

Fairfield University

Purchasing Card Policies & Procedures Manual

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Fairfield University Purchasing Card Policies & Procedures Manual

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PURCHASING CARD POLICY STATEMENT

The purpose of this policy is to provide Fairfield University employees guidance and direction regarding the proper use of the University Procurement card. Fairfield University Purchasing Cards (P-Card) are University-liability credit cards issued in the names of authorized, trained individuals to facilitate the quick and efficient purchase of eligible business related goods and services required to meet the everyday operations of the University. This card program is for OFFICIAL UNIVERSITY PURCHASES ONLY.

PROGRAM OVERVIEW

The Fairfield University Purchasing Card (P-Card) program is designed to provide an efficient means of making routine business purchases and payments by reducing paperwork, allowing for more control and responsibility at the department level, and streamlining the purchasing cycle. This manual outlines the benefits of the program, describes the responsibilities of cardholders and managers, and enumerates the program policies

Cardholders use the P-Card to make relatively low dollar purchases of routine, non-restricted goods and services required for the day to day business operations but all purchases are billed and settled centrally. The P-card program transfers purchasing authority directly to the cardholder. Rather than requiring a purchase requisition and purchase order, the P-card enables cardholders to quickly and conveniently purchase low dollar goods and services from selected merchants that accept MasterCard. To ensure proper account information, the cardholder, cardholder's manager, and program administrator need to routinely review transactions and make needed adjustments to accounting codes and descriptions using a web-based application.

PROGRAM BENEFITS

- To make purchasing of relatively low-cost items and repeat purchases quick, flexible, easy and cost effective.
- To reduce paperwork by not requiring Requisitions, Purchase Orders, requests for funds (Direct Pay) to pay for such low cost, repeat purchases.
- To enable Cardholders to efficiently manage and account for such purchases through one monthly reconciliation.
- To enable the University to consolidate payments for such high volume, low-cost purchases through a single monthly payment by the University.

PARTIES INVOLVED

- **Agency** – Fairfield University arranges with the card issuer, JPMorgan Chase, for the issuance of purchasing cards to designate employees and agrees to accept liability for the employees' use of the cards.
- **Cardholder** – an employee of Fairfield University who is approved by his/her department head to use the Purchasing card to execute purchase transactions on behalf of their department.
- **Card Issuer** – JPMorgan Chase's services were contracted for/by Fairfield University, to issue MasterCard cards to Fairfield University employees, to bill the University for all purchases made on the cards, and to collect payment from Fairfield University on behalf of the vendors.
- **Department Head** – Fairfield University official must approve employee's request for a Procurement Card, designate default Organizations for purchases on the Purchasing Card, and submit applications to the P-Card Administrator. Department Head approval delegates transaction authority to the Cardholder.
- **P-Card Administrator** – the central coordinator located in the Procurement Department who coordinates the Purchasing Card Program and acts as an intermediary in correspondence with the card issuer.
- **Vendor** – the merchant from whom a cardholder is making a purchase.

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PURCHASING CARD CONTROLS

Effective controls provide departments with reasonable assurance that institutional objectives have been achieved through sound financial management. Purchasing is available to assist departments with additional training, technical assistance and financial /operational reviews regarding the purchasing card program.

REASON FOR THE POLICY

Responsibility for financial control and stewardship of the purchasing card program rests with each department. The department is responsible for ensuring that each cardholder is performing their duties with competence and honesty, and for monitoring the effectiveness of the accountability structure. Through effective controls, a department can:

- Safeguard University assets.
- Prevent, detect, and correct errors and irregularities.
- Ensure reliability of financial information.
- Ensure compliance with purchasing card policies and procedures.
- Maintain appropriate records in a safe and secure location.

DEPARTMENT INTERNAL CONTROLS

Each department should establish internal controls sufficient to regulate the department's purchasing card activities. The responsibility for appropriate use of the card lies not only with the cardholder, but also with the approving department. The purpose of the controls is to prevent errors or fraudulent use of the card. The Department's internal controls should include:

- Approving purchasing card applications.
- Reviewing all charges billed to a cardholder's card to ensure that the charges are verified, appropriate and reconciled by the official approver of the group.

DEPARTMENT HEAD RESPONSIBILITIES:

- Designate approving officials and cardholders.
- Approve applications.
- Ensure that employees who will be issued a purchasing card or have been delegated responsibilities under the purchasing card program meet all program requirements and have duties commensurate with the established spending limits.
- Ensure that all employees abide by the purchasing card program policies and procedures.

APPLICANTS RESPONSIBILITIES

Criteria to receive a Purchasing Card are as follows:

Confirm eligibility.

- Applicant must be a full time employee of the University.
- Consultants and non-employee contractors are not eligible to apply for a P-Card.
- Applicant's request for a Purchasing Card must be approved by his/her Department Head.
- Employee must attend a training session before receiving their Purchasing Card.
- Each individual Cardholder must sign a Cardholder Agreement in the presence of the P-Card Program Administrator.

Understand cardholder responsibilities.

- Read and understand this policy in full.

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- Complete the required P-Card training. *Applicants must successfully complete training before a P-Card will be issued.*

Submit an application.

- Complete and sign a **Purchasing Card Application/Approval Form** (Attachment A).
- Obtain the signature of Department head on the form.
- Submit the completed application/approval form to the P-Card Program Administrator.

Receive the P-Card.

- Receipt of the card will take place immediately upon completion of training.
- The P-Card Program Administrator provides the P-card to the applicant only after the training has been completed.
- Sign **Cardholder Agreement Form** (Attachment B).
- Sign back of card in the presence of the P-Card Program Administrator.

CARDHOLDER RESPONSIBILITIES

The Cardholder must only use the Purchasing Card for legitimate business purposes. The Purchasing Card may **NOT** be used for Unauthorized Purchase Category list included in these Policies & Procedures document. Misuse of the card will subject the cardholder to disciplinary action outlined in these policies and procedures and/or in accordance with Fairfield University policies and procedures relating to disciplinary and termination for cause. The Cardholder must:

Safeguard the Purchasing Card.

- Maintain the Purchasing Card in a secure location at all times to protect against loss and theft.
- Carefully protect your Purchasing Card account number.
- Do not allow other individuals to use your Purchasing Card. This is strictly prohibited.
- Immediately report lost or stolen card to card provider.
- Immediately notify P-Card Administrator of a lost or stolen card at the first opportunity.
- Return the Purchasing Card to the program administrator upon terminating employment with the university or transferring Departments within the Organization.

Make allowed purchases only.

- Ensure The Purchasing Card is used for legitimate business purposes only.
- Purchasing Card limits are **NOT** tied to available budget funds. Cardholders are responsible for determining if funds are available for any transaction before it is made.
- Adhere to purchase limits and restrictions of the Purchasing Card and ensure total transaction amount of any single transaction does not exceed the limit assigned by the Department Head and Program Administrator.
- Splitting a purchase to circumvent card limits is an unauthorized use of the P-Card.
- Adhere to Merchant Categories established, and tied specifically to your card.
- If making a purchase in person, inform the merchant that the purchase is for Fairfield University and is not subject to sales tax. If requested, provide the Fairfield University taxpayer identification number that is embossed on your card.

Record keeping.

- Cardholder is responsible for obtaining proof-of-purchase documentation for all transactions.
- Documentation should include an original receipt and any supplemental documentation that supports the following:
 - Description of goods & services provided
 - Date of transaction
 - Merchant's name and address
 - Price(s) and quantity(ies)
 - University purpose of charge

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- Example of documents are:
 - Detailed cash or sales receipts
 - Confirming order forms with dollar amount
 - Service reports with dollar amount
 - Packing slips with dollar amounts
 - Subscription or dues forms
 - Conference registration forms
 - Online receipts are acceptable provided they reflect method and proof of payment.
- Missing or Lost receipts.
 - Completed **Purchasing Card Substitute Receipt Form** (Attachment C) with written explanation required which must be signed by the cardholder and cardholder's manager and submitted to P-Card Program Administrator as part of the monthly P-Card reconciliation package.
- The transaction details shall also be entered on the cardholders' **Purchasing Card Transaction Log** (Attachment D)

Reconciliation, Approval and Allocation of Billing.

Cardholder's individual charges will be posted to the JPMorgan SmartData system within 2-3 business days after card is billed. Each week, cardholders will reconcile merchant receipts to online reporting system (SmartData) and cardholder statement to ensure charges are legitimate. Cardholder will then enter the following information in the SmartData system for each of their transactions:

- Distribution information (organization and account codes).
- Provide brief description of purchase.
- Step by step instructions provided in **JPMorgan Chase SmartData User's Guide** (Attachment G).
- Complete reconciliation of all posted charges in the SmartData system by the end of each calendar month.

Upon completing SmartData reconciliation, Cardholder will:

- Attach required proof-of-purchase documents to a printout of the monthly Account Statement and Account Code Detail reports, hereafter referred to as the cardholder's Monthly Summary Report.
- Make a copy of all supporting documentation and signed Monthly Summary Report. Forward the originals to the P-Card Administrator by the 5th of the following month.
- Retain copies for a period of no less than two (2) years.

SUPERVISOR RESPONSIBILITIES

Although the cardholder has purchase authority, the supervisor retains responsibility to ensure proper oversight of department budgets and university funds. If the supervisor is also a cardholder, it will be the supervisor's responsibility to have their monthly incurred charges approved by their immediate supervisor or department head. Supervisor responsibilities include:

- Complete Purchasing Card training
- Review and approve monthly reconciliation documentation for each P-Card. This monthly review should include the following procedures:
 - Ensure the monthly account statement, Account Code Detail report, and all supporting receipt documents are included;
 - Review and reconcile Cardholder transactions in the SmartData system.
 - Ensure all documents are submitted to the Program Administrator by the 5th of the following month.
 - Ensure copies of all documents are maintained by the cardholder/ department for a minimum of two (2) years.
- Immediately notify P-Card Program Administrator of notice of termination.
- Obtain the P-Card and return to P-Card Program Administrator.
- Secure P-Card documentation from terminated employee to ensure proper record retention.

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P-CARD ADMINISTRATOR RESPONSIBILITIES

P-Card Administrator is assigned by the Purchasing Office to be responsible for the over-all Purchasing Card Program. Responsibilities include:

- University liaison with JPMorgan Chase.
- Manage Cardholder application process and submit to JPMorgan Chase.
- Collaborate with the Office of the Controller and Department head to establish cardholder spending limits.
- Develop, deliver, and ensure all cardholders & supervisors complete required training.
- Review cardholder documentation to monitor for completeness and compliance.
- Review appropriateness of Account codes and Organization assigned by Cardholder to each transaction.
- Forward all Cardholder documents to Accounts Payable for record retention.
- Ensure lost or stolen cards have been blocked/ cancelled by JPMorgan Chase.
- Handle disputes not able to be resolved by cardholder.
- Manage issuance, changes, and cancellation of cards
- Maintain updated comprehensive listing of cardholders, MCC lists, and restricted purchase categories.
- Monitor P-Card spend to identify additional savings and contract opportunities.

CARDHOLDER ELIGIBILITY

The criteria for obtaining a Purchasing Card are as follows:

- Applicant must be a full-time employee of Fairfield University.
- Applicant's request for a Purchasing Card must be approved by his/her Department Head.
- Employee must attend training before receiving a Purchasing Card.
- Cardholder must sign a Cardholder Agreement in the presence of the P-Card Administrator.

CARDHOLDER LIABILITY

The Purchasing Card is a corporate purchasing MasterCard, which will not affect the Cardholder's personal credit. However, it is the Cardholder's responsibility to ensure that the card is used within stated guidelines of the Purchasing Card Manual as well as Fairfield University Policies and Procedures relating to the expenditures of Fairfield University funds. Failure to comply with program guidelines may result in permanent revocation of the card, notification of the situation to management, and further disciplinary measures that may include termination.

CARDHOLDER PENALTIES

The P-Card Administrator is required to close an account if any of the following occurs:

- Cardholder moves to a new job which a Purchasing Card is not required.
- Cardholder terminates employment with Fairfield University.
- Any of the following reasons which will also subject Cardholder to disciplinary measures including suspension or termination of Purchasing Card privileges, suspension or termination of employment in accordance with Fairfield University Policies & Procedures relating to disciplinary action and termination for cause.
 - **Your card account will be cancelled if you receive three (3) warnings from the Program Administrator within a twelve (12) month period.** Each of the following situations constitutes a warning:
 - Failure to obtain a receipt.
 - Missing the deadline for submitting reconciled and approved statements to the Program Administrator.
 - **Your card account may be canceled immediately in the following situations:**
 - Using the card for personal or unauthorized purposes.

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- Using the card to purchase any material, or service which violates policy, law or regulation pertaining to Fairfield University.
- The Cardholder allows the card to be used by another individual.
- The Cardholder splits a purchase to circumvent their card spending limits and/or Fairfield Procurement Policies.
- Not reporting a lost or stolen card.
- Failing to respond to requests for information from the Program Administrators
- The Cardholder does not adhere to all of the Purchasing Card policies and procedures.

RESTRICTED TRANSACTIONS

In general, the P-Card may **NOT** be used for the following purchases:

- Alcoholic beverages
- Animals and animal related purchases
- Cash advances/ traveler checks
- Capital Purchases
- Adding funds to Stag Card
- Catering services (where a signed contract is required)
- Computers, printers, software, and peripherals (exceptions apply)
- Fuel
- Gift Certificates (except for nominal amounts within University's gift policy)
- Individually purchased cell phones
- Personal expenses, goods, and services
- Prescription drugs and controlled substances
- Printing (exceptions apply)
- Radioactive and hazardous materials/chemicals
- Sales Tax
- Services of sole proprietorship, individuals, or non-incorporated business (These are 1099 reportable)
- Telecom services, including cell phones and related monthly charges (Excluding University Sponsored Program)
- Weapons and ammunition
- No purchases requiring any contract, agreement or arrangements whereby the University is required to sign any type of contract or agreement (i.e. leases, independent contractors and consultants).
- Any purchases requiring competitive bid. Please refer to Purchasing Bidding Process Policy
- Any purchase categories blocked through the P-Card Merchant Category Codes (MCC) as determined by Purchasing

LOST, MISPLACED, DAMAGED, OR STOLEN PURCHASING CARDS

In the event of a lost, stolen, or misplaced card, the cardholder must immediately notify JPMorgan Chase toll-free at 1-800-316-6056 (24 hours a day, 365 days a year). The Cardholder must also immediately notify the Purchase Card Administrator at the first opportunity during normal business hours. A replacement card will be issued to the P-Card Administrator in 7-10 business days.

In the event of a damaged card (i.e. magnetic stripe), the Cardholder should contact the P-Card Administrator to request a replacement card with the same account number as the damaged card. The damaged cards must be returned to the P-Card Administrator upon receipt of replacement card. P-Card Program Administrator will destroy the damaged card.

SPENDING LIMITS

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The University has established a default single-purchase limit of \$1,000 per card and a default monthly limit of \$10,000 per card. Requests for single-purchase and/or monthly limit increases can be adjusted but will be determined by demonstrated need. Requests for spending limit increases will require completion of the **Purchasing Card Change/Cancellation Form** (Attachment E) signed by both the cardholder and cardholder's department head, and is subject to the final approval of the Procurement Office and the Controller's Office. P-Card Administrator may recommend spending limit increases or decreases based on cardholder spending patterns. Purchasing Cards will be cancelled if they have not been used within a 12 month period.

DECLINES

Should the Purchasing Card be declined by a merchant, the cardholder should immediately contact the P-Card Program Administrator for assistance. Transactions are typically declined for the following reasons:

- The cardholder's single-purchase or monthly spending limit has been exceeded.
- The Merchant Category Code (MCC) has been blocked to prevent misuse (unauthorized transaction categories).

In some cases, single-purchase and/or monthly spending limits can be increased to allow for previously declined charges in an emergency situation. This is at the discretion of the P-Card Program Administrator. If the purchase is being made outside normal business hours, the employee must find an alternate payment method or terminate the purchase and contact the Purchasing Card Administrator during normal business hours.

CREDITS/ REBATES

Vendors will issue all credits to the individual Purchasing Card account for any item they have agreed to accept for return. The credit will appear on a subsequent statement. Under no circumstances should a cardholder accept cash in lieu of a credit to the Purchasing Card account.

Rebates for University purchased supplies and services are the property of the University and must be deposited back to the appropriate University account.

UNRESOLVED DISPUTES AND BILLING ERRORS

The Cardholder is responsible for contacting the vendor to resolve any disputed charges or billing errors. If the matter cannot be resolved with the vendor, the Cardholder should:

- Contact JPMorgan Chase at 800-316-6056 directly for assistance.
- Contact the P-Card Program Administrator for assistance if an acceptable resolution is not reached.
- Ensure the appropriate credit for the reported disputed item or billing error appears on a subsequent Cardholder Statement.
- Under no circumstances should a cardholder accept cash in lieu of a credit to the Purchasing Card Account.

In the event of a Fraudulent charge made by someone other than the cardholder or from an unknown merchant, cardholder should immediately contact JPMorgan Chase at 800-316-6056 who will work with the cardholder to determine whether to block or cancel the card immediately. Cardholder should also immediately notify the Procurement Card Program Administrator. If necessary, JPMorgan Chase will close the Purchasing Card account, open a new account and issue a new card.

Note: The total amount billed by JPMorgan Chase will be charged to the individual department account and credits for disputed transactions will be posted to the department account when the credit appears on the JPMorgan Chase billing. Cardholders must notify JPMorgan Chase of disputes directly within sixty (60) days from statement date where the charge first appeared

SALES TAX EXEMPTIONS

As a non-profit educational institution, Fairfield University is a tax-exempt organization and should not pay sales tax. The cardholder is responsible for insuring that sales tax is not charged at the time of purchase. Fairfield's Connecticut tax exemption Permit # is **E 00780** and is embossed on the front of the Purchasing card. If sales tax was charged, the cardholder should immediately contact the

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vendor to have sales tax reversed. Some suppliers may request a copy of the tax exempt form. Cardholders may obtain a copy from the Procurement department.

SECURITY AND STORAGE

Purchasing Card – Cardholders should always treat the Purchasing Card with at least the same level of care as one does with their own credit cards. The card should be maintained in a secure location and the card account number should be carefully guarded. The only person entitled to use the card is the person whose name appears on the face of the card. The Purchasing Card **cannot** be used by another person for any reason.

Program Documentation – The Cardholder will maintain a copy of all proof-of-purchase documents, along with signed printouts of monthly Account Statements and Account Code Detail reports. All originals will be forwarded to the P-Card Administrator who will review and forward to Accounts Payable for final record retention. Documents to be maintained by the P-Card Administrator include, but not limited to card applications, cardholder agreements, agency billing statements, reconciliation of accounting statements, SmartData programs and documentation, and copies of transmittals and correspondence with JPMorgan Chase.

PURCHASING CARD SETUP, MAINTENANCE AND CLOSURE

All contact with JPMorgan Chase for card set-up, maintenance and closure (except for reporting lost or stolen cards) is handled by the P-Card Administrator who is located in the Procurement Department (254-2206).

- **Card Set-up**
 - Fairfield University full-time employee completes a Purchasing Card Application/Approval form (Attachment A) and submits to his/ her Department Head for completion and approval.
 - Department Head completes the application by indicating the Organization to be assigned to the card.
 - Department Head signature approval delegates transaction authority to the Cardholder.
 - Approved application is to be sent to the P-Card Administrator.
 - P-Card Administrator reviews application for completeness and submits application to JPMorgan Chase for processing.
 - Upon receipt of the card from JPMorgan Chase, the P-Card Administrator will conduct a training session with the Cardholder prior to issuing the card.
 - Cardholder signs Cardholder Agreement (Attachment B) signifying they fully understand and agree to the terms of the Purchasing Card program.
- **Card Maintenance**
 - Purchasing Card Administrator will use all available tools of JPMorgan Chase software for maintenance of cards.
- **Account Closure**
 - Lost or stolen cards – Cardholder must immediately report the lost/stolen card to JPMorgan Chase at 1-800-316-6056 (24 hours a day, 365 days a year). Cardholder must also notify the P-Card Administrator who will follow-up with JPMorgan Chase if replacement Purchasing card is not received.
 - Terminated Employees – The Cardholder’s supervisor or Department Head will immediately notify the P-Card Administrator of the termination. A request for closing the Cardholder account will be submitted to JPMorgan Chase by the P-Card Administrator within 2 business days of receiving the notification. All Purchasing Cards are to be returned to the P-Card Administrator for proper disposal.
 - Other Card Revokes/Closures – P-Card Administrator will notify JPMorgan Chase immediately of all revokes and closures/
 - Purchasing Cards will be reviewed in July of each year. Any card with no activity for the previous 12 month period will be cancelled and the Cardholder will be notified.

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COMPLIANCE REVIEWS/ AUDITS

The P-Card Administrator will review each Cardholder's documentation to monitor for completeness and compliance as part of the monthly billing reconciliation. In addition, The P-Card Administrator will conduct regular in-person audits to spot check and ensure goods and services have been received and that Cardholders and their respective departments adhere to the University's Purchasing Card policies and procedures. Exceptions noted during these audits will be communicated to the cardholder; the cardholder's supervisor; and the Controller's office. The P-Card Administrator will conduct a minimum of 20 audits, or 30% of the cardholder population, whichever is greater, each fiscal year. These audits will examine whether:

- Purchasing Cards are used only by authorized cardholders for allowed University purchases, and are not used for unauthorized expenses;
 - P-Cards are not used for splitting a transaction to purchase items exceeding designated purchase limits;
 - Documentation for all charges is appropriate and complete;
 - Charges are directed to the appropriate organizations and account codes;
 - Account Statements are reconciled in a timely manner;
 - Account statements are approved in a timely manner
 - Documentation is appropriately retained.

Failure to adhere to University Policies and procedures may result in disciplinary measures including suspension or termination of the P-Card privileges, suspension or termination of employment.

If you have any questions regarding the program, or the appropriate use of the purchasing card, please contact Darlene Dunn, the University P-Card Administrator at:

Office of Purchasing

Phone # 203-254-4000 ext. 2206

Fax # 203-254-4240

E-Mail Address: ddunn@fairfield.edu

Related Documents:

Attachment A: [Purchasing Card Application/Approval Form](#)

Attachment B: [Cardholder Agreement](#)

Attachment C: [Purchasing Card Substitute Receipt Form](#)

Attachment D: [Purchasing Card Transaction Log](#)

Attachment E: [Purchasing Card Change/ Cancellation Form](#)

Attachment F: [JPMorgan Chase SmartData Users Guide](#)

