COLORADO SCHOOL OF MINES
PROCUREMENT SERVICES

PROCUREMENT CARD
PROGRAM
HANDBOOK

Revised August 2009
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How to Contact Procurement Services Procurement Card Administration

Main Line: 303.273-3268  Fax: 303.273-3971
E-mail: Sara.Almon@is.mines.edu
Campus Mail Address: Abbreviation: BY
Physical Address: 1500 Illinois Street, Golden, CO 80401

How to Contact JPMorgan Chase

JPMorgan Chase is the issuing bank for the Colorado School of Mines Procurement Card.
Main Phone: 1.800.207.5359 (Lost or Stolen Card)* Fax: 1.847.931.8861

*Inform the bank it is a Purchasing Card. After contacting JPMorgan Chase, please notify Procurement Card Administration (303-273-3268) of a lost or stolen card. A new card will be issued by the bank and sent directly to the cardholder.
Internet Resources/Documentation

- Procurement Services web site: http://inside.mines.edu/Procurement_Services
- Procurement Card Program information and forms: http://inside.mines.edu/Procurement-Card-Information
- Policies: http://inside.mines.edu/Purchasing-Policies
- Office of Research Administration: http://www.is.mines.edu/ora/
About the Procurement Services Procurement Card Program

The Procurement Card Program administered by the Colorado School of Mines’ Procurement Services. Procurement Services as the oversight authority has the responsibility to ensure compliance of the program with State, Federal and School requirements.

The Procurement Card is a MasterCard, issued to a specific individual, through JPMorgan Chase. The card is used by Colorado School of Mines (CSM) staff and faculty to purchase small-dollar items (maximum of $3,999.00) for School use. The authorized cardholder is able to purchase directly on behalf of CSM, thereby allowing tax-exempt use. Transactions are paid by CSM to JP Morgan Chase.

CSM’s Procurement Card Administration provides support to campus departments participating in the Procurement Card Program through:

- Dissemination and interpretation of applicable School and State policies;
- Taking appropriate action for procurement card violations and application of consistent consequences for such violations;
- Training Programs offered to both cardholders and Approving Officials.
- Assistance in the establishment and maintenance of the departmental procurement card program; and,
- Provision of management information regarding the program.
**Definition Page**

**Cardholder** - Authorized Owner of the card; accountable for transactions processed through card at all times.

**Approving Official** - An individual assigned to cardholder who reviews and approves all of the transactions and documentation to ensure that the cardholder is in compliance.

**Reallocator** - A person assigned or the cardholder themselves who reviews and allocates transactions when required.

**Violation** - infringement of laws, policy or rules.
Procurement Card Program: Process

The procurement card program comprises the process and participant procedures described below:

• **Purchase.** The authorized Cardholder uses his or her card to purchase needed goods or services and submits the associated vendor receipt (and other documentation, if applicable) to the designated Reallocator. Specific transaction information is downloaded into the bank’s PVS Net System (the software system for Procurement Card transactions that allows reallocation of funds to be debited) from MasterCard and a notification is e-mailed to the responsible Cardholder approximately three times a month.

• **Reallocation.** The Cardholder utilizes the PVS Net System in order to enter the correct financial information (reallocate or allow the purchase to be charged to the default accounting code with the Reallocator’s approval). This is achieved by changing the financial FOAP (Fund, Org, Account, and Program fields via a six-digit Banner Index account code and a four-digit Banner Account code) for each transaction. The reallocated transaction information is then mapped and downloaded into the School’s Banner financial system. Once mapped, the transactions can no longer be changed on the PVS Net System and a manual Journal Entry (JE) must be created and entered to move a debit from one funding source to another.

• **Approval.** At the end of each month, a Statement of Account is printed on bright pink paper pulling information from the PVS Net System for any cardholder with procurement card transactions during the previous cycle. A cycle is from the 11th of the month to the 10th of the following month. The cardholder attaches detailed receipts and appropriate documentation, plus the Bank’s mailed statement, for every transaction listed on the Statement.

• **Statement and Filing.** The monthly statements and their related documentation are retained in departmental files and must be available for audit upon request.
Obtaining a Procurement Card

To obtain a Procurement Card, fill out the two-page Cardholder Application form and fax to the School’s Procurement Services Office (extension 3971) or send via campus-mail to Procurement Service’s Procurement Card Administration. Additional forms that may be needed are:

- Reallocator Application (if the Reallocator is someone other than the Cardholder or if the Cardholder will be serving as Reallocator for more than him or herself)
- Approving Official Application (if the Approving Official is not currently serving as an AO to other Cardholders).

The forms can be found on the Procurement Services website, under purchasing forms: [http://inside.mines.edu/Procurement-Card-Information](http://inside.mines.edu/Procurement-Card-Information).

The applicant must complete Procurement Card Cardholder Training whether it is one-on-one or group training. Upon receipt of the Procurement Card Cardholder Account Form, requesting a procurement card, the Procurement Services Procurement Card Administrator will contact the potential Cardholder with information regarding available training courses.
Card Controls and Liability

Controls on the Card

Each Procurement Card is set up with the following control parameters:

• **Default FOAP.** Each Cardholder must have a default accounting code called a FOAP (Fund/Organization/Account/Program) that is associated with the Cardholder’s department. All transactions are assigned to the default FOAP unless the Reallocator changes it.

• **Maximum dollar amount per transaction.** The department determines the maximum dollar amount that each Cardholder can spend in a single transaction. (The maximum per-transaction limit allowed for any Procurement Card is $3,999 as approved by the your Department Head or Approving Official.)

• **Maximum dollar amount per cycle.** The department determines the maximum dollar amount that can be spent by each Cardholder during a cycle. (A cycle lasts approximately 30 days, beginning on the 11th of the month and extending through the 10th of the following month.)

• **Maximum daily authorizations and monthly number of transactions.** The department determines the maximum number that each Cardholder can make within a single day and within a single cycle.

Each Procurement Card is further set up to exclude specific Merchant Category Codes, for example: airlines, vehicle rentals, massage parlors, etc. per State guidelines and requirements.

Liability Issues

The department is liable for all charges made on Procurement Cards assigned to their Cardholders.

• **Charges on Lost or Stolen Cards.** The department is liable for all transactions made on a lost or stolen card before it is reported lost or stolen to the issuing bank. (These transactions may be disputed with JPMorgan Chase within 59 days of the posting date of fraudulent transactions but that does not guarantee that the Bank will assume the liability.)

• **Sponsored Project Charges.** The department is liable for all transactions reallocated to sponsored program funds, including any charges that are unallowable according to the terms of the specific grant/award.
Responsibility: Cardholder

The role of a Cardholder is to make purchases in accordance with the rules and regulations established by the Colorado School of Mines, as well as all Federal and State rules and laws, to ensure accountability to the public and fairness to vendors.

**Cardholders are responsible for:**

- Completing required *Procurement Card Cardholder Training every two years*;
- Ensuring that the policies of the Procurement Card Program are followed, as well as School Policies, State Fiscal Rules, and State and Federal Laws and Statutes;
- Having complete and detailed receipt merchant documentation for every transaction and providing the documentation to the Reallocator, if applicable, or if the document is not immediately forthcoming, the Cardholder must provide transaction documentation within 30 days of the purchase;
- Reviewing the transactions in PVS Net System and checking to ensure accuracy and acknowledge the purchase was indeed the cardholders on dates specified by the Procurement Department. Notification of specified dates is done via e-mail;
- Protecting the card at all times to prevent unauthorized use, and not sharing or authorizing others to use the card;
- Immediately reporting a lost or stolen card to the bank and to Procurement Card Administration. The School is liable for all charges incurred on a lost or stolen card up to when it is reported as such to the bank. However, fraudulent charges can and should be disputed up to 59 days after the transaction posts against your procurement card;
- Notifying Procurement Card Administration immediately and informing the Approving Official of transfer or termination.

*For more information about the uses of the card and the ordering process, see Section 5 & 6 of this manual.*
Specific Responsibilities by a Cardholder

Ensure each transaction has documentation.
Each transaction listed on the monthly Statement of Account must be supported by appropriate documentation.

Valid source documentation includes the following information:
- merchant name;
- purchase date;
- description/quantity of items purchased (this information may be handwritten on the receipt);
- cost per item (if available);
- total cost of order;
- Cardholder name and/or card number; and,
- explanation of purchase (if this is an unusual purchase for the specific department).

Other applicable required documentation for a transaction may include: Appropriateness of Expenditure form, required as School policy by the School’s Controller’s Office.

Source documentation varies and may include:
- receipt and card transaction slip from the merchant;
- delivery packing slip;
- order form (for dues, subscriptions, registrations, etc.);
- invoice showing credit card payment; or
- merchant e-mail confirmation.

Combinations of documentation are allowed in order to complete the requirements of valid source documentation as discussed in the previous paragraph. Please note that the transaction notification e-mails generated by the CSM PVS Net System are not valid source documentation.

If covered by sponsored project funds: Is purchase within the terms of the specific project?
All purchases using sponsored project monies must be made in accordance with the terms of the grant or contract. (See Section 5 under “Appropriate Uses of the Card”) As ORA says about each research grant, “It depends.” Know the parameters of your Research Grant.

Is purchase allowable on the Procurement Card? (See Section 5 on “Appropriate Uses of the Card.”)
Required Actions

The Approving Official (AO) must review assigned Cardholders’ transactions for possible errors and violations. If a violation in card use or program process is suspected or discovered, the AO must take the appropriate action.

Documentation

If lack of documentation is an isolated incident…
If original documentation is lost, or if the merchant did not provide documentation, the Cardholder should contact the merchant directly to request it.

If documentation cannot be obtained, the Cardholder must complete the Unavailable Documentation (UD) form and submit it in place of the merchant receipt/documentation (the UD form is found on the Purchasing website at http://inside.mines.edu/UserFiles/File/finance/purchasing/UD%20Procard.xls). Please note that the UD form cannot be used to substitute for other required forms, such as Official Function Authorization, CCi furniture waiver, etc.

If lack of documentation is a chronic problem for this Cardholder…
Cardholders should immediately provide merchant receipt/documentation to their Reallocator, but, if documentation is not immediately available, must do so within 30 days of the transaction date. If the Department has set a stricter policy, the Department Policy will be followed.

The AO will complete a Violation Warning form and provide it to Procurement Services Procurement Card Administration for Cardholders who do not turn in documentation within 30 days unless there is specific and reasonable cause for the lack of documentation.

Upon receipt of a Violation Warning form, Procurement Card Administration will notify the Cardholder that he or she has 10 business days in which to turn in all overdue receipts to the Reallocator. If overdue receipts are not turned in within the 10 days, the Cardholder’s card will be suspended until all overdue documentation is submitted.

Unallowable Purchase

If an unallowable purchase is discovered…
An unallowable purchase may range from buying office furniture from a vendor other than the Colorado Correctional Industries (CCi) as required by State law, inappropriate purchases, liquor store purchases, inadvertent personal purchase, etc. If the AO identifies an unallowable purchase on the Procurement Card, he or she will issue a Violation Warning form to the Cardholder. This form must be signed by the AO, faxed to Procurement Services Procurement Card Administration, and retained with the appropriate cycle statement. If this occurs a second time Human Resources will be notified and this instance will be marked on your employment file. The third time this occurs; card will be revoked and a letter of reprimand will be placed in Human Resource employment file. Possibility for job loss and/or prosecution may be brought against cardholder.

Please note that employee fraud is dealt with immediately and that $1,000 or more intentional personal purchase constitutes a state felon.
Research Grants/ORA

If an unallowable sponsored project charge is discovered...

Purchases made with sponsored project funds that are not within the terms of the specific grant place the School at risk of losing the grant. Every research grant is different so know the parameters of your funds.

If the AO identifies transactions assigned to sponsored projects that do not seem allowable under the terms of the specific project, he or she will discuss the situation with the Office of Research Administration (ORA).

Unallowable charges must be moved out of the grant or contract FOAP and reassigned to an appropriate FOAP using one of the following methods:

- Reallocate the transaction again in the CSM PVS Net System; or, if the charge was fed to Banner previously,
- Debit and credit appropriately, using an accounting Journal Entry Request Form (JE), so the debit can be transferred to another account.

If the AO discovers an unallowable purchase, he or she will issue a Violation Warning form to the Cardholder. The form must be signed by the AO, faxed to Procurement Services Procurement Card Administration, and retained with the transaction documentation. If this occurs a second time Human Resources will be notified and this instance will be marked on your employment file. The third time this occurs; card will be revoked and a letter of reprimand will be placed in Human Resource employment file. Possibility for job loss and/or prosecution may be brought against cardholder.

Clarification. The AO may issue a violation warning as needed but the Procurement Card Administrator may also either issue the violation warning for the AO or produce a violation warning as warranted, with notification going not only the Cardholder but the AO and/or the Department Head, as well. The Procurement Card Administrator tracks all violations and must report to the State Procurement Office annually on violations.
Responsibility: Reallocator

The Reallocator is the person that may be assigned to a Cardholder or may be the cardholder themselves in order to specify the proper FOAP, (Fund/Organization/Account/Program) for the Cardholder’s transactions. Restating the above, a Cardholder may function as his or her own Reallocator.

 reallocators are responsible for:

• Completing required Procurement Card Training every two years;

• Attaching the documentation and ensuring business purpose is fully documented for each purchase (received from the Cardholder) to the monthly Statement of Account;

• Reallocating each transaction from the default Banner FOAP if the default doesn’t fit the transaction (PVS Net uses the Banner Index code and the Banner Account code);

• Ensuring all source documentation is filed within the department for a minimum of seven years. For expenditures under a funded grant, supporting documentation is required to be retained for ten years beyond the end date of the grant (please contact ORA for clarification about your research grant and retention);

• Notifying Procurement Card Administration immediately and informing the Approving Official of transfer or termination of procurement cardholders; and

• Ensuring adequate detailed documentation for every transaction, including explanation of business purpose for unusual purchases.

For assistance with reallocating, please contact Sara Almon, Procurement Card Administrator, via e-mail or phone.
Responsibility: Approving Official

The Approving Official (AO) is the individual assigned to a Cardholder to ensure compliance with procurement card policies and Federal, State and School fiscal and procurement rules by reviewing the transactions no less than on a monthly basis.

**Cannot:** A Cardholder cannot function as his or her own Approving Official and/or an employee may not be the AO for their supervisor. An AO must be in a supervisor or an equivalent capacity to the cardholder.

The AO plays a critical role in ensuring the integrity of the procurement card program at the departmental level.

**AOs are responsible for:**

- Completing required *Procurement Card Training every two years*;
- Monitoring the transactions for appropriateness of purchase for assigned Cardholder(s);
- Identifying possible violations of assigned Cardholder(s);
- Taking appropriate action if violations are found (see “AO Specific Responsibilities & Required Actions” later in this section); and
- Notifying Procurement Services of employment status and limitation changes in departmental program participants.
AO Responsibility

**Review the documentation for each transaction.**
When reviewing transaction documentation, the AO should question:

- Is the purchase possibly employee fraud/personal purchase?
- Is the purchase appropriate for School use?
- If being covered by sponsored project funds and, if so, is the purchase within the terms of the specific sponsored project?
- Is the purchase allowed on the Procurement Card?
- Is all required detailed documentation present?

**Evaluate potential for INADVERTENT PERSONAL PURCHASE.**
It is possible that a Cardholder might make an inadvertent personal purchase on his or her Procurement Card. In such cases, the Cardholder must immediately notify his or her AO and/or Procurement Services Procurement Card Administration as soon as the error is discovered. In addition, the Cardholder must immediately contact the vendor to request a credit on the Procurement Card and to charge a personal credit card instead. An alternative remedy is to pay the charge back at the Cashier’s Office, using personal funds, crediting the account the transaction debited, and bring the paperwork over to the Procurement Card Administrator.

**AO Required Action**

**If AO is unable to determine what was purchased…**
If the supporting documentation does not completely explain the purchase, the AO will ask the Cardholder to provide a written description and reason for the purchase.

**If the personal purchase was inadvertent…**
Cardholder must report inadvertent personal purchases to the AO immediately (no later than the next business day after discovery of the error). Cardholder will also:

- Ask the vendor to credit the Procurement Card and charge a personal credit card instead; or
- If the vendor is unwilling to credit the transaction, immediately reimburse the School by issuing a check made out to Colorado School of Mines and depositing it using a Cash Receipt form. A copy of the check and Cash Receipt form shall be maintained with the transaction documentation.

The AO will issue a Violation Warning form to the Cardholder. This form is signed by the AO and the Cardholder, faxed to Procurement Services Procurement Card Administration along with proof of reimbursement or credit transaction, and retained with the transaction documentation. If this occurs a second time Human Resources will be notified and this instance will be marked on your employment file. The third time this occurs; card will be revoked and a letter of reprimand will be placed in Human Resource employment file. Possibility for job loss and/or prosecution may be brought against cardholder.
AO Responsibility

**Evaluate potential for EMPLOYEE FRAUD or INADVERTENT PERSONAL PURCHASE.**
A more serious situation occurs when someone deliberately makes personal purchases on the Procurement Card. These purchases may be fiscal misconduct (employee fraud). The AO will review the documentation for each transaction each specific item being purchased is indeed for School business.

**Is the purchase appropriate for School use? Does it have a valid business purpose?**
To ensure that Cardholder purchases are appropriate, the AO should check purchases against the *Eight Tests of Propriety* (See Section 5 on “Appropriate Uses of the Card”).

AO Required Action

**If employee fraud is suspected…**
If the AO discovers that a Cardholder may be purchasing personal items and not reporting this immediately as inadvertent, he or she will immediately report suspected employee fraud to Procurement Services Procurement Card Administration.

**Note on employee fraud…**
The department is liable for all purchases made by its Cardholders. If the AO suspects that one of the Cardholders is making fraudulent purchases, he or she must act quickly in order to protect departmental funds. MasterCard has a Liability Protection Program to protect CSM against employee fraud. Under this program, specific time frames and circumstances must be met in order to qualify for protection. Contact Procurement Services Procurement Card Administration for further details.

**If an inappropriate purchase is discovered…**
If it does not meet all of the *Eight Tests of Propriety*, the purchase is inappropriate.

If the AO discovers an inappropriate purchase, he or she will issue a *Violation Warning* form to the Cardholder. The form must be signed by the AO, faxed to Procurement Services Procurement Card Administration, and retained with the transaction documentation. If this occurs a second time Human Resources will be notified and this instance will be marked on your employment file. The third time this occurs; card will be revoked and a letter of reprimand will be placed in Human Resource employment file. Possibility for job loss and/or prosecution may be brought against cardholder.
AO Responsibility

**Review and Approve all Transactions.**
On a monthly basis, the AO will review the transactions for all assigned Cardholders who made purchases in the previous cycle. Having reviewed transactions for all assigned Cardholders and taking any appropriate action for violations, the AO will approve within 30 days of the cycle end date.

**Notify Procurement Card Administration of changes in department participants.**
The AO will notify Procurement Services Procurement Card Administration if program participants leave the department, or if new participants are to be added to the departmental procurement card program.

AO Required Action

**If an individual needs to be added to or deleted from the departmental procurement card program…**
- To add participants: New Cardholder - The AO will submit a *Cardholder Application (CA)* to Procurement Services Procurement Card Administration.
- New Reallocator – The AO will request via e-mail.
- To delete participants: Delete Cardholder - The AO will e-mail Procurement Services Procurement Card Administration. The AO will further ensure that the card is destroyed by cutting it in pieces and disposing of those pieces in several different waste containers or using a crosscut shredder or even sending the card back to Procurement Services to be shredded.
- Delete Reallocator – The AO will e-mail deletion request.
- To replace a Reallocator or AO: The department will request via e-mail.
Violations

All departmental procurement card program participants – Cardholders, Reallocationists and Approving Officials – are required to know and follow Procurement Card Program policies, including those defining program violations and their consequences.

Department Review for Violations

It is the responsibility of the AO (sometimes with the assistance of the department’s Reallocationists) to review transaction documentation in order to identify possible violations in card use. This review must be conducted for all transactions in each cycle period.

• If the AO determines that a violation has occurred, he or she must issue a Violation Warning form to the Cardholder. The form must be signed by the AO, faxed to the Procurement Card Administration, and retained in the department’s files with the relevant Statement of Account.
• If the AO feels uncomfortable asking a Cardholder to sign the Violation Warning form, the AO can send in the form without the Cardholder’s signature. AOs (or other School personnel) may also contact the Procurement Card Administration directly and confidentially.

Any cardholder may have his or her card suspended or revoked at any time at the discretion of Procurement Card Administration, Internal Audit, or the Approving Official.
Delegation of Tasks by AO

To ensure the smooth and efficient operation of the departmental procurement card program, the AO may choose to delegate specific responsibilities to another individual within the department. This is accomplished by completing the Delegation of Tasks by Approving Official form and filing it in the departmental procurement card files, found on the Procurement Services web site at: 
http://inside.mines.edu/UserFiles/File/finance/purchasing/Copy%20of%20Delegation%20of %20Tasks%20by%20Approving%20Official.xls. Some tasks are not to be delegated to others.

The following responsibilities are not to be delegated to another individual:

• AO must review and approve transactions and question unusual purchases.
• Take appropriate action if violations are found.

The following responsibilities may be delegated to another individual:

• Review the documentation for every transaction to ensure that purchases:
  o are not employee fraud;
  o are appropriate for School use;
  o if being paid for by sponsored projects, are within the terms of the sponsored project; and,
  o are within procurement card policies.
• Ensure that the School’s Procurement Card Administration is notified when program participants leave the department.
**Appropriate Uses of the Card**

These are the questions that should be considered before making a purchase:

- Is the purchase appropriate for the School and does it have a valid business purpose?
- Is the purchase allowable on the Procurement Card?
- Does the purchase follow the guidelines of Sponsored Programs (if applicable)?

**Is the purchase appropriate for the School and does it have a valid business purpose?**
The purchase should meet the School’s policies. While this list is not complete, particular attention should be paid to the following Sensitive Transaction items:

- Official Functions, Training Functions, Student Activity, Recruiting
- Break Room equipment
- Conferences
- Donations
- Employee appreciation events and gifts
- Employee food and related consumables
- Flowers and fruit baskets
- Gifts or tokens
- Fund raising expenses
- Employee recruitment
- Parking
- Political expenses
- Retirement parties
- Tickets to events

**Is the purchase allowable on the Procurement Card?** There are several types of purchases that are specifically prohibited on the Procurement Card. See “Violations and Prohibited Transactions,” later in this section.

**Does the purchase follow the guidelines of Sponsored Programs** (if applicable)? The purchase of goods and services for sponsored projects must comply with:

- The overall intent of the award;
- The specific detail of the sponsor’s regulations; and
- Colorado School of Mines policies and procedures.

Additional guidance for sponsored project expenditures is provided by the Office of Research Administration and Fiscal Services.
Violations and Prohibited Transactions

CASH OR CASH-TYPE TRANSACTIONS.
• Cardholders cannot use the Procurement Card to obtain cash or cash-type items, such as but not limited to gift cards, traveler’s checks or money orders. Cardholders are not to receive cash as a credit for the return of an item.

CONTRACTS WITHOUT AN AUTHORIZED SIGNATURE.
• Contracts that require an authorized signature must be routed through the Procurement Services for appropriate signature(s) prior to making the purchase. Cardholders may use the Procurement Card to purchase an item that requires an authorized signature on a contract only after receiving notification from the purchasing agent that the contract has been fully executed. Please note that this requirement includes any purchase where the School is obligated to a vendor’s set of Terms & Conditions. The School is bound by the State’s Terms & Conditions.

DOCUMENTATION FAILURE.
Failure to submit, within 30 days, the receipt/documentation for each transaction:
• Cardholders are required to provide the appropriate documentation or detailed merchant receipt to their Reallocator/Approving Official within 30 days of the transaction date. (It is preferable that this material be provided immediately.) If a department policy specifies a shorter time frame, the department policy/timeframe must be followed.

Chronic lack of documentation:
• The AO will notify Procurement Services Procurement Card Administration of any Cardholders who do not turn in receipts/documentation within 30 days of the transaction date (unless there is specific and reasonable cause for this) or do not review and approve all transactions within the days specified by procurement Services.

• Procurement Services Procurement Card Administration will notify the Cardholder that he or she has 10 days in which to provide all overdue materials to the Reallocator/Approving Official. If the overdue receipts are not turned in within the 10 days, the Cardholder’s card will be suspended until they are submitted.

INAPPROPRIATE PURCHASES.
• All purchases on the Procurement Card must follow the Procurement Services policies. Departments contemplating purchases for official functions, and gifts, flowers, alcohol, memberships, contributions, and/or other sensitive items, should refer to the Procurement Services Department for clarification.

LIQUOR STORE PURCHASES.
• Cardholders cannot use the Procurement Card to purchase alcohol or other items at liquor stores.
NON-MANDATORY PRICE AGREEMENT VENDOR.
• Office furniture is covered by a mandatory price agreement per Colorado statute requiring all state agencies, which include the School, to purchase:
  o Office furniture from Colorado Correctional Industries (CCi);
  o Metal office furniture item(s) from CCi;
  o Office furniture from a different vendor may be purchased only if a written waiver has been obtained from CCi by the Purchasing Agent for the specific furniture transaction prior to buying the furniture. Please note: you can be personally liable for any furniture purchases that do not follow this state law.

PERSONAL PURCHASES.
• Cardholders must report any inadvertent personal purchase to their AOs immediately and must immediately either reimburse the School or arrange for a credit transaction from the merchant. Documentation shall include proof of merchant credit or reimbursement by employee.

Card abuse/employee fraud:
• Personal purchases not reported by Cardholders to their AOs immediately may be considered Suspected Fiscal Misconduct and may result in termination and possible prosecution. Any suspected fiscal misconduct or abuse of the card for personal purchases must be reported immediately to both Procurement Services Procurement Card Administration and the CSM Internal Auditor.

Note: It is the responsibility of the Department to ensure that fraud does not occur by an employee being reimbursed through other means for items purchased on the Procurement Card (also know as double dipping).

PHONE CARDS/LONG-DISTANCE AND PAY-PHONE CALLS.
• The purchase of telephone calls is prohibited where there is no billing available from the merchant itemizing the calls.

SERVICES PURCHASED FROM AN INDIVIDUAL OR SOLE PROPRIETOR (1099-REPORTABLE MERCHANT).
• Cardholders are not to use the Procurement Card to purchase services from vendors who use their Social Security Number to report their business to the IRS.

SHARING THE CARD.
• Cardholders shall not share their cards or card numbers with other individuals for use. Only the designated Cardholder is allowed to use his or her Procurement Card.
**SPLIT PURCHASES.**

- Under State Procurement Rules and State of Colorado Fiscal Rules, it is prohibited to split a purchase in order to circumvent Procurement Card limits. A split purchase is defined as:
  - The purchase of a single item costing over the cardholder's single transaction limit, not to exceed $3,999, (including shipping) with the purchase being divided (split) into more than one transaction by the cardholder or divided amongst several cardholders; or,
  - A single purchase transaction totaling over $3,999 (including shipping), where the cardholder has instructed the vendor to divide up the payments to get authorization through the bank system; or,
  - The purchase of a group of items totaling over the cardholder's single transaction limit, not to exceed $3,999, (including shipping) for a single purchase need (see below) that has been requisitioned into smaller individual orders to get around the single transaction limit, whether the ordering occurred over a few days or several transaction authorizations were within a single day.

An *single purchase need* identifies a group of items that are similar enough in nature to be purchased from a single source and that are all known to be needed at the time of the first purchase transaction. Purchases cannot be split based on different project or program numbers, different recipients, different delivery locations, differing functionality of the items, etc. For example: a Cardholder shall not purchase two $2,000 computers from a single source using two separate transactions if both computers are known to be needed at the time of the purchase (and, therefore, the total purchase need is known to be $4,000).

The procurement card use is for small transaction purchases only and must be under each cardholder's single transaction limit. The purchasing method to use for transactions over a cardholder's single transaction limit is a Purchase Requisition, which is turned into a Purchase Order by the Procurement Services Office.

**Exceptions:**

- Multiple conference registrations are not considered to be violations under the split purchases policy. Rather, event registration fees are considered to be the total of the *individual* registration fee. For example: It is acceptable for a Cardholder to register six people (six individual registrations), at $1,000 per registration, using six different transactions.

**TAX ON PURCHASES.**

- Cardholders are required to inform each merchant of the School’s status as a tax-exempt organization. Taxes being charged consistently on a Cardholder’s transactions may indicate the Cardholder is not letting vendors know that the School is tax exempt and could lead to a potential violation. The cardholder can be sent back to the vendor to get a credit back on the tax charged.
TRAVEL AND TRAVEL-RELATED EXPENSES.
• The purchase of most travel-related expenses for School employees is prohibited on the Procurement Card. This includes but not limited to:
  o Airfare;
  o Meals while in travel status;
  o Car Rental;
  o Lodging;
  o Parking

Exceptions:
• Cardholders may use the Procurement Card to pay for conference/event registration fees. Registrations that include a lodging deposit as part of the registration may be purchased on the Procurement Card. Separate charges for lodging – that is, lodging that is not included on the conference registration form – cannot be paid on the Procurement Card. Paying for lodging with a travel card would be the preferred payment method if it is not included with the conference fee.
• Cardholders may use the Procurement Card to purchase restaurant meals if (1) the meal is part of an Official Function, and, (2) the Cardholder has a Restaurant Exception on his or her Procurement Card. This exception is very limited and closely monitored.

UNALLOWABLE SPONSORED PROJECTS PURCHASES.
• Cardholders are not to use the Procurement Card to purchase any items that will be charged to a sponsored project unless those items are in accordance with the terms of the specific grant or contract.
Selecting the Merchant

The following questions should be asked before selecting the merchant:

- **Does CSM or the State have an established vendor for use in procuring the needed good or service?**

- **If there isn’t an established Price Agreement, does the vendor offer a discount to the School?**
  It doesn’t hurt to ask the vendor if there is a state or higher education discount. Often a cardholder is surprised with a discount.
Placing the Order

Orders can be placed in person, by phone, via fax, by mail, or via the internet. If the internet is used, make sure it is a secure site or place the order by phone. Internet purchases are not allowed where the Cardholder is agreeing to terms and conditions of the vendor as that constitutes a contract. Remember, the School must use the State of Colorado’s terms and conditions. Please check with Procurement Services if you have any questions.

Tip: To know if an internet site is secure, Internet Explorer, Mozilla Foxfire and Netscape will display a closed padlock in the status bar, located at the very bottom of the web browser. The web address should also start with “https”.

When placing an order, make sure:

• The purchase is tax exempt. If the vendor needs the School’s Tax Exempt Certificate, it can be obtained at the Procurement Services Department or Procurement Services will fax a copy to your vendor for you;

• The merchant gives the School any applicable discounts;

• You give your name as it appears on the card;

• You give accurate delivery information; and

• You request documentation showing description and cost of each item.

If the vendor requests a “billing address,” the vendor is trying to match the information on file at the bank with the information the cardholder gives. The exact billing address can be found on the cardholders monthly statement mailed from the bank. This address was what was listed on the original request to obtain a procurement card. Alternatively, to get the billing address you are welcome to please contact Sara Almon, Procurement Card Administrator, via e-mail (sara.almon@is.mines.edu) or phone (303-273-3268).
Documenting Each Transaction

Every transaction must have valid source documentation from the merchant. All source documents must include the following detail information:

- Vendor identification (Merchant Name);
- Date of purchase;
- Description and quantity of each item purchased (write in if not apparent on receipt);
- Total cost of the order;
- Per item cost, if available;
- Cardholder name and/or card number;
- Explanation, if needed. A brief explanation should be included on the receipt for transactions that are unusual for the department or are for sensitive expenditures such as functions, gifts, etc. For example, decorations are purchased for a reception; the type of event and for whom the event was held should be briefly noted on the receipt, such as “retirement reception for Professor Smith.”

Some examples of source documents include:

- A receipt and card transaction slip from the merchant;
- A packing slip showing costs of items received;
- Order forms for dues, subscriptions, registrations or similar items;
- An invoice showing credit card payment; or
- An e-mail confirmation from the merchant.

All relevant documentation must accompany the source documents (i.e., Appropriateness of Expenditures Form for Sensitive Transactions over $50 as found on the Purchasing website http://inside.mines.edu/UserFiles/File/finance/controller/CSM_Docs/expenditure%20form.pdf, furniture or other waiver, internal forms, etc.).

**Note:** In the event that the original documentation and/or receipt is lost or not obtainable, an Unavailable Documentation form, as found on the Purchasing website, http://inside.mines.edu/UserFiles/File/finance/purchasing/UD%20Procard.xls, needs to be filled out by the Cardholder and signed by the Approving Official.
Inspecting the Goods

Goods need to be inspected upon receipt by the department. If there are any problems with the order, the department must contact the merchant immediately.

Returns and Exchanges

Arrangements need to be made directly with the merchant before shipping an item for return. If a replacement item is sent, the merchant would credit the returned item and charge a new transaction, unless there is an exchange of like items, e.g. exchange of different colors. *Cash should never be refunded – that would be a merchant violation to issue it and a Cardholder violation to accept it.*

*If there is a problem with an order or goods are returned or exchanged, keep sufficient documentation of the transaction, including names, dates and conversation results. This information may be needed for a formal dispute. (See next page on disputes.)*
If a credit is unobtainable by working directly with the merchant, a formal dispute can be recorded with the bank in the following scenarios:

• Unauthorized charges, including unauthorized phone or mail order charges;
• Difference in dollar amount authorized and amount charged;
• Duplicate charges;
• Actual Cardholder transaction that Cardholder is challenging for some other reason;
• Account not yet credited in the PVS Net System but where the vendor has issued a credit voucher, or said that they will issue a credit;
• Merchandise not received;
• Merchandise returned;
• Defective merchandise;
• Unrecognized charges (If fraud is suspected, immediately call the bank to report the charge, and have the card closed and reissued. Then call Procurement Card Administration.); or
• Altered charges.

The dispute process involves the following steps:

• The disputed charge must be placed in Dispute status in PVS Net System.

• The bank immediately issues a credit for the dispute, pending correspondence with the merchant.

• Both the charge and the credit need to be reallocated in PVS Net System.
Declined Transactions

If an attempt to purchase was made with the Procurement Card and the transaction was declined, contact JPMorgan Chase Customer Service (1-800-207-5359) for information or Sara Almon (303-273-3268).

The most common reasons for a declined transaction are:

- Cardholder did not activate the card (Cardholder should now do so);
- Cardholder has reached one of his or her transaction limits (to change the limits on the card, fill out a *Procurement Card Application* form where it states limits: [http://inside.mines.edu/UserFiles/File/finance/purchasing/Procard%20App,%20Side%201.doc](http://inside.mines.edu/UserFiles/File/finance/purchasing/Procard%20App,%20Side%201.doc));
- Vendor is classified under a Merchant Category Code (MCC) that is blocked from use (Cardholder should ask vendor to identify the company’s MCC);
- Vendor asked for the billing address and the information provided by the Cardholder does not exactly match that on file with the bank (Cardholder should verify his or her billing address looking at the monthly statement mailed to the cardholder by the bank or by contacting Sara Almon via e-mail ([sara.almon@is.mines.edu](mailto:sara.almon@is.mines.edu)) or phone (303-273-3268);
- On phone orders, vendor could have incorrectly noted the card number and/or expiration date (Cardholder should verify information); or,
- The transmission between the vendor and the bank is down (vendor should try again later).
Forms

There are a number of forms relevant to the Procurement Card Program. All forms are available on the Procurement Services web site: http://inside.mines.edu/Procurement-Card-Information.

Here is a list, in alphabetical order, of Procurement Card Program forms and their use:

• **Cardholder Application.** Used to establish a new Cardholder with a Procurement Card. *For more information on setting up a new account, see Section 4: The Procurement Card.* Two separate pages which should remain two separate pages in order to fax the information to the bank.
  Page one: [http://inside.mines.edu/UserFiles/File/finance/purchasing/Procard%20App,%20Side%201.doc](http://inside.mines.edu/UserFiles/File/finance/purchasing/Procard%20App,%20Side%201.doc)

• **Procurement Card Change.** Used to change Cardholder information, i.e., to increase the maximum dollar amount allowed per cycle, to increase Cardholder per-transaction dollar limits (up to the allowed maximum of $3,999 per transaction), request a Restaurant Exemption form, etc.

• **Procurement Card Close.** Used to cancel a Procurement Card belonging to a transferred or terminated employee, or to confirm a lost or stolen card reported to the bank,
or, for faster reaction time, call Sara Almon and definitely send an e-mail (sara.almon@is.mines.edu) for authorization.

• **Unavailable Documentation.** Used when a Cardholder is unable to provide the required merchant receipt/transaction documentation. *Chronic use of this form by a Cardholder who routinely does not obtain or retain merchant documentation should be reported to the Procurement Card Administration.*

• **Violation Warning.** Used to notify a Cardholder and Procurement Services Procurement Card Administration of a violation of Procurement Card policies. This form is signed by the AO, faxed to Procurement Services Procurement Card Administration, and retained in the department’s files with the applicable Statement of Account.
  [http://inside.mines.edu/UserFiles/File/finance/purchasing/Violation%20Warning.xls](http://inside.mines.edu/UserFiles/File/finance/purchasing/Violation%20Warning.xls)
Among the management tools available to enhance the Procurement Card Program are e-mail reallocation notifications, printed statements, and on-line transaction review from the CSM PVS NET System (the specialized software system for Procurement Card transactions); information and documentation on the Procurement Services web site; and the staff itself, of Procurement Services Procurement Card Administration, are at your service.

Tools-Part I: E-mail Notifications
Procurement card program participants receive the following information, as applicable, directly via e-mail.

• **Reallocation Notification.** Transactions billed by MasterCard are down-loaded into CSM PVS NET System. The Cardholders receive individual e-mails detailing the dates to be reallocated and the deadline in which the reallocations must be completed by. PVS New details each transaction by date, dollar amount, and vendor. It is the responsibility of the Cardholder to immediately provide the transaction documentation to the Reallocator or the Approving Official; it is the responsibility of the Cardholder/Reallocator to reallocate all transactions by the timeframe given by Procurement Services, typically within 7 to 10 days of notification is recommended. These transactions are then loaded into Banner. If the reallocation deadline is missed, a Journal Entry (JE) is required with backup documentation to move the transaction from the default accounting code to the preferred accounting code as found on the Controller’s website (http://inside.mines.edu/UserFiles/File/finance/controller/CSM_Docs/Request%20for%20Journal%20Entry%20Change%20Form.doc).

*Note: These e-mails to review your transactions are a first line of defense to ensure the integrity of the Procurement Card Program and to minimize liability in case of fraudulent use of a card (e.g., external fraud where the procurement card has been compromised).*

Tools-Part II: Bank Issued Statements

• **JP Morgan Chase Bank Notification.** A bank statement is mailed directly to the Cardholder listing the transactions from the previous cycle. The AO should use this notification as a check-off list to ensure that all transactions are reallocated and approved; also that needed Statements are signed and received from Cardholders/Reallocators. (Statements are created only for those Cardholders who had transactions posting to the bank in the previous cycle period.)

Tools-Part III: Printed (Hardcopy) Statements
The Statement of Account is a paper list of a Cardholder’s transactions that posted to the bank during the previous cycle (from the 11th of one month through the 10th of the next) and is printed on bright pink paper to get the Cardholder’s attention. The Statement is printed after the cycle-end reallocation in order to pick up any reallocation changes, usually around the 18th of the month. The difference between the bank statement and the Statement of
Account pink Sheet is that the pink sheet is more detailed and gives the Banner accounting the transactions was debited from, which is picked up from the PVS Net System.

- The Statement is campus-mailed directly to the appropriate Cardholder, who typically receives it after the 18th of the month for the previous cycle month.
- The Cardholder must sign the certification (pink sheet) at the bottom of his or her Statement and submit it to the designated Reallocator within 30 days of the end of the previous cycle. (Cycles end on the 10th of the month so this allows a timeframe of approximately 2 weeks.)
- The Reallocator must attach (to the Statement) the documentation for each transaction listed on the Statement.
- The Reallocator provides the signed, completed Statement packet to the responsible AO. The AO reviews each Statement for possible violations and signs it prior to filing in the designated departmental files.

Tools-Part IV: Reports

All Cardholders have the ability to run the following useful reports in PVS Net System. AO’s may ask department Cardholders to provide them with these reports, or they may request access to the PVS Net System in order to run the reports themselves.

- **G/L Summary Report.** This report provides the summary information of a Cardholder’s transaction in a General Ledger format. The AO may use this as a check-off list to ensure that all transactions are approved and that needed Statements are signed and received from Cardholders/Reallocators. I don’t see this report as very useful at the department or individual cardholder level but it is available, in case you want to review it.
- **Listing of Transactions.** This is the same entry that is used to reallocate transactions. A Cardholder can print the reallocation screen page (on-line) or have the report sent to their e-mail (off-line). Due to the blanks in the report, the e-mailed report is cumbersome and needs column deletion modifications to be readable. The Cardholder can use this transaction report to list all transactions by various options (e.g., transaction date, vendor name, transaction dollar amount, etc.) over a specified timeframe. This report can be used to answer specific questions or to research specific transactions or vendors.
- **Duplication of Statement Report.** This report duplicates the printed pink sheet hardcopy Statement of Account (including signature lines), described above. This report could be used if the mailed Statement of Account is not available.

Tools-Part V: Procurement Services Web Information

- The Procurement Services website maintains current information on its web site: [http://inside.mines.edu/Procurement_Services](http://inside.mines.edu/Procurement_Services). Department participants should refer to this site for forms, policy statements, documentation (including technical instructions on the use of PVS NET System), etc., by looking under Procurement Card Information.
- Also useful is the Controller’s Office web site: [http://inside.mines.edu/controllers_office](http://inside.mines.edu/controllers_office).
Tools-Part VI: Procurement Services Staff

The Procurement Services Procurement Card Administration staff provides support to departmental program participants in the areas of:

- Program set-up and management;
- Policy interpretation;
- Identification of violations (including the confidential reporting of violations, at the AO’s discretion);
- Performing Department Site Visits;
- Spot Audits;
- Operational Reviews; and,
- Assistance with Cardholders who chronically fail to submit documentation and/or signed Statements.
Ensuring the Integrity of the Procurement Card Program

The School has designed a process for managing the Procurement Card Program and has developed the tools to enable the participants to meet their goals. The success of each department’s program will depend, ultimately, on the thoughtful implementation of this process as well as on the effective coordination of the Cardholders, Reallocators, Approving Officials, and Procurement Card Administration.