

**Purchasing Services Procedure
Procurement Credit Card**

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1. Purpose

The Procurement Card is designed to streamline the University of Guelph purchasing system in support of University departments' operating needs, without eroding good business practices or effective internal controls.

2. Scope

Items/services viewed as potential candidates for the Procurement Card are those items/services normally purchased by Low Value Purchase Orders (LVPO's). The Procurement Card transactional limit is \$3,000, including currency exchange and taxes.

2.1. Exceptions (Items Not to be Purchased Using the Procurement Card)

- Materials/services covered by Blanket Orders, Systems Contracts, or University Purchase Agreements.
- Materials/services greater than \$3,000.00, including currency exchange and taxes.
- Expenses normally claimed on a Travel Authority e.g. travel expenses, hotels, meals, long distance telephone calls, etc. (*Ref. Travel Authority and Personal Expense Claim Procedure (Operating Fund Procedure FP 2.2.03)*)
- Personal purchases.
- Spirits (alcohol).
- Animals and vertebrates.

2.2. Special Authority for Approval Requirement:

In order to ensure compliance with government legislation, University standards, etc., the following purchases may only be initiated using the Procurement Card after receiving prior approval and instructions from the following Authority. (*Ref. Purchasing Methods - "Special Authority Approval"*)

3. What is a “Procurement Card?”

The Procurement Card is a VISA purchasing credit card issued by the US Bank (affiliated with the Royal Bank). The card is imprinted with the cardholder’s name, alias name, if applicable (i.e. Joe Smith’s Trust Fund), the University of Guelph logo, credit card number, and validity period. The University of Guelph is liable for all expenditures made using the Procurement Card, therefore no personal purchases are allowed.

4. How Do I Get a Procurement Card?

- The application is titled Visa Purchasing Card (*Ref. Form-Appendix A*), Employee Card Application, University of Guelph, and is available from the website www.fin.uoguelph.ca or [Lynne Harbin](#), Procurement Card Coordinator, Purchasing Services, (519) 824-4120 x58482.
- The applicant **MUST BE** an employee of the University of Guelph.
- The applicant and the approving authority must complete, sign and date the form. The approving authority is the individual who has the authority to approve requisitions, purchases and payment (e.g. Manager, Department Head, Dean, Chair, etc.), unless delegation of authority has been provided in writing to Purchasing Services with the application.
- Applications must be approved by an approving authority at least one level higher than the applicant.
- The Procurement Card Coordinator, Purchasing Services approves and processes all requests for a Procurement Card. All requests are retained in a permanent file. The Procurement Card Coordinator will notify the cardholder when their Procurement Card has been delivered to the University.
- All Procurement Cards must be picked up from Purchasing Services, 5th Floor, University Centre, and must be signed on the back upon receipt. The Cardholder is also required to sign a Procurement Card Visa (*Ref. Form-Appendix B*), Employee Agreement Acknowledgment Letter, stating the Procurement Card was received and will only be used for authorized purchases. The card must only be used by the individual whose name is on the card.
- Before using the Procurement Card, the Cardholder must activate the card by calling the phone number provided, identifying themselves, providing their employee number and last 4 digits of their telephone extension. Failure to activate the card will result in the card being declined when used.

5. When Should I Use A Procurement Card?

A Procurement Card should be used for materials/services where the University has not established a purchase arrangement and the material/service is less than \$3,000, including currency exchange and taxes. Purchase arrangements include blanket orders, systems/paperless contracts or University Purchase Agreements. In most cases, blanket orders, systems/paperless contracts or University Purchase Agreements are as efficient and provide a lower cost alternative to either the LVPO or Procurement Card options.

6. How Do I Use A Procurement Card?

- Before using the Procurement Card, the Cardholder must activate the card by calling the phone number provided, identifying themselves, providing their employee number and last 4 digits of their telephone extension. Failure to activate the card will result in the card being declined when used.
- Transactions must be \$3,000.00 or less, including currency exchange and taxes. Larger purchases must not be broken into smaller purchases (parcelling) in order to meet the transaction limit.
- Prior approvals must be obtained for specific items detailed in Section 2.2, "Special Authority for Approval Requirement".
- Purchases must be within the established monthly credit limit.
- The Cardholder has the option of phoning the supplier for an order with the credit card number or picking up the material.
- Cardholders must ask the supplier to ensure either a priced packing slip, receipt or confirmation invoice is delivered to the Cardholder with the material.
- All packing slips, receipts, credit card slips, etc. must be retained and attached to the Cardholder's monthly statement. If the receipt/packing slip does not include a description of the purchase, add a handwritten description on the front of the receipt/packing slip. The receipt and general ledger code must support the end use.
- The use of a monthly log of transactions is optional. When a purchase is made, the Cardholder enters the required information on the transaction log. The item number from the transaction log must be written on the corresponding receipt/packing slip. If the receipt/packing slip does not include a description of the purchase, add a handwritten description on the front of the receipt/packing slip.
- If an item purchased with the Procurement Card is returned, the merchant must credit the card account. If using a transaction log, complete the log for the return, include the credit receipt/packing slip for the transaction, and indicate the transaction was a credit in the "Description of Purchase" column. It is the cardholder's responsibility to follow up with suppliers to ensure credits are received.
- In accordance with Section 8.1 Cardholder's Responsibility, each month the Cardholder must log on to US Bank's website, review the transactions, assign an "End Use" for each transaction, change the default general ledger code to a more appropriate code including the object code, print the card statement and submit it along with the corresponding receipts/packing slips, to the individual who has the authority to approve requisitions, purchases and payment (e.g. Manager, Department Head, Dean, Chair, etc.), for approval.
- The Cardholder's printed and approved monthly card statement along with the corresponding receipts/packing slips must be kept on file at the local department level for seven years.

7. What If A Supplier Rejects the Card?

The Procurement Card is accepted by many of the suppliers the University has traditionally conducted business with. If the Cardholder wishes to conduct business with a company not accepting the

University of Guelph Procurement Card, please contact [Lynne Harbin](#), Procurement Card Coordinator, Purchasing Services, (519) 824-4120 x58482.

Some merchants have been purposely excluded from the University of Guelph Procurement Card Program, i.e. travel suppliers, airlines and hotels. If the card is presented to an excluded merchant, the transaction may be declined. If the decline is questionable, the Cardholder should contact the VISA customer service number indicated on the card, to determine if the transaction was declined because of merchant exclusion or it exceeded the cardholder's transactional dollar limit or monthly credit limit. If the merchant was improperly excluded, contact the Procurement Card Coordinator. If the transactional dollar amount or monthly credit limit was exceeded, contact the individual who approved the issuance of the Procurement Card, to determine if the card limit should be changed.

8. What Am I Accountable for When Using the Procurement Card?

8.1 Cardholder's Responsibility

- Responsible for ensuring the proper use of the Procurement Card.
- The Procurement Card is user-specific; no one shall attempt to purchase an item using a card issued to another person. Delegation of authority is not permitted in making transactions.
- The Procurement Card must be signed upon receipt and must be properly safeguarded to the same extent a personal credit card would be safeguarded.
- Cardholders are responsible for immediately notifying the US Bank if the card is lost or stolen. The Cardholder must also notify the Procurement Card Coordinator during business hours.
- The Cardholder must notify the Procurement Card Coordinator using the Visa Purchasing Card (*Ref. Form-Appendix A*), Employee Card Application, University of Guelph, of any updates/modifications to a Cardholder's name, address, transaction limit, etc.
- Cardholders must ensure funds are available prior to the purchase. Should the Procurement Card be repeatedly used when funds are not available, the Procurement Card may be cancelled.
- The Cardholder must verify that all items included on the US Bank website are legitimate. The Cardholder must notify the Procurement Card Coordinator, Purchasing Services of any unauthorized charges within 21 days from the statement date for filing any disputes. Timeliness of reporting errors or unauthorized use of the card is imperative to ensure corrective debits/credits are made. Reporting any errors or unauthorized use beyond 21 days may result in the University of Guelph not being able to obtain the correction.
- Each month the Cardholder must log on to US Bank's website (*Ref. US bank Access Direct, University of Guelph Account*), review the transactions, assign an "End Use" for each transaction, change the default general ledger code to a more appropriate code including the object code, print the card statement, sign and submit it along with the corresponding receipts/packing slips, to the individual who has the authority to approve requisitions, purchases and payment (e.g. Manager, Department Head, Dean, Chair, etc.), for approval. The signature of the Cardholder indicates that all charges are accurate and in compliance with the University of Guelph's Policies and Procedures.

- Unless Cardholders have changed the default General Ledger Code on the US Bank website, all Procurement Card purchases will be charged to the default twenty-one digit general ledger cost code assigned by the Cardholder's management (default G/L Code) and the "Procurement Card" expense object code #63356, and the tax assumption all taxes are applicable. Due to the magnitude of transactions, it is imperative the G/L Code be changed to reflect the appropriate Object Code. It is not acceptable for Procurement Card transactions to be charged to object code #63356.
- **Please note:** the receipt and general ledger code must support the “End Use”. The Cardholder must sign on to the US Bank’s website within 4 business days of the 27th of the month. Failure to do so will result in all transactions charged to the default general ledger code and the tax assumption “all taxes are applicable”, requiring the cardholder to subsequently follow up with the required journal entries.
- Please note each G/L segment is free key by the Cardholder or picked from a List of Values as noted below.

Chart of Accounts Segments

Fund (3)	Entry Method: List of Values
Unit (6)	Entry Method: List of Values
Grant (6)	Entry Method: Free Key
Project (6)	Entry Method: Free Key
Object (5)	Entry Method: List of Values
Future Use (9)	Default Value: 000000000

End Use: Identifies the End Use and Tax Treatment for the transaction.

Entry Method: List of Values.

- It is the cardholder's responsibility to follow up with suppliers to ensure credits are received.

8.2 Department's Responsibility

- The individual responsible for the cost centre must notify the Procurement Card Coordinator in Purchasing Services of the employees designated to be assigned a Procurement Card by approving and forwarding a completed Visa Purchasing Card (*Ref. Form-Appendix A*), Employee Card Application, University of Guelph,.
- The individual responsible for the cost centre must determine the monthly credit limit for each Procurement Card issued. The maximum Procurement Card credit limit is \$50,000 per month.
- It is the responsibility of the approving individual (e.g. Manager, Department Head, Dean, Chair, etc. who has the authority to approve requisitions, purchases and payment) to ensure monthly submission of the cardholder's statements for review and approval. The signature of the approving individual indicates that all charges for the Cardholder have been reviewed and approved, as accurate and in compliance with the University of Guelph, Policies and Procedures.
- Local management, as an option, may wish to reconcile the Cardholder's statements to Financial Reporting System (FRS 2000).
- Monthly card statements along with the corresponding receipts/packing slips must be kept on file at the local department level for seven years.
- The individual responsible for the cost centre must notify in writing the Procurement Card Coordinator, Purchasing Services of any changes or deletions to the authorities delegated.
- The individual responsible for the cost centre must notify in writing the Procurement Card Coordinator, Purchasing Services of any Cardholder terminations and must obtain and destroy the applicable Procurement Card.

8.3 Purchasing Services' Responsibility

- Responsible for maintaining a file of the individuals authorized for Procurement Card transactions, assisting in resolution of problems, and administering the overall program.
- Purchasing Services approves and processes all requests for a Procurement Card. For administrative purposes, all requests are processed through the Procurement Card Coordinator, who retains the requests in a permanent file.
- All maintenance of the Procurement Cards is handled by the Procurement Card Coordinator, Purchasing Services. Any updates/modifications to a Cardholder's name, address, transaction limit, etc. are made through the Procurement Card Coordinator using the application form.

8.4 Accounts Payable

- Responsible for processing the monthly summary Procurement Card statement for payment.

9. What Information Will I Receive?

- In accordance with Section 8.1 Cardholder’s Responsibility, each month the Cardholder must log on to US Bank’s website, review the transactions, assign an “End Use” for each transaction, change the default general ledger code to a more appropriate code including the object code, print the card statement and submit it along with the corresponding receipts/packing slips, to the individual who has the authority to approve requisitions, purchases and payment (e.g. Manager, Department Head, Dean, Chair, etc.), for approval.
- Statements are not mailed to individual Cardholders. Statements are only available from US Bank’s website.
- Payment is not made from the Cardholder’s statement.
- The Financial Reporting System (FRS) will list each transaction by the vendor US Bank, the transaction date, the merchant name, and the dollars spent.
- The transactions detailed on the Cardholders' statements will usually be updated in Financial Reporting System (FRS) by the 15th calendar day of the month following.
- All Procurement Card purchases will be charged to the twenty-one digit general ledger cost code assigned by the Cardholder's management and charged to the common "Procurement Card" **expense object code #63356** unless otherwise changed by the Cardholder within 4 business days of the 27th of the month. Due to the magnitude of transactions, it is imperative the G/L Code be changed to reflect the appropriate Object Code.
- Further reporting may be available upon request to the Procurement Card Coordinator.

10. How Will the Taxes Be Applied?

All Cardholders must designate the “End Use” for each transaction when reconciling purchases on the US Bank Website. The “End Use” in combination with the location of the supplier will determine the applicable status. Below please find a table of “End Use” applications.

End Use
ADMIN
BOOKS/SUB
CONFERENCES
FARM
FARM EXEMPT
FOOD
GASOLINE
LIBRARY BOOKS
MEDICAL
PERMIT
PHARMACY
RESEARCH
SERVICE
TEACHING

The following table is a summary of how tax will apply to in province, out of province and out of country purchases based on the “End Use”.

Tax Applications			
End Use	Ontario Purchase	Cdn Purchase	Ex Canada Purchase
ADMIN	GST App/PST App	GST App/PST S/A	GST paid at Border/PST S/A
BOOKS/SUB	GST App/PST Ex	GST App/PST Ex	GST paid at Border/PST Ex
CONFERENCES	GST App/PST Ex	GST App/PST Ex	GST Zero Rated/PST Ex
FARM	GST App/PST Ex	GST App/PST Ex	GST paid at Border/PST Ex
FARM EXEMPT	GST Ex/PST Ex	GST Ex/PST Ex	GST Zero Rated/PST Ex
FOOD	GST Zero Rated/PST Ex	GST Zero Rated/PST Ex	GST Zero Rated/PST Ex
GASOLINE	GST Zero Rated/PST Ex	GST Zero Rated/PST Ex	GST Zero Rated/PST Ex
LIBRARY BOOKS (100% GST Rebate)	GST App/PST Ex	GST App/PST Ex	GST paid at Border/PST Ex
MEDICAL	GST Zero Rated/PST Ex	GST Zero Rated/PST Ex	GST Zero Rated/PST Ex
PERMIT	GST Zero Rated/PST Ex	GST Zero Rated/PST Ex	GST Zero Rated/PST Ex
PHARMACY	GST Zero Rated/PST Ex	GST Zero Rated/PST Ex	GST Zero Rated/PST Ex
RESEARCH	GST App/PST Ex	GST App/PST Ex	GST paid at Border/PST Ex
SERVICE	GST App/PST Ex	GST App/PST Ex	GST Zero Rated/PST Ex
TEACHING	GST App/PST App	GST App/PST S/A	GST paid at Border/PST S/A

App = Applicable, Ex = Exempt, S/A = Self Assess

Failure to designate the “End Use” will result in the tax assumption all taxes are applicable as per the following table:

Tax Assumptions	
Ontario Purchases	- GST Applicable, PST Applicable
Canadian Purchases	- GST Applicable, PST Self-Assess
Ex Canadian	- GST Paid at Border, PST Self-Assess

All Procurement Card purchases will continue to receive the GST rebate, where applicable.

11. How Is the Procurement Card Paid?

- Each Cardholder must verify transactions within 4 business days of the 27th of each month. Please refer to Section 8.1, "Cardholder's Responsibility".
- Accounts Payable, in coordination with Purchasing Services, will process the corporate summary statement for payment on behalf of the entire University of Guelph. It is imperative that any discrepancies between the actual purchases and the US Bank website be reported to the Procurement Card Coordinator, Purchasing Services. The Procurement Card Coordinator will act on behalf of the University of Guelph to ensure the issuing bank corrects any discrepancies.
- A summary statement of all charges with supporting detail is provided to Accounts Payable. Accounts Payable makes one payment to US Bank on behalf of all Cardholders and posts the transactional data to the general ledger cost code assigned by the Cardholder’s management, unless changed by the Cardholder on the US Bank website, in Financial Reporting System (FRS). For more detail, please refer to Section 9.0 "What Information Will I Receive?" Merchants are paid by the issuing bank typically within three days of the business transaction.

12. Compliance

- Purchasing Services will conduct compliance reviews to ensure that proper use of the Procurement Cards and control over the expenditure of funds has occurred. Reviews will be conducted to gather data on how, where, and for what purposes the cards were used, and to ensure proper records including retention of original receipts, are maintained for seven years. This review will also ensure an appropriate end use and general ledger code has been applied for each transaction.
- Receipts must support the general ledger code and the “End Use” designated by the Cardholder.
- Should reviews find adequate records have not been maintained, inappropriate purchases have been made, or inappropriate “End Uses” and/or general ledger codes assigned, the University of Guelph reserves the right to cancel the cardholder's card.

APPENDICIES

FORMS REF.

4. *Procurement Card Visa (Appendix A) - Employee Card Application, University of Guelph*
4. *Procurement Card Visa (Appendix B) - Employee Agreement Acknowledgment Letter, University of Guelph*

REF.

- 2.1 *Travel Authority and Personal Expense Claim Procedure (Operating Fund Procedure FP 2.2.03)*
 - 2.2 *Purchasing Methods - Special Authority Approval*
- 8.1, 8.2 *US bank Access Direct, University of Guelph Account*