



UNIVERSITY OF NOTRE DAME

PROCUREMENT CARD SUPERVISOR GUIDELINES

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<http://procard.nd.edu>

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**UNIVERSITY OF NOTRE DAME
PROCARD POLICIES AND PROCEDURES**

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I. INTRODUCTION

The University of Notre Dame Procurement Card (“Procard”) is designed to provide an efficient way to process low dollar (generally less than \$1,500) orders of University business-related goods and services. Qualified departmental purchases within a predetermined purchase limit can be charged directly to the Procard (a MasterCard). All Procard purchases are billed centrally to the University and paid to the card sponsor, JPMorganChase (JPMC). Charges are then uploaded directly to the cardholder’s budget unit or other account as directed by the cardholder.

The Procard program transfers purchasing authority directly to the cardholder. Rather than require a purchase requisition and purchase order, the Procard enables departments to quickly and conveniently purchase goods and services from any vendor that accepts MasterCard. Unlike the American Express Corporate Card, where cardholders may charge business and personal expenses to their AMEX card (because they personally pay the total bill and seek reimbursement for business expenses), the Procard *can only be used for business expenses*. Since Procard charges are paid directly by the University, no reimbursement to the cardholder is required.

This program provides many benefits to departments and the University, for example:

- ▶ Cardholders can obtain goods and services quickly and efficiently by dealing directly with vendors;
- ▶ Purchases are paid directly by the University, charged to the appropriate budget unit, and automatically reflected in the University financial system;
- ▶ Cardholders need not use personal funds for purchases;
- ▶ Purchase requisitions or check requisitions are not required on Procard purchases;
- ▶ Petty cash funds are not necessary;
- ▶ The number of purchase orders, invoices, check requisitions, and checks processed are significantly reduced on a University-wide basis; and
- ▶ Faculty and staff can better focus on value-added activities for the University.

If you would like to see the complete University Procard Policies and Procedures, please go to <http://procard.nd.edu>

II. PROCUREMENT CARD PROGRAM

How it works

Cardholders purchase goods or services using the Procard. These charges are available to view on-line approximately two business days after the transaction. At that time, the cardholder may change the University account to which the charge will be applied—if unchanged, it will be recorded in the general ledger under the default FOAPAL associated with the card. The Controller's Office uploads all outstanding Procard charges to the general ledger weekly. At month-end, the University pays JPMorganChase for all monthly charges in a single wire transfer.

Eligibility for a Procard

Only **full-time** faculty and staff are eligible to receive a Procard. *Students (graduate or undergraduate) are not eligible.* To obtain a card, an individual must:

- ▶ Complete the Procard Application. The application must be approved by the applicant's supervisor and/or budget administrator;
- ▶ Personally attend a Procard Orientation Session; and
- ▶ Sign a Procard Cardholder Agreement Form.

Since the Procard is a University credit card, approval is not contingent on, nor will it impact, the cardholder's personal credit history. The Procard may only be used by the individual whose name appears on the card. Cards and card numbers must be safeguarded against use by unauthorized individuals within or outside the University.

Transaction timeline

Following is a typical timeline associated with Procard use.

- ▶ Cardholder uses the Procard to make a University purchase. The receipt should be placed in the Procard envelope for that month.
- ▶ Approximately two or three business days later, the cardholder receives an e-mail notifying him/her that there has been activity on the card. At this time, the transaction may be viewed on PVSNet and the FOAPAL changed, if necessary. The cardholder is not required to do anything with this transaction-notification e-mail.
- ▶ In 7-10 days, the Controller's Office will upload a batch of transactions to the general ledger. Once uploaded to the University accounting system, transaction FOAPALS may no longer be edited on-line with PVSNet (changes can be made via journal entry, if desired).
- ▶ At month-end (the Procard month ends on the 25th), the cardholder will receive a monthly summary of Procard activity. This statement should be printed, signed, and reconciled to the purchase documentation in the Procard envelope. **The completed envelope is given to his/her supervisor for review and approval.**
- ▶ Once reviewed and signed, Procard envelopes are returned to the cardholder. Procard envelopes are subject to audit by Audit & Advisory Services at anytime.

- ▶ The Controller's Office remits the balance due for the month's transactions in a single wire transfer to JPMC.

Responsibilities of supervisor or budget administrator

Although the cardholder has purchase authority on the assigned FOAPAL, the Supervisor or Budget Administrator (as appropriate) retains responsibility over the budgeted funds. In order to ensure proper oversight over University funds, Supervisors of Procard holders must:

1. *Review and approve purchase documentation*

Monthly the supervisor should:

- ▶ Review and sign the monthly Procard Reconciliation Sheet (on the outside of the Procard envelope) within one week of receipt from cardholder. Investigate any unexplained, unusual or significant reconciling items;
- ▶ Review and sign the monthly statement inside the Procard envelope. Ensure appropriate supporting documentation is included and that all charges are appropriate uses of University resources; and
- ▶ Ensure completed Procard envelopes are properly filed in the department and maintained on file for **four** complete fiscal years (or longer, if required by a federal grant or contract).

2. *Report termination of cardholders*

Upon the termination of a Procard-holding employee, the supervisor must:

- ▶ Immediately notify the Procard Administrator of the termination (the Administrator will cancel the Procard); and
- ▶ Secure Procard envelopes from terminated employee to ensure proper record retention.

Predetermined transaction limitations

In order to prevent misuse of the Procard, each card has transaction limits. These controls, which can vary by card, include (default limits shown):

- ▶ Single purchase limit (**\$500**). *Multiple charges or splitting a transaction to purchase a single item exceeding the purchase limit are not permitted;*
- ▶ Monthly credit limit (**\$2,000**);
- ▶ Limit on the number of transactions per day (**5**);
- ▶ Limit on the number of transactions per month (**20**); and
- ▶ Restricted merchant codes (see restricted transactions below).

Exceeding any of these limits will cause the transaction to be rejected. If a Procard's limits constrain its effectiveness for departmental use, the supervisor/budget administrator should contact the Procard Administrator to have them changed to a more appropriate level.

Restricted transactions

Upon issuance, most Procard accounts are set to reject certain unallowable charges (controls are set by *merchant type*). Restricted transactions are generally one of two types:

1. Transactions requiring specific authorization/documentation, such as hazardous materials or animals for research purposes
2. Transactions, absent proper documentation, which could be construed as personal charges, such as cash advances, gift cards, or travel.

In general, the Procard should **not** be used for the following purchases:

- ▶ Alcoholic beverages
- ▶ Animals and animal-related purchases
- ▶ Cash advances/travelers checks
- ▶ Catering services (where a signed contract is required)
- ▶ Domer Dollars
- ▶ Home office/Alternative work site expenses (unless approved in writing by departmental supervisor and Human Resources)
 - ▶ Furniture
 - ▶ Cell phone
 - ▶ Second phone line
 - ▶ Internet service provider–Broadband or DSL computer network connection
- ▶ Gasoline
- ▶ Gift certificates (except for nominal amounts to study participants)
- ▶ Personal items and services
- ▶ Prescription drugs and controlled substances
- ▶ Radioactive and hazardous materials/chemicals
- ▶ Telecommunications services, including cellular phones and related monthly charges
- ▶ Travel and entertainment, for example:
 - ▶ Airlines
 - ▶ Auto rentals
 - ▶ Hotels/Meeting rooms
 - ▶ Meals/Restaurants
 - ▶ Trains
 - ▶ Theaters, clubs
- ▶ Weapons and ammunition

Tip: If a cardholder has a charge declined, he/she should contact JPMC customer service at (800) 316-6056 (this number is also on the back of the card) and ask the reason for the decline. The cardholder should then contact the Procard Administrator for assistance in completing the charge.

Sales tax exemption

The University is exempt from sales tax in Indiana and many other states (including Illinois, Michigan, and Ohio). The University's Indiana sales tax-exemption number (0001809245 000 0) is imprinted on the Procard. The cardholder must provide this tax-exempt number to all vendors at the time of the transaction to ensure that no sales tax is charged. If sales tax is billed incorrectly to the cardholder's account, it is the responsibility of the cardholder to dispute the charge and obtain a credit for the sales tax paid.

The Tax Department publishes a complete list of states from which the University has obtained a sales tax exemption. The list, which includes the applicable tax-exempt number, may be obtained on-line at:

http://controller.nd.edu/forms/state_tax_exemption.pdf

If a vendor requires a tax exemption certificate, the cardholder can obtain one from the Tax Department. Please direct your questions or requests for forms to Becky Laskowski, Assistant Tax Director, at 631-7051, or blaskows@nd.edu. Please note the type of purchase and/or particular goods or services, and the vendor's complete mailing address and fax number.

Note: The University's tax exemption **does not** extend to personal purchases made by faculty and staff, even if the purchase will be reimbursed by the University (e.g., American Express Corporate Card purchases). Use of the University's tax exemption for personal purchases is strictly prohibited.

Disputing a transaction

The cardholder is responsible for all transactions charged to his/her Procard. Therefore, the cardholder must ensure receipt of goods and services and resolve any delivery problems, discrepancies or damaged goods with the vendor. Returns should be made directly to the vendor according to vendor requirements. The cardholder is responsible for ensuring that proper credit is posted for any returned items.

If the cardholder encounters erroneous charges, disputed items, unprocessed returns (credits), etc. on their Procard, it is the cardholder's responsibility to resolve the problem with the vendor. If the cardholder is unable to reach agreement with the vendor, they should contact the Procard Administrator at 631-4645 or procard@nd.edu and describe the nature of the problem, the date, and amount of the transaction. *Please note that vendors are not permitted to bill your Procard for purchases until the related items have been shipped.*

Procard audits

Audit and Advisory Services will conduct regular audits of Procard statements to ensure cardholders and their respective departments adhere to Procard Policies and Procedures. Exceptions noted during these audits will be communicated to the cardholder and his/her supervisor, and the Procard Administrator. These audits will assess adherence to University policies and will specifically examine whether:

- ▶ Procards are being used only by authorized cardholders for allowed University expenses;
- ▶ Documentation for all charges is appropriate and complete—especially documentation of business purpose;
- ▶ Charges are directed to appropriate general ledger FOAPALS;
- ▶ Account statements are being reconciled in a timely manner;
- ▶ Account statements are being reviewed and approved in a timely manner; and
- ▶ Sales tax is properly excluded on purchases.

Failure to adhere to Procard Policies may result in disciplinary measures including suspension or termination of Procard privileges, suspension or termination of employment, and/or legal action in accordance with the terms and conditions of the Cardholder Agreement Form.

New cardholders special audits

New Procard users are required to send their completed Procard envelopes to Audit and Advisory Services, 402 Grace Hall, for **the first four months of card use**. Following the four month trial, AAS will return to the envelopes to the cardholder. Completed envelopes should then be retained for four years, or longer if required by the grant/sponsoring agency.

*Remember that reconciliation envelopes must be completed monthly,
even after the initial four month trial ends.*

Canceling Procards

To cancel a Procard, the cardholder or supervisor should contact the Procard Administrator at 631-4645 or procard@nd.edu. If outside regular business hours, please phone JPMorganChase at **(800) 316-6056** (representatives are available 24 hours a day, 7 days a week).