



## **Procurement Card Policies and Procedures**

### **I. Policy**

Ohio Wesleyan University has a procurement card program for the purchases of goods and services, including travel and entertainment.

The goal in every transaction is to receive the best value possible; a combination of price, quality, reliability, service, and delivery terms. If you would like help finding reputable vendors in good standing with the University, or other advice concerning a purchase, you can call the Purchasing Department at 740-368-3377.

The purpose of this policy is to protect the University's assets and establish an IRS-accountable plan. The policy will ensure that the University is in compliance with:

- IRS regulations regarding substantiation of employee business expenses paid or reimbursed by an employer
- Internal auditing practices
- External auditing practices performed by a contracted outside auditor or the IRS

In order for the University to maintain an IRS-accountable plan, employees must follow this policy. By completing the Cardholder Agreement the employee verifies that he/she has read the entire policy, understands his/her responsibility, and agrees to adhere to the requirements established.

The University procurement card program is administered by the Controller's Office. The procurement card program is for both travel & entertainment expenses and procurement of goods and services. The procurement card is a commercial MasterCard issued by JPMorgan Chase. On-line access to card transaction history and the monthly statement is accessed through the JPMorgan SmartData website, <http://smartdata.jpmorgan.com>.

Funds expended with the procurement card are University funds. It is the responsibility of the cardholder to ensure that all purchases meet University policy, sound business practices, and compliance to IRS guidelines. This responsibility is not to be taken lightly. Misuse of the procurement card or non-compliance with this policy or any associated policies, procedures or documentation requirements will result in revocation of the cardholder's procurement card and other actions.

The most current version of this policy and all cardholder forms are available on the University's Purchasing website, [purchasing.owu.edu](http://purchasing.owu.edu).

### **II. Terms and Definitions**

- Officers – the executive team made up of the President, Provost and Vice Presidents.
- Budget Center Director (Designated Approver) – the appointed department head or department manager who is responsible for the department's allocated budget. If a cardholder is a budget director, then he/she must have another designated employee approve procurement card transactions over \$100.00.

- Procurement Card Administrators – the Purchasing Coordinator, Assistant Controller, or Controller.
- Documentation of purchase – an original receipt from the vendor showing an itemized listing of the goods and/or services purchased. For purchases placed by telephone, fax or mail, the cardholder must request an itemized receipt to be included with the merchandise being purchased. For purchases made over the internet, a screen print of the order confirmation is acceptable as documentation. In most cases, if a receipt is lost, a replacement receipt can be obtained by requesting one from the merchant/vendor.
- Missing Receipt Form – A form that must be filled out and signed by the cardholder and the budget director for each receipt that is lost or cannot be obtained at time of purchase.
- Procurement Card – functions the same as a credit card except there are more options for spending controls and online documentation.
- SmartData – the online system provided by JPMorgan Chase and MasterCard for verifying and reconciling procurement card charges located at <http://smartdata.jpmorgan.com>.
- Procurement Card Statement – The monthly electronic statement detailing the account allocations for the transactions in a billing cycle that cardholders will approve and submit to their budget center directors or designated approvers.
- Unauthorized charges – charges that have not been approved, charges without a legitimate business purpose, charges that are for personal expenses, and any unauthorized transaction listed below in Section III.

### III. Procedures and Guidelines

- A. Acquiring a Procurement Card - If an employee, in the course of fulfilling his/her assigned duties, has a need for a procurement card, then he/she must complete a Procurement Card Enrollment Form, which can be found on the Purchasing website. The Procurement Card Enrollment Form requires signatures from the appropriate supervisor, the appropriate Officer, and the Procurement Card Administrator. The completed and approved Procurement Card Enrollment Form should be forwarded to the Controller's office for processing.
- B. Supervisor's Responsibility - It is the supervisor's responsibility to identify and approve specific cardholders, to monitor the use of the card, and to assure that the cardholder complies with the reconciliation process in a timely manner. The supervisor has the obligation and authority to question the business nature of the charges incurred by the cardholder and has the responsibility to call upon the Controller's Office, as appropriate, to investigate potential improprieties.
- C. Procurement Card Cardholder Agreement - At the time the procurement card is given to the employee, the employee will read and sign the Procurement Card Cardholder Agreement. By signing this agreement, the user agrees to use the card in accordance with the terms in the agreement. Failure to comply with these terms may result in the revocation of the privilege to use a procurement card.
- D. Procurement Card Training - Training must be completed prior to issuance of the card to the cardholder. This training will include review of the Procurement Cardholder Agreement, monthly review and reporting of procurement card charges using the JPMorgan SmartData website, appropriate use of the procurement card, and sales tax exemption procedures.
- E. Procurement Card Business Purpose - The cardholder will use the card only for Ohio Wesleyan University legitimate business purposes. The cardholder will strive to obtain the best value for the University. Ohio Wesleyan Procurement cards are the property of Ohio Wesleyan University. Purchases made with Ohio Wesleyan procurement cards *must be shipped to an Ohio Wesleyan address*. The Ohio Wesleyan procurement cards are NOT to be used for personal expenditures.

- F. Cash Advances - Because of the relatively expensive processing fee, all procurement cards are initially set up to not allow cash advances from an ATM machine or bank.
- In emergency situations and for international academic program travel, a request can be made to the Controller's Office to authorize the procurement card cash advance option for a limited time. Once travel has been completed, the cash advance option will be removed.
  - The greater of 2% or \$3.00 will be charged as a transaction fee for each cash advance, in addition to the ATM fee.
- G. Unauthorized Transactions - Any unauthorized transaction on the card (except when the card is reported as lost or stolen) will be the cardholder's responsibility to reimburse the University within 30 days of the procurement card statement.
- Misuse of Card - The procurement card is only to be used to make purchases for the legitimate benefit of the University. Use of the card for personal purchases is cause for immediate cancellation. If a Cardholder makes a restricted purchase by accident, the Cardholder must report the transaction to his or her supervisor within twenty-four (24) hours and take all steps necessary to correct that action.
  - Violations of these requirements may result in revocation of the card and/or disciplinary action, up to and including termination of employment. Employees who are found to have inappropriately used the procurement card will be required to reimburse the University for all costs associated with such improper use.
  - By signing the Cardholder Agreement, the cardholder gives authorization to the University to deduct from the cardholder's paycheck or from any other amounts payable to the cardholder the amount of any unauthorized transactions that have not been reimbursed, excluding fraudulent charges from a compromised card that was reported as defined in Section III N.

**Unauthorized Transactions:**

The following procurement card transactions are prohibited:

- Cash advances or ATM transactions except for those described in III F above
- Cell phones or monthly cell phone service
- Computer equipment
- Controlled substances
- Donations
- Fines and penalties
- Gambling in any form
- Gift cards
- Goods that require the purchaser to sign a contract or document that requires administrative review
- Guns, weapons, ammunition, or explosives
- Hazardous chemicals
- Illegal transactions
- Internet connectivity (and associated internet expenses) except while traveling for the University
- Long-term rentals (2 months or longer)
- Office furniture
- Personal items, services, or expenses
- Professional services: payments to individuals, consultants, employees

**Restricted Product Classes**

- **Office supplies** – the University has negotiated a “just in time” office supply program with select vendors offering substantial educational discounts. The purchase of office supplies should continue to be coordinated through the Purchasing Office.
- **Printing and Stationary** – the University has printing and stationary standards which were developed to ensure a consistent, professional appearance. Many printing needs can be fulfilled in-house; others are sent to approved vendors. To ensure quality, printing requests should continue to be coordinated through Duplicating Services.
- **Items to be capitalized** – Items worth \$5,000 or more, with a useful life of more than one year, must be capitalized. These items should continue to be ordered using the purchase order system.
- **Catering on campus** – the University has a contract with Chartwells that grants them exclusive rights to cater events on campus, therefore catering purchases are not allowed.
- **Computers and Software** – Purchases of computers, printers, software, etc. should always be coordinated through Information Technology Services.
- **Promotional Materials** – Use of the University’s logo or wordmark should be approved by the University Communications Office.
- **Replacement Items** – Purchase of replacement items for damages or loss covered by insurance should be coordinated through the University’s Purchasing Department.
- **Travel involving Students** - It is appropriate to use the Procurement card when traveling with students, but remember this type of travel should always be coordinated through the University’s Purchasing Department.

H. University Policies and Procedures - In addition to all other existing University policies and procedures, users of the University procurement card must comply with the specific policies and procedures outlined below.

- Cardholders are NOT allowed to divide one purchase into two or more transactions in order to stay within the transaction limits that have been determined by the supervisor. However, travelers may pay for each day/night of a hotel stay separately.
- Cardholders may NOT receive cash back for refunds or exchanges; all amounts are to be credited directly to the credit card account.
- Cardholders must follow University policies and initiatives regarding Environmental Health and Safety.
- The card is for business expenses only. No personal charges.
- The card is NOT transferable. It is to be used by the cardholder whose name appears on the card ONLY. The Cardholder is responsible for the security of the card.

I. Monthly Procurement Card Review and Approval of Charges by Cardholder - Cardholders are individually responsible for monthly reconciliations of their procurement card transactions on SmartData, the JPMorgan Chase website. More detailed instructions for this process can be found on JPMorgan’s SmartData website.

- The website can be found at <http://smartdata.jpmorgan.com/>
- This website details transactions during the month and includes transaction date, supplier name, and amount of the transaction. Additional information is included for some vendors, such as airlines.
- The information must be reviewed for accuracy and any exceptions must be disputed according to the dispute process outlined in section O later in the policy. The cardholder is responsible for all charges on his or her monthly statement. This responsibility includes the resolution of invalid charges.

- Within ten days of receiving an email reminder about the end of a billing cycle, the cardholder must approve all charges, assign account numbers to each charge, (there is a unique set of account numbers for each individual cardholder to choose from), and upload the receipt image into the SmartData website. The original receipts will be maintained by the cardholder for a period of one year.
  - If a cardholder wants to allocate a transaction to an account number that is not available on SmartData, the cardholder's budget director or designated approver should contact the Procurement Card Administrator at 740-368-3377.
  - If the cardholder does not have a receipt for a charge, then he/she must fill out and sign a missing receipt form which can be found on the SmartData website or the Accounting website. The missing receipt form must be uploaded in place of the receipt into the SmartData website. The Controller's Office will monitor the number of missing receipt forms used by each cardholder. Excessive use of the missing receipt form can lead to revocation of the procurement card.
- J. Budget Center Director/Designated Approver Review and Approval of Charges - Once the cardholder's charges are reviewed and allocated to specific account numbers, the cardholder's budget director or designated approver will receive an e-mail notification when transactions are ready to be approved.
- Online review by the budget director is required.
  - The budget director should review and approve a cardholder's transactions within five days of receiving the documentation.
- K. Documentation – Record keeping is required to comply with all University and IRS guidelines for expenditures. Receipts should be compared to the monthly statement and verified (legitimacy and dollar amount). Original detailed itemized receipts are to be retained by the cardholder for a period of one year. The scanned image will be archived on the SmartData website and within the Controller's office.
- Travel or entertainment transactions require the following additional information to be written on the receipt:
    - the name of the event
    - the date of the event
    - the location of the event
    - the business purpose
    - and the names (or group name) of all those involved in the event
  - Procurement transactions must clearly identify the items being purchased. All charge slips should be itemized and contain: item descriptions, quantities, unit costs, total cost, and date of transaction.
  - For business meals and departmental business functions, IRS rules require recording the time, date, place, business purpose, and attendees for all business meal purchases. The *itemized* meal receipt must include the specific items ordered. Purchases for food and supplies for a departmental business function must include the group name of the attending parties. The purchase of alcohol must follow all University guidelines. (The Travel and Expense Policy can be found on the University's Accounting website).
- L. Audits - All credit card documents are subject to audits by the Controller's Office, external auditors and the IRS to ensure that transactions follow federal guidelines, intended use, and University policies and procedures.
- In the event of a cardholder's failure to reconcile his/her statement in a timely manner, suspension or revocation of the card will occur.
  - Employers are required to add unsubstantiated payments or reimbursements to employee's taxable income, resulting in income tax withholding and FICA, Medicare, and FUTA taxes

on these same amounts. In other words, failure to submit receipts and document the business purpose for your purchases may result in an increase in your federal taxes.

- The Controller's Office reserves the right to move charges to other accounts as appropriate without notice.
- M. Sales Tax Exemption – As a non-profit, educational organization, Ohio Wesleyan University is exempt from sales tax in the states of Ohio, Arkansas, Colorado, Florida, Idaho, Illinois, Indiana, Kentucky, Massachusetts, Michigan, Missouri, New York, Tennessee, Texas, West Virginia, and Wisconsin. Forms for each state can be printed from the University's Purchasing website: <http://purchasing.owu.edu/taxExemptForms.html>.
- The State of Ohio does not issue sales tax-exempt identification numbers; instead, a sales tax exemption certificate is required.
  - When a cardholder receives a procurement card, they will also receive a wallet sized, laminated sales tax exemption certificate. This certificate should be shown to vendors at point of sale to receive the exemption.
  - It is the cardholder's responsibility to ensure that Ohio Wesleyan University is not paying sales tax on exempt items. If a cardholder is unsure whether a purchase will be tax-exempt, he/she should contact the Controller's Office for clarification.
  - The words "Tax-Exempt" are printed on each procurement card to further identify Ohio Wesleyan University as a tax-exempt organization.
  - Cardholders that repeatedly pay Ohio sales tax on tax-exempt purchases could potentially lose the privilege to use the Procurement Card. Avoiding unnecessary sales tax payments benefits the cardholder's department because it allows budgeted funds to be available for additional purchases.
- N. Lost/Stolen Cards – **Immediately** upon discovering that a card has been lost or stolen, a cardholder must report this by phone *directly to JPMorgan Chase by calling 1-800-316-6056*. They are staffed 24 hours a day, seven days a week. Also, report the incident to the University's Procurement Card Administrator at 740-368-3377 as soon as possible.
- In an emergency, a card can be reissued within two days for a minimal fee to the department. Otherwise the card will be replaced within 10 days, at no cost. Replacement cards will be sent to Controller's Office to be picked up by the cardholder.
  - The University's liability per cardholder is limited to the established restrictions on that particular card. Any charge against the card before it has been reported lost or stolen is the responsibility of the cardholder's department, which will be appropriately charged.
- O. Disputing a Charge – The cardholder is responsible for disputing invalid charges. The cardholder should first contact the vendor, and if after two weeks the vendor does not correct the inappropriate charge, the cardholder should complete a transaction dispute form that can be found on the SmartData website, and send it to JPMorgan Chase. JPMorgan Chase will further investigate the disputed charge and grant a provisional credit for disputed item during the course of the investigation.
- P. Fraud Detection - JPMorgan fraud detection will occasionally question charges made with Ohio Wesleyan University Procurement cards in foreign countries. **If a cardholder is going to use a procurement card while traveling internationally, it is the responsibility of the cardholder to notify JPMorgan Chase at 1-800-316-6056 before using the card.**
- Q. Cardholder Updates - It is the cardholder's responsibility to request any changes or cancellations of the procurement card by contacting the Procurement Card Administrator. Requests for credit limit increases must be approved by the supervisor, the budget director/approver and the Procurement Card Administrator. To cancel a card, bring the card to the Controller's Office.

- Cards expire every two years, on the last day of the month embossed on the front of the card. Cards are automatically reissued to cardholders within 2-4 weeks prior to the expiration date. Cardholders will be notified by the Procurement Card Administrator when the new cards arrive. Cardholders must personally accept the new card and sign the back of the card at that time. The University reserves the right to terminate cards that show no activity for a consecutive period of twelve (12) months.
- Employees terminating employment or transferring to another department must return any Procurement Cards in their possession to the Controller's Office or to Human Resources and clear all outstanding balances on the card prior to departure or transfer.

#### R. Who to Contact

- To report cards as lost or stolen
  - JPMorgan Chase – 1-800-316-6056 **AND** Procurement Card Administrator – 740-368-3377
- To notify JPMorgan chase of international travel
  - JPMorgan Chase – 1-800-316-6056
- For help with JPMorgan Chase SMARTDATA website
  - Procurement Card Administrator – 740-368-3377
- For Card/User Maintenance
  - Procurement Card Administrator – 740-368-3377
- To adjust a cardholder's available account numbers
  - Procurement Card Administrator – 740-368-3377

#### IV. Confidentiality

It is critically important that cardholders keep their procurement card and procurement card number secure so unauthorized persons do not use the procurement cards.