

Purchasing Card User's Manual

Updated 11/6/12

INTRODUCTION

Welcome to the University of North Dakota (UND) Purchasing Card Program. The Purchasing Card is meant to replace the current Voucher system for small repetitive purchases. This manual is designed to present the framework for implementing the program. It contains details that UND management and individual Cardholders need to know to make the program work effectively. UND's Purchasing Card Administrator will be responsible for administering the Purchasing Card Program. UND's Purchasing Card Administrator is Janelle McGarry, Purchasing, 777-3881.

The Purchasing Card program delegates the authority and capability of purchasing low dollar items directly to Cardholders, allowing them to purchase goods faster and easier. The program authorizes the use of a Purchasing Card for individual transactions up to and including \$4,999.

Use of the Purchasing Card does not exempt UND or its employees from following the purchasing / procurement requirements of the State of North Dakota, the State Board of Higher Education, and UND.

WHAT IS A PURCHASING CARD?

The Purchasing Card is a MasterCard issued in the name of the UND employee, to employees designated by UND management, to make purchases ≤\$4,999 for official UND business needs. The Purchasing Card enables employees to purchase goods more efficiently and eliminates the preparation of vouchers to make these purchases.

The Purchasing Card payment system is an individual bill/central payment system. The Cardholder has online access to their monthly account statement for information and reconciliation purposes only. UND Accounting Services obtains a consolidated electronic billing file and makes payment to JPMorgan Chase on behalf of all Cardholders. Expenditure transactions are processed and posted to the appropriate departmental fund using the default Chart of Account code assigned to each Purchasing Card or to the expense account code it has been reallocated to in PaymentNet, the online tool for statements and reallocation.

A PURCHASING CARD IS:

- Authority delegated by UND management to individual UND employees
- Authorized for purchases ≤\$4,999
- Authorized for use with only certain categories of merchants
- For official UND business use only

A PURCHASING CARD IS NOT:

- A means to access cash or credit
- A means to avoid appropriate procurement or payment procedures
- A means to pay other UND departments
- A right of employment
- For personal use

GENERAL INSTRUCTIONS FOR CARD USE

- If item(s) to be purchased are ≤\$4,999 (including shipping & handling, and other charges), and the item(s) are not a contract item, use best judgment and determine the best vendor for the material desired. Give the vendor your Purchasing Card number and expiration date or present the card at the point of sale. Tell the vendor that UND is exempt from sales taxes. **NOTE: The University of North Dakota's tax exempt number is on each Purchasing Card.**
- If item(s) to be purchased are ≥\$5,000 (including shipping & handling, and other charges), use traditional purchasing procedures and follow UND's established policies and procedures (refer to http://und.edu/finance-operations/_files/docs/2-11-purchasing.pdf).
- If the material is to be shipped or delivered, tell the vendor to enclose or mail a copy of the receipt/invoice with each shipment. If the material is picked up, obtain the itemized receipt indicating the purchase price.
- Retain the original, detailed receipts/invoices for reconciliation purposes. Forward the monthly Statement of Account and original receipts/invoices and supporting documentation to the appropriate reviewer.
- Verify the transactions on the Statement of Account.

WHO ARE LIKELY CARDHOLDERS?

Because the Purchasing Card allows the Cardholder to place orders directly with the supplier, the greatest program benefits are achieved when Purchasing Cards are issued to end users. Therefore, in addition to the traditional buyers (Purchasing staff), other staff who should be issued Purchasing Cards may include:

- Conference/trade show planners who may need to purchase supplies in other locations
- Field staff and others in constant travel status, who may need emergency parts or supplies while on the road. The card is not intended to pay for travel expenses (ex. lodging, meals, etc.).
- Mechanics, engineers
- Physical plant/maintenance staff
- Program support staff who buy supplies
- Staff who routinely buy books

**** The Cardholder must be a University employee. Students, including graduate students and student organizations are not allowed to obtain a Purchasing Card.****

WHAT ARE THE BENEFITS OF A PURCHASING CARD?

- Accepted at all MasterCard locations
- The expense account code that was charged can be modified anytime during the month
- UND credit reference is not required
- Departments submit paperwork monthly
- Eliminates purchasing delays
- Improves vendor relations
 - Vendors receive payment quicker than with a voucher
- Rebate – The University as a whole receives a volume rebate
- Reduces the number of invoicing problems
- Supports the University's Green initiative
 - Reduces the number of vouchers issued
 - Reduces the number of checks issued
 - UND issues one check for many purchases, rather than a check for every voucher
- UND is billed directly

CARDHOLDER CREDIT RATING

The use of the Purchasing Card results in liability to UND; not a personal liability for the Cardholder. The Cardholder's credit rating will not be affected. However, it is important to remember that the Cardholder signs an agreement prior to receiving the Purchasing Card and, as such, is responsible for any misuse of the Purchasing Card as outlined in this manual.

The JPMorgan Chase MasterCard Program provides liability protection to UND once notification of any loss, theft or fraudulent use is made. However, the same level of liability protection does not apply to cards that are made available to multiple users. Therefore, only the person whose name appears on the card must use the Purchasing Card.

HOW TO OBTAIN A PURCHASING CARD

1. Submit the Purchasing Card Application Form: http://und.edu/finance-operations/purchasing/_files/docs/purchasing-card-application-form.pdf to Purchasing, Stop 8381.
2. Complete a training session.
3. The Purchasing Office will notify the cardholder when the card is ready to be picked up. Submit a completed Purchasing Card Use Agreement at the time you pick up your card.

PURCHASING CARD DEFAULT CHART OF ACCOUNT

At the time a Purchasing Card is requested, the default Chart of Account for the Purchasing Card will be assigned. The Chart of Account assigned to the Purchasing Card, identifies the account, fund, department, and program number, if applicable. This default Chart of Account is used to post the Purchasing Card transactions to the General Ledger. Email the Purchasing Card Administrator, if the default expense account code needs to be changed. If the default expense account code doesn't suit the purchase, the purchase can be reallocated to the correct expense account code in PaymentNet.

PAYMENTNET

PaymentNet is a Web-based Purchasing Card management tool offered by JPMorgan Chase. In PaymentNet, Cardholders have the ability to view their activity and statements, match transactions with receipts, reallocate transactions amongst various expense account codes, dispute transactions, and print off their Statement of Account.

Cardholders will be provided with access to PaymentNet upon the successful completion of Purchasing Card Training.

MERCHANT CATEGORY CODES

All vendors are assigned a merchant category code (MCC) by their bank. The MCC code is used to classify the business by type of goods and services it provides. Attempting to buy from merchants that are excluded will cause the transaction to be denied.

Occasionally, a bank may have wrongly assigned a vendor's MCC. The department should notify the Purchasing Card Administrator of rejected transactions if they feel it is an appropriate purchase. If a transaction is rejected for an appropriate purchase, the UND Purchasing Card Administrator can ask JPMorgan Chase to check with their bank to request a code change, if necessary.

MCC MAPPING

Purchasing Card transactions are automatically mapped to specific accounts using the PeopleSoft (PSFT) account codes. This mapping overrides the default account on the card, 532105. For example, purchases made at home improvement stores (Menards, Lowes, etc.) will post to account 534020, not the default account for the card (532105). Some MCC accounts may be mapped incorrectly for the purchase that was made and will need to be changed to accurately reflect the purchase by reallocating (see Updating Transactions).

UPDATING TRANSACTIONS

Dollar amounts charged will be allocated to the default expense account code assigned to the Purchasing Card at the time of issue. Dollar amounts may be moved from one expense account code to another, or split between several, once they appear in PaymentNet, but amounts are not permitted to be reallocated to a different department. The time from point-of-sale until the transaction posts in PaymentNet can vary depending on the vendor; larger vendors that submit their transactions to their merchant issuing bank frequently will post quicker than transactions that come from smaller vendors that may not submit their transactions as frequently. Generally, there is a turnaround time from point-of-sale to posting of 72 hours; however, this time may vary depending on the vendor.

- Journal Vouchers are used to make changes after charges have already been posted.
- Journal Entries are used for Grant funds.

POLICY AND PROCEDURE VIOLATIONS & GUIDELINES

Individual credit limits, including single transaction and monthly transaction limits vary as determined by UND. To ensure the effectiveness of the program, the policy and procedures in this manual must be followed. Failure to use the Purchasing Card in accordance with applicable policies and procedures may result in revocation of the Purchasing Card and may involve appropriate disciplinary action, up to and including termination and possible criminal prosecution.

Violations include, but are not limited to:

- Allowing someone else to use your card
- Failure to return the card to supervisor when reassigned, terminated, or upon request
- Failure to submit statement and supporting documentation to Accounting Services by the 20th of the month
- Intentionally splitting a purchase to circumvent Purchasing Policies
- Purchasing items with the card for personal use
- Purchasing unallowable items
- Repeatedly allowing sales tax to be charged when the purchases are tax exempt. Whenever the card is used, please inform the vendor that it is a tax exempt sale. **NOTE: UND's tax exempt number is on each Purchasing Card.**
- Using the card on Internet Auctions sites, such as eBay

The Purchasing Card is to be used to purchase low dollar value items with the total amount of any purchase not to exceed \$4,999. Certain exceptions to use of the Purchasing Card apply. Examples of items that **MAY NOT** be purchased with the Purchasing Card include:

- Alcoholic Beverages
- Ammunition/Weapons
- Cash Advances (ATM or other)
- Car Rentals
- eBay Purchases
- Entertainment/Hospitality
- Equipment over \$4,999
- Flowers
- Food
- Gasoline/Fuel
- Gift Cards
- Gifts
- Grants and Contracts (Any Item Not Allowed by the Sponsoring Agency)
- Hazardous Materials
- Insurance

- Internet Auction Sites
- Leases
- Legal services
- Maintenance Contracts
- Motor Vehicles
- Non-business/Personal Items
- Personal Expenses of Any Kind
- Policy & Procedure Doesn't Allow
- Postage Stamps
- Printing
- Radioactive Materials
- Shipping - Outbound From UND
- Travel (Excluding Airline/Amtrak Tickets & Registrations)

This is not an all-inclusive list.

Note: Cardholders may request in writing, a waiver to purchase any of the preceding items. Waivers must be submitted to the Purchasing Card Administrator for approval. The waiver or exception must be specific to item(s) and a cardholder. If a waiver is given, a copy of the approval must be attached to the Purchasing Card Statement of Account.

Examples of items that **MAY** be purchased with the Purchasing Card:

- 1 Year Subscriptions
- Abstract Fees
- Advertisement for Positions
- Airline/Amtrak Tickets
- Books
- Booth Rentals for Recruiting Students
- Computer Supplies
- Equipment ≤ \$4,999
- Equipment Rentals (Excluding Car Rentals)
- Fees
- Healthcare/Medical Services
- IT Equipment ≤ \$4,999
- Memberships/Dues
- Registrations
- Repairs/Labor
- Supplies/Office Supplies
- Tax Reportable Services/Fees (1099)
- Tools
- Web Domains
- Webcasts/Webinars

FAILURE TO COMPLY WITH PROGRAM GUIDELINES

Any misuse of the Purchasing Card or other failure to comply with the applicable policies and procedures will result in the following:

- Appropriate disciplinary actions which may include termination
- Repayment of transactions resulting from personal use of the Purchasing Card. The card will be suspended until payment is received. Repayment will include any applicable taxes.
- Revocation of the Purchasing Card

CARDHOLDER DISCIPLINARY ACTION

- **First Offence** – Written warning to Cardholder.
- **Second Offence** – Written warning to Cardholder and supervisor.
- **Third Offence** – 30 day suspension of card. Cardholder must contact Purchasing Card Administrator to reactivate card within 30 days after suspension or Purchasing Card will be canceled.
- **Fourth Offence** – Purchasing Card is canceled. The Cardholder must return the card to the Purchasing Office.

*Violations include, but are not limited to: unallowable charges, splitting transactions, and/or failure to include proper paperwork (Statement of Account Reports, Receipts, Invoices, Airline/Amtrak Ticket Detail Form, Membership/Dues Justification, Trademark Use Request Form, and/or Email of any waiver). Some violations may result in immediate cancellation of the Cardholder's Purchasing Card.

**Exceptions may be granted due to individual cardholder circumstances.

***Late Paperwork – Cardholder will have 7 days to submit late paperwork or the card will be suspended until the paperwork is received.

****Purchasing Card Administrator reserves the right to cancel any card at any time. A card can be canceled for 1st offence if the Administrator deems the violation was intentional or employee is not cooperative.

PURCHASING CARD REINSTATEMENT

- Any former Cardholder that has lost the privilege of the use of a University Purchasing Card may request to be issued a new card after 120 days of having their card canceled. No Cardholder will be considered for reinstatement until any personal charges unauthorized on the previous card are paid back in full.
- The Cardholder and their direct supervisor must go through an Appeals Process which is a review of the Cardholder's violation history and the justification for a new card. The Appeals Process will determine if a Purchasing Card will be reissued. If reissued, the Cardholder must fill out a new Purchasing Card Application and retake training.

PURCHASING CARD SECURITY

The Purchasing Card is to be treated with the same level of care that is afforded personal credit cards.

- Before placing an order with an online merchant, make sure the site is secure before entering your account information. The URL, or website address, should begin with http. A graphic, such as a lock, could appear in the bottom right corner of your browser bar.
- Do not lend the Purchasing Card to anyone. **The only person authorized to use the card is the person whose name appears on the front of the card and who has completed the Purchasing Card Application and Use Agreement form.**
- Do not post or write the Purchasing Card account number in any location that is accessible to others.
- If purchasing by phone, caution the vendor to refrain from placing the Purchasing Card number on the shipping label or anywhere on the outside of the package.
- Review the monthly Statement of Account immediately, to detect unauthorized transactions.

CARDHOLDER RESPONSIBILITIES

Each Cardholder is responsible for the following activities:

- Destroy and discard an expired Purchasing Card.
- Run Statement of Account report in PaymentNet.
- Forward signed completed Purchasing Card Statement of Account and original receipts, invoices, waivers, Airline/Amtrak Ticket Detail Form, Membership/Dues Justification and Trademark Use Request Forms to designated reviewer.
- Cardholder is responsible for allowing adequate time for reviewer to submit paperwork to Accounting Services and should confirm with reviewer that paperwork was submitted before the 20th.
- Give the Purchasing Card to supervisor if employment is terminated.
- Notify the supervisor, the Purchasing Card Administrator, and JPMorgan Chase immediately in the event of a lost or stolen Purchasing Card.
- Reconcile the Purchasing Card Statement of Account and receipts.
- Resolve disputes in a timely manner. The Purchasing Card Administrator should be notified of any disputed items that the Cardholder has not been able to resolve.
- Safeguard the Purchasing Card.
- Sign the Purchasing Card immediately upon receipt.
- Sign the Purchasing Card Statement of Account to attest that all purchases are for UND business and in compliance with all applicable rules and regulations.

SUPPORTING DOCUMENTATION INCLUDES, BUT IS NOT LIMITED TO:

Each Cardholder is responsible to submit the following paperwork with their statement of account.

- **Original Receipts / Invoices** – All transactions must have a receipt/invoice or email confirmation attached.
- **Waivers** – Waivers are given to purchases to remove the restriction on the purchase of unallowable items.
- **Airline / Amtrak Ticket Detail Form** – This form is required when making a purchase of an airline and/or train ticket: <http://und.edu/finance-operations/purchasing/forms.cfm>
- **Membership / Dues Justification** – All payments for membership and service club dues must include a statement explaining the business purpose, why it is required, and the benefit to the University. The original invoice must be included.
- **Trademark Use Request Form** – Any item such as nametags, plaques, or promotional items with any University logo and/or wordmark must have approval for the item. The form is located: <http://und.edu/finance-operations/purchasing/forms.cfm>

REVIEWER RESPONSIBILITIES

The following items may be performed by the Cardholder's supervisor, the Purchasing Card Administrator, or another designated employee (other than Cardholder).

- Forward the signed Statement of Account form, with all original receipts and supporting documentation to Accounting Services before the 20th of each month. Departments should keep a copy of the Purchasing Card Statement of Account, invoices, waivers, Airline/Amtrak Ticket Detail Form, Membership/Dues Justification, and Trademark Use Request Forms on file within their department.
- If it is determined that personal or other unauthorized charges are occurring on the Purchasing Card, appropriate steps, up to and including dismissal, and possible criminal prosecution may be taken to solve the misuse/abuse of the Purchasing Card.
- Review the information submitted by the Cardholder. The amount of review will depend on a number of factors, but the reviewer should, at a minimum, periodically compare receipts to the Purchasing Card Statement of Account submitted by the Cardholder.
- Sign the Purchasing Card Statement of Account to certify that purchases are for business purposes and are in compliance with appropriate rules and regulations to the best of the reviewer's knowledge.
- The card must not be used for personal transactions. If personal transactions occur, the employee must repay UND.
- Verify purchases are for business use.

DEPARTMENTAL PROCESS

All Purchasing Card transactions will be paid centrally by Accounting Services. The transactions will be posted to the General Ledger via the default Chart of Account assigned to each Purchasing Card, unless transaction is reallocated in PaymentNet. The default Chart of Account code identifies transactions as to the fund, department, account, program, and project number, if applicable. If the transaction has already posted to the General Ledger, the department can make changes via a Journal Voucher Form for non-grant funds. For grant funds, see the instructions on the Grants & Contracts Administration webpage <http://und.edu/research/research-economic-development/grants-contracts/qca-forms.cfm>

MONTHLY PROCESSING

The monthly billing file for all UND departments is obtained electronically by Accounting Services. Charges are uploaded into PeopleSoft that transfer the billing information, including the default expense account code or reallocated funding to the General Ledger and will generate payment to JPMorgan Chase.

RETURNS, CREDITS, AND DISPUTED ITEMS

The Cardholder has the responsibility for following up with the vendor or bank (JPMorgan Chase) on any erroneous charges, disputed items or returns, as soon as possible. Disputed billings can result from failure to receive the goods charged, defective merchandise, incorrect amounts, duplicate charges, credit not processed, as well as fraud and misuse.

If the Cardholder has a problem with a purchased item or a billing resulting from the use of the Purchasing Card, they should first try to reach a resolution with the vendor that provided the item. In most cases, disputes can be resolved directly between the Cardholder and the vendor.

- **Returns:** The vendor should issue credit for any item that has been approved for return. The credit should appear on a subsequent statement. Any item purchased with the Purchasing Card that is returned must be returned for credit. **Do not accept a refund in cash or check.**
- **Credits:** Referring to the Cardholder receipt, request the vendor to issue the credit back on the Cardholder's Purchasing Card. If the item was shipped, refer to the shipping form you received and retained with the Purchasing Card Statement of Account.
- **Make sure you keep documentation of credits, returns and exchanges to be attached to the Purchasing Card Statement of Account.**
- **Disputed Items:** If you have a disputed charge and cannot reach resolution with the vendor, contact JPMorgan Chase Customer Service 1-800-270-7760 or the Purchasing Card Administrator at 777-3881. **Disputed items must be resolved within 60 days of the date that JPMorgan Chase sent the first statement or transaction file.**

STATEMENT VERIFICATION

- Accounting Services obtains an electronic billing file for payment processing. **The cut-off date is the 2nd of the month.**
- The Cardholder is responsible for reconciling the monthly account statement with the Purchasing Card Statement of Account and original, detailed receipts/invoices. If inaccuracies and/or erroneous information exist, the Cardholder must immediately notify the UND Purchasing Card Administrator. When reconciled, the Cardholder signs the Purchasing Card Statement of Account and forwards this, along with all original receipts and other supporting documents to the appropriate reviewer.
- The reviewer is responsible for reviewing the information submitted by the Cardholder, signing the Purchasing Card Statement of Account, and forwarding the signed Purchasing Card Statement of Account, and the original receipts/invoices and other supporting documents, to Accounting Services, Stop 8356 as soon as possible. **It is due by the 20th of the next month.** For example, December 2nd is the cut-off date for charges and the paperwork is due December 20th.

AUDITS

Purchasing card transactions will be audited on a monthly basis. The primary purpose of the audit is to ensure that the Purchasing Card procedures are being followed and that:

- Documentation is complete
- The Purchasing Card is being used for appropriate transactions
- The department reviewer has approved
- Unallowable transactions

VENDOR DOES NOT ACCEPT CREDIT CARDS

Not all vendors accept credit cards (MasterCard). If this happens:

- Ask the vendor if they are interested in accepting MasterCard. If yes, refer them to their financial institution for more information
- Choose another vendor who accepts MasterCard
- Complete the transaction using traditional purchasing procedures

TERMINATION OF EMPLOYMENT OR TRANSFER TO OTHER DIVISION

If the Cardholder's employment is terminated with UND or if the Cardholder transfers to another department within UND, the Cardholder must email the Purchasing Card Administrator and supervisor to cancel their Purchasing Card. The canceled card will then be given to their supervisor, and the supervisor is responsible for shredding and disposing the card.

KEY CONTACTS

The following resource person is available to answer questions, training, solve Purchasing Card problems, or provide assistance in the areas listed:

UND Purchasing Card Administrator:
Janelle McGarry 777-3881
janelle.mcgarry@email.und.edu

OR

Sara Narveson 777-2132
sara.narveson@email.und.edu

- For account inquiries
- For assistance with vendors
- For billing information
- For questions concerning policies and procedures
- PaymentNet questions
- To apply for a Purchasing Card
- To replace damaged cards
- To report a lost or stolen card

JPMorgan Chase Cardholder Customer Service:
1-800-270-7760

- For authorization assistance
- For questions concerning monthly statements
- To report a lost or stolen card 1-800-270-7760