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## **Procurement Card Policies and Procedures**

Financial Services

**Policy**

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### **1.0 Purpose**

- 1.1 The purpose of the Program is to establish a more efficient, cost-effective method of procuring and paying for goods and services from suppliers who accept payment by Visa. It is designed to replace a variety of processes including petty cash, use of personal cash, certain purchase requisitions, purchase orders, cheque requisitions, and cheque writing.

### **2.0 Applicability**

- 2.1 University-wide
- 2.2 This Policy and Procedure covers the use and administration of the Royal Bank Visa Procurement Card Program by the University of New Brunswick. The Program provides an efficient and effective method of procuring and paying for goods and services. The Program consists of Visa charge accounts listed in the name of participating employees (Cardholders) and the University. Charges to these Visa accounts are a liability of the University and not the individual account holders.
- 2.3 It is University policy to use Procurement Cards for departmental purchase and payment of goods and services (within the levels of procurement authority delegated) where it is efficient, economical and operationally feasible to do so.

### **3.0 Definitions**

- 3.1 **PROCUREMENT CARD:** A Visa charge card issued to an employee participating in the Procurement Card Program.
- 3.2 **PROCUREMENT CARD ADMINISTRATOR:** An individual person in Financial Services (Procurement Services) responsible for the review and approval of requests generated for Procurement cards, and the general administration of the Program.
- 3.3 **CARDHOLDER:** A designated participant in the Procurement Card Program who holds a Visa charge card issued under the Program.
- 3.4 **CARD ISSUING BANK:** For purposes of this Policy and Procedure –
- Canadian Visa Procurement Card Program:
- Royal Bank of Canada Commercial Card Program 1 Place Ville-Marie 4th Floor,  
South Wing Montreal, Quebec H3C 3A9 Attention: Program Manager Fax: (514)  
874-5615
- Royal Bank Customer Service and Support:

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Royal Bank of Canada 320 Front St. West Toronto, Ontario M5V 3C8 Customer Service: Toll Free: 1-800-588-8065 (8:00AM – 8:00PM, Mon – Fri) 1-416-974-4711 (Fax) Lost/Stolen Reporting and card Activation Toll Free: 1-800-588-8067 (24 hours a day)

### 4.0 Implementation

#### 4.1 CARD ISSUANCE

- 4.1.1 The Department Head (Director, Chair, etc.) may designate one or more full time employees to be Cardholders. To obtain a Procurement Card account, the Department Head must submit the following to the Procurement Card Administrator:
  - 4.1.1.1 Visa Procurement Card Program Application Form
  - 4.1.1.2 Cardholder Agreement (upon receipt of Card by the Procurement Card Administrator)
- 4.1.2 By signing a Cardholder Agreement, the employee and the Department head acknowledge their understanding of the terms and conditions and guidelines for use of the Procurement Card account as defined in this Policy and Procedure. The Procurement Card account may only be used by the individual in whose name the account is issued.
- 4.1.3 The Procurement Card Administrator will arrange for issuance of cards as required. Procurement cards take approximately two (2) to three (3) weeks to be issued and are sent directly to Procurement Services.
- 4.1.4 The Procurement Card Account will be issued in the name of the University and the individual designated to be the cardholder. Valid charges to the card are the liability of the University and not the Cardholder.
- 4.1.5 Each card is assigned an individual prescribed transaction limit (varies by cardholder responsibilities and requirements), and an individual monthly credit limit (varies by cardholder responsibilities and requirements). The monthly limit cannot be exceeded in any thirty day statement cycle period. If either of the individual transaction limit or monthly credit limit is exceeded by a transaction, the transaction will be refused by Visa. Requests for changes to the limits on any account must be submitted to the Department Head. If a change is warranted, the Department Head will submit a change request to the Procurement Card Administrator.

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- 4.1.6 The statement cycle period ends on the 5th of each month (or on the next business day if the 5th is on a weekend or holiday). The balance on each card account is reset to zero on the 6th of each month.
- 4.1.7 The Procurement Card is the property of the University. Cardholders are responsible for the security of the plastic card issued to them and for the validity of all transactions on the card. Cardholders must sign the back of their cards and keep them secured.
- 4.1.8 Before receiving a Procurement Card, the cardholder is responsible to complete the Procurement Card Application Form and to read and sign the Procurement Card Program Cardholder Agreement upon receipt of Card by the Procurement Card Administrator
- 4.2 CARD CANCELLATION
  - 4.2.1 The Cardholder shall return the Procurement Card to the Department Head when he/she no longer requires use of a card or status changes i.e., transfer to a new department, expiry of term, resignation, retirement, termination, expired funding, etc. The Procurement Card must not be transferred by the Cardholder to any other staff member.
  - 4.2.2 The Procurement Card Administrator will immediately notify the US Bank Commercial Center by phone and in writing. The card will be delivered to the Procurement Card Administrator who will destroy it, and/or return it to the Bank.
  - 4.2.3 Misuse of the card or failure to comply with the terms of this Policy and Procedure may result in the card cancellation and/or other disciplinary action including possible termination of employment.
- 4.3 CARD USE
  - 4.3.1 Each Cardholder's Procurement Card has a unique Visa account number and will be linked to one (1) assigned UNB General Ledger account code identified on the Application Form.
  - 4.3.2 Only the Cardholder can use the Procurement Card.
  - 4.3.3 The card can only be used for valid authorized expenditures within prescribed transaction limits for each card. Listings of valid and prohibited purchase categories are included in this document. The card itself incorporates controls over specific types of expenditures, suppliers, transactions and total dollar limits.

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However, each Cardholder is responsible for ensuring that the card is used only for valid purchases as set out in this Policy and Procedure.

- 4.3.4 The Procurement Card may be used for valid U.S. or international purchases up to \$ 1000 equivalent Canadian dollars. NOTE: U.S. and International shipments must be addressed like the Following to avoid payment of unnecessary duties:

University of New Brunswick

Department of \_\_\_\_\_

University address

Attention: \_\_\_\_\_

- 4.3.5 The Procurement Card may be used for valid purchases in-store or by mail, phone, fax, or Internet.
- 4.3.6 The Procurement Card may not be used for any purchase with a total value exceeding the individual transaction limit including all sales taxes and other charges such as postage, courier, freight, installation fee, and handling. Under NO circumstances will a transaction be “split” into two or more transactions to bypass the single transaction dollar limit and circumvent this Policy. Cardholders found splitting transactions will have their cards cancelled. Cancelled cards are to be returned to Procurement Services.
- 4.3.7 Some supplies, some categories of supplies and suppliers are excluded from the Visa Procurement Card Program. Visa transactions at excluded suppliers will be automatically declined by Visa at the time the card is presented. If there is any question about why the transaction was declined, the Cardholder should contact the US Bank Commercial Card Center @ 1-800-588-8065. If the supplier was improperly excluded, contact the Procurement Card Administrator.
- 4.3.8 The Cardholder is responsible for obtaining from the supplier a Visa receipt, packing slip and other documentation marked “Paid by Visa” for all in-store purchases. The Visa receipt or other documentation must show separately the applicable taxes included in the transaction. ALL transaction slips must be legibly signed by the Cardholder.
- 4.3.9 The Cardholder is responsible for instructing the supplier of all mail, telephone, fax, or Internet transactions to include a Visa transaction slip, packing slip or invoice with each shipment clearly marked “Paid by Visa” and the account number. The shipment should be properly addressed as to Cardholder name and department. The shipping label is NOT to include the Visa account number.

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- 4.3.10 When ordering materials, Cardholders should attempt to have the supplier absorb any freight costs (order FOB destination, freight included). However, if freight costs are to be borne by the University, the Cardholder shall arrange for the supplier to prepay the freight and charge the costs on their billing. Freight bills received in Accounts Payable without sufficient information to identify the purchase shall be returned unpaid.
- 4.3.11 Proof of purchase (i.e. supplier transaction slip, supplier invoice, itemized sales slip, etc.) shall be obtained for each purchase. Cardholders should advise suppliers that full billing cannot occur until full shipment is made. If partial shipment is made, billing for that portion of the order may be processed.
- 4.3.12 The Cardholder shall obtain all copies of suppliers' invoices, packing slips, etc., assemble and attach to Monthly Activity Statement, and forward with the properly approved billing statement to the office of the Manager of Procurement Services (see accounting procedures 4.7).
- 4.3.13 The Cardholder is responsible to ensure there is adequate funding available to pay the transaction prior to making the purchase. The transaction may not be charged to the University General Ledger account for up to 6 weeks following the purchase.
- 4.4 PURCHASE CATEGORIES
- 4.4.1 Valid Purchases:
- office supplies
  - packaging supplies
  - small tools
  - consumable supplies, i.e. fasteners, etc.
  - subscriptions
  - memberships
  - registrations
  - periodicals
  - books
  - safety and first aid supplies
  - lab supplies
  - recorded audio video tapes
  - reprints
  - electrical supplies
  - plumbing supplies
  - minor vehicle repairs

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- small tool rentals
- inter-library loans
- 4.4.2 Prohibited Purchases:
  - purchases over prescribed transaction limits
  - personal use
  - goods and services from any officer or employee of the University
  - cash advances
  - material for resale
  - liquor
  - alcohol, narcotics, and other hazardous chemicals or materials
  - laboratory or research animals
  - maintenance contracts
  - radioactive materials
  - computer hardware, software and peripheral equipment
  - salaries, wages, or consulting fees
  - vehicle rentals
  - gifts – retirement, baby, Christmas, birthday, etc.
  - flowers
  - food/decorations for department parties, Christmas, retirement, etc.
- 4.4.3 Continued violations involving the purchase of goods on the Prohibited list will result in cancellation of the violator's Visa Procurement Card.
- 4.4.4 Procurement Card purchases for general ledger funds 15, 21, 40 – 59 are strictly prohibited. Continued violations involving the use of these research accounts will result in the cancellation of the violator's Visa Procurement Card.
- 4.5 RETURNING GOODS AND DISPUTE RESOLUTION
  - 4.5.1 The Cardholder is responsible for the return of goods, and for obtaining a credit against the card. The Cardholder must NOT accept a cash refund under any circumstances! The Visa credit slip and other vendor documentation pertaining to the return must be retained and attached to the Monthly Activity Statement. The return must be included with the Monthly Activity Statement in the period in which the goods are returned.
  - 4.5.2 Every month Cardholders will receive a detailed Visa activity statement directly from the bank. The statement is cut-off on the 5th of each month. Procedures for verification and reconciliation of the statement are provided in this document.

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- 4.5.3 In the event that the item on the activity statement does not correlate with the Monthly Activity Statement, the Cardholder must immediately contact the supplier and try to resolve the difference. If a credit is required, and the supplier agrees to credit the Cardholder account, the Cardholder should record the credit in the current month activity log (i.e. in the month that the credit is being issued.)
- 4.5.4 If the supplier declines to issue a credit to the account, the Cardholder should immediately notify the Royal Bank Commercial Card Centre of any unauthorized charges at 1-800-588-8065 and confirm the notification by facsimile using the Cardholder Dispute Form (Attached).
- 4.5.5 Disputed charges must be identified and notified to the bank within 30 days of the date of the activity statement. The Procurement Card Administrator must be copied on all correspondence with the bank.
- 4.6 LOST OF STOLEN CARDS
  - 4.6.1 If the card is lost or stolen, contact the bank's customer service number at 1-800-588-8067 immediately. Advise the Procurement Card Administrator as soon as the bank has been notified.
  - 4.6.2 Each Cardholder is responsible for the security of his or her card and all transactions on the card. Cardholders must ensure that all cards in their possession are signed and secured.
- 4.7 ACCOUNTING
  - 4.7.1 Upon receipt of the Visa receipt and other documentation for a purchase transaction, the Cardholder or his/her designate will retain the receipt and other documentation to be included with the Monthly Activity Statement sent to Procurement Services. The original Visa receipts and other supplier documentation are to be held and used for the reconciliation of the Monthly Activity Statement.
  - 4.7.2 The Procurement Card Administrator will receive a central billing statement from the issuing bank and forward it to Accounts Payable to be paid. Statements are cut-off as at the 5th of each month. If the 5th falls on a weekend or holiday, the statement is cut-off the next business day after the 5th. When the Visa account is paid, charges will be posted to the Department General Ledger account linked to the card.
  - 4.7.3 Each Cardholder will receive a detailed activity statement directly from the bank. As these statements are for reconciliation purposes only, they will reflect a "zero" balance. Like the central billing received by the Procurement Card Administrator, the activity statement is cut-off as at the 5th of each month. Immediately upon

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receipt, the Cardholder will verify the completeness and accuracy of the statement as follows: Reconcile the Monthly Activity Statement to the Visa Statement by:

4.7.3.1 Ensuring there is a transaction slip for each item that appears on the statement.

4.7.3.2 Ensuring that all transaction items are on the statement.

4.7.3.3 In cases where transactions may be classified as Entertainment or Employee Entertainment, an Entertainment Details Form must accompany the Monthly Activity Statement.

4.7.4 Because the card is linked to a single departmental general ledger account, all transactions are charged to this department when the central billing statement is paid by Accounts Payable in accordance with 4.7.2. If individual transactions should be charged to a different object code, it is the responsibility of the Cardholder to prepare the appropriate journal entry and forward to Financial Services on a monthly basis.

4.7.5 If there are discrepancies between any transaction in the Monthly Activity Statement, the Cardholder will resolve in accordance with Section 6.5 of this document.

4.7.6 If the Cardholder does not have signing authority on the account number to which the card is linked, the Monthly Activity Statement is to be signed by the person with signing authority and submitted to Procurement Services.

4.7.7 The reconciliation of the Monthly Activity Statement must be forwarded to Procurement Services by the 15th day of each month. All original receipts and other supplier documentation must be attached along with the journal entries to properly account for unit number and object code number changes. This step is mandatory. Cardholders who continue to ignore this step will have their cards cancelled.

### 4.8 AUDIT

4.8.1 The Procurement Card Administrator and Cardholder/Departmental designate will conduct audits, as required, to ensure that the card use complies with these Policies and Procedures, as well as to gather data on how, where, and for what purposes cards are used.

4.8.2 Periodic audits of the University's books and records are conducted by both internal and external auditors as well as various government agencies.



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Transactions under the Visa Procurement Card Program may be reviewed during these audits.

### 5.0 Interpretation and Questions

- 5.1 Except as expressly provided in this document, use of the Visa Procurement Card is not intended to override current applicable UNB procurement policies and procedures. In particular, Cardholders must be aware of goods and supplies that are subject to UNB agreements/contracts, or Interuniversity Services Inc. agreements/contracts that UNB participates in. Except in special circumstances, such goods and supplies must be purchased from the contracted supplier. If the contracted supplier accepts payments by Visa and subject to these Policies and Procedures, such purchases may be affected by means of the Procurement Card.