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Purpose

The purpose of the Procurement Card Program is to establish a more efficient, cost-effective alternative for departments to make supply-type purchases below the bid amount of $1,000. The procurement card should greatly reduce, if not eliminate, the need for petty cash accounts.

Using the procurement card will be a benefit to the University, its suppliers, and to you and your department. The University will save time and money by consolidating paperwork, suppliers will receive payment more quickly, and you and your department will get the supplies you need without unnecessary delays.

As a University employee, you are being entrusted and empowered with the ability to make small-dollar purchases on behalf of your department or unit. Along with this empowerment comes responsibility. Cardholders are expected to make sound business decisions in the best interest of the University and always comply with the policies and procedures as set forth in this User Guide.

Overall Program Administration

The responsibility for the administration of the Procurement Card Program has been assigned to the Accounts Payable Department in the Treasurer’s Office. The supervisor of Accounts Payable will serve as the Program Administrator and will assign appropriate tasks for the administration of the program to personnel within the Accounts Payable Department.
HOW DOES THE CARD WORK?

Procurement cards are for business use only!

The procurement card is a special VISA credit card. It works similarly to your personal credit cards, except that the charges are billed directly to the University and paid by the Treasurer’s Office.

The procurement card will contain the cardholder’s name and “The University of Tennessee.” The phrase “tax exempt” and the University’s tax exempt number will also be printed on the card.

Purchases are charged to the cardholder’s department. (See ACCOUNTING FOR CARD PURCHASES.)

Each card has specific spending limits: $1,000 per transaction and a pre-set maximum for each 30-day billing cycle, typically $5,000. Cardholder may not split single transactions in excess of $1,000 into smaller transactions. (Ref. FPS 05:050-03.B.1.)

The monthly spending limit can be changed upon written request to the Program Administrator by the department head. (See APPENDIX for SPENDING LIMIT CHANGE FORM.)

Each time you use your card, an electronic process verifies that your purchase is within these predetermined limits. If your purchase violates these limits, the supplier will not accept your order.

Each cardholder will be responsible for reviewing a monthly statement. (See CARDHOLDER RESPONSIBILITIES and REVIEWING/RECONCILING STATEMENTS.)

Improper use of the procurement card will result in consequences ranging from suspension of cards to termination of employment.
HOW DO I GET A CARD?

Any regular University employee who has the responsibility for making purchases on behalf of his/her department and has the approval of his/her department head is eligible for a procurement card.

Complete the Procurement Card Application found in the Appendix of this User Guide. Your department head will identify the departmental default account number and approve the application. Forward completed application to your Campus/Unit Coordinator. Campus/Unit Coordinator will review, approve, and forward the application to the Accounts Payable Department in the Treasurer’s Office.

The application will be reviewed and forwarded to First Tennessee Bank. First Tennessee Bank will process the application and issue a card in approximately two weeks.

The new card will be forwarded to your Campus/Unit Coordinator for distribution. Your Campus/Unit Coordinator will notify you when the card is ready.

Before receiving your card, you must read and sign a Cardholder Agreement. (See APPENDIX.) The Campus/Unit Coordinator will give you the card in exchange for the signed agreement.

Cards are automatically renewed every 2 years on the expiration date. Old cards must be cut in half and returned to Campus/Unit Coordinator for disposal.

CARDHOLDER RESPONSIBILITIES

Read and abide by the policies and procedures found in this User Guide.

Keep your card in a secure location and keep your card number confidential.

Exercise caution in sharing your account information.

Ensure that sales tax is not charged when making a purchase. The University’s tax exempt number is printed on the face of the procurement card.
Obtain and keep your receipts and maintain detailed information for each card transaction. Maintaining a log of purchases is advisable. (See RECEIPTS, MAKING A PURCHASE and APPENDIX.)

**YOU MUST HAVE A RECEIPT FOR EACH PURCHASE/TRANSACTION.** Receipts are critical to the success and integrity of the Procurement Card Program.

You will receive a monthly statement in the mail from the Bank. Review the statement for accuracy. Sign the statement and forward the statement and receipts to the appropriate individual in your department for verification. (See REVIEWING/RECONCILING STATEMENTS.)

Resolve all incorrect charges and product returns with the merchant/vendor as quickly as possible. (See INCORRECT CHARGES.)

**IMMEDIATELY** call the Bank if your card is lost or stolen and notify your Campus/Unit Coordinator and the Program Administrator in the Treasurer’s Office. (See LOST OR STOLEN CARDS.)

Always try to obtain the best possible value for the University with your procurement card.

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**UNAUTHORIZED/PROHIBITED PURCHASES**

- Transactions exceeding $1,000
- Personal use
- Cash advances
- Cash refunds for returned card purchases
- Entertainment and travel, including airlines and hotels (sleeping rooms).
- Purchases from other University departments, including bookstores.
- Purchases prohibited by University Purchasing Policy.
MAKING A PURCHASE

If your purchase is $1,000 or less and is not an unauthorized/prohibited purchase, find a vendor who accepts VISA and provides the best value to the University.

Ensure that your purchase does not include sales tax.

When making a telephone order, tell the vendor that you are calling from The University of Tennessee and that you are making your purchase with a VISA procurement card. Give the vendor your card name, card number, expiration date and delivery address. The delivery address must be your official address on file with VISA and the same address to which your monthly statements are mailed. Emphasize that your purchase is tax exempt.

Inspect your order to verify order accuracy, quality, and price.

RECEIPTS

Get a receipt from the vendor for each transaction. Receipts include charge slips, cash register receipts, or packing slips. For subscriptions, a copy of the renewal notice or initial subscription request is a receipt.

Receipts must include the following information:

- Procurement card number
- Itemized description of goods purchased
- Vendor name
- Transaction date
- Transaction total

Receipts that do not clearly list the items purchased will not be considered adequate documentation. In such cases, complete a “Procurement Card Replacement Receipt Form” detailing the required information. (See APPENDIX.)
DECLINED PURCHASE

If your purchase is not approved by VISA, the vendor can call the Bank directly to determine the reason or you may call the Bank yourself at (800) 234-2840.

If you believe your spending limits should be changed, ask your department head to complete a "Spending Limits Change Form" and send it to the Program Administrator. (See APPENDIX.)

RETURNING AN ITEM PURCHASED WITH A CARD

For an in-person purchase, return the item directly to the supplier and obtain a credit receipt.

**Cash refunds are absolutely prohibited.**

If you made the purchase by phone, mail, or fax:

- Contact the vendor for return instructions.
- Get a return reference number from the supplier, e.g., Returned Material Authorization (RMA) or credit number. **NOTE:** Some suppliers may charge a restocking or handling fee.
- Follow University/Department shipping procedures to send the item back to the vendor.

On the statement where the original charge appears, note the date of the return.

Be sure to check subsequent statements to verify you have received credit for the returned item.
REVIEWING/RECONCILING STATEMENTS

Your statement will be mailed to you about 2 days after the cycle end-date (typically the 27th day of the month). The amount due on the statement will always equal zero. Do not send your statement to the Treasurer’s Office for payment. Do not send any payment to the Bank.

It is the responsibility of the cardholder/verifier to assure that he/she receives a monthly statement. In addition to the statement provided by the Bank, a statement can be requested through the automated procurement card system.

Verify the accuracy of the statement by comparing it to your receipts or other transaction documentation. Check for:

- Amounts on the statement that are higher than your log or receipts (you may need to allow for shipping charges).
- Items on the statement that you did not purchase.

If you find a discrepancy, follow the steps in “INCORRECT CHARGES.”

Attach receipts to your monthly statement in the same order as they appear on the statement.

Sign the statement. Your signature affirms that (a) the charges are correct with exceptions noted, (b) all receipts are attached, and (c) all purchases are properly authorized business purchases.

Forward signed statement and receipts to individual responsible for verifying procurement card purchases in your department.

Statements and receipts are to be kept in departmental files for 6 years.

Individual who is responsible for the account, reviews and electronically approves accounting distribution of monthly charges.

Any noncompliance should be reported to the Program Administrator.
INCORRECT CHARGES

If you find an item on your monthly statement that is incorrect, call the vendor immediately to resolve the disputed charge.

If the vendor does not resolve the discrepancy within 30 days, fax a completed “Disputed Transaction Form” (See APPENDIX) to the Bank at (901) 523-5768.

The Bank will issue a temporary credit until the dispute is resolved (usually within 60-90 days).

QUALITY OF SERVICE OR PRODUCT

All vendors have a right to “cure” a problem with a purchase within a reasonable period of time. Thus, when you receive either an incorrect or defective item, you must allow the vendor a reasonable amount of time to either replace the product, resolve the service issue, or issue you a credit before turning the matter over to the Bank.

LOST OR STOLEN CARDS

Immediately call First Tennessee Bank at 800-234-2840 as soon as you realize your card has been lost or stolen. Representatives are available 24 hours a day.

Note the name of the person who takes your call and the exact time you called. Record this information on the “Lost/Stolen Card Notification Form” found in the Appendix.

Notify the your Campus/Unit Coordinator and the Program Administrator by phone.

Within two days of calling the Bank, fax a completed “Lost/Stolen Card Notification Form” (See APPENDIX) to the Program Administrator at (423) 974-2701.
The Bank will block further use of the existing card and issue a new card and account number.

VERIFIER RESPONSIBILITIES

Attend required automated procurement card system training session.

Match appropriate receipts with transactions listed on cardholder’s monthly statement. Verify that all receipts are “in hand.” Verification should be executed through the automated procurement card system.

Assure that you have received a signed monthly statement from each cardholder in your area of responsibility.

Sign cardholder statement certifying that it has been verified.

Maintain file of signed statements with receipts attached for 6 years.

CAMPUS/UNIT COORDINATOR RESPONSIBILITIES

Distribute Procurement Card User Guides to interested employees.

Review, approve and forward card applications to the Program Administrator.

Coordinate required training for verifiers (automated procurement card system) and department heads or their designees (electronic approval system).

Distribute new and replacement cards.

Collect and dispose of expired cards.

Maintain file of executed Cardholder Agreements. New card cannot be distributed to an employee until agreement has been executed.
Review monthly exception reports generated by the automated procurement card system. The exception reports indicate the cardholder statements that have not been timely verified. Follow up with cardholders and department heads.

**DEPARTMENT/DEPARTMENT HEAD RESPONSIBILITIES**

Select and approve employees who are eligible to apply for a procurement card. Cards will not be issued to independent contractors or temporary employees.

Select individual(s) who will be responsible for verifying monthly statements. Verifier must have access to IMS and be trained to use the automated procurement card system. Verifier will typically be the departmental bookkeeper, but can be the cardholder.

Assure that department head, or designee, has been trained in the use of the electronic approval system. The electronic approval system is directly linked and essential to the success of the Procurement Card Program. For information regarding the electronic approval system, contact the Office of Payroll (423) 974-5251.

Assure that department has submitted the required security forms enabling the department to distribute charges electronically through the automated procurement card system. For information regarding security, contact the Controller’s Office (423) 974-2493.

Ensure that cardholder statements have been verified. Statements must be verified monthly. Exception reports will be generated and reviewed by Internal Audit and the Campus/Unit Coordinator. Failure to routinely verify statements will result in card suspension.

Ensure that cardholders abide by the policies and procedures governing the Procurement Card Program, as well as University purchasing policies and procedures.

Retain reconciled statements and supporting documents for 6 years.
PROGRAM ADMINISTRATOR RESPONSIBILITIES

Manage the flow of information into the automated departmental procurement card system.

Review applications and forward applications to the Bank.

Distribute procurement cards to the Campus/Unit Coordinators.

Review and pay monthly invoice from the Bank.

Answer questions and solve problems pertaining to the program.

Maintain cardholder data base.

Manage and maintain InfoSpan Reporting System.

AUDITS

University personnel will periodically audit departments for compliance with procurement card policies and procedures.

The following non-compliant situations may result in cancellation of a department card:

- Inadequate documentation to support purchases
- Inappropriate purchases
- Monthly statements that have not been reconciled and signed by the cardholder and verifier.

Cardholders may be subject to disciplinary action, including termination, for the following non-compliant situations:

- Personal use of the card
- Not reporting a lost or stolen card
- Other excessive violations of procurement card policies
CANCELLATION OF CARDS

In the event it is necessary to cancel a procurement card, the cardholder must return the card to the department head.

The department head will forward the card on to the Campus/Unit Coordinator along with an explanation as to why the card is to be canceled.

The Campus/Unit Coordinator will cut the card in half and notify the Program Administrator that the card should be canceled. The Program Administrator will notify the bank of the cancellation.

Reasons for cancellation include:

- Cardholder is no longer employed by the University
- Cardholder goes on leave without pay
- Cardholder is requested to surrender card due to violation of policies
- Cardholder/department selects to discontinue participation in the program

ACCOUNTING FOR CARD PURCHASES

Each procurement card is associated with a departmental expense account number. As part of the application process, each applicant discloses on the application form the departmental expense account number that is to be charged for transactions associated with the applicant’s card. This account number is known as the “default account.”

Departmental accounts will be charged monthly in arrears (except June) following expense verification and distribution actions by the department.

Expenses not distributed by the department before the cut-off date (last day of the following month) will be charged to the departmental default account.
Departments may wish to establish a departmental clearing (expense) account. Departments are responsible for transferring expenses from this account to the appropriate responsible accounts monthly. Departments are strongly encouraged to use the automated procurement card system for transferring or distributing these expenses. Any undistributed charges in the clearing account at fiscal year-end will be automatically expensed to the department’s general operating account.

All purchases, by default, will be charged to a single “supplies” object code (391) when paid by the Treasurer’s Office. Again, departments wishing to change object codes are encouraged to use the automated procurement card system for these transactions.

**IMPORTANT TELEPHONE NUMBERS**

**To report a lost or stolen card (24 hours a day):**

- First Tennessee Bank
  (800)-234-2840

**For questions about your card account:**

- First Tennessee Customer Service
  (800) 234-2840 extension 5160

**For questions about the Procurement Card Program:**

- Program Administrator
  (423) 974-2302
GLOSSARY

Automated Procurement Card System -- Mainframe application that allows University IMS users to review, query, and verify procurement card transactions. System also allows users to distribute expenses associated with procurement card transactions to various expense accounts that fall within their areas of responsibility.

Campus/Unit Coordinator -- Individual at the campus/unit level responsible for administrative/managerial functions associated with the Procurement Card Program.

Cardholder Agreement -- Document detailing the basic responsibilities of procurement cardholders. Cardholder Agreement must be signed and given to the Campus/Unit Coordinator before employee receives a procurement card.

Clearing Account -- General ledger expense account established by a department specifically for procurement card transactions. Departments that distribute expenses to multiple general ledger accounts may wish to establish a clearing account.

Cut-off Date -- Calendar date when all procurement card transactions will post to the general ledger. The cut-off date will typically be the last calendar day of the month following the month during which the procurement card transactions occurred. For example, purchases made with procurement cards during the month of January will post to the general ledger on the last day of February.

Default Account -- General ledger expense account to which procurement card transactions will post. Each procurement card will be linked to a departmental expense account number during the card application process.

InfoSpan Reporting System -- PC based reporting system from VISA that will be maintained by the Program Administrator. InfoSpan will be utilized for database administration and ad hoc reporting.

Program Administrator -- The Supervisor of Accounts Payable in the Treasurer’s Office will be responsible for the overall administration of the Procurement Card Program. Program Administrator is the primary liaison between First Tennessee Bank and the University.

Statement -- Monthly statement distributed by the bank listing all procurement card transactions for a particular cardholder for a billing cycle (month). Statements can also be generated through the automated procurement card system.
**Verify** -- Process whereby receipts for procurement card transaction are matched against procurement card monthly statements.

**Verifier** -- Individual within department responsible for verifying receipts with monthly statements. Verifier will typically be the department bookkeeper but can also be the cardholder.
APPENDIX

DEPARTMENTAL PROCUREMENT CARD APPLICATION
SPENDING LIMIT CHANGE FORM
DISPUTED TRANSACTION FORM
REPLACEMENT RECEIPT FORM
LOST/STOLEN CARD NOTIFICATION FORM
PROCUREMENT CARD LOG
CARDHOLDER AGREEMENT