There will be situations where the supplier will not accept orders other than via a charge card. A listing of known suppliers with this restriction is being maintained in the HokieMart information at: <http://www.purch.vt.edu/HokieMart/xvendors.html>. If it is essential to use one of these suppliers, the P-Card may be used, even though higher eVA fees will result. Lastly, there may be a situation where the P-Card must be used because of the urgency of the matter and there is no other reasonable way in which the purchase can be made.

Requested Action: We are asking that college and departmental leadership start the communications and training process to migrate purchases away from the P-Card and into the HokieMart. In view of our requirement to meet state goals, the university will best be served by having this migration accomplished as early in FY 08 as is feasible.