

## **UADA Policy 390.1** **Purchase Card Policy**

### **Purpose**

The purpose of this policy is to establish standards that shall apply to purchase cards (p-cards) issued by the University of Arkansas System Division of Agriculture (UADA) to employees for business use in the normal course of conducting research, programs, or administrative tasks on behalf of UADA.

UADA has established a p-card program to provide an efficient and cost-effective method of purchasing for low dollar transactions. UADA-issued p-cards are not intended to replace traditional purchase methods for high dollar transactions or serve as a means to circumvent State of Arkansas procurement law or UADA procurement policies and procedures.

### **Policy**

#### **1. Authorized Uses**

- A. UADA p-cards may only be used for authorized business purchases that are not specifically prohibited by the State of Arkansas and/or UADA Guidelines. Please refer to the [UADA Credit Card Matrix](#) for additional guidance.
- B. Personal charges are strictly forbidden. Cardholders are not permitted to use a UADA p-card for personal expenses, even if the cardholder intends to reimburse UADA for the personal charges.
- C. The cardholder will be required to reimburse UADA for any unauthorized charges or personal charges. Repeated personal charges to a UADA p-card may result in suspension or revocation of p-card privileges.

#### **2. Eligibility & Issuance Requirements**

- A. Only employees in a regular, appointed position are eligible to be UADA p-card cardholders. Temporary employees and graduate assistants are not eligible to be cardholders.
- B. The following is required prior to issuance of a UADA p-card to a UADA employee:
  - i. Completed p-card request in format prescribed by the UADA Procurement Office.
  - ii. Supervisor approval of p-card request.
  - iii. Completion of training module by prospective cardholder.
  - iv. Signed cardholder agreement.

#### **3. Spending & Transaction Limits**

- A. The standard monthly spending limit for all UADA p-cards is \$5,000. Any limit above this amount must be justified and approved in writing by a cardholder's supervisor and department head. Lower monthly spending limits may be requested and approved by a cardholder's supervisor. The standard monthly spending limit for a single card shall not exceed \$10,000 without Assistant or Associate Vice President for Finance and Administration approval. Any cardholders with an approved monthly spending limit

above \$5,000 shall be annually reviewed by the Procurement Manager and approved for the established spending limit for another year or reduced to a lower spending limit based on usage the previous year.

- B. The standard single transaction limit for all UADA p-cards is \$2,500 per transaction. On a transaction-by-transaction basis, the single transaction limit may be increased upon the approval of Assistant Vice President for Finance and Administration or the Associate Vice President for Finance and Administration. Requests for a permanent increase to the single transaction credit limit and/or the monthly credit expenditure limit requires completion of a Request to Update Card Information in Workday using the Create Request business process, which will route for appropriate approvals. Under no circumstances may the single transaction limit be increased for the purpose of circumventing established purchasing thresholds. Further, under no circumstances may a cardholder split a transaction to avoid exceeding the single transaction limit.

#### **4. Documentation Requirements**

- A. For each charge to a UADA p-card, the cardholder is responsible for acquiring adequate documentation of the charge and supplying the documentation to support the purchase of goods or services for which the p-card was used.
- B. The following minimum standards must be met by the documentation provided by the cardholder to support a p-card transaction:
  - i. The documentation must be merchant produced.
  - ii. The documentation must include details relevant to the purchase such as date, description, quantities, amounts, the total charge amount, and the merchant's name/address.

#### **5. P-Card Delegation**

- A. In limited and infrequent circumstances, it may be appropriate for cardholders to delegate use of a p-card, subject to the terms and standards further outlined in this policy. Delegation is never appropriate for continual card use.
- B. *Delegation Process*. The following steps must be followed any time someone other than the cardholder uses a p-card, without exception. Any deviation from the steps outlined below will be treated as an instance of noncompliance in accordance with the compliance standards outlined in Section 6 of this policy.
  - i. Prior to use by an individual other than the cardholder, the individual to whom use is being delegated must complete purchase cardholder training. See <https://uada.edu/employees/business-office/finance/procurement/p-card/training.aspx> for instructions on how to enroll in p-card training.
  - ii. The cardholder and employee to which use of the p-card is delegated must complete an [acknowledgement of delegation form](#).
  - iii. The cardholder must document all instances when someone else uses their p-card by completing the [P-Card Transaction Log](#). This log must include every instance of delegated use, listed by transaction, for the entire month.

- iv. The cardholder must collect itemized receipts for each instance of use from the delegated employee.
  - v. The cardholder must ensure that the completed log and acknowledgement of delegation form is attached to each p-card verification in Workday for all delegated transactions. To facilitate efficient verification processing, all delegated transactions should be included in a single Workday p-card verification transaction whenever practical (i.e. if delegation crosses a month-end, two verification transactions are appropriate).
- C. *Delegation Limitations and Responsibilities.* The following limitations apply to p-card delegations:
- i. Delegations may last no more than 7 consecutive days.
  - ii. Each new delegation must be documented through completion of a new acknowledgement of delegation form (see 5.B.ii. above).
  - iii. A cardholder may not delegate for a period longer than 21 consecutive days, as documented through three separate 7-day delegations, and a cardholder may not delegate p-card use to the same individual for more than 30 days total in a calendar year.
  - iv. The cardholder remains fully accountable for all purchases made using their p-card, including during delegation periods.
  - v. Any misuse or noncompliance by a delegated employee will be the responsibility of the cardholder. The cardholder will be responsible for any reimbursement to UADA for misuse or noncompliance.

## **6. Compliance Standards**

- A. Due to the potential consequences of noncompliance with this policy and published guidelines, unauthorized or inappropriate charges to a UADA-issued p-card will be treated as a serious matter. As a result, the following compliance standards will be followed:
- i. First instance of noncompliance – Written warning regarding p-card use from UADA Business Office.
  - ii. Second instance of noncompliance – Written warning regarding p-card use from UADA Business Office and suspension of cardholder privileges for a minimum of 60 days. Depending on the nature of noncompliance, cardholder privileges may be suspended for up to 120 days. Additionally, cardholders will be required to complete additional training before privileges may be reinstated. To reinstate privileges after the suspension period and once training has been completed by the cardholder, the cardholder's supervisor must justify reinstatement of the cardholder's privileges in writing.
  - iii. Third instance of noncompliance – Cardholder's privileges are revoked and p-card is canceled. To be considered again for p-card privileges, a cardholder must undergo training, must obtain written

approval from immediate supervisor and department head in support of regaining p-card privileges, at least 180 days must have passed since third instance of noncompliance, and Associate Vice President for Finance and Administration must approve reissuance.

- B. Due to the importance of preventing potential fraud and misuse of UADA-issued p-cards, the following compliance standards will be followed related to monthly verification of p-card charges:
- i. Cardholder privileges will be suspended when a cardholder fails to begin the verification process for any charges in a given month by the date published by the UADA Business Office. Privileges will be reinstated once the verification process is started for all past due charges. Extensions may be granted for justifiable extenuating circumstances on a case-by-case basis by the UADA Business Office. Repeated offenses of late verification submission will result in extended suspension of card privileges. A first offense will result in a written warning. A second offense will result in a suspension of cardholder privileges for 15 days. A third offense will result in suspension of cardholder privileges for 30 days. Habitual offenses may result in cancellation of cardholder privileges.
  - ii. If a cardholder fails to take action to verify charges for 30 days after the due date, the cardholder's privileges will be suspended for a minimum of 30 additional days. Privileges will not be reinstated until all previously unverified charges have been fully approved. Additionally, at the discretion of the cardholder's supervisor, the cardholder's privileges may be revoked and the p-card canceled.
  - iii. If a cardholder fails to take action to verify charges for 60 days after the due date, the cardholder's privileges will be revoked and p-card canceled. To be considered again for p-card privileges, a cardholder must obtain written approval from immediate supervisor and department head in support of regaining p-card privileges, at least 60 days must have passed since the p-card was canceled, and the Associate Vice President for Finance and Administration must approve reissuance. Privileges will not be reinstated until all previously unverified charges have been fully approved.