Title: Procurement Card Policy

Responsible Official: Chief Procurement Officer

Responsible University Office: Procurement and Distribution Services

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Review Period: 5 Years

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Relates to: Faculty, Staff

1. Definitions

- **Procurement Card-**a charge card for individuals to purchase small-dollar goods and services directly on behalf of CWRU. Types of procurement cards:
    - o **PCard**- A Procurement Card used for small- dollar goods and services, issued to an individual (please see exhibit B for exclusions)
    - o **DCard**- A Procurement Card used for food and beverage needs (under $500) in service of a department, issued to a department custodian (please see exhibit B for exclusions)
    - o **WEX Fuel Card**- The fuel card assigned to a CWRU fleet vehicle (excludes shuttle buses). This is the only approved payment method for fleet vehicles.
    - o **Enterprise Maintenance Card**- The maintenance card assigned to a CWRU fleet vehicle (excludes shuttle buses). This is the only approved payment method for fleet vehicles.
- **CWRU**-Case Western Reserve University
- **Management Center**- Department with approval authority over Cardholder's budget. The appropriate department authority (Dean, Vice-President, Management Center Finance Leader, or Department Chair/Head) will designate Cardholders in consultation with the Program Administrator.
- **Program Administrator**- a member of the Procurement Department that oversees all aspects of the PCard program; develops and implements financial policies and procedures related to procurement operations.
- **PCard Auditor-** a member of the Procurement Department that monitors compliance with university policies and procedures in relation to the PCard program.
- **CWRU Fleet Manager**-The manager of the CWRU maintenance card program.   For information or questions, please email customercareteam-pds@case.edu
- **Cardholder -** See section 5 below
- **Approver** - See Section 5 below
- **Reconciler** - See Section 5 below.

2. General Principles

- The procurement card program is designed for CWRU business-related purchases that are low dollar and low complexity.
- The preferred method of procurement transaction is a purchase order.
- CWRU is liable to the financial institution issuing the cards for payment of all monthly transactions. The cardholder's personal credit history is neither taken into consideration at the time the card is assigned nor affected by the credit limits or activity of the account.

3. <u>PCard/DCard Use</u>
   - Procurement Cards must be used <u>only</u> for official CWRU business purposes and in full compliance with other CWRU policies and must be used responsibly and in a manner consistent with CWRU's mission, applicable laws, and ethical practices.
   - Items are to be shipped to campus only. If an item is to be shipped off campus, a letter of approval (including items, shipping address, and business purpose) must be included in documentation, signed by department chair/department head.
   - For exception requests, please email casepcard@case.edu.
   - Amazon purchases are only authorized through the CWRU central Amazon Business Prime account. For information about joining the consolidated Amazon Business Prime Account, please email casepcard@case.edu.
   - When human care outcomes or scientific testing needs to be verified, online marketplaces like Amazon, eBay, Walmart Marketplace, etc. are not acceptable vendors. Examples include purchasing Covid test kits, laboratory equipment and supplies and items used to run experiments. Please refer to our Marketplace training at case.edu/procurement
   - Refer to <u>Exhibit A</u> for procedures for obtaining a Procurement Card.
   - Refer to <u>Exhibit B</u> for exclusions.

4. <u>Maintenance Card Use</u>
   - CWRU Fleet vehicles (non-buses) will be assigned a maintenance card. Whenever the vehicle is receiving maintenance or repairs of any kind, the maintenance card assigned to the vehicle should be used to pay for those services.
   - Please contact the CWRU fleet manager for maintenance and repair vendors that accept the card. These cards will be shared with any drivers of those vehicles but will require a unique driver assigned PIN for the transaction to be processed.
   - These cards are not subject to the monthly reconciliation and audit duties outlined below.

5. <u>Fuel Card Use</u>
   - CWRU Fleet vehicles (non-buses) will be assigned a fuel card. Whenever the vehicle needs fuel, the fuel card assigned to the vehicle should be used. When making these purchases, the driver will provide the vehicle, driver, and current odometer reading to the fueling station. Failure to do so could have driving privileges suspended.
   - Please contact the CWRU fleet manager for vendors that accept the card. These cards will be shared with any drivers of those vehicles but will require a unique driver assigned PIN for the transaction to be processed.
   - These cards are not subject to the monthly reconciliation and audit duties outlined below.

6. <u>Roles and Responsibilities</u>

   <u>Cardholder</u>
   - Authorized person who makes frequent, low-dollar purchases for CWRU business and is issued a Procurement Card.
   - Cardholders have the following responsibilities:
     - Pay vendors at the time of the transaction

- Regularly review their transactions
- Allocates transactions to the correct accounting codes on the third-party bank website
- Provide a business purpose for all transactions
- Upload receipts for review and audit purposes (refer to Section 5 for how to properly document your transactions)
- Transactions must be reconciled at the end of every billing cycle. Best practice is to reconcile transactions within 7 days of purchase.
- Know and comply with all CWRU policies found at https://case.edu/compliance/university-policies.
- Keep their card information secure and do not share it with other employees or allow vendors to store on file.
- If the card is lost, stolen, or used by a person other than the authorized cardholder, such action must immediately be reported to the issuing bank, which at this time is Bank of America (1-888-449-2273). After reporting to the issuing bank, notify the Program Administrator at casepcard@case.edu.

Reconciler

- A Reconciler is a person to whom the Cardholder has delegated all the functions associated with post-purchase processing in third party bank website including account allocation and reconciliation.
- The Reconciler cannot make purchases using the card belonging to the Cardholder for whom they reconcile.
- The Cardholder is responsible for all actions taken by the Reconciler on the Cardholder's behalf.

Approver

- An Approver is the person who approves purchases that have been made by the Cardholder(s) to which they are assigned.
- By approving each transaction, the Approver exercises critical control by ensuring authorized and appropriate PCard use and correct allocation of expenses.
- The Approver must have sufficient knowledge and understanding of the Cardholder's PCard activity to competently perform the approval process.
- Approvers should review receipts and other backup to ensure compliance with this and other CWRU policies.
- The Approver signs the statement of the cardholder, monthly, verifying the reconciliation process has taken place.
- If the Approver identifies activity not in compliance with CWRU policies or business purposes, they must notify the Program Administrator at casepcard@case.edu for support and review/investigation if necessary.
- **No Cardholder may approve their own purchases/transactions, nor may they direct someone else to approve transactions in a manner that would violate policy, i.e., without reviewing the transactions in detail, etc.**
- **An Approver should not report to the Cardholder whose transactions they are reviewing.**

Driver

- Complete Driver training
- Make sure to use the card at approved vendors
- Properly document odometer/vehicle/driver information for transactions at fueling station
- Do not share cards between vehicles
- Do not share PINs between drivers
- Ensure cards remain with vehicles after purchases
- Fleet management company will send Procurement receipts/invoices—no need for driver to do so

7. How To Document Your Transactions

- All purchases must be properly documented.
    - Transactions must be supported by original itemized receipts. All receipts must be uploaded to the online portal.
    - 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 CWRU's record retention policy.
      https://case.edu/its/archives/Records/purcha.htm

8. Disciplinary Actions

- 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 must never be used for purchases unrelated to CWRU business.
- Purchasing prohibited goods or services with the Procurement Card may result in temporary suspension or permanent revocation of the Procurement Card, disciplinary action, appropriate sanctions up to and including termination and/or criminal prosecution.

9. Security

- Cardholders are responsible for securing Procurement Cards in the same manner as cash and checks are handled.
- Cardholders may not share or lend their Procurement Card to others and must keep the Procurement Card number confidential.
- Cardholders may not allow vendors to store their card information for automatic or recurring payments.
- If the card is lost, stolen, or used by a person other than the authorized cardholder, such action must immediately be reported to the issuing bank, which at this time is Bank of America (1-888-449-2273) and the Program Administrator (casepcard@case.edu).

10. Dollar limits

- During the Procurement Card application process, the cardholder 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 the Procurement Department.
- For information about possibly raising spending limits, please email casepcard@case.edu.
- **Cardholders may not split a purchase into more than one transaction to circumvent the dollar threshold.**

11. Cardholder Employment Status
- Cardholders must be CWRU employees.
- Temporary employees will not be issued Procurement Cards.
- Procurement Cards issued to employees of CWRU affiliate institutions will remain active until either termination of employment or reassignment of duties in relation to CWRU.
- New Procurement Cards will not be issued to any non-CWRU employee.
- CWRU will cancel Procurement Cards immediately for individuals separated from CWRU; Cardholders are encouraged to notify the Program Administrator (casepcard@case.edu) when they are no longer employed by CWRU. Upon termination of employment, a final audit will be conducted. Results of the audit will be forwarded to the former employee's department. Abnormalities may be forwarded to the CWRU Office of Audit Services for further review.

12. Sales Tax
- Purchases made on Procurement Cards **should not** incur sales tax in most states.
- Cardholders are responsible for informing the supplier that CWRU is exempt from sales and use tax, ideally before the purchase is made, or if necessary, by asking the supplier to reverse the tax after the purchase is made. **Note:** CWRU's tax exempt ID number is published on the Purchase Card.
- Vendors or suppliers who have not previously done business with CWRU may ask for a copy of CWRU's sales and use tax exemption certificate. This may be obtained by contacting the CWRU Procurement & Distribution Customer Care Team at customercareteam-pds@case.edu.
- Misuse of CWRU's tax exemption may result in temporary suspension or permanent revocation of the Procurement Card, disciplinary action, and appropriate sanctions up to and including termination and/or criminal prosecution.

13. Outside Reviews
- All CWRU transactions, including on Procurement Cards, are subject to review by the Management Center, the Procurement Department, and internal and external auditors for compliance with 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 Procurement Cards may be subject to temporary suspension or permanent revocation of the Procurement Card, disciplinary action, and appropriate sanctions up to and including termination and/or criminal prosecution.

Exhibit A – Obtaining a card

PCard/DCard

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

- Complete PCard and/or DCard Application. Forms are at
  https://case.edu/procurement/purchasing/procurement-card-suite

- Arrange and complete orientation training. **Your card application won't be processed until training is completed with a passing score (above 90%).**
    - **Canvas Link:** https://canvas.case.edu/courses/17201
    - **Procurement Webpage:**
      https://case.edu/procurement/purchasing/procurement-card-suite

- New PCards will be mailed from the bank directly to Procurement and be available for pickup at the Cashier's Office. The PCard Administrator will notify the cardholder when the card is ready for pickup. Cards not picked up and activated from the Cashier's Office within 30 days are subject to having the card deactivated and the cardholder having to reapply for a new card.

Fuel Card/Maintenance Card

- Arrange and complete orientation training. **Your card application won't be processed until training is completed with a passing score (above 90%).**
    - **Canvas Link:** https://canvas.case.edu/courses
    - **Procurement Webpage:**
      https://case.edu/procurement/purchasing/procurement-card-suite

- Complete Fuel Card/Maintenance Card Application. Forms are at
  https://case.edu/procurement/purchasing/procurement-card-suite

To obtain a replacement card, contact the CWRU Fleet Manager at (CCT). All cards are in the vehicle information packet, located in the vehicle glove box.

Exhibit B – Prohibited Charges

Please check the Procurement Payment Matrix for the most up-to-date list of prohibited uses of Procurement Cards.

This will be updated from time to time and located here: www.case.edu/procurement/purchasing/how-buy

Exhibit C–The PCard/DCard Audit Program

- **Overview**
  - The PCard auditor monitors compliance with university policies and procedures in relation to the PCard program.
  - The auditor adheres to a continuous audit approach, spot checking transactions while also conducting random audits. This allows for frequent, timely analysis to manage and address risks as well as provide ongoing cardholder training.
  - The goal is to improve the quality and coverage of audit procedures while increasing efficiency and supporting program compliance.
- **During the audit, the auditor will review the following:**
  - Verification of reconciliation of the statements by the cardholder, signed by both the cardholder and approver.
  - Review of required documentation for completeness and accuracy. For required documentation refer to section 5.
- **Audit Results**
  - Cardholders and the department/supervisor will be notified in writing of the outcome of the audit.
  - Audit scores are based on the percentage of transactions with compliant receipts.
    - Green– 95% and above is passed and no additional action is needed.
    - Yellow– 85%-94.99% is 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 their PCard or DCard revoked if they do not improve on their next PCard or DCard audit.
  - Major infractions may result in an automatic failure and potential further disciplinary action. Major infractions include the following:
    - Personal Purchases
    - Split Transactions
    - Restricted Expenditures
- **Corrective Action**
  - First Violation (failed initial audit): Cardholder will receive re-audit in 6 months.
  - Second Violation (failed re-audit)**:** Depending on the magnitude and frequency of the violation(s)—any one or combination of the following:
    - Letter of reprimand to cardholder's and/or approver's personnel file
    - Decrease in PCard limit
    - Temporary suspension of the PCard (minimum of 30 days)
    - Cardholder and/or Approver attend required PCard training
    - Permanent suspension/revocation 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 D - Activity Responsibility Matrix

Activity	Cardholder	Reconciler	Approver	Budget Director	Driver	Procurement
Initiate card application and complete training	X				X	
Approve card Application			X	X		
Verify training and process card application						X
Responsible for physical security of card	X					
Notify Card Program Administrator of any Cardholder termination	X		X	X		
Allocate all transactions within the billing cycle (best practice is within 7 days of posting) and upload receipts in Works	X	X				
Report fraudulent charges immediately to Issuing Bank to initiate a fraud claim and complete and return time sensitive required documents to Issuing Bank	X					
Submit Statements and backup to approver monthly for review	X	X				
Responsible for reviewing the business purpose, policy compliance, and documentation of each transaction			X			
Responsible for reporting any activity not in compliance with CWRU policies or business purposes to the Program Administrator at casepcard@case.edu			X			
Perform daily oversight of program and weekly review of card activity						X
Audit card activity and submit results and recommendations to stakeholders						X
Review and notify the responsible departments or personnel of any non-compliance, policy violations, etc.						X
Properly document odometer/vehicle/driver info for transactions at fuel station					X	