

Policy Title: Purchasing Card Policy

Policy Number: BUBS 100

Date Issued: Updated January 2019

Responsible Executive: Chief Procurement Officer

Date Last Revised: October 22, 2020

Responsible Office: Business Services

Purchasing Card Policy

Policy Statement

Baylor Purchasing Cards (PCards) are University-liability credit cards which are issued in the names of authorized, trained individuals to purchase certain eligible goods and services in support of Baylor University. Only eligible, direct University business expenses may be charged; personal purchases are strictly prohibited. All transactions must be supported by a detailed business purpose and by proof of purchase documentation. All transactions must be reviewed in the expense system. Improper use of the card, including use for personal purchases, may result in disciplinary action up to and including termination of employment and criminal prosecution.

This policy and associated procedures may change from time to time in the discretion of the University and company issuing the PCard. It is the responsibility of those using and approving PCard transactions to remain current on such policies and procedures.

Failure by the University to follow any aspect of this policy does not invalidate any Baylor action(s) or give rise to any cause of action against the University. This policy does not create a contractual obligation on behalf of the University toward any individual or entity.

Reason for the Policy

The use of the PCard creates efficiencies and reduces administrative burdens on the University, but also exposes the University to potential risks. Some potential risks associated with the program include inappropriate card use, internal and external fraud, inappropriate general-ledger-coding allocation, non-compliance with IRS rules, and reputational damage to the University. This policy ensures that sufficient controls are in place to mitigate these risks.

Definitions

These definitions apply to terms as they are used in this policy.

Cardholder	University personnel who have been granted purchasing card privileges
Expense Delegate	University personnel with business expense approval responsibilities
Business Unit/Entity Approver (“Approver”)	University personnel with transaction approval responsibilities in the Oracle financial system (Ignite)
Business Officer	University personnel with fiduciary responsibilities within divisions and schools
Issuing Bank	The financial institution that Baylor uses for card program responsibilities
Card Program Administrator	University personnel providing oversight and day-to-day support for the Purchasing Card program.
Ignite Expense	The University’s system of record for all purchasing card transactions, receipts and other related documentation

Obtaining a Card

Eligibility

Any Cardholder must be a full-time University employee. A Cardholder is authorized by the Business Unit/Entity Approver. Eligibility is based on the following criteria:

1. Must read and sign the Cardholder Agreement,
2. Must complete the required online training prior to receiving their card,
3. Must complete annual trainings or card will be terminated.

Application

The Baylor employee must complete and submit an application form with appropriate department and Business Officer approvals. The employee will be expected to read these procedures and will be required to sign the appropriate user agreement indicating the employee understands the procedures and the responsibilities of a Cardholder. Both forms must be completed and submitted to the Card Program Administrator at the same time for approval and processing.

Training

The requested card should be delivered to Procurement and Payment Services within 10 business days after application approval. However, cards will not be issued to the employee until after the employee has successfully completed the required training courses.

Card Specifications

Procurement Card Specifications

Each PCard is issued with approved characteristics and limits determined by the University.

Single Purchase Limit

The maximum single transaction amount, including tax, shipping and handling and any applicable fees, may not exceed **\$2,500**. Lower single transaction limits may be requested by the Department.

Monthly Purchase Limit

The maximum dollar limit per card will depend upon Cardholder requirements and will be determined by the Card Program Administrator.

Daily Transaction Limit

The maximum number of transactions on a given day may not exceed 20 transactions.

Split Transactions

A split transaction is defined as a transaction that has been divided into two separate transactions in order to circumvent the above prescribed limits. Split transactions are strictly prohibited and will result in card termination and may result in disciplinary actions.

One-Time Modification

The Ignite requisition system is the preferred method to purchase all required goods and services for University business, however, there may be circumstances where a supplier requires a purchase to be completed by credit card and the amount exceeds the standard limits. Cardholders may request a one-time limit modification through the PCard Increase Form.

Limit Reviews

Card limits are analyzed regularly by the Card Program Administrator and reviewed with management. Adjustments may be made based upon exception and/or business needs.

Roles and Responsibilities

Cardholders

Cardholders are responsible for all charges made on their card. The Cardholder that completes an approved application and receives their name embossed on the card is the only authorized user. No other person is authorized to use that card. Cardholders must read, understand and follow this policy and accompanying procedures. Cardholders may

initiate transactions on behalf of others in his/her department; however, Cardholders are responsible for purchasing only eligible goods and services as described in this document, obtaining required documentation, and ensuring charges to restricted funds are following the terms and/or conditions of the fund. Cardholders with questions about whether certain expenditures are allowed on restricted funds must direct questions to their University Research Associate (URA) or dean's office. Cardholders must ensure all transactions are familiar and reasonable, perform a detailed review or delegate detailed review to a designee, and provide all receipts to a reviewer before reconciling the transaction.

Card Security

The Cardholder is the only person authorized to make purchases utilizing the card and is responsible for the physical security of their PCard at all times.

1. Cardholders must not share their card number, expiration date, security code, or PIN with anyone not specifically identified as authorized to have the card in this policy. Usage of any Baylor Card by anyone other than the assigned Cardholder, is strictly prohibited and will result in card termination.
2. Cardholders must not compromise their card by including the card number, expiration date, security code, or PIN in electronic communications.
3. Lost, stolen, compromised, or damaged cards are to be reported to JP Morgan Chase and the Card Program Administrator immediately, but no later than 12 hours after the Cardholder determines the card has been lost, stolen or compromised.
4. Cardholders that have a name change processed by Human Resources (HR) are to request a new card from the Issuing Bank and inform the Card Program Administrator.

Authorized Purchases Only

The cards must be used only for direct University business expenses within pre-approved spending limits. See Authorized, Restricted and Unauthorized Purchases, for details.

Timely Reconciliation of Purchases

Cardholders must review all charges biweekly and provide a detailed business purpose for each transaction. Cardholders may delegate detailed review to a designee; however, Cardholders remain responsible for all charges on the card. Even if the detailed review is delegated, Cardholders must still ensure all charges are familiar and reasonable.

Receipt and Documentation Requirements

Cardholders must obtain and submit detailed receipts for all purchases as required. All documentation is maintained within the Ignite Expenses module in Ignite. University policy requires receipts for all PCard purchases.

Receipts Must Include the Following

- Merchant Name
- Date of Purchase
- Transaction Amount
- Itemized description

Receipt Examples (may include)

- Sales Receipts or Screenshots
- Subscriptions and dues
- SOW Reports
- Packing Slips w/ dollar amount
- Conference Registration form
- Software mail-orders

Lost Receipts

For purchases where a receipt is required but the documentation is then lost, Cardholders must 1) complete the Missing Receipt Form, 2) refer to Approver to review, sign, and date, and 3) file with the monthly documentation.

Note: Department and school policies or sponsor requirements may require more strict receipts for expenses; please check with your Department Approver or Business Officer for more information. Approvers must ensure that expenses of any amount are legitimate University business expenses and all purchases must have a documented business purpose.

Timely Dispute of Purchases

Cardholders must dispute unauthorized or unrecognized charges promptly. Cardholders may be personally liable for unauthorized charges not reported if it is later discovered the charge was unauthorized.

Document Retention

All required receipt documentation is housed within Ignite Expense and will be stored as per the University document retention policy.

Leave of Absence, Change in Position, or Employee Termination

Cardholders are responsible for documenting and submitting expense reports for all card transactions prior to the following events:

1. Leave of absence (30 days or more):
 - Card to be suspended two weeks prior to change in status, if scheduled
 - Card remains suspended while Cardholder is on leave
2. Department Transfer or Change in Business Unit
 - Card must be closed two weeks prior to change
3. Scheduled Employee resignation/retirement/termination
 - Card must be closed two weeks prior to change in status

In the event of immediate termination, the employee's immediate supervisor collects the card(s) and immediately contacts the Business Officer and Card Program Administrator.

No employee has any expectation of privacy in any PCard documentation or transaction records. Anything purchased with the PCard is the property of the University.

Business Unit/Entity Approvers

Approvers must read, understand, and follow this policy and accompanying procedures. Approvers are primarily responsible for reviewing card transactions in the Ignite Expense system and for ensuring the accuracy of the general ledger coding and the detailed business purposes required for each transaction. Approvers must review charges and accompanying receipts entered in the Ignite Expense system under this policy while monitoring the use of missing receipts policy. When coding to a sponsored or other restricted fund, Approvers must contact their URA or dean's office if they are in doubt about whether an expense meets the terms and/or conditions of the fund.

Approvers must review all transactions in the Ignite Expense system to ensure charges are legitimate on a regular basis depending on the volume of purchasing but recommended on a weekly basis. Review means to verify each transaction is an allowed, legitimate expense in compliance with other University policies, detailed business purpose has been entered into the system, and supporting documentation from the Cardholder is attached, as well as confirm that all transactions are charged to the appropriate general ledger accounts. The Approver should request additional document or require changed to the expense report as necessary.

Approvers must report suspicious activity to the Card Program Administrator, Business Officer, and Internal Audit, as soon as they are aware of, or suspect questionable activity occurring on a purchasing card.

Approvers must periodically review unreconciled transactions and address unreviewed Cardholder charges as needed, as well as assist with resolving any outstanding charges for separated employees.

Authorized, Restricted, and Unauthorized Purchases

Authorized Purchases

The PCard is intended to facilitate miscellaneous, non-recurring, on-the-spot purchases that cannot go through the purchase order (PO) process. The PCard is not intended to replace or bypass the PO process. Items purchased using the PCard that are available in the Ignite Marketplace will not receive Baylor contract pricing, nor be eligible for other contractual support. Cardholders should contact Procurement and Payment Services with any questions related to approved suppliers and appropriate payment methods.

Examples of allowable PCard uses include the following:

- Books/periodicals/magazines not available in the Ignite Marketplace
- Conference registration fees (for Cardholder or on behalf of other employees)
- Emergency repairs
- Florists
- Professional dues and memberships (for Cardholder or on behalf of other employees)
- Shipping//freight/postage/couriers (imports that require customs must be preapproved by Card Program Administrator)

Unauthorized Purchases

The following are prohibited purchases with the PCard. The full list of prohibited suppliers and Merchant Categories is included as an exhibit to this policy.

- Alcohol or alcoholic beverages
- Capital equipment
- Cash Advances
- Cellular phones or phone services
- Charitable contributions
- Consulting services
- Computer hardware
- Construction and renovation
- Copiers, copier parts, and copier consumables
- Firearms and ammunition
- Gasoline or other fuel
- Gifts to students which may have an unintended effect on their financial aid
- Guests and entertainment
- Individual social and merchant memberships which include a potential personal Cardholder benefit, (for example: Baylor Club, Sam's Club, Amazon Prime, or LinkedIn memberships)
- Insurance policies and premiums
- Laboratory animals and animal-related purchases
- Legal services
- Personal expenses not related to Baylor business
- Prescription drugs or other controlled substances
- Purchases for services with foreign suppliers
- Purchases with suppliers in a boycotted country
- Radioactive and hazardous materials
- Real estate leases/purchases
- Recruiting/temporary hiring services
- Software not approved by ITS
- Tax payments
- Trade contractors

- Transportation providers (e.g., charter buses, shuttles, trolleys, etc.)
- Travel agencies

Gifts, Awards, Prizes, and Donations

1. Purchase requires preapproval by the Card Program Administrator
2. Distribution to Baylor employees requires reporting by the Cardholder to Human Resources in accordance with Internal Revenue Service (IRS) policy.
3. Distribution to Baylor students requires reporting by the Cardholder to Student Financial Services and Procurement and Payment Services in accordance with Internal Revenue Service (IRS) policy.

Transaction Accuracy, Fraud, and Disputes

Cardholders are required to review all transactions biweekly to ensure each transaction is a valid, correct, and fully authorized Baylor business expense. Cardholders should contact the merchant in the event of incorrect charges. If merchandise purchased with the PCard is unacceptable (incorrect, damaged, defective, etc.), the Cardholder is responsible for arranging returns, credits, or exchanges. Fraudulent transactions identified by the Cardholder are to be reported to the Card Program Administrator and the Issuing Bank immediately in order to initiate a fraud claim and to request a replacement card.

Expense Reporting

Ignite Expense will serve as the sole location for users to upload receipts, reconcile transactions, submit expense reports, and store supporting documentation for all PCard transactions. All card transactions are required to be submitted and given final approval within 30 days of their posted date via an expense report in the Ignite Expense module.

Expense Delegates cannot submit expense reports to any Approver for approval. Only the Cardholder can finalize expense report submission.

Card Charge Auditing

The Card Program Administrator routinely performs audits on PCard transactions. Card audits include a review of transaction data, business purpose, transaction appropriateness, and supporting documentation. The Card Program Administrator, along with Internal Audit, perform area-specific audits periodically and submit recommendations to the appropriate Business Officer, Expense Approver, and management. Additionally, all card transactions are subject to Issuing Bank fraud filters and audit analytics that may result in follow up with Cardholders or frozen cards while the Issuing Bank attempts to contact the Cardholder.

Violations

The Card Program Administration may suspend or cancel cards during a review or audit of suspected invalid transactions or upon identification of a pattern of abuse of purchasing card activity.

Baylor will seek the recoupment of unauthorized purchases from Cardholders. Cardholders are responsible for coordinating the reimbursement of funds to Baylor with their Business Unit and the Card Program Administrator.

Violation of the Purchasing Card Policy will be reported to Human Resources to support managers and business units in addressing performance concerns. Violations of this policy may result in removal of purchasing authority as well as disciplinary action up to and including termination. Baylor retains the right to collect the amount(s) of any fraudulent purchases by other means necessary (e.g., civil suit as appropriate under the circumstances).

Loss of Card Privileges

Failure to adhere to this policy will result in the suspension or termination of Cardholder privileges and may also result in reporting of violations to Human Resources, Office of Provost, Internal Audit, and Business Services, termination of employment, and possible criminal prosecution.

Exhibit A – Activity Matrix

Activity	Cardholder	Business Unit/Entity Approver	Business Officer	Card Program Administrator	Internal Audit
Initiate card application and complete training	●				
Approve card application		●	●	●	
Responsible for physical security of card	●				
Notify Card Program Administrator of any Cardholder leave of absence, or change in position	●				
Notify Card Program Administrator of any Cardholder termination			●		
Review all transactions biweekly to ensure each transaction is valid Baylor business expense	●				
Report fraudulent charges immediately to Issuing Bank to initiate a fraud claim and complete and return time sensitive required documents to Issuing Bank	●				
Submit all card transactions within 30 days of the transactions posted date via an expense report in Ignite Expense	●				
Responsible for reviewing the appropriateness, business purpose, policy compliance, and supporting documentation of each transaction submitted in expense reports		●			
Responsible for ensuring all card transactions are approved within 30 days of the transactions posted date via an expense report		●			
Perform daily oversight of program and weekly review of card activity				●	
Audit card activity and submit results and recommendations to stakeholders				●	●
Review and notify the responsible Baylor departments or personnel of any non-compliance, policy violations, etc.				●	●

Exhibit B – Prohibited Merchant Categories

MCC#	MCC DESCRIPTION
0	Convenience Checks
780	Horticultural and Landscaping Services
1520	General Contractors – Residential and Commercial
3000-3300	Air Carriers
3300-3499	Rental Car Companies
4111	Transportation – Suburban and Local Commuter Passenger, including Ferries
4112	Passenger Railways
4131	Bus Lines
4411	Cruise Lines
4457	Boat Leases and Boat Rentals
4511	Air Carriers, Airlines – Not Elsewhere Classified
4582	Airports, Fields, or Terminals
4722	Travel Agencies and Tour Operators
4761	Telemarketing of Travel Related Service and Vitamins
4789	Travel Related Services Note Elsewhere Classified
4829	Wire Transfer Money Orders
5094	Precious Stones and Metals, Watches and Jewelry
5172	Petroleum and Petroleum Products
5299	Warehouse Club Gas
5541	Service Stations
5542	Automated Fuel Dispensers
5681	Furriers and Fur Shops
5813	Bars, Cocktail Lounges, Discotheques, Nightclubs and Taverns
5944	Jewelry stores
5960	Direct marketing Insurance Services
5962	Direct Marketing – Travel Related Arrangement Services
5963	Door-to-Door Sales
5966	Direct Marketing – Outbound Telemarketing Merchants
6010	Member Financial Institution – Manual Cash Disbursements
6011	Member Financial Institution – Manual Cash Disbursements
6012	Member Financial Institution – Merchandise and Services
6050	Quasi Cash – Member Financial Institution
6051	Quasi Cash – Merchant
6211	Securities Brokers and Dealers
6300	Insurance Sales, Underwriting, and Premiums
6381	Insurance – Premiums
6513	Real Estate Agents and Managers – Rentals

MCC#	MCC DESCRIPTION
6529	Remote Stored Value Load – Member Financial Institution
6530	Remove Stored Value Load – Merchant
6535	Value Purchase – Member Financial Institution
6536	MoneySend Intracountry
6537	MoneySend Intercountry
6538	MoneySend Funding
6539	Funding Transaction (Excluding MoneySend)
6540	POI (Point of Interaction) Funding Transactions
6760	Savings Bonds
7012	Timeshares
7273	Dating Services
7276	Tax Preparation Service
7277	Debt, Marriage, Personal Counseling Services
7280	Hospital Patient – Personal Funds Withdrawal
7295	Babysitting Services
7297	Massage Parlors
7298	Health and Beauty Spas
7512	Auto Rental
7523	Auto Parking Lots/Garages
7549	Towing Services
7631	Watch, Clock, or Jewelry repair
7995	Gambling Transactions
9211	Court Costs Including Alimony and Child Support
9222	Fines
9223	Bail and Bond Payments
9311	Tax Payments
9399	Government Services – Not Elsewhere Classified
9754	Gambling – Horse, Dog Racing, State Lottery
9950	Intra-Company Purchases