

# Carleton College

Purchasing Card Program

Policies and Procedures

***Questions:***

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## ***Policy Statement***

Authorized cardholders use purchasing cards to acquire goods and services from suppliers. Cardholders are identified within departments and must complete training and sign a cardholder agreement, including a code of ethics and an anti-kickback clause and a conflict of interest statement. The traditional purchase order process is followed for those purchases not included in the purchasing card process.

Cardholders are strongly encouraged to acquire goods and services from preferred suppliers whenever possible. See the remainder of this document for detailed information on acquisition and use of the purchasing card, including cardholders' rights and responsibilities.

## **Responsibilities and Accountability**

### **Cardholder**

Use preferred suppliers to acquire goods or services whenever possible

Reconcile transactions monthly

Prepare allocations as necessary

Maintain security of the purchasing card and its related card number and expiration date, including immediately reporting a lost or stolen card

### **Department**

Notify the purchasing card coordinator when an employee's employment with the college is terminated

Other responsibilities are dependent on how the department structures the use of their cards

### **College**

Provide appropriate training and documentation

Negotiate discounted pricing and quality supplier services

Regularly reevaluate preferred suppliers for performance, price and customer satisfaction

Maintain financial relationship with bank/card provider

Audit selected cardholder transactions

## ***Reason for Policy***

The acquisition of goods and services must be convenient and provide the highest quality products to the end users. In allowing customers the independence of direct purchasing, however, it is necessary to establish responsibilities and to follow consistent procedures and policies. This adherence to policy allows continued process savings, accountability and audit ability of purchases.

Using a card to make purchases from a preferred supplier provides: ease of use and best pricing for the cardholder; direct charging/payment for the supplier; and prompt delivery by suppliers directly to the person placing the order.

## ***Definitions***

The following definitions apply to listed terms as they are used in this policy:

### **code of ethics**

agreement by a cardholder to honor standard purchasing ethics when executing his/her rights as an authorized purchasing agent of the college

### **conflict of interest statement**

agreement by a cardholder to adhere to the college's [conflict of interest policy](#) when executing his/her rights as an authorized purchasing agent of the college

### **preferred supplier**

supplier of a negotiated commodity who has successfully met specific requirements and who has been selected as "preferred" by the Purchasing Department.

### **reconciliation**

mandatory process whereby a cardholder verifies their monthly transactions on the internet, attaching all required supporting documentation to their cardholder statements and delivering them to the second review person and then on to the purchasing card coordinator.

## **Overview of the Card Program**

Using the purchasing card most closely resembles using one's personal credit card, except that use is **restricted to business-related purchases**. Each cardholder is required to keep the card secure and is encouraged to use it for every possible college-related purchase.

Each purchasing card has been set with spending limits, account distribution and transaction information. Transactions on each card are charged to a specified department number and expense code. Cardholders are responsible for assuring that the transactions are charged correctly during reconciliation.

Cardholders may use the card to place an order in person at the supplier site, on a secure site on the internet, over the phone or by fax. The cardholder should give the supplier the following specific information:

- individual cardholder name and that he/she is a Carleton College employee
- individual card number
- expiration date
- Minnesota sales tax-exemption number (printed on the card)
- delivery address (e.g., building name and office number)
- order information

## **Tax Exempt Status**

Carleton College is a tax-exempt organization. The college's Minnesota sales tax-exempt identification number has been labeled on each card. The cardholder must give this number to all suppliers at the time of any transaction to exempt payment for Minnesota state sales tax. In the event sales tax is billed to the cardholder's account, it should be rectified directly with the supplier. *You are liable for sales tax you approve for which Carleton is exempt.* A copy of the Carleton exemption form is always available on the Business Office's webpage at:

[http://apps.carleton.edu/campus/business/assets/IRSdonatetaxexemptform\\_.pdf](http://apps.carleton.edu/campus/business/assets/IRSdonatetaxexemptform_.pdf)

Vendors may ask you for a copy to protect themselves from state sales tax auditors, you may want to consider carrying a folded copy of the exemption form in your wallet or purse.

## **Card Limits**

Each individual has the ability to set dollar and/or transaction limits on their card with departmental approval.

Card limits may be set according to:

- dollars per transaction
- dollars per month
- number of transactions per day
- number of transactions per month

## **Canceling and Renewing Cards**

Renewal cards are sent out automatically by Visa at the end of the expiration month.

If, for any reason, a cardholder wishes to cancel their card, the card must be cut in half and forwarded to the college card coordinator.

## **Cardholder Termination**

The suspension or termination of a cardholder must be reported directly to the college card coordinator upon official notification of termination. The card should be returned to the college card coordinator and use will be eliminated at the termination date. In the case of termination, the cardholder is responsible for returning the card and for final reconciliation prior to separation. Failure to do so may result in the employee's final paycheck being withheld until this occurs.

## ***Acquiring a Purchasing Card***

Employees can acquire a purchasing card with departmental approval. Only employees who have completed cardholder training and signed the cardholder agreement form, including the code of ethics and anti-kickback clause and conflict of interest statement, are authorized to use a purchasing card. Using another employee's purchasing card is **not** in accordance with the conditions set forth in this policy.

*Purchasing cards are not transferable.* If someone's card use is to be discontinued, their card number must be given immediately to the college card coordinator. Immediately report name changes for a particular cardholder to the college card coordinator so files may be updated and an updated card issued.

The following individuals are not permitted to have a card:

- courtesy employees (who do not receive a college paycheck)
- employees who have had a card previously revoked. (An employee may regain card use only at the request of their department card coordinator, following review by the college card coordinator.)

- employees not authorized as cardholders by department administration
- untrained employees or employees who have not signed and returned the cardholder agreement form, code of ethics and conflict of interest statement
- employees on personal leave of absence or on sabbatical for more than six months. (Returning nine-month faculty members and those employees planning to return following sabbaticals of six months or less are permitted to retain and use their cards.)
- non-employees, including consultants
- suspended employees

## Card Delegation

College cardholders, upon approval from the college card coordinator, may authorize blanket use of their card to any other college employee, including graduate students. **This is not a transfer.** The card remains in the employee's name, not that of the person delegated; any misuse of the card is the responsibility of the employee. However, the college reserves the right to initiate disciplinary action against a delegated cardholder in the case of misuse, as detailed in the section of this policy on [Misuse of the Purchasing Card](#).

Card delegation must be approved by the college card coordinator. Delegation is strictly prohibited without prior approval. In addition, the delegate must attend cardholder training and must submit signed and completed cardholder agreement forms to the college card coordinator. *Ultimately, the employee who delegates the card is always responsible for all transactions on his or her card and must sign the monthly cardholder statement.*

## Purchasing Card Training

Purchasing card training must be completed prior to issuance of the card to the cardholder. The prospective cardholder must be present at the training and may not send a proxy. A cardholder agreement, including the code of ethics and the conflict of interest statement, must be signed by the cardholder and submitted to the college card coordinator prior to card issuance. The cardholder will also receive a cardholder guide and copy of this policy at the time of training.

## Cardholder Agreement

The cardholder agreement, which includes the code of ethics, anti-kickback clause and conflict of interest statement (see Exhibit A), stipulates that the cardholder:

- has attended the required purchasing card training
- is aware of and understands card policies and procedures
- has received the cardholder guide
- is held accountable for all transactions made using his or her card(s), including those cards delegated to other employees or graduate students
- is responsible for the timely reconciliation of his or her card(s)

- is responsible for returning his or her card(s) upon termination, suspension or leave of absence
- may not purchase any personal items with his or her card
- may not transfer his or her physical card(s) or card responsibility to any other individual. (Delegation to a college employee or graduate student who has completed training and signed a card agreement is not considered a card transfer. See the section on [Card Delegation](#) in this policy.)
- should use preferred suppliers if at all possible for negotiated purchases, using good judgment for purchases outside of the card process
- is responsible for reporting lost or stolen cards immediately to JP Morgan Chase Bank

## ***Cardholder's Responsibilities***

### **Card Security**

Only authorized cardholders (including delegated users) may use the card. It is the responsibility of every cardholder to safeguard cards and card numbers against use by unauthorized individuals within or outside the college.

### **Lost/Stolen Cards**

Immediately upon discovering that a card has been lost or stolen, a cardholder must report this by phone directly to Visa (1-800-VISA-911) and to the college card coordinator (x5934). In an emergency, a card will be reissued within two days for a minimal fee to the department. Otherwise the card will be replaced within 10 days, at no cost, directly to the cardholder from the bank. The college'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 are the responsibility of the cardholder's department, which will be appropriately charged.

### **Liabilities of the Card**

Liabilities of the card remain with the college, rather than the cardholder, for all transactions made in compliance with this purchasing procedures and policy document.

### **Prohibited Transactions**

Using a purchasing card, the following transactions are currently prohibited:

- personal purchases
- computer equipment unless with the consent of ITS
- purchases of furniture unless with the consent of Facilities
- personal expressions of gratitude/sympathy in the form of flowers, gifts, birthday cakes, etc
- gasoline for personal vehicles

## Disputing a Charge

Within 60 days of the transaction date, a cardholder may dispute a charge that appears on his or her monthly purchasing card statement. If the cardholder does not recognize a charge or it appears to be incorrect, he or she should attempt to work directly with the supplier for resolution. In the event resolution is not made, the cardholder *must* dispute the charge through the JP Morgan Chase Paymentnet site.

During the investigation by JP Morgan Chase, a credit will automatically be issued to the cardholder's account for the amount questioned. When JP Morgan Chase has completed the investigation, the cardholder will be notified of the resolution. If the dispute is not settled in the cardholder's favor, the account will be charged for the disputed transaction amount.

## Returning an Item

To return an item, the cardholder should contact the supplier of the item for information on how to do a return. Following the supplier's procedures, the item should be returned directly from the cardholder to the supplier and payment adjustment should be agreed upon at that time. Should a discrepancy in charges occur, the cardholder should note the charge as a discrepancy in the reconciliation process and follow proper procedures for disputing a charge, above.

## Cash Advances

On a limited basis cardholders with international or extensive domestic travel requirements may be established with a cash advance option in the unlikely event that the JP Morgan Chase Visa card is not accepted for payment. Cardholders should retain their cash advance receipt along with **original detailed** receipts to document their use of the cash advance. Cash advances in excess of receipts must be refunded to Pam Jacob/Purchasing Card Coordinator in the Business Office with your monthly statement. The greater of 2.5% or \$2.50 will be charged as a transaction fee for each cash advance in addition to the ATM fee.

## ***Misuse of the Purchasing Card***

Individuals given purchasing card access by their departments are held accountable for all the transactions related to their card(s), including those transactions made with cards they have delegated to another. Consequences for misuse of the purchasing card are serious.

Misuse of the card can be either personal or administrative. Personal misuse includes, but is not limited to: using the purchasing card for personal (i.e., non-college-related) purchases; use of the purchasing card by a suspended or terminated employee; allowing an unauthorized person to use the card (see the section on [Card Delegation](#) for the correct procedure to allow another employee to use your card).

Administrative misuse includes, but is not limited to: lack of proper reconciliation of the cardholder account (see the section on [Reconcilements](#) below); card use in direct violation of the purchasing card policies and procedures contained in this document (e.g., neglecting to use the card for commodities available through preferred suppliers; neglecting to perform proper department number and expense number ).

## **Consequences of Misuse**

When appropriate, supervisors should attempt informal resolution by bringing the misuse, and consequences of further misuse, to the employee's attention. If informal resolution is inappropriate or ineffective, the supervisor must contact the college card coordinator. The following consequences of misuse have been established. Not all consequences will be applied to every violation; there are situations that may lead to disciplinary action, including suspension or termination of employment, without following all these steps. The college card coordinator reserves the right to use discretion in applying these guidelines, depending on the type and severity of the specific violation being addressed.

1. A formal warning will be delivered to the cardholder by the college card coordinator. The cardholder's immediate supervisor and department card coordinator will also be notified of the violation. In some cases, written notification of misuse may be included in the employee's central personnel file. The reprimand will include a warning for possible card revocation pending further misuse.
2. If violations continue after notification of misuse, card use will be revoked. The cardholder's immediate supervisor, the department card coordinator and, in the case of staff, the employee's personnel file will be notified. The employee may regain use of a college card only at the request of the department card coordinator and following review by the college card coordinator.
3. Based on the severity of the misuse, the college can decide to initiate disciplinary action, up to and including possible termination and/or legal action.

In addition, in the case of personal purchases repayment of the purchase by the cardholder to the college is required following resolution of the discrepancy. Repayment may be made by cash or check. Payment for this misuse must be made within 10 days following resolution, or appropriate disciplinary measures will ensue. It is the responsibility of the cardholder to ensure that repayment is made for personal items charged to a delegated card.

## Internal Controls

### Reconcilements

Cardholders are individually responsible for monthly reconcilements of their purchasing card transactions on Paymentnet, the JP Morgan Chase website. This website details transactions occurring in the current month, including the transaction date, supplier name, and the amount of the transaction. This information must be reviewed for accuracy and any exceptions must be resolved on the website. The transactions can be verified online at any time during the month. Please add notes in the Transaction Detail Screen as the IRS requires documentation of the “5 Ws” **Who, What, When, Where, and Why**.

**Who** – Names/titles of those entertained including an explanation of the relationship if applicable.

**What** - Nature of the expense incurred and substantiation of the expense incurred (usually on the receipt).

**When** – When was expense incurred (usually on receipt).

**Where** – Where was expense incurred (usually on receipt).

**Why** – Business purpose of meal/entertainment/expense

The cardholder is responsible for **all** charges on his or her monthly statement, including resolution of charges in error. After final review is completed by the cardholder, all necessary **original detailed** receipts and packing slips are attached to the printed statement form and signed by the cardholder. The statement and receipts are then forwarded directly to the second review person for their review and initials and then on to the college card coordinator.

See the Cardholder Guide for detailed internet instructions.

### Monthly Timeline

The following timetable for the processing of statements must be adhered to:

Working Day of  
Month following  
transactions:

1<sup>st</sup> – 30<sup>th</sup>/31<sup>st</sup>

31<sup>st</sup> – 9<sup>th</sup>

9<sup>th</sup>-14<sup>th</sup>

15<sup>th</sup>

Transactions viewable on the web

Individual cardholder review and make any necessary changes online and send initialed statement and receipts on to the second review person.

Second review person to review charges online and initial statement and receipts to be sent to the college card coordinator.

Statements received by the college card coordinator. Transactions downloaded into the college financial system.

## **Record Keeping**

The cardholder is responsible for keeping all credit card slips, order acknowledgements, cash register receipts, packing slips and other sales records related to any purchase using the card. This **original detailed** documentation is then forwarded with the monthly reconciliation unless the cardholder needs it to resolve a disputed charge. Ultimately, all original documentation must be forwarded to the college card coordinator, as formal record retention is at the central college level. Copies of invoices for equipment should be made and kept with departmental inventory information in case of theft, fire, or other loss.

## **Cost Allocation**

Each card is tied to one specific account number. Cardholders are responsible for allocation of transactions to the appropriate account numbers. Continued improper designations and/or neglect of proper card transaction allocations are considered administrative misuse of the card. As such, appropriate action will be taken as detailed in the [Misusing the Purchasing Card](#) section of this policy.

## **Receipt of Materials and Services**

The cardholder is responsible for ensuring receipt of materials and services and for resolving with the supplier any delivery problems, discrepancies and damaged goods.

Any packing slips, receipts, net zero invoices, along with the credit card statement, must be kept for reconciliation purposes. For telephone or catalog orders, complete shipping instructions must be given along with cardholder name and the desired delivery location (specific building name, room number, etc.). The cardholder should inform the supplier to include the sales receipt (detailing the exemption of taxes) with the package. Save the credit card receipt and shipping documentation, including packing slips, which will be needed for reconciliation.

## **Internal Audit Review**

Audits by the Purchasing Department will be performed periodically and randomly review and audit cardholder activity for compliance with college policy and procedures. Cardholders found not in compliance with these policies and procedures will be subject to those actions contained in the section of this policy on [Misusing the Purchasing Card](#).