


## CONTRACTING AND PURCHASING SERVICES POLICY MANUAL

 <b>NORTHERN ARIZONA UNIVERSITY</b>	<b>POLICY PUR 801-05</b>
	Section: Purchasing Card
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	Responsible office: Purchasing
	Origination date: 01/01/1999
<b>Subject: Card Use Details</b>	Effective date: 01/01/1999
Source: University policy	Revision date: 09/21/2015

### PURPOSE

To provide information regarding the use of a Purchasing Card.

### POLICY

#### **PUR 801-05-01: Card Limits**

Card transaction limits are set as follows:

Single purchase transaction: \$5,000  
Daily spend: Maximum \$50,000  
Purchase transactions per day: Maximum 25  
Monthly spend: Maximum \$250,000  
Monthly transactions: Maximum 125

Limits may be set at less than above as authorized by the department.

#### **PUR 801-05-02: Activity Requirements**

Accounts with no activity over the previous six months are reviewed by the Purchasing Card Administrator. Reconcilers with no activity may be required to submit a written justification approved by their department head in order to keep low activity accounts open.

#### **PUR 801-05-03: Reporting Lost or Stolen Card**

The Reconciler shall immediately notify JP Morgan Chase at 1-800-270-7760 to report a lost or stolen Purchasing Card. Notify JP Morgan Chase that the account is a University Corporate (VISA) Purchasing Card. Immediate notification is imperative, as the University shall be responsible for all charges until the notification is made.

Following the JP Morgan Chase notification, the Reconciler shall notify their Department Approver and Contracting and Purchasing Services.

#### **PUR 801-05-04: Rebates, Refunds, and Promotional Items**

Any rebates, refunds, or promotional items received by the Reconciler as a result of a Purchasing Card transaction, shall become the property of Northern Arizona University and shall be deposited into the applicable department's financial account.

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### **PUR 801-05-06: Record Keeping/Documentation**

As a State agency, the University shall be accountable and fiscally responsible. Record keeping and retention is crucial for audit substantiation. All Purchasing Card documentation shall be retained in accordance with the State of Arizona Record Retention and Disposition Schedule (5 years), or as required by sponsoring agencies (for any hard copies). All documentation shall be uploaded within PeopleSoft Financials via OnBase.

The Reconciler shall document each transaction made during a billing cycle in PeopleSoft Financials to include a proper public purpose for every transaction. The Reconciler shall also provide an original sales receipt or invoice for every transaction made.

The Department Approver shall reconcile all Reconciler Transactions from the previous billing cycle to ensure that University policies and procedures were adhered to. Department Approver checks shall include the following:

- Review Reconciler transactions in PeopleSoft Financials.
- Proper public purpose stated.
- Description of purchased item stated.
- Adherence to University policies and procedures.
- Proper original receipt provided either as a physical copy or uploaded in OnBase.

The Department Approver shall approve transactions after completing the reconciliation. Reconciler violations to policies and procedures shall be reported to Contracting and Purchasing Services on a Notice of Violation form.

Reconciliation timelines: <http://nau.edu/Purchasing-Card/Forms/Billing-Cycles/>

### **PUR 801-05-07: Tax**

As a matter of policy, all agencies of the State of Arizona, including Northern Arizona University, are subject to applicable state and local taxes. The University is not tax exempt unless the purchase of equipment and/or machinery is tied directly to research and/or development (ARS 42-5159 Exemptions). The University shall be responsible for the payment of sales Tax or use Tax, but never both on the same transaction.

**Sales Tax:** The University shall be responsible for the payment of sales tax, for tangible goods purchased from in-state merchants or merchants with a presence in the State of Arizona. Sales tax shall be indicated on the sales receipt or invoice.

**Use Tax:** The University is responsible for collection and payment of use tax to the State of Arizona. Use tax is applicable on purchases of tangible goods from out-of-state merchants that do not collect sales tax. Use tax is calculated at a rate of 5.6% of the cost of goods. Use tax shall be calculated on the cost of goods only and shall not include shipping, handling, and/or freight costs.

### **PUR 801-05-08: Use Tax Responsibilities**

The Department Approver shall ensure their Reconcilers record all applicable use tax in PeopleSoft Financials.

The Comptroller's Office shall then report and pay use tax to the State of Arizona.

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**PUR 801-05-09: Merchant Disputes**

In the event issues with a merchant are encountered, Reconcilers shall contact the merchant for resolution. If a resolution cannot be achieved, the Reconciler shall then report the transaction in question to JP Morgan Chase by submitting a Statement of Questioned Item within sixty (60) days from the end of the billing cycle in which the transaction occurred. The form includes a mailing address and fax number.

JP Morgan Chase shall investigate the disputed transaction(s). In most cases, the Reconciler's account shall be credited for the amount in question. When the investigation is completed, the Reconciler shall be notified of the results. If the dispute is not settled in the Reconciler's favor, the Reconciler's account shall then be charged for the disputed amount.

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**CROSS REFERENCE**

[PUR 600.05](#) Sales and Use Tax