Purchase Card Policy

Program Overview

The University offers several types of purchasing methods for goods and services. This document will cover only the Purchase Card, and should not be confused with the Travel Card Program, which is used by employees when on business travel.

The Purchase Card program is designed to be used for orders of $2,000 or less, for emergency purchases, as well as to make purchases from vendors who have confirmed they will not accept a Purchase Order. This alternative to our normal purchasing processes must comply with all University and State Procurement policies.

Links to the Policies and Procedures referenced in this document are listed at the end. Additional information can also be found on Procurement's website.

Card Provider

Bank of America is Virginia Tech's partner in providing card services for both the Purchase Card program as well as the Travel Card program.   Your Purchase Card will be Chip and PIN enabled. The embedded microchip provides enhanced fraud protection and increased global acceptance. In addition to providing member cards, Bank of America also provides:

- o Works System Web-based account management tool
  - ▪ https://payment2.works.com/works/session?requestedUri=%2F
- o Cardholder & Managing Account Statements at the end of each billing cycle
- o Cardholder support – 24 hours a day, 7 days a week

> Customer Service: 1-888-449-2273
> Fraud Department: 1-866-500-8262
> Disputes: 1-866-601-9490

ROLES & RESPONSIBILITY

Cardholder Eligibility & Liability

The **Department Head** will determine which employees should have a card, as well as be responsible for proper use of the Purchase Cards issued to their department. The Purchase Card is not intended for

employees who are not knowledgeable of the procurement procedures, senior-level individuals who may approve expenditures or non-employees.

Cardholders are University employees authorized by their Department Head to receive Purchase Cards and make purchase transactions on behalf of the University. Although the card reflects the employee's name, personal use of the Purchase Card is not allowed under any circumstance. Additionally, the cardholder is the only authorized user.

Fulfilling the cardholder role carries responsibilities, such as the completion of training, ensuring appropriate use of the card, maintaining supporting documentation, upholding designated security measures, reconciling Purchase Card transactions, and following all procurement and accounting requirements.

 Cardholders shall:

1. Review Purchase Card Policy.
2. Take the Purchase Card Test and pass with a score of 23 or higher.
3. Sign the Employee Agreement confirming that they have read, understand, and agree to the terms and conditions, including that they will be the sole user, and will use the card for authorized University purposes only.
4. Maintain the card in a secure location at all times, including any documents that may contain the 16-digit card number, expiration date, or CVV number.
5. Immediately report lost or stolen cards to Bank of America.
6. Adhere to purchase limits and restrictions, ensuring the total amount of any single transaction does not exceed the limits of the card.
7. Ensure that all Purchase Card transactions comply with University procurement policies.
8. Verify all monthly statement charges, submit documentation, and complete reconciliation using ChromeRiver by the 10th of the month.
9. Monitor account activity and report suspected fraudulent activity to Bank of America.
10. Resolve disputes or billing errors directly with the merchant or service provider. Contact Bank of America if disputes cannot be resolved.
11. Ensure pending credits have been applied. In-store credits, gift cards, or cash cannot be accepted in place of statement credits.
12. Retain documentation in accordance with policy.

Approvers are critical to ensuring adherence to the program guidelines as well as being the first line of defense against card fraud and misuse. An approver is someone other than the cardholder, who is authorized and designated to review and approve cardholder reconciliations. They confirm transactions are legitimate, follow University Procurement policies, review appropriate supporting documentation and provide necessary approvals.

Security

The Purchase Card is never allowed to be shared. Only the person whose name is on the card is allowed to use the card. If the cardholder knowingly allows another person to use the card, the cardholder's privileges may be revoked for a minimum of three months. Repeat offenses may cause permanent revocation

This does not preclude the cardholder from placing an order with a vendor and then sending a representative to pick up the order. In this case, the following steps should be taken.

1. The cardholder must make initial contact with the vendor to provide the card number.
2. The vendor must keep the card in a secure, preferably electronic file.
3. The vendor must assign a separate, store account number for use by representatives of the cardholder so the card number is not shared.
4. The vendor must contact the cardholder for final authorization to process the charge.

Do not store your Purchase Card information on any mobile devices or utilize any mobile payment or digital wallet services.

Spending & Transaction Limits

A cardholder may not authorize any charge over the transaction limit set by the Program Administrator. If a cardholder authorizes a charge over the limit for that card, whether by encouraging the vendor to circumvent the Credit Card Company denial, splitting orders in an attempt to purchase goods or services valued over the card charge limit, or any other means, the card may be revoked for a minimum of three months. Repeat offenses may cause permanent revocation.

There are travel situations where there are two or more employees on the same itinerary. In these circumstances, each airline ticket or conference registration is considered an individual transaction.

Example 1: You have a $2,000 transaction limit on your card. You need to purchase three (3) tickets/registrations, each costing $1,000 dollars for a total of $3,000. These may be purchased and will be regarded as three separate transactions. The vendor should charge each ticket individually.

Example 2: You have a $2,000 transaction limit on your card. You need to purchase three (3) $2,100 tickets/registrations for a total of $6,300. If the vendor charges these in the following manner, $2,000, $2,000, $2,000, and $300, this would be regarded as a violation because the charges were split to circumvent the transaction limit set on your card.

Solution: You may request to have your card limits temporarily raised to accommodate these transactions.

Conference registrations, professional memberships, and association dues can also be considered individual transactions and may be charged individually.

Appropriate Use of Cards

1. Emergency Purchases
2. Purchase Orders to vendors who have confirmed they will not accept HokieMart Purchase Orders

3. Airline Tickets - Refer to Procedure 20335e: Air Transportation
4. Conference registrations
5. Professional membership and association dues
6. Software that has been approved through the low-risk, low-cost portal, when the supplier will not accept a Purchase Order, and the total cost of the software does not exceed $10K

Prohibited Uses

The Purchase Card program is not allowed to be used where purchasing is restricted by either University or State policy. Prior to using the card, please review Procurement General Restrictions.

In addition, the Purchase Card is not to be allowed for the following types of charges:

1. Personal expenses
2. Cash Advances, Gifts, Gift Cards, Flowers, Prepaid phone cards
3. Internal Vendors, including VT CPE (Continuing Professional Education)
4. Past Due Invoices
5. Splitting Orders in an attempt to circumvent transaction limits
6. Fuel or automotive (waivers can apply)
7. Travel expenditures, travel protection insurance, seat preference fees
    a. The only exceptions are for CISI Insurance, and airline tickets no more than 90 days before travel. The travel supervisor must approve any airline ticket purchases more than 90 days in advance.
8. Real Estate Leases
9. Radioactive materials
10. Yearly maintenance and/or Service Agreements having an annual cost exceeding $2,000
11. Copier Maintenance Contracts
12. Purchases from state employees or immediate family
13. Air Conditioners (Physical Plant is an exception)
14. Student Insurance
15. Prepared food/catering
16. Renovations/Security or Fire Systems/Painting/Electrical/ Building Locks/Keys, etc.
17. New and used licensed vehicles
18. Telecommunication or Video Surveillance Equipment/Services
19. Narcotics or dangerous drugs
20. Lab Refrigerators
21. Respirators and Cartridges
22. Printing & Copying

Failure to use the Purchase Card according to guidelines may result in administrative action, including card suspension, revocation, disciplinary action up to and including termination, and/or civil legal action to reimburse the University for unauthorized purchases.

Written requests for higher spending limits/temporary lifts

It may be necessary to temporarily increase the spending limit to accommodate a one-time purchase. This scenario is an exception and should be used only in emergency situations. To request a lift or exception, the cardholder should open the form at the end of this document named Lift/Exception Request. Paste the fillable form into an email and complete the form. Email the request to an approver with signature authority on the Purchasing Card.

The approver should reply to this email, and copy purchasecard@vt.edu indicating if the request is approved.   The Purchase Card Administrator will notify you when you can proceed with the purchase. When a temporary spending lift is approved, no additional purchases above normal transaction limits are allowed during the lift period.

With the implementation of the university's Low Risk/Low-Cost Software Acquisition Program, the University will allow software products approved under that program to be purchased on the university Pcard. Those purchases could be a one-time acquisition cost not to exceed $10K or recurring monthly subscription charges that will not exceed $10K in one calendar year. In order for the Pcard to be used for purchases that exceed the $2K Pcard limit, users must request a lift to their Pcard spend limits by emailing purchasecard@vt.edu requesting a lift. That email should reference back to the RITM Approval from the ServiceNow survey showing the software qualified under the Low Risk/Low Cost Acquisition program for direct purchase by the university department or unit.

Making purchases in person

The Cardholder should use the Purchase Card/PIN combination at the point of sale, just like any other credit card purchase. Please contact Bank of America if you do not know your PIN.

Making purchases by telephone, fax or internet

Protect the Purchase Card from potential fraud by ONLY using secure internet connections and secure websites (SSL or https://) when making purchases online.

Retain the vendor's web address in your records when ordering online.

Never fax or email the Purchase Card number to a vendor. Orders may be submitted by fax or email by leaving off the Purchase Card number and calling the vendor to provide the number verbally.

It is important to note that cardholders cannot combine personal and work accounts when using the Purchase Card to make purchases.

Tax Status

The University is exempt from Virginia state sales tax. The Commonwealth of Virginia Sales and Use Tax Certificate of Exemption (ST-12) is the form you present to vendors when placing an order. If the sales tax is charged in error, the Cardholder is responsible for contacting the vendor or service provider to request credit back to the Purchase Card.

Returns/Credits/Disputes

A credit issued to the Purchase Card originally used is the only authorized practice for processing credits and returns. Store credits or cash refunds are never allowed in place of credit to the Purchase Card.

1. Prior to a return, discuss the method of return with the vendor/supplier.
2. Manually or electronically log in the credit amount due.
3. When reconciling the Purchase Card statement, compare the credit documentation provided by the vendor to the P-Card statement to assure credits are accurately listed.
4. If a credit does not appear on the Purchase Card statement, make a note in the log or the file documentation and use it when reconciling the subsequent statement.
5. Retain all credit documentation in the file.

Lost/Stolen Cards

It is the cardholder's responsibility to call Bank of America at (888) 449-2273 immediately to report a lost or stolen card and to request a new card. To report fraudulent charges, call the Bank of America Fraud Department at (866) 500-8262. If attempts to resolve an issue with the supplier are unsuccessful, contact the Bank of America Dispute Department at (800) 410-6465 to initiate an official dispute.

Card Cancellation/Leave of Absence

It is the responsibility of the Department Head or designee to contact the Purchase Card Administrator upon the termination of cardholder employment, or determination by the department that cancellation is necessary. This includes job changes impacting Purchase Card responsibility. The card (plastic) can be destroyed by the department after confirmation of account cancellation is received.

Notification of leave from the University of two weeks or more must be reported to the Purchase Card Administrator so the card can be suspended during the leave period.

Notification can be sent via email to purchasecard@vt.edu.

Monthly Card Reconciliation

Purchase Card reconciliation is performed through ChromeRiver under the oversight of the Controller's Office. The monthly banking cycle ends on the 15th of each month and reconciliations must be completed by the 10th of the following month. The entire statement balance must be reconciled each month. If an incorrect charge appears on your monthly statement, it should be treated like any other charge for reconciliation purposes, and credit needs to be requested from the supplier.

If a purchase or credit does not appear on the current Purchase Card statement, make a note of the information and maintain it in your records so it can be used when reconciling the subsequent statement.

Cardholders are not permitted to approve their own reconciliations. The cardholder and the approver are responsible for ensuring all transactions are exported to Banner timely. Failure to complete the reconciliation process by the deadline can result in cardholder privileges being suspended temporarily or permanently.

A completed reconciliation is one that has been reviewed by an approver and has been exported to Banner by the end of business on the 10th of the month. Reconciliations processed late 2 or more times within a 6-month period can be suspended for 3 months. Once the suspension ends, the cardholder is required to retake and pass the Pcard test. Cardholder privileges will be reinstated at that point. Additional late reconciliations during the 6-month period following reinstatement can result in a permanent revocation.

A link to detailed instructions on how to use ChromeRiver to submit your Purchase Card reconciliation is available at the end of this document.

Recordkeeping Requirements

Cardholders are responsible for ensuring all documentation is loaded into ChromeRiver. This includes all itemized receipts/credit documentation, sponsored program approvals, airline ticket documentation, along with any documentation that is generated to approve or support the business purpose for expenditures. Documentation scanned into ChromeRiver is considered original documents and is kept for 7+ years, depending on funding. Hard copies are considered backup and should be maintained in the department for one fiscal year. If grant funds are used, the retention schedule changes. The cardholder should contact the grant administrator to determine document retention of backup documents in this case.

Refer to the University recordkeeping schedule and policy if you have additional questions.

Steps to Obtaining a Purchase Card

1. Complete the Pcard training in the PageUp LMS system, including passing the Pcard test with a score of 23/25.
2. Review the 2019 National Defense Authorization Act (NDAA) Section 889
3. Complete Virginia Tech/Bank of America Visa Purchasing Card Employee Agreement
4. Submit completed and signed application using the secure drop box located at https://docs.google.com/forms/d/1dOqUGFAr9hsLdo6UtWzYsulNrhSXytaJJEBrgyhG3dk/edit

Related Policies/Reference Information:

Bank of America

First-time log-on instructions
Online PIN Check Registration and Login Instructions
Guide for cardholders on how to access Bank of America's Works system

Chip PIN Cardholder Brochure
https://www.procurement.vt.edu/content/dam/procurement_vt_edu/procedures/pcard/PINandChipBrochure2020.pdf

Procurement:

Departmental Purchases
https://www.procurement.vt.edu/content/dam/procurement_vt_edu/procedures/Departmental%20Purchases.pdf

General Restrictions
https://www.procurement.vt.edu/content/dam/procurement_vt_edu/procedures/how/Restricted%20Purchases.pdf

How Do I Buy or Handle...
https://www.procurement.vt.edu/departments/procedures.html

Sales and Use Tax Certificate of Exemption
https://www.procurement.vt.edu/content/dam/procurement_vt_edu/forms/ST_12.pdf

Lift/Exception Request (copy and paste form into an email)
https://www.procurement.vt.edu/content/dam/procurement_vt_edu/forms/Lift.pdf

Controller's Office:

Travel Overview
https://www.controller.vt.edu/content/dam/controller_vt_edu/procedures/travel/20335a.pdf

Air Transportation
https://www.controller.vt.edu/content/dam/controller_vt_edu/procedures/travel/20335e.pdf

Purchase Card Reconciliation through ChromeRiver
https://www.controller.vt.edu/resources/travel/chrome-river.html

Recordkeeping Requirements:

https://lib.vt.edu/find-borrow/rms.html

Policy Version History
10.27.23-Updated Pcard training link to LMS
8.1.23-Added reconciliation deadline details per Controller's office request