

Memo To: All UH-Downtown/PS Holders

UH-Downtown/PS 05.C.09

Issue No. 7

From: Juan Sánchez Muñoz, President

Effective date: 02/21/2020

Page 1 of 13

Subject: General Procurement/Procurement Card

1. PURPOSE

This document outlines the responsibilities and procedures related to using the University of Houston-Downtown Procurement Card issued by the state-contracted bank.

2. DEFINITIONS

- 2.1 Procurement Card (Pro-Card, P-Card): A charge card issued to an employee of the university for the purpose of making authorized purchases on the university's behalf. The university will issue payment for charges made with the Procurement Card.
- 2.2 Cardholder: University employee who is issued a Procurement Card. The Cardholder is responsible for the use and safekeeping of the Procurement Card.
- 2.3 College/Division Administrator (CDA): University employee within each college/division who is ultimately responsible for designating Cardholders and overseeing the use of Procurement Cards within their college/division. Unless otherwise indicated, the CDA may delegate P-Card administrative tasks to other individuals within their college/division (Business Contacts) but retain primary responsibility for ensuring that transactions are appropriately reviewed, approved, documented, assigned the correct cost center and account and any other related tasks are completed in a timely manner. The CDA may request the inactivation or cancellation of a P-Card within their college/division at any time at their discretion.
- 2.4 Program Administrator: University employee responsible for administering the Procurement Card Program for the university and acting as the primary liaison between the university and the bank.
- 2.5 Program Coordinator: University employee responsible for training Cardholders on proper use of the Procurement Card and bank software, which enables the Cardholder to have access to their accounts through the Internet and for spot-checking statements to identify and review questionable transactions.
- 2.6 Transaction Limits: A dollar limit on purchasing authority for each total charge made with the Procurement Card. The transaction limit is \$3,500 for federal funds and \$5,000 for all other funds (i.e., non-federal funds) per transaction. A single transaction/charge may include multiple items but cannot exceed \$3,500 for federal funds and \$5,000 for all other funds (i.e., non-federal funds). Transactions may not be split to avoid exceeding the transaction limit.

- 2.7 Monthly Spending Limit: A dollar limit on purchasing authority for total charges made during a monthly billing cycle. The standard monthly spending limit is \$15,000 per credit card.
- 2.8 Expense Report: A listing of all transactions charged to the Cardholder's Procurement Card account through the end of the monthly billing cycle. This statement is available online through the bank's software.
- 2.9 Supporting Documentation: A merchant-produced or non-university document that records the relevant details for each item purchased including quantities, amounts, and description of item(s), the total charge amount, and the merchant's name and address (e.g. sales receipt, original invoice, packing slip, credit receipt, etc.).
- 2.10 Fraudulent Activity: The intentional use of a P-Card for non-university purposes.
- 2.11 Global Card Management System (GCMS): MasterCard bank Internet system that allows cardholders to automatically view, track, and report MasterCard transactions.
- 2.12 Merchant Category Code (MCC): A code selected for a merchant to identify their type of business and merchandise sold.
- 2.13 Business Contact: Individual who has been delegated the responsibility of reviewing, documenting, and/or assigning cost centers and accounts to P-Card transactions by the College/Division Administrator.

3. POLICY

- 3.1 The University of Houston-Downtown Procurement Card Program provides a cost effective way to make certain purchases by reducing the time and effort required to complete the procurement-to-payment process. All Procurement Card purchases must directly benefit the University of Houston-Downtown and be within the guidelines of this document. The Procurement Card may not be used to make personal or other purchases that do not benefit the university directly. All Procurement Card transactions must be verified to be accurate and the correct cost center and account must be assigned to each transaction.
- 3.2 An original completed [Cardholder Application/Approval Form](#) for University Procurement Card must be submitted for each prospective Cardholder to the Program Coordinator.
- 3.3 The [Cardholder Application/Approval Form](#) must contain the default cost center (not a sponsored grant cost center, unless otherwise approved by the Associate Vice President for Research and Sponsored Programs or his/her designee) used to clear the Cardholder's

transactions and the signature of the applicant, applicant's supervisor, and College/Division Administrator.

- 3.4 The applicant must complete Procurement Card training and sign a [Cardholder Procurement Card Agreement](#) acknowledging responsibility for proper use of the card before the card is released.
- 3.5 For security purposes, all Procurement Card applicants and Cardholders must receive their salary or wage from the University of Houston-Downtown through direct deposit, rather than a check.
- 3.6 Cardholders must complete an annual review of Procurement Card procedures and electronically acknowledge the [Cardholder Procurement Card Agreement](#) in order to maintain their P-Card privileges. All College/Division Administrators whose college or division has a P-Card and their designated Business Contacts must also complete annual training. All CDA and Business Contacts must also electronically acknowledge the [College/Division Administrator Procurement Card Agreement](#). If Cardholders do not complete annual training within the required timeframe, their P-Card will be inactivated until the training is completed. If College/Division Administrators and Business Contacts do not complete annual training within the required timeframe, the Program Coordinator may inactivate the P-Cards that they administer until the training is completed.
- 3.7 Cardholders are authorized to use the Procurement Card to purchase any merchandise or services required as a function of their duties at the university, except for items listed in Section 3.12.
- 3.8 Only the Cardholder to whom the card is assigned is authorized to use the card, and this person is responsible for ensuring that all charges made with the card are in compliance with this document.
- 3.9 Questions concerning appropriate card use should be directed to the Procurement Card Coordinator or Administrator. If a Cardholder is not sure whether a purchase is allowed, the Cardholder should not make the purchase until they confirm with their College/Division Administrator, the Program Coordinator, or Program Administrator that the purchase is allowable.
- 3.10 The Procurement Card must never be used to purchase items for personal use or for non-university purposes even if the Cardholder intends to reimburse the university. Procurement card transactions are subject to unannounced audits by the Internal Auditing Department and the Program Coordinator.
- 3.11 The College/Division Administrator (or designee) is responsible for identifying and investigating irregular transactions such as transactions prohibited by university policy. If fraudulent activity is suspected, the College/Division Administrator (or designee) must

report the suspected fraud in accordance with [SAM 01.C.04](#), Reporting/Investigating Fraudulent Acts.

3.12 A Cardholder who makes an unauthorized purchase with the Procurement Card, such as purchasing items for personal use/non-university purposes, will be subject to disciplinary action, up to and including termination of employment from the university, and criminal prosecution. Additionally, an employee may be subject to sanctions, as outlined in 3.14.

3.13 A Cardholder who makes inappropriate use of the Procurement Card, as outlined below, may be subject to disciplinary action, up to and including termination of employment from the university, and criminal prosecution. Additionally, an employee may be subject to sanctions, as outlined in 3.14.

3.13.1 Cash advances

3.13.2 Consulting services

3.13.3 Travel-related expenses, other than for registration fees and any other travel-related charges, must be reviewed by the Procurement Card Coordinator and the Travel Office prior to the transaction. Expenses for toll roads (EZ Tag) and parking for UHD fleet vehicles within the Houston metropolitan area are not considered travel-related expenses and are allowed on the Procurement Card.

3.13.4 Gasoline for a rental or personal vehicle

3.13.5 Financial services

3.13.6 Scholarships, stipends, tuition, and fees

3.13.7 Animals

3.13.8 Leases/Rentals

3.13.9 Transactions greater than \$3,500 for federal funds and \$5,000 for all other funds (i.e., non-federal funds). Splitting purchases between two or more transactions to stay under the purchase limit is prohibited.

3.13.10 Purchases that require a Purchase Order

a. Radioactive or hazardous materials, controlled substances, x-ray machines

b. Class 3b and 4 lasers and biological safety cabinets

c. Vehicles

d. Equipment lease/rental or maintenance agreements

- 3.13.11 Gratuity exceeding 20 percent of the transaction amount on transactions that normally require gratuity, such as business meals.
 - 3.13.12 Alcoholic beverages may not be paid from state-appropriated funds or from funds under the control of the Athletics Department, as well as federal indirect cost funds (funds 2072 and 2091).
 - 3.13.13 Other purchases prohibited by university policy (e.g., flowers for employees or family members of employees)
 - 3.13.14 Professional membership fees to an organization not approved by the President. Note: If any portion of membership fees paid to an approved organization is designated for political activities, the Cardholder must refund that portion of the membership fees to the university, since university funds may not be used for political-related activities. For a list of approved organizations please refer to the Accounts Payable's website, [UHD Approved Membership Organization Listing](#).
 - 3.13.15 Employment advertisements for staff positions that have not been approved by Employment Services and Operations or for non-employment ads that have not been approved by University Relations. External advertising for vacant faculty positions is placed by the hiring department. Departments are responsible for developing the faculty external ad and applicable artwork using the External Job Posting Template and following UHD's official graphic standards, in reference to [Advertising Policy PS 09.B.05](#)
 - 3.13.16 Promotional materials that are to be distributed off campus that have not been approved by the Office of University Relations prior to publication.
 - 3.13.17 Items charged to state funds (only local funds may be used to pay for P-Card transactions directly; if appropriate and necessary, P-Card transactions can be reallocated to state funds.)
 - 3.13.18 All purchases requiring a contract (including grants), regardless of the dollar amount (more than \$0), are not allowed on P-Card.
 - 3.13.19 Items charged to grants that are not allowed by sponsor
 - 3.13.20 Other restrictions issued by the Cardholder's college/division
- 3.14 Resulting sanctions for the above violations within a fiscal year include:

1st Offense: Email or verbal warning from the Program Administrator or Program Coordinator will go to the Cardholder and Supervisor/College Division Administrator. Card will be suspended until retraining is complete.

2nd Offense: Suspension of card for 90 days

3rd Offense: Suspension of card for six months

3.15 A Cardholder who commits one or more of the following violations within a single fiscal year will be subject to the sanctions outlined in 3.16.

3.15.1 Late Paperwork

a. Verification report not uploaded to Finance System by the deadline

3.15.2 Missing Receipts

3.15.3 Incomplete/incorrect paperwork

a. Missing cost centers

b. Missing accounts

c. Verification report not signed by the Cardholder or certifying signatory

d. No additional documentation/approval for business meals and official functions

e. No itemized receipt (or other acceptable form of supporting documentation indicated in Section 4.3)

f. Inappropriate sales tax paid

g. Incomplete P-Card statement download online from Global Card Management System (GCMS) (downloaded before statement closes)

3.16 Resulting sanctions for the above violations within a single fiscal year include:

1st Offense: Email or verbal warning from the Program Administrator or Program Coordinator will go to Cardholder and Supervisor/College Division Administrator.

2nd Offense: Card will be suspended until retraining has been completed and supervisor is notified.

3rd Offense: Suspension of card for 90 days.

- 3.17 It is the Cardholder's responsibility to safeguard the Procurement Card and its related account number at all times.
 - 3.17.1 Cardholders should keep their Procurement Cards in a secure location at all times.
 - 3.17.2 Cardholders should not allow anyone else to use their Procurement Cards and/or Procurement Card account numbers.
 - 3.17.3 Cardholders should not write their Procurement Card account numbers where they can be easily seen by others.
- 3.18 If a Procurement Card is lost, stolen, or damaged, the Cardholder must notify the bank immediately at 1-800-248-4553. Representatives are available 24 hours a day to provide assistance.
 - 3.18.1 Cardholders must notify the Program Coordinator if their cards are lost, stolen, or damaged within 24 hours after reporting the incident to the bank.
 - 3.18.2 After the bank and Program Coordinator have been notified, a new Procurement Card may be issued to the Cardholder by the Program Administrator.
 - 3.18.3 A Procurement Card found after it has been reported lost or stolen must be returned to the Program Coordinator. The same procedure applies if a card is damaged.
 - 3.18.4 If a card is not lost or stolen but needs to be canceled for some other reason, the Cardholder must notify the College/Division Administrator. The P-Card should be cut in half and submitted to either the department Business Contact, who will submit both card halves to the P-Card Program Coordinator, or directly to the P-Card Program Coordinator.
- 3.19 Whenever the Cardholder changes departments, the Application/Approval Form must be completed; signed by the Cardholder, Cardholder's supervisor, and the College/Division Administrator; and forwarded to the Program Coordinator.
- 3.20 Whenever either of the following occurs, the College/Division Administrator/Business Contact can email the information to the Program Coordinator, who will make the appropriate changes:
 - 3.20.1 The default cost center changes (but the Cardholder's department has not changed)

- 3.20.2 Cardholder transfers to a new position within the same department and requires the use of a Procurement Card as part of their new duties
- 3.21 Cardholders who no longer require a Procurement Card in their new position or transfer to a different department must cancel their card per the instructions in Section 3.18.4.
- 3.22 Prior to separation from the university, Cardholders must give their Procurement Cards and corresponding support documentation to the College/Division Administrator/DBA. If the Cardholder is the College/Division Administrator, the Procurement Card and support documentation must be given to the Cardholder's immediate supervisor. In either case, the card must be canceled as per instructions in Section 3.18.4.

4. PROCEDURES

4.1 Making a Purchase with the Procurement Card

1. Merchants. Cardholders should purchase from preferred merchants whenever possible to take advantage of pricing and terms negotiated on a university-wide contract basis. State law ([Texas Government Code 403.055](#)) requires state agencies and universities to verify that prospective vendors are not “on hold” with the State of Texas before an order is placed with the vendor for credit card purchases over \$500. Cardholder must determine the vendor’s hold status by running the following query: UHS_AP_SEARCH_FOR_VENDORS. Cardholders may search by vendor name, tax ID, zip code, or the vendor ID number in the Finance System. When searching, a % (wildcard) may be entered for fields that are not in the search criteria. When Open for Ordering is “Y,” the vendor is not on hold. A vendor’s hold status can also be determined by looking at the Open for Ordering box in the Vendor Identifying Information page. If the box is checked, the vendor is not on hold and the order may be placed. If the vendor cannot be found in the UHS Finance System, please contact the UHD Purchasing or Accounts Payable departments. Also, Cardholder must confirm that the selected merchant accepts MasterCard. If not, another vendor must be chosen, or the purchase must be made using the Purchase Voucher process.
 - A. When making purchases in person, the Cardholder must sign the charge receipt and retain the customer copy.
 - B. When making purchases from Texas vendors, exemption from State of Texas sales tax must be claimed using the university’s [Tax Exemption Certificate](#).
 - C. When making purchases that require a delivery, Cardholders should give the merchant the card account number and expiration date embossed on the card and the following information:
 1. Cardholder name and phone number

2. Department name
 3. Complete campus delivery address, including building name and room number
 4. Cardholders are encouraged to receive their own shipments. However, if someone else will be receiving a shipment on the Cardholder's behalf, the Cardholder should notify them in advance. Regardless of who receives the shipment, the Cardholder is responsible for verifying that the order was received and all documentation (packing slips, mail order form copies, etc.) related to the purchase were obtained.
- 4.2 Merchandise Returns and Exchanges. The Cardholder is responsible for contacting the merchant when merchandise purchased with the Procurement Card is not acceptable (incorrect, damaged, defective, etc.) and arranging a return for credit or an exchange.
- A. If merchandise is returned for credit, the Cardholder is responsible for obtaining a credit receipt from the merchant and retaining that receipt with the support documentation for that purchase. Receiving cash or checks to resolve a credit is prohibited.
 - B. If merchandise is returned for credit, the Cardholder/Business Contact should verify that a credit appears in the Global Card Management System (GCMS) by the end of the next billing cycle.
 - C. If merchandise is to be exchanged, the Cardholder is responsible for returning the merchandise to the merchant and obtaining a replacement as soon as possible. Documentation showing the proper resolution of the exchange is to be retained with the supporting documentation for that purchase.
- 4.3 Supporting Documentation. Cardholders must submit the following documentation to the department Business Contact/business office for each P-Card transaction:
- A. Receipts and/or other supporting documentation (Web-printed form, packing slip, etc.) provided by the vendor
 - B. The business purpose and benefit of the transaction must be written on the receipt or attachment. The following information must be provided for business meals, official functions, and discretionary expenditures, in accordance with [SAM 03.A.02](#), Entertainment Expenditures:
 1. Date, time, and location of event. If alcoholic beverages were served, the time that alcohol was served is also required.
 2. Detailed description of the nature and purpose of the function

3. If 10 or fewer attendees, names of the participants, their titles, affiliations, and/or relation to the university
 4. If more than 10 attendees, the number of attendees and the general relationship of the guests to the university
 5. Approval from the responsible vice president if business meal total, including tax and gratuity, is over \$100 per person
- C. Documentation of an advertisement's approval by Employment Services and Operations or by University Relations, as appropriate
- D. Gift cards or certificates may be purchased if they are approved by the appropriate College/Division Administrator on the [Gift Card Request Form](#). In addition:
1. Gift cards must be kept in a secure campus location (e.g., locked drawer or safe) until distributed.
 2. The distribution of the gift cards/certificates must be documented, including date of distribution, name of recipient, and signature of recipient acknowledging the receipt. If the gift cards are for a confidential human subject study, the department must retain distribution records in their files for seven fiscal years after the grant expires. Otherwise, distribution records must be uploaded to the P-Card page in the Finance System when the distribution is complete.
 3. Someone other than the gift card custodian will review the gift card records at least once a month to verify that all distributed and undistributed gift cards are accounted for and report any discrepancies to the College/Division Administrator.
 4. If the department awards a gift card/certificate to an employee, the department is also responsible for reporting this amount to the Procurement Card Coordinator as the employee's taxable benefit in accordance with [SAM 03.D.06](#).
 5. If the department awards a gift card/certificate to a non-employee and the total amount received by the non-employee in a calendar year is \$600 or more, the department is responsible for submitting the non-employee's W-9 Form and reporting the amount to the Procurement Card Coordinator so that the non-employee can be issued a Form 1099-MISC.
 6. If the department awards merchandise (i.e., not cash or a gift card) to an employee and the fair market value of the merchandise is more than \$50, the

department is responsible for reporting the amount to the Tax Department as the employee's taxable benefit in accordance with [SAM 03.D.06](#). If the department gives award merchandise to a non-employee and the total fair market value of the merchandise received by the non-employee in a calendar year is \$600 or more, the department is responsible for submitting the non-employee's W-9 Form and reporting the amount to the Procurement Card Coordinator.

- 4.4 Recording Transactions in the Financial System. The Cardholder's Business Contact/designee must complete the following tasks by the 27th of each month, or as stated in the monthly Procurement Card statement email from the Coordinator/Administrator, for the most recently completed billing cycle:
- A. Enter account and cost center, if other than default cost center, into the online bank system for each card transaction
 - B. Verify that items charged to grants are allowed by sponsor, and approved by ORSP.
 - C. Ensure that purpose/benefit information is properly documented for each transaction. The purpose/benefit may be recorded on receipts or in the online bank system.
 - D. Verify that all transactions are supported with the receipts or other supporting documents (i.e., invoice, packing slip, etc.). Obtain any missing receipts or additional documentation/information needed from the Cardholder.
 - E. Ensure that the full credit card number is not visible on any receipts or backup documentation before they are uploaded to the Finance System. Only the last four digits of the card number may be displayed on uploaded documents.
 - F. Print Citi Bank Expense Report and obtain signatures from the Cardholder and certifying signatory on the Citi Bank Expense Report. The certifying signatory reviews for:
 - 1. Appropriateness of transactions
 - 2. Correct cost center and account
 - 3. Complete supporting documentation
 - 4. Cardholder signature
 - G. Ensure that all purchases are made in compliance with the purchase guidelines in this policy. Obtain additional approval/documentation if necessary.

- H. The College/Division Administrator (CDA) or designee must upload the completed Billing Statement, receipts, and other supporting documentation to the PeopleSoft Finance System no later than the 27th of each month, or as stated in the monthly Procurement Card statement email from the Coordinator/Administrator.
- 4.5 Cardholder Verification of Charges no later than the 27th of each month, or as stated in the monthly Procurement Card statement email from the Coordinator/Administrator. Cardholders must review and sign the Citi Bank Expense Report for the billing period just ended to indicate the following:
- A. All charges made by Cardholder are listed on the Verification Report for the correct amount
 - B. All charges are for university business purposes and in compliance with university policy
 - C. The Cardholder will determine whether any charges should be disputed and note any exceptions on the Verification Report

Any exceptions to the above should be noted on the Verification Report by the Cardholder, and any disputed charges should be reported to the Program Coordinator as indicated below.

4.6 Disputed Charges

- A. If an erroneous charge appears on the Billing Statement, the Cardholder must ask the vendor to reverse the charge.
- B. If the vendor agrees to reverse the erroneous charge, the Cardholder must write a memo indicating when the request was made and submit the memo in lieu of an itemized receipt.
- C. If the vendor refuses to reverse the erroneous charge or agrees to reverse the charge but does not do so by the end of the next billing cycle, the Cardholder must complete the Statement of Disputed Item Form and send the form to the Program Coordinator in Purchasing immediately, who will forward the form to the bank. The bank requires that the dispute form be submitted to them no later than 60 days after the end of the billing cycle where the transaction originally appeared. The Cardholder must submit a copy of the Statement of Disputed Item Form to the department in lieu of an itemized receipt.
- D. The Cardholder should verify that a credit appears on the next statement or the following statement for the disputed charge. If a credit does not appear on one of

the next two statements, the Cardholder should notify the Program Coordinator. The Program Coordinator will follow-up with the bank and notify the Cardholder of the resolution.

- 4.7 Payment to the Bank. After the billing cycle ends, the Program Coordinator will download transactions from the bank system into system-generated vouchers. Accounts Payable will post the vouchers, CitiGroup will be paid by ACH direct deposit.

5. REVIEW PROCESS

Responsible Party: (Reviewer): Executive Director, Budget, Procurement and Contracts

Review: Every three years on or before August 1st

Signed original on file in Employment Services and Operations.

6. POLICY HISTORY

Issue #1: 05/17/06

Issue #2: 09/01/07

Issue #3: 01/08/10

Issue #4: 03/09/15

Issue #5: 03/19/18

Issue #6: 07/05/19

7. REFERENCES

[Cardholder Application/Approval Form](#)

[Cardholder Procurement Card Agreement](#)

[College/Division Administrator Procurement Card Agreement](#)

[UH System Administrative Memorandum 01.C.04](#)

[UH System Administrative Memorandum 03.A.02](#)

[UH System Administrative Memorandum 03.D.06](#)

[UHD Approved Membership Organization Listing](#)

[Texas Government Code 403.055](#)

[Tax Exemption Certificate](#)

[Gift Card Request Form](#)