Case Western Reserve University Procurement Card Policy

June 13th, 2016

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1. General Principles

A Procurement Card is a charge card for individuals to purchase directly small-dollar goods and services on behalf of the university. It is designed to complement the university's purchasing and payables processes. Procurement Cards provide a cost-effective and convenient method for business-related purchases and they enable prompt payment to suppliers.

The university utilizes two types of Procurement Cards: Individual Procurement Cards (aka PCards) and Departmental Procurement Cards (aka DCards). Individual PCards are issued to a specific person, while Departmental PCards are issued to a department and assigned to a custodian. The policies are the same for both types of Procurement Cards unless specifically noted.

Because Procurement Cards are charge cards, they are accepted universally. Like all bankcards, the cards can be swiped at the supplier's site or used to place orders over the telephone by giving the account number to the supplier. Procurement Cards also may be used for mail orders and over the Internet.

PCards and DCards are issued to the university and assigned to an individual or department. The university is liable to the financial institution issuing the PCards and DCards for payment of all monthly transactions. Given this arrangement, the Procurement Card user's personal credit history or that of the DCard custodian is neither taken into consideration at the time the card is assigned nor affected by the credit limits or activity of the account.

2. Policy

Procurement Cards must be used only for official university business purposes and in full compliance with other university policies. Every effort must be made to ensure that funds are used responsibly and in a manner consistent with the university's mission, applicable laws and ethical practices.

The appropriate department authority (Dean, Vice-President, Management Center Finance Leader, or Department Chair/Head) will designate cardholders in consultation with the PCard Program Administrator. Please reference Exhibit A for procedures regarding obtaining a card. Cardholders are responsible for the following:

Cardholders must know and comply with all university policies and procedures including the Procurement Card policy, the Travel policy, Catering Policy, Code of Conduct and General Purchasing Policy. Cardholders must know and comply with all University policies and procedures, including those regarding Procurement *(http://www.case.edu/bizpolicies/procure/procurement2014-04-30.pdf),* Travel *(http://www.case.edu/bizpolicies/travel/travel.pdf),* Catering *http://www.case.edu/bizpolicies/catering/cater.pdf),* Human Resources *(https://www.case.edu/finadmin/humres/policies/toc.html).*

3. Documentation

As required by IRS regulations and OMB circulars, all purchases must be properly documented. Transactions must be supported by original itemized receipts. Internet purchases require a copy of the order confirmation itemizing all costs. If the required documentation is not available, an explanation must be documented, signed by the Dean or VP of that area and filed with the monthly statement reconciliation. This form must be on file with the cardholder's statements and receipts at the initiation of review. All transactions must include an explanation that supports the business purpose in terms that would be clear to an external reviewer. Documentation must be maintained in compliance with the university's record retention policy. *http://www.case.edu/finadmin/controller/pdf/Record_Retention.pdf*.

4. Reconciliation and Approval

On a monthly basis, the cardholder or another verifier (such as a department administrator or administrative assistant) must reconcile card transactions. If there is an error on the account, the cardholder must contact the supplier to resolve the error or complete a "charge dispute form" (Exhibit C). After charges are verified, they must be routed to the approver. The person designated as the approver must:

- have authority over the account charged;
- not report directly or indirectly to the cardholder, and
- not be the beneficiary of the transaction.

Approvers must know and enforce the policies and procedures of the University and must report violations to the Procurement Card Administrator in Procurement Services (*CasePCard@case.edu*) within thirty (30) days of the purchase in question. The approver must sign the reconciliation after reviewing (reference Outside Reviews below).

5. Security

Cardholders are responsible for securing Procurement Cards in the same manner that cash and checks are handled. Cardholders may not share or lend their Procurement Card to others and must keep the Procurement Card number confidential. If the card is lost, stolen or used by a person other than the authorized cardholder, immediately report such action by calling JP Morgan Chase at 1-800-316-6056, extension 7640.

6. Dollar limits

During the Procurement Card application process, the Procurement Card will be assigned a monthly credit limit and a single purchase amount limit, both of which are authorized by the Finance Director in the school or area and Procurement Department. Cardholders may not split a purchase into more than one transaction to circumvent these dollar thresholds.

7. Cardholder Employment Status

Cardholders must be university employees. Temporary employees will not be issued Procurement Cards. Procurement Cards issued to employees of University Hospitals, Veterans Administration

Hospital, Metro Health Medical Center, and Cleveland Clinic as of 8/1/07 will remain active until either termination of employment or reassignment of duties in relationship to the university. New Procurement Cards will not be issued to any non-employee after 8/1/07. The university will cancel Procurement Cards for individuals separated from the university immediately; cardholders are encouraged to notify Procurement Services when they are no longer employed by the University.

8. Sales Tax

Purchases made on Procurement Cards should not incur sales tax in most states. Cardholders are responsible for informing the supplier that the University is exempt from sales and use tax or contacting the supplier to have the tax reversed after a purchase. Vendors or suppliers who have not previously done business with the University may ask for a copy of the University's sales and use tax exemption form. Procurement Services maintains these exemptions for a number of states, and can provide copies of the forms upon request. The sales tax exemption is never to be used for purchases unrelated to university business, as such misuse may result in revocation of the University's tax-exempt status.

9. Unallowable Charges

Certain transactions are prohibited on Procurement Cards because the goods or services require additional review for tax, insurance or other regulatory issues. Reference Exhibit B for more information. Procurement Cards are never to be used for purchases unrelated to university business. Purchasing prohibited goods or services with the Procurement Card may result in suspension or revocation of the Procurement Card, or may result in disciplinary action or appropriate sanctions up to and including termination and/or criminal prosecution.

10. Outside Reviews

All university transactions, including those made on Procurement Cards, are subject to review by the Management Center, the Procurement Department, and internal and external auditors for compliance with sound business practices, institutional policies and procedures, and applicable laws and regulations. Periodic audits of Cardholder's transactions and supporting documentation will occur. Individuals found in violation of University policies for the Procurement Cards may be subject to sanctions appropriate for their status at the university (i.e. faculty, staff or student).

11. THE PCARD AUDIT PROCESS

1. ***Notification:*** The PCard Auditor will contact the cardholder with an email notification prior to performing the audit. Then, the PCard Auditor will set up the date/time for the on-site meeting with the individual via phone or email or if the cardholder has uploaded the receipts to PaymentNet4 the auditor will advise that the audit will be conducted during that month.

2. ***Audit Meeting:*** The PCard Auditor will then visit the cardholder's office/department and review the information necessary in order to perform the audit or conduct the review from the Auditor's office if the receipts have been uploaded to PaymentNet4.

While performing an audit on an individual cardholder, the PCard Auditor will:

- Discuss all questions or concerns of the cardholder pertaining to the PCard and the actual audit
- Review all receipts/invoices/backup for each transaction
- Ask questions about each PCard transaction to assure relevance to the cardholder's position

3. ***Final PCard Audit Report Distribution:*** After the on-site or on-line PCard audit, the Auditor will determine if the individual cardholder is in compliance with all policies and procedures noted in the PCard Policies and Procedures Manual.

The Auditor will determine if the cardholder passed or failed the audit. The most common reasons for failing an audit are:

- Missing receipts or missing receipts that are not itemized/detailed
- Policy violations such as personal purchases, questionable charges, and splitting transactions
- Non-allowable purchases of items defined in *Exhibit B* of the PCard Policies and Procedures Manual labeled *"Prohibited Charges"*

When determining corrective action, the Auditor will consider:

- Percentage of errors
- Significance of errors
- Root cause of errors

The individual cardholder and the department/supervisors will be notified in writing of the outcome of the audit. The audit score is based on the percentage of transactions with compliant receipts. The audit scoring scale is as follows:

- *Green*--95% and above is passed and no additional action is needed.

- *Yellow*--85%-94.99% is considered to be a failed audit and subject to a re-audit in six months.
- *Red*-- 85% and below is a failed audit and is immediately subject to a re-audit in six months. The individual also is in jeopardy of having his/her P-Card or D-Card revoked if he/she does no improve on his/her next P-Card or D-Card audit.

4. ***Re-Audits:*** Follow up Re-Audits will be scheduled for all individual cardholders who fail the initial audit and receive a score of *94.99% and below*. The purpose of the Re-Audit is to ensure that the PCard usage is in compliance with PCard administrative procedures and that the recommendations given in the initial audit are being put into practice.

The following consequences will occur if the individual cardholder scores **lower than 95%** on his/her PCard Audit Follow Up Summary Report:

- **First Violation (failed initial audit)-** 1)Will trigger a more comprehensive audit. 2)Will be automatically added to the list of next scheduled Re-Audits
- **Second Violation (failed Re-Audit)-** 1)Depending on the magnitude and frequency of the violation(s)—any one or combination of the following:
    a. Letter of reprimand to cardholder's and/or reviewer's personnel file.
    b. Temporary suspension of the PCard (minimum of 30 days) until cardholder and/or reviewer attends required PCard training.
    c. Permanent suspension of the PCard.

All violations of the internal control and audit procedures will result in disciplinary action or appropriate sanctions, including, but not limited to the consequences listed above.

Exhibit A – Obtaining a card

After the appropriate authority has designated an employee as a cardholder, all cardholders must:

- Complete a PCard and/or DCard Cardholder Account Form
- Complete the corresponding Cardholder Agreement
- Retain a copy of the completed agreement(s) and account form
- Submit all original forms to assigned Card Departmental Administrator and Management Center for all approvals
- Forward original forms, with signatures, to the Card Program Administrator
- Arrange and complete orientation training. Neither **your PCard nor DCard will be activated until training is completed.**

New PCards will be mailed from the bank directly to the cardholder's University address. It is the responsibility of the cardholder to activate the card prior to use. Cardholders will be asked by JPMorgan Chase for their 7-digit employee id (EMPL ID) which is listed in your profile in HCM. The EMPL ID is NOT your social security number.

New DCards will be mailed from the bank directly to the Card Program Administrator in Cedar Avenue Service Center (CASC). The DCard Departmental custodian MUST pick up the card in person at CASC to sign for acceptance of the DCard and to receive a personal identification number (PIN) to activate the DCard.

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PROCUREMENT & DISTRIBUTION SERVICES

Exhibit B – Prohibited Charges

Animals	This type of purchase is not available for Card use. Purchased live animals must be tracked. The Animal Resource Center is the only location on campus that may purchase animals.
CWRU-Related Purchases	Do not use your Card when purchasing items from CWRU where a check would be written directly to "Case Western Reserve University", entered as a journal transaction to a CWRU account, or processed by disbursement directly to CWRU. This includes software purchases from the software center.
Capital Equipment	This type of purchase is not available for Card use. These purchases must be facilitated through a requisition as they must be tracked via Asset Management. Subsequent additions or replacement parts are allowable as long as a tag number is assigned to the item purchased.
Cash advances	This type of purchase is not available for Card use.
Catering services above $500.	This type of purchase is not available for Card use. Use of CWRU preferred caterers is mandatory on purchases over $ 500. See Catering Policy. http://www.case.edu/finadmin/security/auxiliary/cater.htm. DCards may be used for food and related supplies under $500 in the support of on-campus departmental event or functions only.
Cell Phone and Pager Purchase and Service	This type of purchase is not available for Card use.
Chemicals, Regulated/research	This type of purchase is not available for Card use. Chemicals must be tracked by our Safety Services Department.
Computers/ Electronics	Items such as computers, printers, tablet computers, and eReaders should not be purchased on the PCard.
Equipment/Service Leases	This type of acquisition applies to all equipment/services. Prior to approval, an agreement must be reviewed by our Purchasing Department.
Controlled substances, Narcotics	This type of purchase is not available for Card use. Original, approved documentation is required with each purchase, and must be made on a PeopleSoft requisition/PO.
Copier supplies	This type of purchase is not available for Card use.
Donations	This type of purchase is not available for Card use, including internal CWRU donations and prizes donated for CWRU fundraising events.
Fisher Scientific	This activity is not available for Card use. Orders may be completed on-line.
Food	This activity is not available for individual PCard use. Food purchased for departmental events may be purchased on the DCard, as authorized. Food purchased during Travel events must be purchased on either the T&E Card or a personal credit card and submitted for reimbursement. The D-Card may also be used at on-campus restaurants (between the two red line rapid stations at Cedar Avenue and East 118th Street) such as L'Albatros, Mi Pueblo, and The Jolly Scholar as long as the meal meets the requirements of the Meal and Entertainment Policy.
Furniture	This type of purchase is not available for Card use. Requisitions must be reviewed by the Purchasing Department prior to purchase.

Gas Cylinders	This type of purchase is not available for Card use. Gas cylinders must be tracked by location and type of product.
Gasoline	This type of purchase is not available for Card use.
Gifts	Small gifts may be purchased on the PCard, but must be in compliance with the Employee Recognition policy and may not exceed $75 total.
Gift Cards/Gift Certificates	Gift certificates are generally classified as taxable income by the IRS and may not be purchased with a Card.
Hazardous materials	This type of purchase is not available for Card use. Tracking is required.
Independent contractors/consultants	This type of purchase is not available for card use. Independent Contractor Agreements must be approved by Purchasing and follow the Independent Contractor Program. See http://www.cwru.edu/finadmin/matsupp/procurement/indcont.html.
Internet (Home)	This activity is not available for Card use.
Bulk Office Supplies	This type of purchase is not available for Card use. Examples would include: binder clips, copy paper, folders, paper clips, standard pens and pencils, staples, etc.
Personal purchases	This activity is not available for Card use. Procurement cards must be used only for official University business purposes.
Prescription Drugs	This type of purchase is not available for Card use. Original, approved documentation is required with each purchase, and must be made on a PeopleSoft requisition/PO.
Radioactive materials	This activity is not available for Card use. Radioactive materials must be tracked and approved for delivery to campus locations by our Safety Services Department prior to purchase.
SmartCART vendor purchases	Any vendors enabled on SmartCART should not have PCard Activity. Please use SmartCART and a PeopleSoft Requisition to complete this type of purchase.
Store Memberships	This activity is not available for card use. This would include Amazon Prime, BJ's Wholesale and Sam's Club.
Subcontracts, sponsored projects	This activity is not available for Card use. Prior to approval, a contract must be reviewed and approved by our Purchasing Department.
Supplies, equipment, rentals or services requiring a signed contract	Selected types of purchases in this category are available for Card use. Any contract requiring a signature must be reviewed by Purchasing. Only officers of CASE and their designees may sign contracts/agreements.
Temporary employment services	This activity is not available for Card use. The University has an on-site temporary employment service, which is managed by our Human Resources Department.
Travel	Conference registration fees may be charged to a PCard or a DCard. Other expenses incurred for travel must be charged to a T&E Card. Travel expenses are prohibited from being charged to a PCard or a D Card unless required by extraordinary circumstances and authorized in writing by the Senior Vice President of Finance/CFO. Examples include highly unusual travel requirement, the nuances of a group travel event or within some student related areas where student activity fees are being directly utilized.

Exhibit C- Dispute Form

CARDHOLDER NAME and RETURN ADDRESS:

____

____

____

____

CARDHOLDER PHONE NUMBER: __________________

CARDHOLDER FAX NUMBER:______________________

CARDHOLDER ACCOUNT NUMBER: _______________

MERCHANT NAME: _______________________________

AMOUNT: ____

TRANSACTION DATE: _____________________________

TRANSACTION REFERENCE #: ___________________

To assist our investigation, please indicate below the reason for your dispute. If you have any questions, please call our Dispute Representatives at 1-888-297-0768.

☐ I did not make nor authorize the above transaction. (Please indicate the whereabouts of your Commercial Card.)

____

☐ There is a difference in the amount I authorized and the amount I was billed. (A copy of your charge must be enclosed.)

☐ I only transacted one charge, and I was previously billed for this sales draft. Date of previous charge: ____

☐ The above transaction is mine, but I am disputing the transaction. (Please state your reasons why in detail.)

____

☐ Please send me a copy of the sales draft. (Your account will be charged $5.00 for each copy supplied.)

☐ I have received a credit voucher for the above transaction, but it has not yet appeared on my account. (A copy of the credit voucher must be enclosed.)

☐ My account has been charged for the above transaction, but I have not received this merchandise. The date of expected delivery was:______________The details of my attempt to resolve the dispute with the merchant and the merchant's response are indicated below.

____

☐ My account has been charged for the above transaction, but the merchandise has since been returned. The details of my attempt to resolve the dispute with the merchant and the merchant's response are indicated below. (Please enclose a copy of your postal receipt.)

____

☐ Other (Please explain):

____

Cardholder Signature: __________________________________ **Date**_____

☐ Check here if signing on behalf of cardholder

Send completed form to:	Or Fax to:	(847) 497-8298
JP Morgan Chase-Disputes		(847) 622-2495
P.O. Box 2015-Department B3		(847) 931-8861
Elgin, IL 60121		