

POLICY & PROCEDURES MEMORANDUM

**TITLE: PURCHASING
CARD (P-CARD) PROGRAM**

EFFECTIVE DATE: December 16, 2009*
**(8/31/18; 3/4/16; 9/16/14, 8/4/14, 11/15/13,
7/31/12, 10/28/10 State of Louisiana
Purchasing Card Policy Update)*

CANCELLATION: none

CATEGORY: Business (BA)

POLICY STATEMENT

In accordance with the [State of Louisiana Purchasing Card Policy](#), the State of Louisiana Purchasing Card is a credit card issued by the contracted card issuer for the state. The card is a tool used to manage purchasing and accounting by enabling employees to purchase items with the convenience of a credit card while maintaining control over those purchases. Use of this card is limited to low-dollar orders that are not required to undergo competitive bidding requirements mandated by the [State of Louisiana Office of State Purchasing](#).

These policies and procedures are not intended to replace current State of Louisiana Office of State Purchasing policies, procedures and regulations, Louisiana Statutes or Executive Orders, or Delgado's current [Purchasing Procedures](#) policy. The purchasing card (P-Card) program is designed to delegate the authority and capability to purchase small dollar items directly to the end user or department. Delgado Community College is authorized by the [Louisiana Community and Technical College System Purchasing Card Policy](#) to administer the P-Card program, and as a State agency, must adhere to certain State and Federal regulations and laws. Cardholders are expected to make sound business decisions in the best interest of the College. Cardholders must comply with the requirements, policies, and procedures contained in this memorandum, those outlined in the application and the cardholder agreement, as well as any revisions by the College pertaining to this program.

PROCEDURES & SPECIFIC INFORMATION

1. **Purpose**

To establish policies and procedures for administering the State of Louisiana's Purchasing Card (P-Card) Program at the College.

2. **Scope and Applicability**

This policy and procedures memorandum applies to all authorized purchasing cardholders and the employees responsible for authorizing card purchases.

3. **Definitions**

Agency - Delgado Community College, as a state agency, arranges with card issuer for the issuance of purchasing cards (P-Cards) to authorized College employees and agrees to accept liability for their employees' use of the cards.

Approver- The Cardholder's supervisor, or the most logical supervisor that is at least one level higher, which would be most familiar with the business case and appropriate business needs for the Cardholder's transaction and is responsible for approving transactions online and signs the receipts, Cardholder's log, and monthly bank statement. The Approver is never to be the final reviewer/approver of his/her own monthly transactions and may not possess a card for whichever program he/she is assigned the role of approver. The Approver is responsible for verifying that all charges against the Cardholder's P-Card account are authorized and made in accordance with the program guidelines and that the transaction is supported by adequate documentation.

Billing Cycle Spending Limit - A maximum dollar limit assigned to the Cardholder for the total of all charges made during the billing cycle.

Budget Account Allocation - The Budget Account Allocation includes the Fund, Organization, Account/Campus, and Program of the department that is charged for the purchase. (The budget account allocation is *whose budget is charged* for the purchase, and the acode describes *what* was purchased.)

Cardholder - An employee who is approved by the Chancellor's designee, the Program Administrator, to use the P-Card to execute purchasing transactions on behalf of the College. The Cardholder's name appears on the P-Card and that person is accountable for all charges made with the card. The Cardholder must never be the final approver of his/her transactions.

Cardholder Agreement Form/Approver Agreement Form/Program Administrator Agreement Form –Forms signed annually by the Program Administrator, a Cardholder, and Approver that acknowledges each has received required training, understand the P-Card Policies, both State and the College, completed the state's certification requirement, and accepts responsibility for compliance with all policies and procedures.

Cardholder Enrollment Form – A form that initiates the P-Card issuance process for the Cardholder.

Card Issuer – The financial institution whose services were contracted for by the State of Louisiana, to issue P-Card to State Employees, to provide electronic transactions and billing to the agencies for all purchases made on the cards, and to collect payment from the agencies.

Default Budget Account Allocation - The Delgado budget account allocation (includes the Fund, Organization, Account/Campus, and Program) assigned to an individual Cardholder's card, which will be charged for supplies normally purchased by the Cardholder, unless otherwise specified.

Disputed Item – Any transaction that was double charged, charged an inaccurate amount, or charged without corresponding goods and services by the cardholder.

Merchant Category Code (MCC) – Standard code the credit card industry uses to categorize merchants based on the type of goods or services provided by the merchant. A merchant is assigned a MCC Code by the acquiring bank.

Merchant Category Code Group (MCCG) – a defined group of merchant category codes. MCCGs are used to control whether or not cardholders can make purchases from particular types of merchants.

Program Administrator - Person designated by the Chancellor to coordinate, monitor, and oversee the College's P-Card program. Serves as liaison between the Cardholder, the Approver, State of Louisiana Program Administrator, and the card issuer. Processes new card applications, changes to Cardholder information, maintains Cardholder profiles within the software provided by card issuer, while providing assistance and support to all departments within the College.

Purchasing Card (P-Card) – The purchasing card (P-Card) is issued for use by authorized state employees for the purpose of making purchases on behalf of their department. Issuance of this card in no way affects established purchasing rules and regulations but provides an alternative method for payment.

Single Transaction Limit - Amount set by the Program Administrator as the maximum dollar amount (total amount of sale) allowed for any single transaction made with the P-Card.

Split Purchasing – The practice of artificially dividing a single purchase to avoid the Single Purchase Limit, which is misuse of the card as per [State of Louisiana Office of State Purchasing](#) regulations and [Executive Order "Small Purchases Procedures."](#)

Supervisor/Budget Head - Individual(s) within the College who is responsible for requesting P-Cards for departmental employees who make official purchases. The Supervisor/Budget Head may also be the Approver of the P-Card transactions.

Works System – Bank of America’s online system that includes user profiles and transaction workflow.

4. **State of Louisiana Purchasing Card Guidelines**

The following guidelines are in accordance with [State of Louisiana Purchasing Card Policy](#), as well as the Delgado’s [Purchasing Procedures](#).

A. **Card Issuance Guidelines**

1. Cards are to be issued in the name of State of Louisiana employees only.
2. Cardholders must be approved by appropriate College authority.
3. Cardholder must secure and control card at all times.
4. Cardholders must sign a Cardholder Agreement and complete training prior to a card being issued.
5. Cardholder must be given a copy of the State and Delgado policies and procedures for the P-Card Program.
6. Cardholder must notify the College’s Program Administrator if fraudulent charges are noticed, as the card may need to be cancelled and another card issued.
7. The Program Administrator must be notified if use of a card has changed and lower or higher limits are necessary.
8. Cardholder must never accept cash in lieu of a credit to the P-Card account.
9. Cards must be embossed with State of Louisiana, Delgado Community College, Employee Name, P-Card account number, and State tax-exempt number.
10. The Supervisor/Budget Head must provide default budget account allocation (includes the Fund, Organization, Account/Campus, and Program), which will be charged for supplies purchased by the Cardholder, unless otherwise specified.
11. Program participants, i.e. the Program Administrator, Cardholders, and Approvers serving as Cardholder approvers are required to complete an online certification class, annually, receiving a passing grade of at least 90 in order to receive a new P-Card, renewal P-Card, or remain as an administrator, approver or cardholder.

12. Any recognized or suspected misuse of the P-card program should be immediately reported to the College's Program Administrator and may be reported anonymously to the [State of Louisiana Inspector General's Fraud and Abuse Hotline](#) at 1-866-801-2549.

B. Card Usage Guidelines

1. The P-Card is limited to use:
 - a. By individual state employees authorized by the Chancellor's designee, the Program Administrator.
 - b. By Cardholder only.
 - c. For official state use only.
 - d. On State/College-approved Merchant Category Codes.
 - e. For only those purchases deemed necessary and required for continued daily operations of the College.
2. The P-Card must **not** be used:
 - a. For purchases valued at \$5,000 and over (including shipping and handling charges), excluding taxes. (Exceptions apply based on [State of Louisiana Office of State Purchasing Policy](#).)
 - b. To pay for professional services and/or services provided by a 1099 Reportable Vendor, which must be purchased in accordance with the College's policy on [Contracts for Professional, Personal, Consulting and Social Services](#). (See Section 4D, "1099 Reportable Vendors," for more information.)
3. The P-Card must **not** be used (regardless of dollar amount):
 - a. For personal use.
 - b. To avoid appropriate purchasing or payment procedures.
 - c. To access cash.
 - d. For gift cards and/or gift certificates, as they are considered cash and taxable, without prior approval by the Office of State Purchasing.
 - e. For any other purchases deemed restricted in the College's [Purchasing Card Procedures](#), by the Controller's Office, or by the [State of Louisiana Purchasing Card Policy](#).

C. **Card Misuse**

In accordance with the [State of Louisiana Purchasing Card Policy](#), card misuse includes fraud purchase and non-approved purchases, which are as follows:

1. **Fraud Purchase** – Any transaction, intentionally made, which was not authorized or not for official state business.

An employee suspected of having misused the P-Card with the intent to defraud the state will be subjected to an investigation. Should the investigation result in findings which show that the actions of the employee have caused impairment to the state service, and should those findings be sufficient to support such action, the employee will be subject to disciplinary action. The nature of the disciplinary action will be the prerogative of the appointing authority and will be based on the investigation findings and the record of the employee. Any such investigation and ensuring action shall be reported to the Legislative Auditor and the Director of the Office of State Purchasing.

2. **Non-Approved Purchase** – a purchase made by a State cardholder for which payment by the state is unapproved. A non-approved purchase differs from a fraud purchase in that it is a non-intentional misuse of the P-Card with NO intent to deceive the agency for personal gain or for the personal gain of others.

Non-approved purchase is generally the result of a miscommunication between a Supervisor or Approver and the Cardholder. A non-approved purchase could occur when a Cardholder mistakenly uses the P-Card rather than a personal card.

When a non-approved purchase occurs, the Cardholder should be counseled to use more care in handling of the P-Card. The counseling should be in writing and maintained in the employee's file for no longer than one year unless another incident occurs. The employee should be made to pay for the item purchased inappropriately. After three instances of non-approved purchases or card misuse, the card will be suspended for one year.

The specific steps for addressing card misuse are outlined in the College's [Purchasing Card Procedures](#).

D. 1099 Reportable Vendors

For the P-Card Program, 1099 reporting responsibility is assumed by the contracted credit card issuer.

E. Sales Tax

1. State sales tax should not be charged on card purchases.
2. Cardholders should make every effort at the time of purchase to avoid being charged state sales tax.
3. In the event state sales tax is charged and a credit is warranted, it will be the Cardholder's responsibility to have the card issuer to issue a credit to the Cardholder's P-Card account.
4. It is State of Louisiana policy not to pay state sales tax. The Program Administrator monitors sales tax transactions to ensure corrective action is taken to address repeated violations.

F. Documentation

1. Documentation must be adequate and sufficient to adhere to current purchasing policies, rules, regulations, statutes, Executive orders, [State of Louisiana Office of State Purchasing](#) guidelines and generally accepted accounting guidelines for recording of expenditures in the State/College accounting system. Cardholders must not approve their own purchases. The Program Administrator ensures that Approvers are verifying receipts; ensuring controls are being met and that transactions are appropriate and accurate; providing electronic approvals of P-Card logs certifying that the documentation is acceptable for each transaction, that it was for official state business, that it is in compliance with appropriate rules and regulations, etc., as mentioned above and that it has been reviewed and is approved.
2. Documentation is required for all purchases and credits. For items purchased over the counter, the Cardholder should obtain the customer copy of the receipt. When ordering by telephone, fax, or online, the Cardholder must obtain an invoice. Acceptable documentation must include a line description with a full description, not a generic "general merchandise" description, and line item pricing for the purchase. Electronic receipts are allowed if they are un-editable. For internet purchases, the print out of the order confirmation showing the details, or the printout of the order details, or the shipping document if it shows what was purchased, the quantity and the price paid suffice for the itemized receipts. Missing documentation must be addressed according to the specific steps outlined in [Purchasing Card Procedures](#).

3. Purchases made online through Amazon must have a standalone business account or registration. They must not be combined with an individual's personal account. The Cardholder's business email address for the standalone account must match the Cardholder's name.
4. The Program Administrator is responsible for maintaining *original*, supporting documentation on file for a period of three (3) calendar years in accordance with the College's record retention requirements. This file will be subject to periodic review by the Office of the Legislative Auditors and any other duly authorized auditor.

G. **Emergency Purchases**

P-Card purchases made during an emergency declared by the Governor must be handled in accordance with the Declared Emergency requirements as published in the State's policy. In the case of an emergency declared by the Governor, the Cardholder must contact the Program Administrator immediately for use of the card.

5. **General Requirements for Authorization of Cardholders**

- A. The Supervisor/Budget Head must complete the required enrollment steps outlined in the [Purchasing Card Procedures](#) for each prospective Cardholder under his/her jurisdiction. Only one card may be issued to each Cardholder.
- B. The Supervisor/Budget Head is responsible for assigning spending limits per transaction and per cycle, and limiting the number of transactions allowed for the card holder.
- C. The Supervisor/Budget Head is responsible for assigning an Approver for the Cardholder. The Approver may be the Supervisor/Budget Head or another employee at least one level higher than the Cardholder.
- D. The Supervisor/Budget Head is responsible for assigning a default Delgado budget account allocation (includes the Fund, Organization, Account/Campus, and Program). All purchases are charged to the default budget account allocation unless otherwise specified.
- E. Secondary approval must be obtained by the appropriate Vice Chancellor over the department or division.
- F. The Controller's Office is the final step for approval and processing.

6. **Cardholder Responsibilities**

A. **General Responsibilities**

1. The College's P-Card is a corporate card and does not affect the Cardholder's personal credit. However, it is the Cardholder's responsibility to ensure that the P-Card is used in accordance with the State's P-Card Program guidelines and related College policy and procedures. Failure to comply may result in P-Card account deactivation, permanent revocation of card, notification through the Cardholder's chain of command, internal audit and/or Campus Police for further investigation, reimbursement to the College, or disciplinary actions that may include (depending upon the seriousness of the offense) reprimand, probation, suspension, demotion, or termination of employment, and/or criminal prosecution, as deemed appropriate.
2. The College retains the right to cancel a Cardholder's privileges. Cards may be revoked for card misuse or non-compliance with policies and procedures and/or Cardholder's Agreement.

B. **Specific Responsibilities**

1. P-Cards must be used for purchases as outlined in Section 4B, "Card Usage Guidelines."
2. The Cardholder is responsible for complying with the procedures and requirements as outlined in this memorandum and the College's [Purchasing Card Procedures](#).
3. Cardholder must obtain annual cardholder certification through the State's online certification training program in which a passing grade of at least 90 must be obtained.
4. In the event an unauthorized charge is placed on the individual's P-Card account, the Cardholder must never make a payment directly to the bank. Instead the Cardholder must report any unauthorized charges to the Program Administrator immediately. Procedures to address unauthorized purchases are outlined in the College's [Purchasing Card Procedures](#).
5. Cardholder is required to make arrangements with Approver regarding how the periodic account reconciliation procedures, as outlined in the College's [Purchasing Card Procedures](#), will be completed in case of the Cardholder's absence.
6. The Cardholder is responsible for obtaining original receipts/documentation for each purchase, as outlined in Section 4F, "Documentation."

7. The Cardholder is to maintain the required purchase information in the Works System as outlined in the College's [Purchasing Card Procedures](#).
8. The Cardholder must sign off on each transaction in the Works System within five (5) business days as outlined in the College's [Purchasing Card Procedures](#).
9. Upon completion of the monthly reconciliation, the Cardholder is to present the information from the Works System and original receipts/documentation to Approver for approval within time period stated in [Purchasing Card Procedures](#).
10. Cardholder is responsible for ensuring receipt of materials, and resolving any receiving discrepancies or damaged goods issued.
11. Cardholder is responsible for settling any disputes, clearing erroneous charges, and requesting charges and requesting credit for returned merchandise directly with the vendor. If the Cardholder is unable to reach an agreement with the vendor, he/she must complete the card issuer's required steps for documenting disputed items, which are outlined in the College's [Purchasing Card Procedures](#).
12. Cardholder is responsible for the physical security and control of P-Card of his/her card and its appropriate use, and therefore must:
 - Recognize that the P-Card is the property of the State of Louisiana;
 - Never put the full P-Card account number or Works System User ID or passwords in emails, fax, reports, memos, etc., or display them in work area. If designation of an account is necessary, only use of the last four or eight digits of the account is to be allowed;
 - Never give the P-Card account number, Works System User ID or passwords to someone else without the Program Administrator's permission;
 - Never leave work area while logged into the Works System or leave log-in information lying in an unsecure area.
 - Maintain security of card data such as the account number, the expiration date, and the card verification code (CVC), the 3-digit security code located on the back of the card; and
 - Never send a copy of the P-Card if requested by a merchant. If this is required by a merchant, then the Cardholder must use another form of payment other than the P-Card.

13. If Cardholder notices a fraudulent purchase, he or she must report the purchase to the Program Administrator.
14. The P-card is to remain the property of the card issuer. It MAY NOT be transferred, assigned to, or used by anyone other than the designated Cardholder. The Cardholder must surrender the P-Card upon request to Delgado Community College/Program Administrator or any authorized agent of the card issuer.
15. The Cardholder is responsible for notifying the Program Administrator and, if appropriate, surrender P-Card if any of the following occur:
 - Employment has ended
 - Furlough/layoff
 - Transfer from department or budget unit
 - Extended leave for more than 30 days including summer break
16. Cardholder MUST first report a lost or stolen card or fraudulent activity immediately to the card issuer, Bank of America at 1-888-449-2273, and then second must notify the Program Administrator. The card issuer immediately cancels the P-Card and forwards a replacement card within three (3) to five (5) business days.

6. **Approver's Responsibilities**

A. **General Responsibilities**

It is the Approver's responsibility to ensure that the P-Card is used for appropriate business purposes in accordance with the State's P-Card Program guidelines and related College policy and procedures. Failure to ensure Cardholder compliance with program guidelines may result in suspension of card privileges for department, permanent revocation of cards within the department, notification to management, internal audit and/or Campus Police for further investigation, or disciplinary measures that may include (depending upon the seriousness of the offense) reprimand, probation, suspension, demotion, or termination of employment, and /or criminal prosecution.

B. Specific Responsibilities

The Approver has the following responsibilities for ensuring proper use of the P-Card:

1. Complete required training prior to card being issued to the Cardholder.
2. Obtain annual approver certification through the State's online certification training program in which a passing grade of at least 90 must be obtained.
3. Carefully review the information submitted by Cardholder in the Works System to verify legitimacy of each transaction and sufficiency of receipts/documentation.
4. Submit electronic approval in the Works System with all necessary documentation including complete line item descriptions where generic description is on receipts such as "general merchandise" (whether paper or electronic) within time period stated in [Purchasing Card Procedures](#).
5. Forward all *original* supporting documentation along with invoices, receipts, approved logs signed by both the Cardholder and the Approver, bank statements signed by both the Cardholder and the Approver, along with any findings and justifications to the Program Administrator for maintenance in accordance with the College's record retention requirements and subject to periodic review by the Program Administrator, Office of the Legislative Auditors, and any other duly authorized auditor.
6. Ensure missing original receipts/documents according to the specific steps outlined in the College's [Purchasing Card Procedures](#).
7. Ensure non-approved purchases are documented and addressed according to the specific steps outlined in the College's [Purchasing Card Procedures](#).
8. Complete the required steps, as outlined in the College's [Purchasing Card Procedures](#), to report any discrepancies, policy or procedure violations, and non-approved purchases or any other form of card misuse.
9. Complete the required reporting steps, as outlined in the College's [Purchasing Card Procedures](#), for the following situations in which the Cardholder:
 - changes departments
 - has change in job responsibilities and is no longer required to have card privileges
 - is no longer employed with College
 - is on extended leave for more than 30 days including summer break

10. Annually review agency cardholders, cardholder limits and ensure appropriate utilization and maintain file to document compliance with this requirement.
11. Understand that failure to properly fulfill responsibilities as an Approver could result, at a minimum, in the following: written counseling which would be placed in employee file for a minimum of 12 months; consultation with the Program Administrator and possible other College officials; disciplinary actions, up to and including termination of employment; and/or legal actions, as allowed by the fullest extent of the law.

6. **Program Administrator's Responsibilities**

The Program Administrator must:

1. Maintain control over cards issued, P-Card accounts suspended and accounts closed.
2. Keep Cardholders and Approvers up to date on program policy and procedures.
3. Provide annual training for Cardholders and Approvers.
4. Ensure correct budget account allocation (includes the Fund, Organization, Account/Campus, and Program) are used for all purchases.
5. Process payments to card issuers within 25 days of statement dates via electronic fund transfer (EFT).
6. Monitor receipts/documentation for sales tax and other policy violations, and ensure corrective action is taken regarding repeat violations.
7. Report policy violations to Cardholder and Approver according to policy and/or procedures.
8. Monitor and maintain all original receipts/documentation on file in accordance with the College's retention requirements.
9. Ensure that all audit reports required by the State's P-Card policy are run and reviewed on a monthly basis.
10. Monitor Cardholder accounts that are not active and adjust single transaction limits based on possible change in needs and cancellation of card, when not utilized in a twelve month period. (A card may only remain active, if dormant for a 12 month period, by justification and approval from the Office of State Purchasing. If approval is granted, the card must be suspended and profile

changed to \$1 limit until future need for activation. An example of the need for a card that may be dormant for 12-months is that the card is being maintained only for emergency situations.)

11. Ensure all *original* supporting documentation, including approval document(s), etc., are maintained in one central location in the Controller's Office that is made available to auditors.
12. Ensure an annual review/audit of the College's P-Card Program is conducted by the College's internal auditor or equivalent.
13. Ensure procedures and controls are in place for prompt payment, reconciliation and cost distribution of charges and credits, including monthly post-audits of Cardholder transactions and supporting documentation performed by the Program Administrator to (1) monitor the number and dollar amount of purchases made, vendors used, and detailed transaction information to properly allocate the cost, and (2) verify that purchases are made in accordance with the [State of Louisiana Purchasing Card Policy](#), all current purchasing policies, purchasing rules and regulations, Louisiana Statutes, and Executive Orders.
14. Submit required monthly certifications to the Office of State Purchasing.

Attachment: [Purchasing Card Procedures](#)

Policy Reference:

Delgado Policy and Procedures Memorandum, [Purchasing Procedures](#)
 Delgado Policy and Procedures Memorandum, [Contracts for Professional, Personal, Consulting and Social Services](#)
 Louisiana Community and Technical College System Policy #5.018, [LCTCS LaCarte Purchasing Card Policy](#)
[State of Louisiana Purchasing Card Policy](#)
[State of Louisiana Office of State Purchasing Guidelines](#)
[Executive Order BJ 10-16, Section 6, "Small Purchases Procedures"](#)
 Louisiana Revised Statute 39, Louisiana Procurement Code

Review Process:

Ad Hoc Committee on Purchasing Card Policy and Procedures 10/22/09
 Student Affairs Directors Input 11/19/09
 Academic Affairs Council Input 11/24/09
 Business and Administrative Affairs Council 11/30/09
 College Council 12/16/09

Procedural Updates:

State of Louisiana Purchasing Card Policy Updates Approved by Vice Chancellor for Business and Administrative Affairs, effective 8/31/18, 3/4/16, 9/16/14, 8/4/14, 11/15/13, 7/31/12, 10/28/10

Distribution:

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