PROCARD

THE VSCC PROCUREMENT CARD PROGRAM

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PROCARD

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I. THE PROCARD PROGRAM

A. Program Overview

The procard program has been developed to streamline the purchasing process including requisitioning, procurement, receiving, and payment processing for low-value ($5,000.00 or less or as assigned, except those described in the account restriction section below) purchases. The program utilizes the Fifth-Third Bank Mastercard Procurement card as the payment processing medium and is administered by Fifth-Third Bank.

When placing an order with a vendor, cardholders use their procard in lieu of payment authorizations. Cardholders are to give his/her credit card number at the time of the purchase. There may be instances (i.e., phone orders, printing, etc.) where the cardholder may not want to give his/her credit card number until goods are received to ensure accurate orders.

Vendors record purchases on charge slips which are then processed through the Mastercard system. Fifth-Third Bank generally pays the vendor within three to four working days.

A monthly summary billing statement is sent to the Business Office by Fifth-Third Bank detailing all account charges. Individual cardholder statements will be in electronic format each month. A monthly activity log must be maintained for each cardholder (see Attachment B) within their department to compare with the monthly summary billing statements. This will ensure the accuracy of the charges. All receipts, invoices, or any other supporting documentation must be kept with the activity logs. A new activity log sheet shall be kept for every charge period. Upon request, departments will be asked by auditors to present the charge period logs and all supporting documentation.

A departmental representative will be selected in each department to reconcile the activity log(s) and record account charges.

This program will allow cardholders to go in and view all charges for their department. Once the monthly billing statement is printed, the departmental representative will verify all charges on the monthly billing statement against the activity log(s). Once verified, the representative will enter the appropriate account numbers and index codes.

Fifth-Third Bank will send a monthly master statement to VSCC Accounts Payable which includes the charges from all departments. One consolidated payment is then made to Fifth-Third Bank by the Business Office. Each department’s account will be debited for the total amount of charges made against it during the month.

B. Program Advantages

1. Reduced Workload – Processing of paperwork is significantly reduced for requisitioning, receiving and accounts payable activities.

There will also be a decrease in the volume of invoices and checks processed by Accounts Payable. A single electronic bank transaction will replace hundreds of invoices received and checks printed, saving time and money.
2. **Improved Deliveries and Quicker Information** – Without delays in processing requisitions, the order is placed immediately by the departmental employee. The availability of items, process and ship dates are known when he/she hangs-up the phone. Items ordered will also be received much sooner.

C. **Program Administrator**

The Purchasing & Contracts Office will be administering the Procard Program.

II. **OPERATING PROCEDURES**

The following detailed policies and procedures provide information on how to obtain a procurement card, responsibilities by activity, account reconciliation, and who to contact for assistance with summary billing statements or charges. (See VSCC Policy No. IV:02:02)

A. **Account Description**

The Mastercard account for the procurement program is a charge number issued in the name of the department. Each card is assigned to a specific department.

B. **Authorized Purchases**

1. Materials/services, except those described in the account restriction section below, may be ordered directly from vendors. All the same purchasing policies will still apply to every purchase. Approvals to purchase may be secured within the department. Any transactions outside the established parameters will automatically be declined at the point of sale.

2. Orders are to include only items that are to be charged directly to the cardholder’s department account.

3. The expenditure limit for this program is $5,000.00, or as assigned, for each transaction including shipping. Purchases totaling $5,000.00 (or as assigned) or more must be bid. Purchases of like or similar nature should not be split in order to bypass the bid process. Failure to comply with this requirement may result in the cardholder losing the procard privilege.
C. Account Restrictions

The following items are excluded from this program and may not be obtained with the procard, unless otherwise authorized:

- Personal purchases or cash withdrawals
- Contracts or licensing agreements
  NOTE: Do not sign vendor contracts or licensing agreements. These should be forwarded to the Purchasing & Contracts Office, where the contract will be reviewed for language unacceptable to VSCC and the State of Tennessee.
- Maintenance & service agreements unless approved by Purchasing and Contracts Office.
- Personal services
- Travel Expenses for athletic and student group travel are allowed.

Procurement card may now be used to purchase airline tickets and conference registration fees. Also, if the hotel requires a deposit to book a room, that amount may be placed on the procurement card. The remainder of the hotel stay should be paid by the individual by another means. This change was revised by TBR General Travel Policy 4:03:03:00.

Any use of this program that is personal, fraudulent, and/or an act of gross negligence, for unauthorized transactions may result in disciplinary action including, but not limited to, the loss of procard authorization, suspension or termination. Employees may be held personally liable for misuse of procards assigned to them. Exceptions to this policy may be allowed by the Director of Purchasing when necessary and for the benefit and function of VSCC.

D. Opening of Accounts

The president, vice president, deans, directors and department heads are responsible for designating employees to receive the procard. Employees complete the Procurement Card Authorization Form (see Attachment A) and submit it to VSCC’s Program Administrator after all approvals have been obtained. Legitimate charges made on the procard are a College liability (not a personal liability to the individual). Employees should insure that procards are adequately safeguarded from loss or misuse. See Section IV for procedures to report lost cards.

There will be no credit reference checks on the personal credit of the employee for the College Procard. Nor will the use of the procard have any effect on the employee’s personal credit rating.

Each employee designated to receive the procard must attend a user training session. Training will be provided by the Purchasing & Contracts Office. After completion of the training, the Purchasing & Contracts Office will distribute the procard issued by Fifth-Third Bank to the employee.

E. Account Closures

Accounts will be audited as a part of the close-out procedures for employees leaving VSCC. The procard and the Mastercard Procard Account Closure Form (See Attachment G) are to be turned in to the program administrator by employees upon termination for any reason, including retirement.
Supervisors of employees changing departments must contact the program administrator to close their accounts. If appropriate to the new position the process for opening a new account will be followed.

VSCC’s Program Administrator will close account numbers upon the request of the president, vice presidents, deans, directors, department heads, or at the discretion of the Director of Purchasing & Contracts based on violations or misuse.

III. RESPONSIBILITIES

A. Departmental/Procard User Activities

1. Departments are responsible for monitoring the appropriateness of purchases and insuring the availability of funds in their departmental budgets.

2. Making sure purchases are being charged to the correct account number.

3. Order items as needed. No purchase order number is required. If a vendor asks for a purchase order number, use your departmental budget number.

4. Instruct the vendor where to deliver materials. It is important that the vendor record on the packing slip your complete name, department name, building, and room number on each order. The only information Central Receiving has concerning where to deliver your goods are the vendors’ packing slips.

   Address: Central Receiving
   Volunteer State Community College
   1480 Nashville Pike
   Gallatin, TN 37066-3188

5. Procard users must tell vendors that VSCC is tax exempt before placing an order. The tax number is printed on the front of the Mastercard card. Employees may be responsible for any taxes charged to the procard.

6. Obtain the total cost of the order from the vendor (including shipping charges) before the order is placed. The total order must not exceed $5,000.00, or as assigned.

7. At the beginning of each charge period, your log and supporting documentation should be taken to the departmental representative (this will be the person in the department responsible for reconciling the monthly statements). See Attachment C for activity log procedures. This activity log will be used to verify the accuracy of vendors’ charges on the monthly summary billing statement, and serve as an audit trail for the College. It is important to record the name and telephone number of the vendor contact who processed your order for future reference. If there is no supporting documentation (i.e., invoice, packing slip, etc.), the Supporting Documentation Exception Form (Attachment D) must be completed and filed with the activity log to serve as a receipt for the transaction.

8. When merchandise is received, record date of receipt on the charge period activity log sheet, and keep all packing slips, receipts, invoices, and any other supporting documentation with the activity log.
9. Obtain necessary approvals of activity log and summary billing statement according to College requirements (See Section III B. Below).

10. Maintain in the department:
    - Procard
    - activity log sheets
    - copies of change period summary billing statements
    - supporting sales slips
    - packing slips
    - any other supporting documentation

The department must keep these transaction records for three (3) fiscal years beyond the current year (see attachment H). Records will be periodically reviewed and audited.

B. Approval Of The Charge Period Summary Billing Statement

Each department will receive a charge period summary billing statement for the cardholders in the department directly from the Fifth-Third Bank of all transactions posted to their account(s).

The charge period summary billing statement must be reconciled by the departmental representative to the monthly activity log. Generally, validating that the transaction dates and amounts on the statement match the order dates and amounts recorded on the log. Items ordered toward the end of the billing cycle, however, may be included on the next summary billing statement, he/she will be responsible for posting the departmental account numbers and index codes. This will give the Business Office the necessary information to charge departmental accounts. Once the account number are entered, the Business Office will assume that all charges are approved and will process the payment.

C. Procedures For Handling Discrepancies

1. Log Amount Differs From Monthly Summary Billing Statement

If the amount recorded on the log (i.e. amount quoted by the vendor) differs from the statement (excluding freight costs) contact the vendor. If tax is included in the amount, contact the vendor. If the amount referenced on the log is incorrect, the correction should be recorded on the log.

If the amount on the statement is incorrect, request the vendor to credit your credit card on the next statement. The log should be posted to ensure the credit is received.

If a copy of the transaction sales draft (vendor document provided to Fifth-Third Bank) is required to investigate the amount, notify the Purchasing & Contracts Office immediately and a written request will be sent to Fifth-Third Bank.

2. Statement Charge From An Authorized Vendor Not On The Log

Contact the vendor. If it is determined that the materials were received make a correction entry to the activity log.
If the charge should not have been posted to your account ask the vendor to credit your card and make a correcting entry to your log.

3. **Statement Charge From A Non-Approved Vendor or Suspected Fraudulent Charge**

Contact program administrator

**ALL CREDITS DUE TO THE CARDHOLDER SHOULD BE LOGGED ON THE PROCARD LOG SHEET WITH ALL CHARGES**

D. **Controls**

1. **Check Out Log.** The department reconciler should know where and who has the Procard at all times. It is not mandatory, but highly recommended that departments with numerous transactions use a Check- Out Log to keep track of your Procard.

2. **Departmental Representative Reconciliation** - The departmental representative, other than the purchaser, is to reconcile the activity log, receipts, and the monthly summary billing statement within ten (10) days of receiving the summary billing statement to ensure the amounts charged reflect merchandise actually received. The reconciler is to sign and date the activity log to indicate the review was performed.

   **Charge period will be the 27th of each month. All account numbers and index codes will need to be posted by the 9th of the following month.** The department head/dean will also approve the log. All logs, packing slips, and charge/sales slips should be maintained centrally in the department with the charge period summary billing statements. Records must be kept for three (3) fiscal years following the current year. These are official VSCC records which may only be disposed of in accordance with Tennessee Board of Regents Guideline G-070.

3. **Purchasing & Contracts Office** – The Purchasing & Contracts Office will review all charge period charges. If questionable items are discovered, inquiry will be made to the cardholder for written clarification. Purchasing violations will also be sent to the cardholder for written explanation. All violations are recorded by the Purchasing & Contracts Office, and after three (3) offenses, the Cardholder may lose his/her credit privileges for a period of no less than three (3) months. Cards can be reinstated at the discretion of the Purchasing & Contracts Office, the Vice President for Business and Finance, the Cardholder’s applicable vice president, and the department head. Failure for a cardholder to respond to a questionable purchase and/or violation is also cause for card cancellation.

4. **Internal and State Auditors** – Periodically departments will be audited by internal and state auditors. All procurement card files are to be located centrally so the departmental representative can locate these upon the request of an auditor. (See Attachment H for Record Retention Information).

E. **Fifth-Third Bank Activities**

1. Pay vendors as they submit charges.

2. Control credit verification.

3. Provide electronic billing statements to cardholders. Provide consolidated billing statement to Director of Accounting and monthly summary billing statements to the Business Office. Provide analyses to program administrator.
4. Send duplicate copies of sales drafts in the event of a disputed charge.

F. Program Administrator Activities

1. Process authorized requests for procards, maintain control over active cards, and close accounts in accordance with operating procedures.

2. Maintain documentation of cardholders, cardholder closures, and overall cardholder maintenance.

IV. ASSISTANCE

A. Lost or Stolen Card

Contact Fifth-Third Bank immediately at 1-800-375-1747, and the Purchasing & Contracts Office at Ext. 3352 or Ext. 3566.

B. Unrecognized or Unauthorized Charges

For purchases on the statement not recognized or unauthorized, contact the Purchasing & Contracts Office immediately. The cardholder and the procard administrator will work together to resolve the charges with Fifth-Third Bank.

C. Account Management

To discuss account management, contact the program administrator at Ext. 3352.

D. Approval of Purchase Denied

If a vendor advises that approval has been denied by the credit card system, it is most likely a result of a violation of one of the various established levels of authority checks. The vendor will not have information related to the reason for denial, nor does the employee have authority to obtain the information from Fifth-Third Bank. The employee should contact the VSCC Program Administrator at Ext. 3352. The issue will be resolved between the program administrator and Fifth-Third Bank.
<table>
<thead>
<tr>
<th>Attachment</th>
<th>Description</th>
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<tbody>
<tr>
<td>A</td>
<td>Procurement Card Authorization Form</td>
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<tr>
<td>B</td>
<td>Procard Activity Log Form</td>
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<td>C</td>
<td>Procard Activity Log Procedures</td>
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<tr>
<td>D</td>
<td>Supporting Documentation Exception Form</td>
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<td>G</td>
<td>Procard Account Closure Form</td>
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<tr>
<td>H</td>
<td>Procard Record Retention</td>
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<tr>
<td>I</td>
<td>Contacts</td>
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</table>
PROCUREMENT CARD AUTHORIZATION FORM
FOR VSCC PROCARD

DATE: ____________________________

TO: Terry McGovern

   Director of Purchasing & Contracts

FROM: ____________________________

   Printed Name (that will appear on Procurement Card)

I am hereby requesting authority to purchase items and pay for such purchases using the Volunteer State Community College Procurement Card (Procard), provided the amount of any single purchase does not exceed $5000.00 (or as assigned, including shipping).

Items may be purchased consistent with my organizational responsibilities, including any grant restrictions, to satisfy legitimate requirements. However, purchase limits as shown above have been established. All purchases will be made in accordance with all applicable College and TBR Policies and Procedures. This delegation does not authorize me to purchase any items listed in section IIC, "Account Restrictions" in the procard manual.

I understand that this delegation shall automatically terminate upon separation from Volunteer State Community College.

I understand that personal charges are expressly prohibited and that any fraudulent or personal purchases may be recovered by payroll deduction. In addition, legal action may be taken.

The College shall have the right to cancel my procard at any time.

I further agree to relinquish the procard to the Purchasing & Contracts Office upon termination of employment (completing the Procard Closure Form) or when requested to do so. I hereby agree to the above requirements.

_______________________________     ________________________________
Cardholder's Name     Cardholder Signature

_______________________________     ________________________________
Department       Extension Number

_______________________________     ________________________________
Index Number     Date Training Completed

_______________________________     ________________________________
Department Head Signature     Vice President Signature
PROCARD ACTIVITY LOG

Name:__________________________________________

Department:____________________________________

Charges for the billing period: _________________ (month & year)

Procard #:_______________________________________

Reconciled By:____________________ Date:________________________

Approved By:____________________ Date:________________________

<table>
<thead>
<tr>
<th>Order Date</th>
<th>Vendor/Contract/Phone #</th>
<th>Quantity/Description</th>
<th>Charges (Or Refunds)</th>
<th>Acct. # / Index Code</th>
<th>Date Merchandise Received</th>
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* Reconciler to check as charges are verified with statements and receipts.
ACTIVITY LOG PROCEDURES

The activity log is the key to managing and controlling the procard account. All purchases must be recorded on the activity log. When the monthly summary billing statement is printed, each charge is to be verified against the activity log. A department representative must reconcile the Activity Log and the Summary Billing Statement. The reconciler is to sign and date the activity log. The department head must approve and sign each month’s activity log.

Activity logs and summary billing statements have the same retention requirements as other Purchasing records. These transaction records must be kept in the department for three (3) fiscal years plus the current year. Records may only be destroyed in accordance with procedures as detailed in TBR Guideline G-070.

Shown below is a sample log:

Procard Activity Log

Name:______________________________
Department:________________________
Charges for the billing period:______________________(month & year)
Procard #:__________________________
Reconciled By:_______________________ Date:_____________________________
Approved By:_______________________ Date:_____________________________

Procard Activity Log

<table>
<thead>
<tr>
<th>Order Date</th>
<th>Vender/Contract/Phone #</th>
<th>Quantity/Description</th>
<th>Charges (Or Refund)</th>
<th>Acct. No./Index Code</th>
<th>Date Merchandise Received</th>
<th>*</th>
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*Reconciler to check as charges are verified with statements and receipts.
SUPPORTING DOCUMENTATION EXCEPTION FORM

Procard User Name ________________________________ Dept. Account No. ________________________________

Procard Account No. ________________________________ Date ________________________________

Charge was made during the following billing statement: ________________________________ (month & year)

1. Vendor Name and Address: ____________________________________________________________

2. Vendor Telephone No.: _____________________________________________________________

3. Vendor Contact Name: ______________________________________________________________

<table>
<thead>
<tr>
<th>Quantity</th>
<th>Item Description</th>
<th>Unit Cost</th>
<th>Extended Cost</th>
<th>Shipping/Delivery Charges</th>
<th>Total Cost</th>
<th>Date Received</th>
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Explanation for no receipt: ____________________________________________________________

______________________________________________________________________________

______________________________________________________________________________
PROCARD ACCOUNT CLOSURE FORM

I, ____________________________, am requesting to have my visa card cancelled for the department of ____________________________

Department Name

for the Index Number(s) listed below.

Approved:

________________________________________________________________________
Department Head Signature Date

________________________________________________________________________
Terry McGovern Date
Director of Purchasing & Contracts

Index Number: ______________

Return signed form to Terry McGovern, Director of Purchasing & Contracts.
Attachment H

## Procard Record Retention Periods

<table>
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<th>YEAR</th>
<th>MAINTAIN THROUGH</th>
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<tr>
<td>2007-2008</td>
<td>6/30/2011</td>
</tr>
<tr>
<td>2008-2009</td>
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<td>6/30/2013</td>
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<td>6/30/2015</td>
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<td>2012-2013</td>
<td>6/30/2016</td>
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<td>2013-2014</td>
<td>6/30/2017</td>
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<td>2014-2015</td>
<td>6/30/2018</td>
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<tr>
<td>2015-2016</td>
<td>6/30/2019</td>
</tr>
</tbody>
</table>
CONTACTS

Fifth-Third CUSTOMER SERVICE

Contact: Fifth-Third

Phone #800-375-1747

Customer Service Inquiries: 24 Hours, 365 Days a Year
To Report a Lost/Stolen Card: 24 Hours, 365 Days a Year

PROCARD ADMINISTRATOR

Terry McGovern, Director of Purchasing & Contracts
Ext. 3352

VS CC CENTRAL RECEIVING

Address: Central Receiving
Volunteer State Community College
1480 Nashville Pike
Gallatin, TN 37066-3188
Ext. 3605