In 2019, university policies related to university purchases (formerly FIN-PUR-01 through FIN-PUR-35) were updated and consolidated into FIN-PURCH-01 through FIN-PURCH-14. The History section of this policy contains complete information on where the topics covered by each FIN-PUR policy can be found in FIN-PURCH. A few FIN-PUR policies have been rescinded or converted into Standard Operating Procedures, and the History section contains that information as well.

Procurement Card Program
FIN-PURCH-07

About This Policy

Effective Dates:
03-12-2019

Last Updated:
03-12-2019

Responsible University Administrator:
Executive Vice President for Finance and Administration

Policy Contact:
Baris Kiyar
Associate Vice President for Procurement
bkiyar@iu.edu

Scope

This policy applies to all university faculty and staff.

Policy Statement

Under Indiana University’s procurement card program, which encompasses the Purchasing Card (P-Card) and Meeting Card, authorized employees may make business-related credit card transactions subject to the internal controls, external regulations, and best practices established for the cards.

Reason For Policy

This policy establishes the standards, internal controls, and safeguards for the administration of the Procurement Card Program, including the reconciliation of cardholder transactions in the financial system. Additionally, this policy establishes the basis on which segregation of duties will be enforced.

Procedure

A. University employees, whether faculty or staff, who are approved to hold a procurement card in their name are required to attend cardholder training and are accountable for all transactions made with the card. If the card is issued to an individual, as opposed to a unit, then only that authorized individual may use the card. If the card is issued in the name of a university unit, such as a department or lab, the card should not be signed, and signature authority may be delegated by the employee who is identified as the responsible cardholder for the unit.

B. Cardholders must demonstrate prudent judgment when expending funds. Funds must always be used for university benefit, never for the purpose of personal benefit or privilege of a university employee. Therefore, all procurement card expenses must meet the criteria of a bona fide business expenditure under the university’s Accountable Plan. The unit fiscal officer is responsible for ensuring the propriety and reasonableness of all procurement card expenditures for adherence to this policy. The standard operating procedure (SOP) developed by Purchasing will identify appropriate use scenarios and include examples of allowable expenses. The use of these cards is governed by Indiana University Procurement and Financial policies.
C. Fiscal officers and their staff are responsible for reconciling and reviewing procurement card expenses in the travel and expense system on a monthly basis for policy compliance. Transactions that do not comply with Indiana University policy and procedures require rectification.

D. Receipts and supporting documentation must be reviewed carefully and securely redacted of any critical data prior to submission in the online travel and expense system. Critical data includes that data which, if handled inappropriately, could result in criminal or civil penalties, identity theft, personal financial loss, invasion of privacy and/or unauthorized access to this type of information by an individual or many individuals. Examples of critical data include social security number, credit card numbers, and bank account information. Guidelines from the University Information Policy Office are referenced in the Related Information section.

E. Duties are segregated among different university personnel to reduce the risk of error or inappropriate action. For transactions listed on the procurement card monthly bank statement and travel and expense system expense reports, at least two of the roles below in the transaction initiation and approval workflow must be separate individuals. See definitions for these roles immediately following and refer to the SOP for segregation of duties standards and best practices.

1. Purchaser
   • Person who makes the purchase online or in-person
   • Must be the cardholder or user authorized by the cardholder

2. Cardholder
   • Person whose employee ID is associated with the card and who is responsible for card activity whether the card is issued in their name or in the name of the unit

3. Reconciler
   • Cardholder or assigned travel and expense system delegate
   • Reconciles P-Card and Meeting Card expenses
   • Attaches receipt and supporting documentation to the expense report to complete the audit record and to document and rectify any non-compliant transactions

4. P-Card transaction approver
   • Reviews P-Card expense reports to ensure policy compliance
   • Approves P-Card transactions in the expense report

5. Meeting Card transaction approver
   • Reviews Meeting Card expense reports to ensure policy compliance
   • Approves Meeting Card transactions in the expense report

F. Specific procedures governing meeting cards and P-Cards can be found below.

1. Meeting Card: https://travel.iu.edu/resources/meetingcards.shtml

Definitions

**Audit Record:** The audit record is the lasting detail associated with the transaction that clearly documents the transaction and its business purpose. In the case of an unallowable expense, the audit record includes documentation of the resolution. A future internal or external audit relies on the audit record. The audit record must be complete to answer future review.

**Business Expense:** An expense incurred in achieving the university’s mission or directly related to the conduct of official university business and must be:

- necessary
- appropriate to the activity
- reasonable in amount
• serve a bona fide university purpose

An expense that serves primarily to furnish the individual with a social or personal benefit is not a business expense. Expenses that primarily benefit a student’s personal education are considered scholarships or fellowships and are not a business expense. These expenses do not meet the Accountable Plan criteria.

**Meeting Cards:** Corporate cards designed to allow student group travel leaders a means to charge group travel expenses to a university corporate credit card. The Meeting Card is for student group travel only. Eligibility for the credit card will be determined by Travel Management Services and will be based on the purchase needs of the group requesting the card.

**P-Cards:** Purchasing cards issued by the university to departments, faculty and staff for small dollar transactions with suppliers who will not accept purchase orders or Automatic Purchase Orders but will accept credit card payment.

**Personal Use:** Funds that are not used for institutional benefit, but for the purpose of personal benefit or privilege of a university employee.

**Procurement Card Program:** The credit card program which encompasses the P-Card and Meeting Card and which is administered by IU Procurement Services. The program helps the university improve the efficiency of transacting low cost business-related items and travel expenses by delegating purchasing authority directly to the end user.

**Segregation of Duties:** A fundamental element of internal control is the segregation of certain key duties among different individuals to reduce the risk of error or inappropriate action. Responsibilities for initiating transactions, approving transactions, recording transactions, handling the related asset(s), reconciling balances, and reviewing reports are separated.

**Travel and Expense System:** Software application that automates the travel and expense management processes to give the university control over costs with real-time expense reporting, policy compliance and approval routing of travel expenses and procurement card expenses.

**Sanctions**

A. Failure to follow appropriate policies and procedures regarding the use of university funds and resources could put the university at financial and legal risk. Sanctions for failure to comply with purchasing polices may result in disciplinary action up to and including employee termination and/or revocation of procurement card privileges. Violation of state statutes may result in civil or criminal penalties.

B. The Associate Vice President of Procurement Services reserves the right to restrict or revoke delegation to specific departments or individuals for failure to adhere to purchasing policies and regulations or as circumstances warrant.

**Additional Contacts**

<table>
<thead>
<tr>
<th>Meeting Card Help</th>
<th>Card Services</th>
<th>812-855-3720, option 3</th>
<th><a href="mailto:askcard@iu.edu">askcard@iu.edu</a></th>
</tr>
</thead>
<tbody>
<tr>
<td>P-Card Help</td>
<td>P-card Help Desk</td>
<td><a href="mailto:pcardhlp@iu.edu">pcardhlp@iu.edu</a></td>
<td></td>
</tr>
</tbody>
</table>

**History**

In 2019, university policies related to university purchases (formerly FIN-PUR-01 through FIN-PUR-35) were updated and consolidated into FIN-PURCH-01 through FIN-PURCH-14. The university purchasing policies related to conflicts of interest and commitment were updated and consolidated into UA-17.

FIN-PURCH-01 consolidates and updates:

- FIN-PUR-1.0 (Purchasing Authority)
- FIN-PUR-1.1 (Exceptions to Purchasing Authority)
FIN-PUR-1.2 (Delegation of Purchasing Authority)
Portions of FIN-PUR-2.0 (State and Federal Statutes and Regulations)
FIN-PUR 4.0 (Responsibilities in Acquisition Process)
FIN-PUR-16.0 (Transactions Utilizing the Pre-Disbursement Processor).

FIN-PURCH-02 updates and renumbers FIN-PUR-20.0 (University Procurement Contracts).

FIN-PURCH-03 consolidates and updates:
    FIN-PUR-5.0 (Competition)
    FIN-PUR-5.1 (Development of Vendor List)
    FIN-PUR-5.2 (Use of Other Recognized Sources as Basis of Award)
    FIN-PUR-5.3 (Negotiation)
    FIN-PUR-5.4 (Emergency Situations)
    FIN-PUR-5.5 (Purchase Order Award Criteria)
    FIN-PUR-5.7 (Documentation)
    FIN-PUR-12.0 (Board of Trustee Reporting)
    Portions of FIN-PUR-18.0 (Auctions and Reverse Auctions).

FIN-PURCH-04 updates and renumbers FIN-PUR-5.6 (Single-Source Orders)

FIN-PURCH-05 consolidates and updates:
    FIN-PUR-3.5 (Purchases for Employees)
    FIN-PUR-10.0 (Restricted Purchases).

FIN-PURCH-06 updates and renumbers FIN-PUR-7.0 (Prepayment of Orders).

FIN-PURCH-07 is a new policy.

FIN-PURCH-08 updates and renumbers FIN-PUR-9.0 (Furniture Purchases)

FIN-PURCH-09 consolidates and updates
    FIN-PUR-3.0 (Purchasing Ethics)
    FIN-PUR-3.1 (NAEP Code of Ethics).

FIN-PURCH-10 updates and renumbers FIN-PUR-11 (Release of Procurement Information).

FIN-PURCH-11 consolidates and updates:
    FIN-PUR-14.0 (Disposal and Redistribution of University Property)
    FIN-PUR-14.1 (Sale of Computing Equipment)
    Portions of FIN-PUR-18.0 (Auctions and Reverse Auctions).

FIN-PURCH-12 updates and renumbers FIN-PUR-21.0 (Non-Solicitation on Campus)

FIN-PURCH-13 updates FIN-PUR-13 (Purchases from Historically Underutilized Suppliers)

FIN-PURCH-14 consolidates and updates:
FIN-PUR-10.1 (Protection of Old Growth Forests)
FIN-PUR-19.0 (Procurement of Appliances and Electronics).

Specific to purchasing policies, UA-17 (Conflicts of Interest and Commitment) consolidates and updates:
FIN-PUR-3.0 (Purchasing Ethics)
FIN-PUR-3.3 (State Conflict of Interest for Procurement Transactions)
FIN-PUR-3.4 (Gifts and Gratuities)

The following FIN-PUR policies were rescinded or converted into Standard Operating Procedures as follows:
FIN-PUR-6.0 (Common Construction Wage) was rescinded.
FIN-PUR-8.0 (Endorsement) was rescinded.
FIN-PUR-15.0 (Strategic Alliances) was converted into a Standard Operating Procedure.
FIN-PUR-17 (Procurement for Off-Shore University Activities) was converted into a Standard Operating Procedure.

**Related Information**

FIN-ACC-620, Reimbursement Under the Accountable Plan
University Information Policy Office Guidelines