4.02.10.10 Procurement Card Policy

4.02.10.10 Procurement Card Policy

Policy/Guideline Area

Business and Finance Policies

Applicable Divisions

TCATs, Community Colleges, System Office

Purpose

The purpose of this procurement card policy and procedure is to provide parameters for proper procurement card usage, to provide parameters in the areas of program administration, file management, proper procurement card usage, and to promote compliance with Tennessee Board of Regents (TBR) Policies.

Definitions

- College – means any of the community colleges, colleges of applied technology and System Office departments within the Tennessee Board of Regents.
- Procurement Card or PCard - means a commercial card that allows Colleges to take advantage of the existing credit card infrastructure to make electronic payments for goods or services. A PCard is similar to a consumer credit card, but the card- using College must pay the card issuer in full each month. In this Policy, the term “Procurement Card” or “PCard” shall also include “Virtual/Ghost Procurement Cards” or “Virtual PCards” as the context requires.
- System Office – the administrative offices of the Tennessee Board of Regents.
- Approver – means the College’s employee who approves PCard transactions.
- Cardholder – means the College’s employee who is issued a physical PCard to initiate purchases/payments on behalf of the College.

- Cardholder Agreement – means the document signed by the Cardholder to verify that he or she has completed PCard training, received a copy of the PCard Policy, PCard Guideline, and training manual and understands his or her responsibilities.
- Commercial Card Provider – means the financial College that provides the PCards and related services.
- College – means any of the community colleges, colleges of applied technology and System Office departments within the Tennessee Board of Regents.
- Merchant Category Codes (MCCs) – the codes assigned by an acquiring financial College, that identifies the primary goods or services a vendor provides.
- Monthly Credit Limits – means the spending limit that restricts the total value of purchases a Cardholder can make in one billing cycle.
- PCard Program – means the program established by the College and managed by the PCard Program Administrator where by Cardholders make purchases on behalf of the College.
- PCard Program Administrator – means the employee within the College who is responsible for managing and overseeing the PCard Program.
- Procurement Card or PCard - means a corporate liability credit card issued by the College's contracted commercial card provider that allows Colleges to make purchases/electronic payments for goods or services. A PCard is similar to a consumer credit card, but the card-using College must pay the card issuer in full each month. In this Policy, the term "Procurement Card" or "PCard" shall also include "Virtual/Ghost Procurement Cards" or "Virtual/Ghost PCards" as the context requires.
- Purchase Transaction Limit – means the mandatory spending limit that restricts the amount of a single purchase regardless of the monthly credit limit on the card.

- Reconciler – means the College's employee responsible for all functions associated with post-purchase processing PCard transactions, including matching expenses to the financial College's cardholder statement and verification of account allocation.
- System Office – the administrative offices of the Tennessee Board of Regents.
- Virtual/Ghost Procurement Cards – means a unique account number which is assigned to a department for payment of vendors with an existing relationship with the College.

Policy/Guideline

I. Authority

A. The authority to approve procurements of goods and services is delineated in TBR Policy 4.02.01.00.

II. General Procurement Card Policies

A. Procurement Generally

1. PCards are to be used only for authorized official College business. Employee participation in a PCard program is considered a privilege and may be revoked at any time for abuse, inappropriate/fraudulent use, or for program mismanagement.

2. Procurements of goods or services shall be in compliance with all applicable federal and state requirements and TBR Policies and Guidelines.

3. A complete record shall be maintained on each procurement transaction in order to provide a clear audit trail.

B. Compliance

1. Each College will maintain processes/procedures for procurement card purchases to ensure that all transactions are in compliance with this Policy and all federal and state laws and regulations.

III. Exceptions

A. The Chancellor or designee may approve exceptions to the requirements of this Policy in appropriate cases.

Procedures

I. Introduction

A. The PCard Program is a program developed to streamline the purchasing process, including procurement, receiving, and payment processing. This Guideline governs a College's PCard Program in conjunction with all applicable state, TBR, and College Policies and Guidelines. Cardholders must use discretion and be good stewards when making purchases and/or incurring expenses on behalf of the College.

II. Program Administration

A. PCard Services/Management

1. The PCard program is administered by each College. Responsibilities include the application process, issuing and canceling cards, initial training, and managing the daily operations of the program.

B. Program Procedures/Compliance

1. Each College shall designate individuals to direct program compliance by utilizing various review methods. These methods may include annual compliance reviews, transaction reviews, introductory reviews for new cardholders, and other reviews as deemed appropriate and necessary.

2. Other areas of responsibility may include training, distribution of educational materials, initial set up of general ledger accounts, set up of user account credentials for the College's PCard software, and any amendments to College procedures necessary to comply with TBR and College policies.

C. Audit Services

1. The College's auditing personnel may, in addition to departmental and procurement staff, assist in auditing the purchasing card program and may decide to conduct an official audit of an individual PCard and/or a College's PCard program.

III. Procurement Card Program/Operating Procedures

A. PCard Application Process

1. The College PCard program is reserved for eligible personnel as determined by the College. To obtain a PCard, an employee must satisfy all steps of the College's process before a card will be issued.

B. Program Requirements - To remain eligible for participation in the PCard program, College cardholders, approvers, and support staff must adhere to the following requirements:

1. Application Process

a. Colleges shall have a defined process in which eligible personnel apply/complete a request to obtain a PCard.

(1) There will be no credit reference check on the personal credit of the employee for the PCard, nor will the use of the PCard have any impact on the employee's personal credit rating.

(2) The account number for the PCard Program is a credit card number issued in the name, who is responsible for insuring that all purchases made using the card are for official College purchases.

(3) Legitimate charges to the PCard are a College Liability (not a personal liability to the individual cardholder).

2. Training

a. Cardholders, and others identified by the College, are required to receive training prior to the activation of a PCard and the date of training must be documented.

b. Upon completion of training, the employee shall sign a Cardholder Agreement. (Provided by PCPS)

c. The College shall maintain a training manual that includes procedures and administrative resources for the Cardholder.

3. Terminating Employment

a. In the event of termination, the cardholder must return the PCard to the College or destroy the card at the direction of the program administrator.

b. A review will be conducted by the College's designee prior to the employee's departure or final compensation.

4. Departmental Transfer

a. When a cardholder transfers to another position within the College, the cardholder shall work with the College's PCard Program Administrator to take appropriate action.

5. Leave of Absence

a. When a leave of absence has been granted, the College's PCard Program Administrator may suspend cardholder's PCard during the leave of absence.

6. Voluntary Termination or Card Suspension

a. When a cardholder voluntarily terminates its PCard account or it is deemed necessary by the College to suspend card privileges, the College shall maintain adequate documentation to support the change in cardholder status. (Provided by PCPS)

C. Disputing Fraudulent Charge(s)

1. It is mandatory that the cardholder immediately notify the College's PCard Program Administrator, the commercial card provider, and any designated College personnel when fraudulent activity is suspected or verified.

2. The cardholder will work with the College to complete the required documentation from the commercial card provider. (Provided by PCPS)

D. Lost or Stolen PCard

1. Cardholders must report a lost or stolen card to the commercial card provider and College's PCard Program Administrator as soon as possible.
2. The cardholder's reporting efforts must be documented for audit purposes.

E. File Management Requirements

1. Maintaining complete PCard file documentation is a requirement of the program.
2. The College will only be responsible for business purchases supported by original receipts, invoices, and/or supporting documentation directly from a vendor.
3. Cardholders and approvers could be held personally liable for undocumented or unauthorized purchases.
4. PCard privileges may be revoked for file mismanagement.
    a. All purchases, including online vendors, must have an itemized receipt identifying the goods or services purchased. Receipts are the primary method used by the College's PCard Program Administrator to support business related purchases. Packaging slips, invoices, or other equivalent documentation should be maintained for all purchases when available.
    b. If a receipt is misplaced, the cardholder must contact the vendor to request a copy of the receipt. If the vendor cannot replace the receipt, the cardholder must complete the required College's PCard Program documentation. (Provided by PCPS).

c. Documentation, such as required policy approval forms, policy exception memos, and other related College required documentation must be kept on file with the original purchase receipt.

d. Monthly activity logs detailing the transactions may be maintained (Provided by PCPS). The monthly commercial card statements, original receipts, invoices, and other supporting documentation shall be included as backup for each log. This information must be retained in accordance with the Records Retention and Disposal of Records Guideline (G-070).

e. Cardholders and/or support staff are responsible for reviewing and resolving all back orders, unfilled orders, sales tax charges, credits refunded by vendors, and fraudulent charges.

f. Cardholders and approvers are responsible for assigning purchases to the correct ERP account codes.

g. Card purchases must be shipped to a College location, department or to College's Central Receiving.

h. Approvers are required to check receipts and monthly reconciliations on a routine basis per the College's PCard Program requirements and address any issues or fraudulent charges if discovered.

F. PCard Usage Parameters

1. Purchase Transaction Limits shall be established according to the College's policies and procedures. Monthly Credit Limits are set by College's PCard Program Administrator.

2. Merchant Category Codes (MCC) – the College shall make a determination with the commercial card provider regarding any MCC Code restrictions.

G. Sales Tax

1. It is the cardholder's responsibility to ensure the College is not charged sales and/or use tax when purchasing goods and services.
2. Upon request, a sales tax exemption certificate shall be provided to the vendor.
3. Reasonable measures must be pursued by the cardholder to recover erroneous taxes paid on the PCard and efforts are to be documented.

H. Unallowable PCard Practices

1. Splitting Purchases
    a. The practice of splitting purchases of goods or services for the purpose of evading State purchasing requirements is a direct violation of TBR purchasing policies and may result in revocation of PCard privileges (TBR Purchasing Guideline B-120, Section V.3.).
    b. Splitting purchases includes, but is not limited to:
        (1) Splitting a purchase with one vendor into multiple orders.
        (2) Using two (2) or more cards for purchases from the same vendor.
        (3) Multiple purchases with the same vendor over the span of a few days.
        (4) Multiple purchases of like items from different vendors over the span of a few days.
    c. Cardholders that purchase or anticipate purchasing more than established bid limit amounts during a fiscal year with a non-contracted vendor shall contact College's Procurement Office for possible bidding/contract options.
2. Departmental PCards
    a. PCards that are issued in the name of the department, in lieu of an individual, shall have an assigned custodian for the card.

b. The custodian shall maintain documentation related to departmental employees that check in/out the card, and the details all purchases, with receipt/backup documentation maintained.

3. Purchasing Goods and Services with Non-Contracted Vendors

a. Colleges should utilize State of Tennessee, TBR (including all TBR Colleges and TBR approved Group Purchasing Organizations (GPO)) and University of Tennessee contracts as primary sources for purchases.

b. If the good or service desired can be procured at a lower price or is unavailable on current contracts, the College may purchase with another vendor.

c. All PCard purchases shall be made with due diligence and fiscal responsibility.

I. Prohibited Transactions

1. The following items are excluded from the PCard Program and may not be obtained with a Pcard:

a. Personal purchases and cash withdrawals.

b. Travel expenses, with the exception of conference registration fees, airline tickets, required advance hotel payments, and team/group travel expenses incurred during actual travel time.

c. Equipment (as defined under TBR Guideline B-110, Fixed Assets and Sensitive Minor Equipment)

d. Any other category as mandated by the College.

J. Non-Compliance and Consequences

1. Violations and Reimbursements

a. Under certain circumstances, cardholders and/or approvers may be required to reimburse the College for unallowable purchases.

b. PCard privileges may be suspended until the College has been reimbursed.

c. Situations that may require reimbursement include but are not limited to the following:

(1) Charges incurred outside of applicable TBR/College policies.

(2) The inability to document purchases with receipts and/or other supporting documentation.

(3) The continued purchase of unallowable goods and/or services where the cardholder has received previous notice(s) of non-compliance from College's PCard Program Administrator.

(4) Any occurrence where College and/or grant funds are subject to substantial waste and/or abuse by the cardholder and/or approver.

d. The Cardholder will be required to reimburse the College for any personal purchases placed on the PCard.

e. In some instances, non-compliance could result in the permanent revocation of PCard privileges, personal reimbursement, and/or termination of employment.

2. PCard Mismanagement

a. Cardholder and/or Approver mismanagement of PCard privileges when procuring goods and services outside the parameters of this policy or other policies may result in adverse action.

b. Consequences will depend on the severity of the violations identified.

3. Consequences for Non-Compliance

a. Temporary Suspension

(1) PCard privileges may be temporarily suspended for any cardholder and/or department who does not comply with all policies and regulations pertaining to the use of PCards.

(2) The decision to suspend privileges and the duration of suspensions will be determined based upon the severity of the violation(s), the number of offenses, and the department's ability to take corrective action.

b. Other Corrective Action

(1) Intentional use of a PCard for any purposes other than state business will result in disciplinary action, up to and including termination from state employment or criminal prosecution.

K. Reporting Fraud, Fiscal Misconduct, or Violation of TBR Financial Policies

College employees who know or suspect that other employees are engaged in theft, fraud, embezzlement, fiscal misconduct or violation of College or TBR policies and guidelines have a responsibility to report its concerns in accordance with State Law. (TBR Policy 4.01.05.50, Preventing and Reporting Fraud Waste and Abuse)

Sources

Authority

T.C.A. § 49-8-203

History

NEW Policy and procedures approved by Board September 15, 2016. Procedure added to policy Sept. 2018 as part of FOCUS Act and policy revamp; Board approved revision June 12, 2026 (effective July 1, 2026).

Related Polices

4.02.01.00 Approvals of Agreements and Contracts (formerly 1:03:02:10)