

**ADMINISTRATIVE PROCEDURES**

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| **30.04 Procurement Cards**  | **Revised: October 12, 2023** |

1. GOVERNING REGULATIONS

The procurement card program is governed by System Regulation [21.01.03](http://policies.tamus.edu/21-01-03.pdf) *Disbursement of Funds*, System Regulation [21.01.12](http://policies.tamus.edu/21-01-12.pdf) *Purchase of Food and Refreshments*, Administrative Procedure [40.05](http://tfsfinance.tamu.edu/modules/finance/admin/admin_procedures/4005%20Purchasing%20Procedures.docx) *Purchasing Procedures* and the [Charge Card Program](http://www.window.state.tx.us/procurement/prog/charge-card/) administered by the Texas Comptroller of Public Accounts.

1. PROCUREMENT CARD PROGRAM

The procurement card provides an efficient, cost-effective method of making delegated purchases. The procurement card enables the cardholder to purchase, within delegated authority, non-restricted commodities directly from vendors without the issuance of a purchase order. It can be used with any vendor that accepts the credit card as a form of payment.

The procurement card may not be used to avoid or bypass appropriate purchasing or payment procedures.

3. DUTIES AND RESPONSIBILITIES

3.1 Credit Card Coordinator

The Credit Card Coordinator is responsible for administering the credit card program, which includes answering questions, addressing issues related to credit cards, and processing all credit card requests. The agency has designated the Financial Accountant responsible for compliance reporting in the Payroll and Support Services Department as its Credit Card Coordinator.

3.2 Department Heads

Department heads (or their designees) are responsible for administering the procurement card program at the department level to ensure compliance with requirements. These responsibilities include:

a. designating cardholders and assisting in determining cardholder credit limits.

b. assigning at least two preparers for credit card voucher processing.

1. approving each monthly [Procurement Card Expense Distribution Voucher](http://tfsfinance.tamu.edu/modules/finance/admin/procedures/Procurement%20Card%20Expense%20Distribution%20Voucher.xlsx) after reviewing all transactions to determine that they are for valid business purposes and comply with applicable laws, policies, rules and procedures.
2. attending training sessions covering regulations, rules and procedures for credit cards.
3. notifying the Credit Card Coordinator when a cardholder begins an extended leave of absence so that the assigned card can be placed in hold status.

3.3 Voucher Preparers

Voucher preparers are responsible for reviewing transactions of individual cardholders to ensure the transactions are assigned an appropriate accounting expense code. The voucher preparer has 20 days from receipt of the credit card statement to prepare a credit card voucher and forward it to the department for review, approval and submission to the Budgets and Accounting Department.

3.4 Cardholder

The cardholder is designated by the department head to utilize the procurement card. The cardholder is responsible for following purchasing procedures in making purchases, selecting vendors, performing vendor checks (if required), maintaining a detailed [Credit Card Transaction Log](http://tfsfinance.tamu.edu/modules/finance/admin/procedures/Credit%20Card%20Transaction%20Log.xlsx), keeping the card secure and submitting the monthly billing statement in a timely manner. The cardholder has ten days from receipt of the credit card statement to review, approve, and submit the billing statement, transaction log and receipts to the voucher preparer. A credit card voucher may be prepared by the cardholder.

3.5 Credit Card Provider Customer Service

The procurement card program is served by the credit card provider’s customer service center, which is available 24 hours a day, 7 days a week to assist the cardholderwith general questions about the procurement card account.

Contact information for the credit card provider appears on the back of the credit card and on the [Finance and Administration Staff Resources](https://tfsweb.tamu.edu/staffresources/?aspxerrorpath=/modules/finance/payroll/home.aspx) web page.

4. OBTAINING A PROCUREMENT CARD

4.1 Requests

An employee may request a procurement card through the following process:

1. Complete the [Credit Card Request Form](http://tfsfinance.tamu.edu/modules/finance/admin/procedures/Credit%20Card%20Request%20Form.docx), obtain the necessary approvals, and submit the form to the Credit Card Coordinator. Approvals are based on the employee’s need for the card and the demonstrated ability to fulfill administrative requirements.
2. The Credit Card Coordinator obtains approval for each credit card request from the Associate Director for Finance and Administration.
3. The Credit Card Coordinator requests issuance of procurement cards from the credit card provider for approved applicants.
4. Records associated with the cardholder and the card are maintained in locked files by the Credit Card Coordinator. These records include the approved request form, a copy of the request to the credit card provider, a copy of the issued card, training documentation and any other documentation associated with the cardholder and/or approver.

4.2 Training

1. Card Holders

Employees are required to complete the on-line credit card training course in TrainTraq prior to approval to receive a card. Disbursement of Funds training to include travel guidelines is required to be completed prior to approval to receive a card and every two years thereafter.

1. Approvers

Voucher approvers are required to complete Distribution of Funds training and the Disbursement of Funds - Approver Class when assigned approver responsibilities and every two years thereafter.

5. USE OF A PROCUREMENT CARD

5.1 Credit Limits

a. Normal Operations

The standard credit limit for the procurement card is $500. Credit limits greater than $500 can be requested based upon a needs assessment for the individual cardholder, as determined by the supervisor and associate director. Written documentation (includes email) of the needs assessment justification must be provided to Credit Card Coordinator on the Credit Card Request Form.

Permanent credit limit increases are approved in advance by the Associate Director for Finance and Administration.

Temporary credit limit increases may be approved by the Credit Card Coordinator. A temporary increase must be requested in writing (email is sufficient) providing justification for the request. The credit limit is returned to its previous level at the end of the billing cycle.

Credit limit changes are processed through the credit card provider by the Credit Card Coordinator.

The Credit Card Coordinator annually reviews the credit cards outstanding and each cardholder’s level of activity, and then makes recommendations for credit limit adjustments. Changes to credit limits of an employee require approvals from the appropriate supervisor, associate director and the Associate Director for Finance and Administration.

b. Emergency Response

All requests for temporary credit limit increases for emergency response are submitted through the Texas Interagency Coordination Center (TICC).

TICC reviews the request to determine how much increase is appropriate for the situation. TICC then contacts the Credit Card Coordinator with the request for the increase.

The Credit Card Coordinator works with TICC to return the credit limit to the cardholder’s normal level at the appropriate time.

5.2 Transaction Limits

A transaction is limited to the lesser of the cardholder’s available credit or the delegated purchase limit of $10,000. A transaction includes the purchase price plus freight and installation. Cardholders must not attempt to make a purchase greater than $10,000, unless approved by the Purchasing Department Head (or designee).

 5.3 Business Use

A procurement card is issued in the cardholder’s name with the State of Texas seal and the wording "Official Use Only" clearly indicated on the card. This card is for agency business purposes only and may not be used for personal or non-business transactions. The cardholder is personally responsible and accountable for the card.

5.4 General Purchase Guidelines

Purchases must comply with the laws of the State of Texas and the purchasing procedures of the A&M System and Texas A&M Forest Service. The departmental delegated purchasing authority is for orders $10,000 or less. Purchases must not be split (one large purchase divided into multiple small purchases) in an attempt to circumvent the purchasing rules. Splitting a purchase is a violation of State law and agency purchasing procedures.

Cumulative purchases of $10,000 or more (within 30 days for goods or within the fiscal year for services) with the same vendor should be anticipated and competitively bid whenever possible.

Cardholders should follow these procedures when using the procurement card:

a. Determine if the transaction is an acceptable use of the card, within the cardholder's spending limit and within the available budget of the appropriate program account.

b. If the purchase is over $500, identify the vendor, and verify that vendor is not on warrant hold with the State Comptroller’s Office by visiting <https://fmcpa.cpa.state.tx.us/tpis/search.html>. Purchases may not be made from vendors on warrant hold. Employees must a print of copy of the verification and include with the credit card voucher. When making a purchase away from the office, perform the verification using a smartphone, take a picture of the verification, and print a copy when you return to the office. Alternatively, contact co-worker at office to perform the verification and print a copy before you make the purchase.

c. Utilize HUB vendors whenever possible.

d. Confirm pricing (remember the total price includes freight/shipping, installation and any other applicable cost).

e. Request that a hard copy of the pricing and freight be provided to the cardholder and/or included in the shipment of goods.

f. If a vendor requests a purchase order number, use a combination of initials and FAMIS account number.

5.5 Specific Purchase Guidelines

The following table provides a partial listing of allowable and unallowable purchases for the procurement card. Cardholders not sure if a purchase is allowable should contact the Credit Card Coordinator for guidance.

| **Allowable Purchases** | **Unallowable Purchases** |
| --- | --- |
| Tools/hardware | Items for personal use, alcoholic beverages, social club dues, etc. |
| Supplies – firefighter, safety, janitorial, forestry, office, shop, lab, etc. | Utilities  |
| Postage stamps | Animals |
| Subscriptions, videos, and books  | Travel – transportation, fuel, meals, etc. |
| Business meals, whether in a restaurant or catered  | Cash advances or cash instruments (e.g., travelers checks, money orders, gift cards)  |
| Registration fees for training courses, conferences and seminars |  Computer hardware and software (unless preapproved by IR Department Head) |
| Capital and controlled equipment, excluding firearms and cash registers | Controlled/hazardous/radioactive materials |
| Vehicle maintenance and repairs | Fees associated with using credit cards. Exception is allowed when paying government, state, city or other governmental entities. |

a. Any purchase of capital or controlled equipment using a procurement card must be coordinated with the Property Manager at 979/458-6646.

b. Capital equipment may be purchased with the procurement card. Capital equipment is any equipment with a cost $5,000 or more.

c. Most controlled equipment may be purchased with the procurement card. Controlled equipment is defined as stereo systems, cameras, video recorders/players, televisions, data projectors, micro-computers, computers, and printers costing between $500 and $4,999.99. Firearms and cash registers for any amount are controlled and may NOT be purchased with the procurement card.

d. The procurement card may be used to pay for business meals provided the meals qualify as required in System Regulation 21.01.12 Purchase of Food and Refreshments and Administrative Procedure 40.05 Purchasing Procedures.

e. Exceptions to these guidelines should be approved in advance by the Credit Card Coordinator. When advance approval is not possible, the cardholder should notify the Credit Card Coordinator as soon as possible.

f. All exceptions must be documented within the credit card voucher, and all documentation is part of the permanent records of the agency. A copy of the explanation for each exception should be sent to the Credit Card Coordinator.

5.6 Sales & Use Tax and Merchant Fees

1. As a State agency, Texas A&M Forest Service is exempt from payment of Texas sales and use tax. A cardholder should carry a [Texas Sales and Use Tax Exemption Certificate](http://tfsfinance.tamu.edu/modules/finance/admin/procedures/Texas%20Sales%20and%20Use%20Tax%20Cert%20TFS.pdf) with the procurement card.
2. It is prohibited in Texas for a merchant to charge a fee associated with using a credit card. This does not apply when paying government, state, city or other governmental bodies.

5.7 Credit Card Transaction Log

a. The Credit Card Transaction Log is required and provides a method for expenditure tracking while using the card. Cardholders use a new log page for each month’s purchases and fill it out as each purchase is made. Cardholders should be specific when listing items purchased. The log and the receipts are required backup for the credit card voucher.

b. A receipt must be obtained for each purchase and is kept with the transaction log. Screen prints are acceptable for Internet orders and order forms for fax/mail orders ifa receipt/invoice is not provided by the vendor. Print screens or order forms must show price.

5.8 Statement and Payment

a. The credit card provider mails a central billing statement to the Credit Card Coordinator each month listing all transactions by cardholder during the billing period. The Credit Card Coordinator prepares a voucher for payment of the central billing statement and sends the approved voucher to the Budgets and Accounting Department. The Budgets and Accounting Department pays the central billing statement in full upon receipt.

b. Each cardholder receives a memo statement each month listing purchases and other transactions posted to the cardholder’s account. Upon receipt of this statement the cardholder has ten days to review and process the memo statement:

(1) Match the memo statement with the procurement card transaction log.

(2) Attach all supporting documentation (receipts, packing slips, etc.)

(3) Note any additional information pertinent to the purchase.

(4) Verify that all transactions are valid.

(5) Forward the package to the voucher preparer.

c. The voucher preparer forwards each completed credit card voucher to the department head for review and approval. The approved credit card voucher and supporting documentation is submitted to the Budgets and Accounting Department for processing within 40 days of receiving the memo statement. Copies are retained by the cardholder and voucher preparer. A separate credit card voucher is required for each billing statement.

d. Generally, a state agency may not pay for goods or services before their delivery to the agency. Vendors should charge the account only when goods are shipped. Back orders should not be charged until the goods are shipped. (Refer to the Advance Payments topic in Guidelines for Disbursement of Funds.)

5.9 Returns, Credits and Disputed Charges

a. If a problem arises with a purchased item or charge, every attempt should be made first by the cardholder to resolve the issue directly with the vendor. The Credit Card Coordinator will assist with resolution if necessary.

b. Returns: If a cardholder needs to return an item to a vendor, contact the vendor and obtain instructions for return. Note that some vendors may charge a restocking or handling fee for returns. All returns should be recorded on the transaction log.

c. Credits: If an item is accepted as a return by the vendor, a credit for this item should appear on the following month's statement. All credits should be recorded on the transaction log. Do not accept in-store credit or gift/merchandise cards for returned items. The credit must be applied to original credit card used for the purchase.

1. Disputed Charges: If a cardholder finds a discrepancy on a monthly billing statement, the cardholder should contact the vendor and attempt to resolve the problem directly. If the cardholder cannot resolve a disputed item directly with the vendor, the cardholder should contact the Credit Card Coordinator for assistance in filing a dispute against the vendor. The credit card provider will place the charge in a "Statement of Dispute" status, and the account may give a provisional credit until receipt of documentation is received from the vendor. A copy of the form and letter are kept as documentation.
2. If the charge documentation is in order, the transaction is re-posted to the account, and the dispute is closed.
3. If the charge is suspected to be fraudulent, the card is immediately blocked. A new card is then issued to the cardholder, if appropriate.
4. If the charge is subsequently determined to be legitimate, the transaction is then re-posted to the new account.
5. If the charge is not legitimate, the provisional credit is made final, and the dispute is closed.

6. SECURITY OF THE PROCUREMENT CARD

The cardholder calls the credit card provider to activate the procurement card before attempting to use it. Upon receipt of the card, the cardholder signs the back of the procurement card and keeps the card in a secure place.The card should be treated with at least the same level of care that the cardholder uses with his/her own personal cards.
**The only person authorized to use the procurement card is the cardholder whose name appears on the card.**

7. LOST OR STOLEN CARDS

If a card is lost or stolen, the cardholder immediately contacts the credit card provider. It is imperative that cardholders contact the credit card provider to block or cancel the card. After contacting the credit card provider, the cardholder notifies the Credit Card Coordinator and the department head. Prompt action can reduce the agency’s liability associated with fraudulent activity.

8. USE DURING EMERGENCY RESPONSE

Agency incident procurement personnel are responsible for ensuring that emergency response purchases are procured in accordance with the directions set forth in the Administrative Procedures. Cardholders must contact the Credit Card Coordinator to request exceptions or to address other questions.

9. AUDIT OF CREDIT CARD RECORDS

The credit card vouchers, transaction logs and other supporting documentation are maintained in the Budgets and Accounting Department. These records are subject to audit by the State Comptroller, System Internal Audit Department and other external entities.

10. COMPLIANCE MONITORING

10.1 Compliance monitoring is the responsibility of all persons involved in the use, processing, and payment of credit card activity. This includes the voucher preparer, approver, accounts payable staff, and the Credit Card Coordinator.

 This chart indicates the appropriate positions responsible for checking for each of the listed potential fraud indicators. Due to the decentralized nature of the agency and its cardholders, both the voucher preparer and approver must be vigilant in watching for irregularities. If any irregularities are observed, the voucher preparer and/or approver should immediately report the activity to the Credit Card Coordinator for further investigation.

| **Potential Fraud Indicator** | **Responsible Review Level** |
| --- | --- |
| **Voucher Preparer** | **Voucher Approver** | **Accounts Payable** | **Credit Card Coordinator** |
| Unusual vendor name | Yes | Yes |  | Yes |
| Unusual activity for a cardholder | Yes | Yes |  | Yes |
| Repeated misuse by a cardholder | Yes | Yes |  | Yes |
| “Round” number purchases (could be gift cards, etc.) | Yes |  |  | Yes |
| Missing receipts or altered documentation for a transaction | Yes | Yes | Yes |  |
| Transaction on the statement, but not on the transaction log | Yes | Yes | Yes |  |
| Unnumbered or sequentially numbered receipts | Yes |  | Yes |  |
| Duplicate charges | Yes |  | Yes | Yes |
| Purchases made outside regular work hours | Yes |  |  | Yes |
| Activity by non-cardholder or terminated employee | Yes | Yes |  | Yes |
| Cardholder approval of own credit card voucher |  |  | Yes |  |
| Receive a request to change payment instructions (e.g., deposit payment to a different bank) | Yes |  | Yes | Yes |

## 10.2 The Credit Card Coordinator, on a monthly basis, reviews a selection of credit card vouchers. Any credit card voucher that contains certain types of transactions (such as a credit or a prohibited charge) is referred by the accounts payable office to the Credit Card Coordinator for review prior to final approval of the voucher.

## 10.3 The Credit Card Coordinator, on a monthly basis, reviews all detail transactions for procurement cards. Certain transaction types are selected for review, including questionable vendors, duplicate purchases, questionable cardholder activity, vendors such as fueling stations, large dollar purchases and questionable purchase patterns. In addition, transactions for certain categories of cardholders are reviewed, including high credit limit cardholders, cardholders who have been previously counseled, new cardholders and terminated employees. The Credit Card Coordinator examines the selected transactions and, when appropriate, contacts the cardholder to obtain additional explanation. Transactions records are also retained to enable month-to-month analysis.

10.4 Upon completion of the review, any findings of improper card use along with the responses from the cardholders are forwarded to the Associate Director for Finance and Administration for further action. The Credit Card Coordinator retains documentation of the review, findings and subsequent actions.

11. CARD TERMINATION

11.1 If a cardholder does not use the procurement card for six or more consecutive billing periods, the card may be cancelled.

11.2 When a cardholder terminates employment, the supervisor is responsible for processing the cardholder out of the agency. The supervisor completes a checklist of activities including collecting and destroying the procurement card, collecting outstanding receipts and documentation and notifying the Credit Card Coordinator. The Employee Development office also advises the Credit Card Coordinator when an employee terminates. The Credit Card Coordinator directs the credit card provider to cancel the card.

11.3 Non-compliance with laws, policies, rules and procedures may result in revocation of cardholder privileges. Additional disciplinary action may be taken by the supervisor in consultation with the Human Resources Manager. The Credit Card Coordinator will provide pertinent information gathered during compliance monitoring.

CONTACT: Credit Card Coordinator, (979) 458-6682