



***CARDHOLDER***  
***GUIDE***

**Central Arizona College**

**PURCHASING CARD**

**Your Name Here!**

**1234 0000 5678 0000**

Purchasing Department  
*Last updated July 2011*

# CAC PURCHASING CARD GUIDE

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## CAC PURCHASING CARD GUIDE

### *Overview*

The purpose of the Purchasing Card program is to establish a more efficient, convenient, and cost-effective method of purchasing and paying for small dollar transaction. The program was designed as an alternative to the traditional purchasing process for supplies. It can result in a significant reduction in the volume of purchase orders and related documentation including invoices and checks.

The Cardholder Guide provides the guidelines for using the Purchasing Card. Please read it carefully. Your signature on the Cardholder Agreement shows that you understand the intent of the program and agree to follow the established guidelines.

The Guide includes information on your single transaction limit, daily transaction limits, and monthly purchasing limits. It also includes the types of purchases acceptable with the Purchasing Card and restricted purchases as identified later on a Disallowed Purchases List.

It is important to understand the following points before using the Purchasing Card:

- The Purchasing Card is issued in your name. All purchases made on the Purchasing Card must be only for budget areas within your authority or responsibility. You are responsible for the security of the Purchasing Card and the transactions made with it. **If you do not follow the stated guidelines when using your Purchasing Card, you could receive corrective action, including termination.**
- The Purchasing Card must be used for in-person purchases only. **Your Purchasing Card cannot be used for internet, mail, telephone, or fax orders.**
- You may use the Purchasing Card to purchase supplies less than the Single Transaction Limit established by the college and identified later in this Guide.
- Use must not exceed the established credit limit assigned to the Purchasing Card within a given billing cycle. That amount is also identified later in this Guide.
- You are responsible for reconciling all charges made on your account at the end of each cycle.
- The Purchasing Card is not intended to avoid or bypass appropriate purchasing or payment procedures. This program complements the existing processes available.
- **The Purchasing Card is not for personal use.**
- The Purchasing Card must be returned to the program administrator upon your department transfer or termination.

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### *General Information*

#### **Cardholder Application**

The college has authorized each primary department within the college to receive a Purchasing Card. Each manager has the option of having the card placed in their own name or selecting an individual in their department as the cardholder.

The manager of that department will determine which individual in their division/department the card will be issued to. It is important that the person selected as the cardholder realize their responsibility. That responsibility is explained in this Guide.

After the manager determines who in their department will receive the card, the manager must complete a "Cardholder Application" form and submit to the program administrator. When approved, the program administrator will schedule training. It is necessary that both the department manager and the cardholder receive training on the card, prior to the card being issued. The manager whether the cardholder or not, will be involved in reviewing and approving monthly purchases. They are also responsible to ensure that there is adequate budget available for the Purchasing Card expenditures made, and for proper use of the card.

#### **Security of the Purchasing Card**

The cardholder is responsible for the security of the card. This card should be treated with the same level of care, as the cardholder would use with his/her own personal charge cards, even though the liability associated with the use of this card lies with the college. Guard the Purchasing Card account number carefully. It should be kept in an accessible, but secure location.

The only person authorized to use the Purchasing Card is the cardholder whose name appears on the card. The card is to be used for authorized college purposes only.

#### **Activating the Card**

The cardholder must call the 1-800 number on the sticker on the front of the purchasing card to activate the card. The Purchasing Card must be activated before purchases can be made with the card. Upon receipt of the card, the cardholder should sign the back of the Purchasing Card and always keep the card in a secure place.

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## Card Renewal

Cards will be automatically renewed before their expiration date. The cardholders will be contacted by the program administrator and asked to come in and sign for the card.

## Employee Termination/Suspending a card

The Purchasing Card must be returned immediately to the program administrator upon a cardholder department transfer or termination. The card may also be suspended by the college because of improper use.

## Lost or Stolen Cards

If a Purchasing Card is lost or stolen, immediately contact Bank of America's Customer Service at **1-888-449-2273**. After contacting Bank of America, notify the program administrator at **5251**. Prompt action can reduce the college's liability for fraudulent activity.

## *Duties and Responsibilities*

### Cardholder

The cardholder is designated by the department manager to use the Purchasing Card by purchasing small dollar supplies. The cardholder name as well as the name of Central Arizona College is the only name that appears on the card. This cardholder is the only person authorized to use the card. The cardholder is responsible for following the guidelines provided by the college in regards to purchases, selection of vendors, security of card and monthly reconciliation.

The Cardholder:

- Safeguards the Purchasing Card
- Reports lost or stolen cards immediately
- Complies with all college policies regarding use of the card
- Ensures there is available budget prior to making a purchase
- Makes in-person purchases for their department
- Assigns correct accounts onto transaction log for each purchase
- Ensures that a receipt is received for each purchase
- Enters each purchase onto the transaction log
- Reconciles the transaction log to the monthly statement
- Forwards all reconciled documentation to the department manager for signature
- Resolves discrepancies directly with the vendor
- Works with the vendor for credit memos or returns
- Keeps copies of receipts and documentation for reference

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### **Department Manager**

The department manager is responsible for designating cardholders and approving monthly Purchasing Card statements of cardholders to ensure the purchases made are within college policy.

The Department Manager:

- Designates the cardholder for his/her area
- Reviews and approves transactions processed by the cardholder
- Assures that correct account codes have been used
- Reviews purchases to help ensure that all purchases are college/department appropriate
- Ensures that there is adequate budget to cover the Purchasing Card expenditures.

### **Program Administrator**

The program administrator for the college is responsible for answering cardholder questions, handling issues and is the administrator for the program. This person is knowledgeable on college policies and procedures relating to the Purchasing Card. The program administrator has a direct relationship with Bank of America. All Purchasing Card requests must go through the program administrator.

The program administrator will:

- Receive card applications from departments, review with V.P. Finance for approval
- Log and submit approved forms to Bank of America
- Receive procurement cards from bank; store them securely until cardholders are trained and sign off for receipt of card
- Schedule training for cardholders and their managers
- Track termination or transfer of cardholders
- Cancel cards with Bank of America
- Issue renewed cards to existing cardholders
- Act as contact person for Bank of America and cardholders
- Report problems with usage of cards to Bank of America

### **Accounts Payable Department**

The accounts payable department must:

- Ensure that statements from cardholders are received in adequate time to process payment
- Review each cardholder's reconciliation form and transaction log with the memo statement from Bank of America to verify accuracy
- Enter all payments into Banner

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- Ensure that they receive monthly reconciliation forms from all cardholders by comparing with the comprehensive statement received from the bank

### **Bank of America's Customer Service**

The Purchasing Card program is serviced using a team approach with Bank of America's Customer Service Center. This center is available 24 hours a day, 7 days a week to assist *the cardholder and the program administrator* with general questions about the Purchasing Card account. If a Purchasing Card is lost or stolen, you must contact Bank of America Customer Service immediately at **1-888-449-2273**.

Then contact the program administrator for the Purchasing Card at **5251**.

### ***Training***

Purchasing Cards will be distributed through the program administrator. When new cards are issued, Bank of America will send them to the program administrator for distribution to the cardholders. Cards will not be released to cardholder until they have gone through training, received copies of the Guide and forms related to the program, and signed the Cardholder Agreement.

The following materials will be reviewed with you during training:

***Cardholder Guide:*** This Guide outlines the college's policies and procedures regarding the Purchasing Card. It also identifies types of purchases that are disallowed.

***Cardholder Application:*** The application is submitted by the department manager and identifies the individual in their department who will be the designated cardholder. The application includes necessary information provided by the cardholder to set up the account for them. *See Exhibit A at end of this Guide.*

***Cardholder Purchasing Card Agreement:*** This is an agreement between the cardholder and the college, which affirms that the cardholder has read and understands the policies and procedures for the Purchasing Card. The cardholder, department manager and the program administrator will sign this agreement at the end of the training session. *See Exhibit B at the end of this Guide.*

***Purchasing Card Transaction Log:*** The cardholder is required to use this form to record purchases and returns. *See Exhibit C at the end of this Guide.*

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**Monthly Reconciliation Form:** This form is used to reconcile between the monthly transaction log and the summary statement from the bank. *See Exhibit D at the end of this Guide.*

**Disputed Item Form:** This form is provided by the bank and is used to dispute any item that shows up on the cardholder's account that they feel is in error. The form is completed by the cardholder and submitted to the bank. The cardholder should also attach a copy of the completed form with their monthly reconciliation packet. *See Exhibit E at the end of this Guide.*

**Cardholder Survey:** This document provides a feedback mechanism for the cardholder to inform the college about how the program is working on a day to day basis, report on vendor success, and give suggestions for improvements. *See Exhibit F at the end of this Guide.*

### Making the Purchase

Cardholders should promote and encourage positive interactions with suppliers. Honesty and courtesy are essential ingredients in all aspects of a buyer/supplier relationship.

All cardholders should follow these guidelines when using the Purchasing Card:

1. Determine if the transaction is an acceptable use of the card, and if it is within the cardholder's spending limit.
2. Check the appropriate budget to ensure there is an adequate "unencumbered balance" available.
3. Request that tax (if applicable) be included. The college is taxable for transaction privilege taxes (sales tax).
4. Make sure you receive a receipt for every purchase made. It should include a detailed description of everything purchased and include pricing and tax.

### Receiving Supplies

A copy of the charge slip, sales receipt or any other information related to the purchase must be retained. Remember that the charge slip itself, without a description of what was purchased is not acceptable documentation. It must include the detailed information necessary so that it can be reviewed for approval by the manager and accounts payable department.

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### Purchasing Card Payment

Employees do not pay their own monthly statement. The program does not affect your credit rating in any way. The Purchasing Card program carries college, not individual, liability.

### Returns, Credits and Disputed Charges

Should a problem arise with a purchased item or charges, every attempt should be made to first resolve the issue directly with the supplier. Review of future statements is vital to ensure the account is properly credited for returns, credits and disputed charges. The returned, credited or disputed item should be noted on the Purchasing Card transaction log.

- **Returns:** If a cardholder needs to return an item to a supplier, contact the supplier and obtain instructions for return. If returned in person, be sure and receive a credit memo or other documentation that verifies the return of merchandise.

Note that some suppliers may charge a restocking or handling fee for returns. All returns should be indicated in the transaction log.

- **Credits:** If the supplier accepts an item as a return, a credit for this item should appear on the following month's Purchasing Card statement. All credits should be indicated in the transaction log.
- **Disputed Charges:** If a cardholder finds a discrepancy on a monthly statement, the cardholder should contact the supplier and attempt to resolve the problem directly. All disputed items should be indicated on the transaction log.

If a cardholder cannot resolve a disputed item directly with the vendor, the cardholder should complete a "Statement of Disputed Item" form, *Exhibit E* at the end of this Guide. Bank of America will place the charge in a "State of Dispute" and the account may be given a provisional credit until receipt of adequate documentation from the vendor. If the documentation appears to be in order, the transaction will be re-posted to the account and the dispute considered closed. If the charge is suspected to be fraudulent, the card will be immediately blocked, continue to have a provisional credit (if given) and an investigation of the charge will continue. A new card will then be re-issued to the cardholder, if appropriate. If the charge appears legitimate, the transaction will then post to the new account.

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## *Purchasing Card Controls*

### Credit Limits

All Purchasing Cards have monthly cardholder spending limits. Limits are established by college purchasing policies and procedures and identified below.

### Transaction Limits

Your Purchasing Card has a single transaction limit. This is the amount authorized on the Purchasing Card for a single purchase. A transaction includes the purchase price, and applicable tax. Cardholders should not attempt to make a purchase greater than their approved amount. Those amounts are identified below.

### Credit and Transaction Limits

The following transaction and credit amounts have been established by the college for each card. The Bank will automatically verify and track each purchase to ensure that these amounts are not exceeded. If they are, the transaction will be disapproved at the time of purchase.

Single Transaction Limit	\$ 500
Daily Transaction Limit	\$1,000
Monthly (Cycle) Transaction Limit	\$2,500

### Restricted Vendors

The Purchasing Card program may be restricted for use with certain types of suppliers and merchants. If you present your Purchasing Card for payment to vendors categorized under a restricted merchant code, the authorization request will be declined. A Disapproved Purchases List is provided later in this Guide. It lists products and services that the college has determined not to allow on the Purchasing Card.

If you feel a particular type of product or supplier should be added or deleted, contact the program administrator.

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### Disallowed Purchases List

Below is a list of products and services that are not allowed to be purchased using the college Purchasing/Procurement card. In most cases, restrictions have been set up with the bank to disapprove these purchases. However, it is the cardholder's responsibility not to purchase any of the products or services identified below.

1. Alcoholic Beverages for any purpose
2. Animals of any type dead or alive
3. Barnes & Noble Campus Bookstore Purchases (Central Arizona College)
4. Bottled Water
5. Capital Equipment
6. Cash Advances
7. Cellular phones, telephones, and fax machines
8. Computers, laptops, and peripheral\* equipment and accessories to include monitors, scanners, printers, digital cameras, tape drives, microphones, speakers, net books, notebooks, smart pens and webcams
9. Copiers
10. Electronic and recording equipment, projectors, televisions, DVD recorders, players, and camcorders, iPods', MP3 players, radios/boom boxes, pocket PC's, hand held videogames, videogame consoles, GPS and radar laser detectors
11. Fines and Penalties
12. Flowers
13. Food (except for Culinary Instruction)
14. Furniture of any type or for any purpose to include desks, chairs, bookcases, file cabinets, tables and all other office and classroom furnishings.
15. Gasoline and Gasses
16. Gifts and Contributions
17. Kitchen equipment and appliances to include microwave ovens, refrigerators, coffee makers, water coolers, electric heaters and fans
18. Meals and Entertainment
19. Narcotics and All Drugs
20. Personal Purchases
21. Postage
22. Purchases of \$500 or greater
23. Services of any kind (consultants, labor and personnel)
24. Splitting Purchases to circumvent the \$500 limit.
25. Travel Expenses for Employees such as airline tickets, lodging (hotels & motels)

*\*Peripheral is a device attached to a host computer but not part of it whose primary functionality is dependent upon the host, and can therefore be considered as expanding the host's capabilities, while not forming part of the system's core architecture.*

*Taken from Wikipedia, the free encyclopedia*

## *Recordkeeping*

### **Purchasing Card Transaction Log**

Enclosed in this Cardholder Guide is a Purchasing Card transaction log. The transaction log is intended to provide a method for the cardholder to track Purchasing Card expenditures since these are not yet recorded in the department's budget or general ledger. Other purposes for the log are to track the monthly credit limit on the card, record the line item expense account for each transaction, and to use for month end reconciling.

A new log is to be used for each month's purchases. Record in the log each time a purchase is made. Use a detailed explanation of the item to recognize the purchase as an authorized one. Mark a "Yes" in the "Receipts Attached" column to verify that a receipt is attached for each purchase made.

### **Receipts**

Always obtain a receipt when using the Purchasing Card. It is every cardholder's responsibility to ensure there is a receipt for each purchase. The receipts should be attached to the transaction log. The transaction log and receipts should be forwarded to the department manager at the end of each cycle. The cardholder should make a copy of the receipts prior to forwarding to the accounts payable department. That way, there is a copy of backup documentation if the receipts get lost prior to verifying in accounts payable.

### **Bank Statement**

At the end of each billing cycle, the cardholder will receive a Cardholder Memo Statement. It is mailed directly from Bank of America to the cardholder at their college address. The statement lists purchases made to their account for that period.

### **Monthly Reconciliation Form**

The monthly reconciliation form is completed at the end of each billing cycle. It is used for reconciling and comparing the statement from the bank with the cardholder's transaction log and receipts.

## *Cardholder Reconciliation*

As mentioned above, the cardholder will receive a "Memo Statement" from the bank at the end of each billing cycle. Upon receipt of the statement, the cardholder must reconcile the statement with their Purchasing Card transaction log.

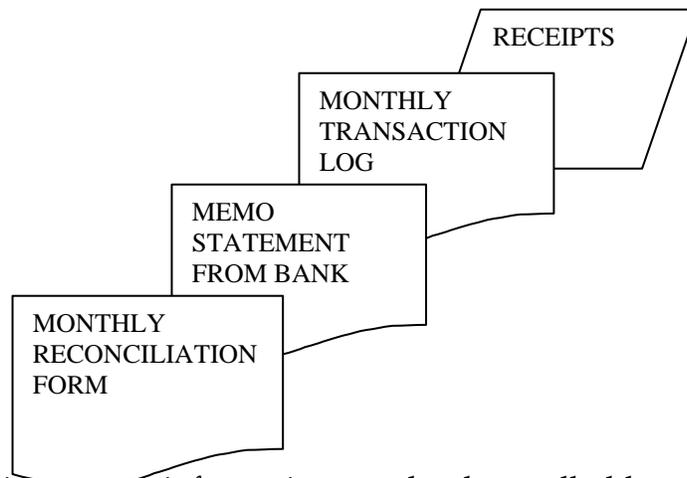
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Begin by comparing your receipts with the transaction log to ensure that all purchases are logged onto the transaction log for the period. Then, compare the transaction log against the memo statement from the bank. At this time, ensure that there are receipts for each transaction on the transaction log and the memo statement.

The cardholder will complete a “Monthly Reconciliation” form. This form is used for reconciling and comparing the statement from the bank with the cardholder’s transaction log and receipts.

Original copies of the receipts should be stapled to the back of the transaction log or placed in a sealed envelope and stapled to the back of the transaction log. The Memo Statement from the bank is placed on top of the transaction log with the Monthly Reconciliation form on top. These should be stapled together and forwarded to the department manager for approval and forwarded from their office to accounts payable.

### Monthly Cardholder Submittal Documentation



After reviewing the information sent by the cardholder, the department manager will approve the purchases if appropriate and forward the documentation to the accounts payable department.

It is imperative that the cardholder and department manager review, approve, and forward this documentation as quickly as possible. It is requested that the cardholder and department manager complete the monthly reconciliation, review and forward the documents to the accounts payable department by the date requested in the email message that will be sent by accounts payable to the cardholder at the beginning of each month. The accounts payable department has a limited amount of time to enter the various expenditure codes into Banner for prompt payment to the Bank to avoid finance charges.

## Frequently Asked Questions & Answers

### **For what types of purchases should I use the Purchasing Card?**

The Purchasing Card can be used for office supplies, instructional supplies, small dollar equipment such as adding machines and other college related purchases that do not appear on the “Disallowed Purchases” list shown prior. If you have a question as to whether a purchase is authorized, please contact the program administrator at 5251 or your department manager before making the purchase.

### **In what ways do I benefit from using the Purchasing Card?**

When you use the Purchasing Card, you have the ability to select the product in person, enjoy reduced paperwork, have direct contact with the retail store, and receive your products immediately.

### **How does the college benefit from the Purchasing Card Program?**

When employees use the Purchasing Card, the college enjoys savings from generating fewer purchase orders and check processing by consolidated multiple supplier invoices onto one statement from Bank of America.

### **What should I do if my Purchasing Card is lost or stolen?**

If your Purchasing Card is lost or stolen, immediately contact Bank of America’s Customer Service at **1-888-449-2273**. After contacting Bank of America, notify the program administrator at **5251**. Prompt action can reduce the college’s liability for fraudulent activity.

### **What do I do if a purchase is denied?**

Your purchase may have exceeded a spending or transaction limit, the college may have excluded that type of supplier or merchant, or the supplier or merchant is not equipped to accept MasterCard/Visa as payment. Contact the program administrator at **5251** to determine the reason.

### **Will use of the Purchasing Card affect my credit report?**

No. The Purchasing Card is a college liability and carries no personal liability for cardholders that use the Purchasing Card according to college policy.

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### **Whom should I contact to resolve an error or dispute concerning my account?**

You should first contact the supplier. Most exceptions or issues can be resolved between you and the supplier. If you cannot resolve an issue with the supplier, contact your program administrator and/or Bank of America customer service to start the dispute process.

### **When I use my Purchasing Card to make a purchase, how is the transaction authorized?**

When you use the Purchasing Card to make a purchase, the supplier verifies the account number with Bank of America. Your spending limits are checked automatically against college policy.

### **When are purchases recorded into my department accounts?**

At the end of each billing cycle, the accounts payable department receives the documentation forwarded to them from each cardholder and manager. That serves as an invoice which is then entered into Banner and is recorded into each department line item as an expense.