



Truman State University

BUSINESS OFFICE NEWSLETTER

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Issue 1

PROCUREMENT CARDS REACTIVATED

After reviewing past activity and gaining input from supervisors, Truman is ready to turn back on P-Card activity. P-Cards will be activated no later than Thursday, July 9. Accounts Payable will send an email to each cardholder stating the new limit once the P-Cards have been turned on. P-Cards are a tool, and if used appropriately, can streamline business processes.

P-Cards are to be used for small-dollar, one-time purchases or for reoccurring purchases from a vendor on contract. The primary function of the P-Card is to supplement the purchase order process, not replace it. For most transactions that occur month after month, a purchase order is the appropriate mechanism to use. With a purchase order the University receives an invoice from the vendor and pays at that time. With a P-Card, payments are made up front.

Based on the review of Truman's P-Card utilization, we reached the following conclusions:

- P-Cards are cost effective for the University for small -dollar, one-time purchases or for reoccurring purchases from a vendor on contract.
- For large orders, from vendors not on contracts, it is most cost effective for the items to be grouped and bid through Purchasing.
- Software must be requisitioned and ordered through the Business Office.

Purchases of items that are not on contract need to be grouped and bid through Purchasing when there is a reasonable assumption that the vendor will supply goods/services totaling \$5,000 or more. All the items do not need to be delivered at once; instead Purchasing can bid and issue a "blanket order" for the area to draw upon throughout the year. The problems we discovered during the review of P-Card charges are summarized below:

- Splitting or stringing purchases violates University and State of Missouri policy:
Splitting or stringing purchases is the process of forwarding multiple requisitions or processing multiple P-Card transactions to the same vendor in amounts under the bid limits to avoid bidding whether done intentionally or not. Almost without exception when Purchasing has grouped and bid, Truman receives better pricing than when a department is ordering small quantities. Your cooperation in this issue will go a long way in saving your department money.
- Supervisory approval:
Truman's policies require supervisory approval at certain levels, for example \$5,000 and above for President's Staff. By splitting or stringing purchases over time some departments are avoiding supervisory approval. The result is often a supervisor is left out of a process designed to foster strong internal controls and fiscal prudence.

- Maximum delegated authority exceeded:
University employees with P-Cards are not delegated the authority to make purchases that need to be bid through Purchasing (greater than \$5,000). By stringing or splitting orders, card users may be exceeding their authority granted.

- Missouri specific executive orders or laws:
Missouri has several executive orders and/or laws that come into play at certain purchasing levels. Two examples are Buy American and Missouri Preference. Through splitting or stringing purchases, the University could be out of compliance with these regulations.

To avoid these problems the following changes have been implemented:

- If P-Card activity for a month, in total, exceeds \$5,000, then the monthly P-Card detail needs to be approved by the applicable President's Staff or his or her designee. Departments should add this step to their current processes.
- Supervisors and P card holders are asked to review activity and make sure items that should be bid are forwarded to the Business Office and bid through the established processes.

Increasing limits

If your department finds that the new limit is too low to meet your needs, the supervisor should first review the P-Card usage over the past few months to make sure there are no instances of splitting or stringing. An email requesting an increase, including the amount of increase and the rationale should be sent to Barb Newcomer, Business Office Secretary. The Controller will make a recommendation to the applicable President's Staff member regarding the request.

Training

Prior to the beginning of the fall semester, Purchasing and Accounts Payable will provide a joint training session for P-Card users. We are also establishing a P-Card users group to meet with Purchasing and Accounts Payable monthly (or less often if not needed) to discuss and resolve P-Card issues. If you or your area is interested in participating in this users group, please send an email to Barb Newcomer, Business Office Secretary at busoffice1@truman.edu.