



ALMA COLLEGE  
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# **PURCHASE CARD POLICIES AND PROCEDURES MANUAL**

Effective July 1, 2010

# Alma College

## Purchase Card Policies and Procedures Manual

### 1.0 **INTRODUCTION**

Alma College has established a Purchase Card (PCARD) Program to provide expanded convenience and controls for College related business purchases and to establish a payment methodology that will support the future purchasing directions of internal and external transactions. The Purchase Card, an institutional credit card, is designed to give controlled buying power directly to the departments within Alma College, eliminating the need for unnecessary requisitions and purchase orders.

J.P. Morgan Chase & Co. is the provider of the Alma College MasterCard Purchase Card. Mastercard is readily accepted by most vendors and is a convenient purchase and payment tool for low dollar purchases.

### 1.1 **HOW IT WORKS**

1. Cardholder makes an authorized business-related purchase by charging it on their J. P. Morgan Chase MasterCard.
2. J.P. Morgan Chase pays the merchant when the vendor submits the transaction for payment.
3. Cardholders review their transactions daily/weekly in the *Smart Data Online (SDOL)* Internet application and allocates proper GL account numbers to each transaction if different from the default account(s) for the their card.
4. Cardholder logs the transaction on the Transaction Control Log (optional), prints a Monthly Transaction Report and attaches receipts and supporting documentation.
5. Cardholder reconciles their Monthly Transaction Report, with their accompanying receipts, to the Commercial Card Statement from J.P. Morgan Chase.
6. The Card Manager approves the Cardholder's transactions in the *Smart Data Online (SDOL)* Internet application for distribution to the appropriate general ledger account(s) for all charges within the current billing cycle. The Card Manager reviews the supporting documentation, signs, and dates the Monthly Transaction Report.
7. Cardholders send receipts and supporting documentation, Monthly Transaction Reports, and Commercial Card Statements to the Accounts Payable Office.
8. Alma College pays J.P. Morgan Chase once each billing cycle.

### 1.2 **PROGRAM BENEFITS**

Cardholders – Cardholders are able to obtain supplies directly from vendors without using a purchase order. This streamlines the purchasing process and can help improve turnaround time on receipt of orders placed. It significantly reduces the workload and processing costs related to the purchasing and payment cycles. Cardholders can also conveniently pay for travel expenses, eliminating the need for requesting travel advances and preparing expense reports.

Alma College - The Purchase Card program provides a cost-efficient, alternative purchasing method. Built-in card features make the program easy to control and manage and reduces processing costs at all levels by reducing the number of requisitions, purchase orders, invoices and checks. The Purchase Card enables all departments to focus on higher yield value-added activities on behalf of the College.

Vendors – The Purchase Card will be welcomed by vendors who accept Mastercard. When vendors accept the card for business purchases, vendors will not need to send invoices for payment to the College (receipts for purchase card purchases are required); vendors will receive payment directly from JP Morgan Chase within approximately 48 hours.

### 1.3 **DEFINITIONS**

Purchase Card: A card issued to an employee of Alma College for the purpose of making authorized business-related purchases on behalf of the College. The College will issue payment for charges made with the Purchase Card.

Cardholder: The Alma College employee whose name appears on the Purchase Card, and is accountable for all charges made with that card.

Card Manager: The Alma College employee within each Department responsible for approving a Cardholder's transactions for payment in the *Smart Data Online (SDOL)* system. Card Managers have the ability to reallocate individual charges to general ledger account numbers. A Card Manager may oversee more than one Cardholder account, depending on how the Department elects to manage its accounts. The Card Manager is also responsible for verifying that all charges against the Cardholder's account for that Department are backed up by the appropriate supporting documentation and that the documentation is forwarded to the Business Office. The Card Manager is also known as a **Supervisor**.

Purchase Card Program Administrator: The Alma College employee from the Business Office responsible for administering the Purchase Card Program for the College and acting as the main contact between Alma College and J.P. Morgan Chase.

Smart Data Online (SDOL): An Internet-based financial reporting system owned by J.P. Morgan Chase. The system is a secure web site, which is derived and maintained by J.P. Morgan Chase, using the company's internal servers. Access to *Smart Data Online (SDOL)* requires a secure password for the Cardholder and Card Manager in order to review, change, and approve Purchase Card transactions.

Transaction Limit: A dollar limitation of purchasing authority assigned to the Cardholder for each total charge made with the Purchase Card. The maximum amount cannot exceed the Cardholder's limit. The President, Vice President/Provost, or Card Manager/Supervisor will establish the limit set for the individual Cardholders within the Department in accordance with the Purchase Card program guidelines. A single transaction amount may include multiple items but cannot exceed a Cardholder's limit.

Monthly Spending Limit: A dollar limitation of purchasing authority assigned to the Cardholder for the total of all charges made during the monthly billing cycle. The President, Vice President/Provost, or Card Manager/Supervisor will establish the limit set for the individual Cardholder in accordance with the Purchase Card program guidelines.

Default Account: The Alma College general ledger account assigned to an individual Cardholder's Purchase Card. Each Purchase Card will have a primary default account assigned to it. All charges made with the Purchase Card will be posted to the default account if the charges are not reallocated in the *Smart Data Online (SDOL)* system by the monthly billing cycle cutoff.

Support Documentation: A merchant produced or non-College document that records the relevant details for each item purchased including quantities, dollar amounts, description of what was purchased, the total charge amount, the merchant's name and address (i.e. sales receipt, original invoice, credit receipt, etc.)

MasterCard Transaction Control Log: A Log (document/record) that identifies all purchases of merchandise (charges/returns, etc.). A monthly transaction log may be maintained by each Cardholder and will be used to reconcile receipts to the Commercial Card Statement.

Commercial Card Statement: A report available from J.P. Morgan Chase through *Smart Data Online (SDOL)* detailing transaction activity for an individual card account number for purchases made during the monthly billing cycle.

Purchase Card Application Form: The Form to be completed by prospective Cardholders to obtain a Purchase Card.

Purchase Card Agreement: An agreement form signed by the Cardholder which verifies that the Cardholder has read and understands the guidelines set forth in the Purchase Card Program Policies and Procedures and agrees to comply with them.

#### 1.4 **RECEIVING THE PURCHASE CARD**

An employee with delegated signature authority or any employee with delegated purchasing authority assigned by the President or Vice President/Provost of the College can obtain a Purchase Card. A completed Purchase Card Application Form must be submitted for each prospective Cardholder. This form is signed by the Supervisor and forwarded to the Purchase Card Program Administrator. **Purchase Card Supervisors (Card Managers) should be in a position of authority relative to the Cardholder or not directly supervised by the Cardholder.**

All prospective Cardholders and Card Managers are *required* to attend a training session and sign a Purchase Card Agreement form to be eligible to receive a Purchase Card.

#### 1.5 **GUIDELINES**

Each Cardholder is responsible and accountable for the Purchase Card issued in their name.

All Purchase Card transactions *must be* reviewed by the Cardholder and then approved by the Card Manager in *Smart Data Online (SDOL)* **NO LATER THAN FIVE BUSINESS DAYS AFTER THE BILLING CYCLE ENDING DATE (26<sup>TH</sup> of the month).**

The Card Manager is responsible for ensuring that departmental funds are available in the accounts for Purchase Card purchases, including the default account number. The Card Manager is also responsible for verifying that all charges against the Cardholder's account for that Department are supported by the appropriate transaction documentation. This documentation is to be sent to the Accounts Payable Office each month where it will be filed in accordance with the College's Record Retention Policies (see Section 1.11).

**Alma College is a non-profit organization and is not subject to sales tax. The Cardholder should always inform the vendor that the College is exempt from sales tax. This is printed on the face of the Purchase Card. Sales tax exemption forms can also be obtained from the College Business Office.**

## **1.6 AUTHORIZED CARD USE**

The College has authorized J.P. Morgan Chase to encode the card so that it will not be accepted for certain types of goods or services by blocking the Merchandise Category Codes (MCC) for unauthorized purchases.

The Purchase Card **may not** be used for the following purchases:\*

- Personal use
- Services (1099-Misc), such as non-employee compensation
- Controlled substances and prescription drugs
- Patient Care Products and Equipment
- Cash advances (ATMs) (Note: May be allowed in certain circumstances).
- Contract services (including consulting services and professional services)
- Cash refunds for returned card purchases

**\*Additional items may be added to this exclusion list at the discretion of a department.**

Common uses of the Purchase Card may include, **but are not limited to:**

- Subscriptions, Dues, and Memberships
- Office, classroom, athletic, IT, and maintenance supplies
- Conference Expenses
- Business Meal Expenses
- Small Dollar Retail Purchases
- Stamps & Postal Charges
- Travel (Airfare, Lodging, Car Rental, Meals)

Only the Cardholder whose name is embossed on the Purchase Card is authorized to use the card. **It is against policy for a Cardholder to give their card to someone else.** The Cardholder is responsible for ensuring all charges made with the card are in compliance with the Purchase Card Program Policies.

### 1.7 **UNAUTHORIZED AND/OR INAPPROPRIATE CARD USE**

The Purchase Card **must never be used to purchase items for *personal use or for non-College purposes*** even if the Cardholder intends to reimburse the College.

A Cardholder who makes an unauthorized purchase with a Purchase Card, as defined in Section 1.6, or uses the Purchase Card in an inappropriate manner, may be subject to disciplinary action including card cancellation, payroll deduction for the amount of the inappropriate purchase, and Performance Improvement Counseling up to, and including, termination of employment. When appropriate, notification of fraudulent use will be shared with both the Campus Security and with the Alma Police Department for possible criminal prosecution. Managers are encouraged to contact Human Resources at 463-7255 to coordinate appropriate disciplinary actions.

### 1.8 **RECEIPT OF MATERIALS AND SERVICES**

The Cardholder is responsible for ensuring receipt of materials and services and to follow up with vendors to resolve any delivery problems, discrepancies and/or damaged goods.

If materials are ordered by phone, the Cardholder is responsible for advising the vendor to include a sales receipt in the package, as it will be used for supporting documentation. To ensure proper delivery of merchandise, the Cardholder must inform the vendor to include the following information on the outside packing label:

- Cardholder Name
- Campus Mailing Address (including building name and room number)
- Phone Number

### 1.9 **RETURNS, CREDITS & DISPUTED CHARGES**

It is the responsibility of the Cardholder to contact the vendor when merchandise purchased with the Purchase Card is not acceptable (incorrect, damaged, defective, etc.) and arrange a return for credit or exchange.

If merchandise is returned for credit, the Cardholder is responsible for obtaining a credit receipt from the vendor and retaining that receipt with the supporting documentation for that purchase. **Receiving cash or checks to resolve a credit or return is prohibited.** If a supplier accepts an item as a return, a credit for this item should appear on the following month's Commercial Card Statement.

**Disputed Charges:** If a Cardholder cannot resolve a disputed item directly with the vendor, the Cardholder should mark the transaction as disputed in the *Smart Data Online (SDOL)* system. All disputed charges *must* be marked disputed in *Smart Data Online (SDOL)* within 60 days of the post date in which it occurred. Disputed transactions should be marked reviewed and approved. The Cardholder should make every effort to resolve a disputed item with the vendor first.

### 1.10 **P-CARD TRANSACTION CONTROL LOG**

It is optional that the Cardholder maintain a P-Card Transaction Control Log listing all purchases. The Cardholder must retain the original charge slip, sales receipt, packing slip, invoice, or any other information related to the purchase and attach it to the Monthly Transaction Report and the P-Card Transaction Control Log (if used). It is the Cardholder's responsibility to ensure that there is a receipt for every Purchase Card purchase. At the end of the month, the Cardholder will print a Purchase Card statement from SDOL and reconcile the transactions with the P-Card Transaction

Control Log.

Card Managers must review the Cardholder's supporting documentation, and sign and date the Monthly Transaction Report to signify their review and approval of the transactions in Smart Data Online (SDOL). Future reviews of Cardholder transactions will include an audit of the transaction logs to confirm the signature and date review process has been followed.

### 1.11 **RECORDS RETENTION**

It is the Cardholder's responsibility for obtaining purchase documentation from the vendor (sales receipts, packing slip, etc.) to support all purchases made with the Purchase Card. All purchase card supporting documentation will be kept in an auditable state **for the current fiscal year and two complete prior fiscal years for expenses, excluding federal grants or awards**. All records pertinent to a *federal grant or award* must be retained until **three years after the date of submission of the final expenditure report** in compliance with granting authority regulations. Purchase Card transaction documentation and monthly reconciliations will be subject to audit by the Business Office and by the College's Independent Audit Firm.

Documentation must support the propriety of the transaction and contain the following:

- Vendor name
- Detail listing of goods purchased, including item description, quantity, and price
- Transaction date & total dollar amount of purchase

Examples of acceptable supporting documentation include, but are not limited to:

- Original sales receipt, invoice, cash register receipt, or packing slip (including the price)
- Internet and/or email confirmation
- Original copy of order form or application

Business meal transactions must include names of attendees and business purpose in the documentation to comply with Internal Revenue Service (IRS) regulations. If there are a large number of attendees, listing the type of group is acceptable. Meal costs are limited to the Alma College per diem amounts.

### 1.12 **VERIFICATION OF CHARGES/ RECONCILIATION & REVIEWS**

Purchase Card transactions are available for review/reallocation and approval in the *Smart Data Online (SDOL)* Internet application within 24-48 hours after receipt of transaction by J.P. Morgan Chase.

The standard monthly billing cycle ending date is the 26<sup>th</sup> of every month.

Cardholders and Card Managers must approve the distribution of the transactions by five business days after the billing cycle ends. Transactions not reviewed or approved will be charged to the default account of the Cardholder.

Card Managers have five business days after the billing cycle ends to review the validity of the Cardholder's transactions in accordance with Purchase Card Program Policies and Procedures and approve the distribution of the account number of the transactions for that billing period.

Card Managers and Cardholders will be notified of transactions that have not been approved in *Smart Data Online (SDOL)*.

Two business days after the billing cycle cutoff, Cardholders will print their monthly statements electronically from *Smart Data Online (SDOL)* and reconcile all charges against their P-Card receipts and Transaction Control Log (if used).

Six business days after the billing cycle ending date, the Purchase Card Program Administrator exports the transaction file from J.P. Morgan Chase. Reallocation of account numbers cannot be made after the file has been exported. *Smart Data Online (SDOL)* transactions will be in inquiry mode only.

#### **Failure to Approve Transactions**

Because of the importance of the Card Manager approving the Cardholder's transactions, Cardholders who have unapproved transactions at the end of the month, for three consecutive months, will have their Purchase Card privileges suspended for one month.

#### **Approval of Disputed Transactions**

Purchase Card transactions in dispute must be marked reviewed and approved. The vendor has already been paid, and JP Morgan will process the dispute. Any awarded credits will be applied to the Cardholder's account once the dispute has been successfully processed. That credit will eventually offset any incorrect charges on the account. Cardholders should assign the same account number to the credit, as was assigned to the initial charge.

#### **Daily PCARD Transaction Reviews**

The Business Office will review Purchase Card transactions on a daily basis for unusual activity. Business Office staff may contact Cardholders directly to request a faxed receipt or invoice for review. To keep these requests to a minimum, Cardholders are required to document the business purpose in the expense description field in Smart Data Online (SDOL).

#### **Department PCARD Reviews**

The Business Office will continue to perform department Purchase Card reviews on a regular basis. Departments will be notified in advance of a review. Cardholders, who have an unsatisfactory review, will be given written suggestions of improvement. Those Cardholders will be reviewed again during the current year. If improvements have not been made, and/or policies and procedures are not followed, the Cardholder will lose their Purchase Card privileges. Items of concern include missing receipts, questionable charges, missing cardholder logs, and lack of proper documentation.



The Business Office may contact departments for independent Purchase Card audits. An outside auditor may also audit Alma College's departments at any time.

### **Appropriate PCARD Approval Structure**

The Business Office may review department Cardholder and Card Manager approval structures. Departments may be asked to provide information regarding their organizational structure for documentation of these existing relationships. Changes may be recommended and/or required. Departments will be given proper notification and assistance if changes are required.

#### **1.13 REPORTING A LOST/STOLEN CARD**

If a Purchase Card is lost, stolen, or damaged, the Cardholder must **immediately** contact J.P. Morgan Chase at **1-800-316-6056**. It is imperative that the Cardholder contacts the bank immediately for suspension of the Purchase Card, as the Cardholder is responsible for all charges made on the card until it has been cancelled at the bank. Cardholder must also notify the Purchase Card Program Administrator after reporting the incident to the bank. The Cardholder's card will be cancelled, and J.P. Morgan Chase will issue a new Purchase Card. A Purchase Card that is found after it has been reported lost or stolen must be destroyed by cutting it up several times and then discarded. The same procedure applies if the card is damaged.

#### **1.14 CARDHOLDER ACCOUNT MAINTENANCE**

An email from the President, Vice President/Provost, or Supervisor/Card Manager is required for any Cardholder Account changes, such as limit increases or any other changes not reflected on the original Purchase Card application. This email should be sent to the Purchase Card Administrator.

#### **1.15 CANCELLATION OF CARDS**

Purchase Cards may be cancelled at any time. In the event that it is necessary to cancel a card, the cardholder must return the card to their Supervisor/Card Manager. The Supervisor/Card Manager must contact the Business Office via email to have the account closed as soon as possible. The Purchase Card should then be cut up several times and discarded.

Reasons for cancellation include:

- Cardholder is no longer employed at the College
- Cardholder is transferring to another department within the College
- Cardholder goes on leave without pay
- Cardholder is requested to surrender card due to violations of policies

#### **1.16 CARD TERMINATION**

If it is found that a Cardholder has not used the Purchase Card for six (6) consecutive months or more, the card may be revoked at the discretion of the Business Office with approval of the Vice President for Finance and Administration. The Business Office will solicit from the Cardholder any reasonable explanation for non-use prior to revocation of this privilege.

When a Cardholder terminates employment with the College, the Department has the specific obligation to reclaim the Purchase Card, destroy the card, and notify the Business Office to close the account. Failure to do so may result in revocation of all Purchase Card privileges. If a terminated employee continues to use this card, the Department will be liable for all charges. The terminated employee may also be subject to criminal prosecution.

If the Business Office has to contact a single department on multiple occasions because of insufficient funds within the departmental budget, that department's cards may be revoked entirely.

If the Business Office has to contact a single department on multiple occasions because of unapproved transactions at month-end, individual cardholder's accounts or the department's cards may be suspended or revoked.

Non-adherence to these procedures will result in termination of individual Cardholder privileges and may result in the loss of the entire department's privileges to use the Purchase Card.