

Xavier University

Policy and Procedure Purchasing Card Program

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Attachment:

Cardholder Application and Agreement

Section 1.0 Introduction

1.1 Purpose of this Policy and Procedure

The purpose of this Purchasing Card Policy and Procedure is to provide an introduction to the Xavier University Purchasing Card Program, describe how the program functions, and outline procedures for obtaining and using the Purchasing Card.

1.2 Program Vision

The Xavier University Purchasing Card Program provides a process for making low dollar purchases of goods required for departmental operations. The card program allows responsible University staff members to directly purchase goods from suppliers approved by the Purchasing Department. Benefits of the program include timely ordering and delivery of goods, along with reducing the number of low dollar value purchase orders and invoices.

1.3 Credit Card Partner

Xavier has selected the ONE CARD® Purchasing Card through U. S. Bank. The program is governed by the terms and conditions of a Master Agreement between Xavier University and U.S. Bank. In most circumstances individual cardholders and departments will deal with the University's Purchasing Card Program Administrators located in the Purchasing and Accounts Payable departments. The Purchasing Card program and transaction management functions are located at the web site <https://access.usbank.com/> . A password, assigned when the Purchasing Card is issued, is required for access

1.4 Constituents and Responsibilities

In order to comply with University Financial controls the Purchasing Card program relies on all constituents to perform their respective responsibilities according to the procedures described in this policy and procedure.

Failure to meet responsibilities and comply with Purchasing Card program policies and procedures will lead to suspension of the Cardholder's credit card privileges and may result in further disciplinary action, determined by University policy.

Cardholder

- Uses the purchasing card according to the policies and procedures defined for the program.
- Confirms Purchasing Card transactions are properly reconciled by accessing monthly transaction statements in the online card management system.
- Assures physical security of the purchasing card.
- Contacts U. S. Bank Customer Service (800) 344-5696 if the card is lost or stolen.

Approver

- The Approver is generally the next level of management above the Cardholder, or another Approver authority that has been delegated in writing to a specific individual by a Vice President or Dean. Cardholders *may not* final approve their own transactions.
- Reviews and electronically approves Cardholder's monthly transaction statements and transaction reconciliation, verifies transaction documentation is consistent with the

printed Transaction Detail Report, and final approves the Transaction Detail Report, by signature.

- Ensures that cardholders are using the purchasing card consistent with University policies and Purchasing Card Policy and Procedures.

Reconciler

- The reconciler is an employee, authorized by department management, to view one or more Cardholder's accounts in order to reconcile charges with receipts, apply expense account codes to transactions, and print transaction reports. Reconcilers *do not* final approve Cardholder's expenses.

University Purchasing Card Program Administrators

- The Offices of Purchasing and Accounts Payable are responsible for management and coordination of the program, including card issuance, assigning credit limits, auditing charge documentation for compliance with IRS regulations, etc.
- Serve as the primary contact with U.S. Bank for program administration and to clarify program policies and procedures.
- Establishes preferred supplier relationships and supplier card acceptance.

Section 2.0 Purchasing Card Program

2.1 Program Overview

This section provides a general introduction and outlines key concepts of the Xavier University Purchasing Card Program.

1. Xavier University is responsible for payment of authorized purchases made by cardholders. The cardholder is responsible for documenting all purchases and is accountable for managing expenses within budget and according to University policy.
2. University Purchasing cards are issued by U. S. Bank.
3. Cardholder privileges are determined according to cardholder purchasing requirements. Program controls may include types of commodities, dollar transaction limits, total credit limit, and transaction frequency.
4. Each cardholder is required to keep transaction receipts that document all purchases with the card.
5. Cardholder's Monthly Transaction Statements are accessed online at the web site <https://access.usbank.com/> . It is the responsibility of each cardholder to verify the accuracy of transactions made with their card.
6. The Monthly Activity Statement must be reconciled by the cardholder and approved by the cardholder's Approver. Failure to complete reconciliation on time may result in suspension of cardholder's privilege to use the card.
7. The Cardholder's Transaction Detail Report including original receipts must be submitted monthly to the Accounts Payable department.

2.2 Purchasing Card Benefits

By taking full advantage of the Xavier University Purchasing Card Program, significant benefits will accrue to the cardholder, Xavier University, and the University's suppliers.

Cardholder:

- Simplifies the purchasing process
- Shortens the cycle time for purchase and delivery of goods
- Eliminates the need to use personal funds

Xavier University:

- Reduces the risk of data-entry errors
- Reduces the volume of small dollar requisitions, purchase orders, and invoices
- Reduces the need for manual check requests and petty cash
- Reduces the number of one-time vendors set up by Accounts Payable
- Provides transaction history and other analytical reports to manage Purchasing programs and contracts

Supplier:

- Ensures timely payment to the supplier
- Reduces the need for accounts receivable management
- Reduces cost of generating invoices
- Fosters supplier and client alliances

2.3 How a Purchasing Card Differs From Corporate or Consumer Cards

The Purchasing Card program has features that allow the University to set card usage parameters, provide enhanced internal controls, and produce management information reports for analyzing purchasing activity across all cardholders.

- Purchasing Card Transaction Parameters
 - Single transaction dollar limit
 - Total monthly spending limit
 - Merchant Class Category (MCC) privileges
- Enhanced Internal Controls
 - Cardholders reconcile card transactions with card statements each billing cycle
 - Monthly activity reports by cardholder and department
 - Electronic review and approval by cardholder and management
 - Eliminates late payments and late fees
- Management Reporting
 - Supplier Activity
 - Cardholder Account Activity
 - Cardholder/Approver reconciliation status

Section 3.0 Purchasing Card Program Procedures

3.1 Obtaining a Card

The Xavier University Purchasing Card will be issued to employees who have a business need, as determined by their department head. To obtain a Xavier University Purchasing Card complete the *Cardholder Application and Agreement* form (Appendix A). Submit the application as indicated on the application form.

Send approved applications to the Office of Purchasing, attention Purchasing Card Program Administrator. The University will not issue Purchasing Cards without appropriate authorization.

3.2 Card Issuance and Activation

Cardholders must attend a Purchasing Card training session in order to be issued a card. Contact Purchasing Card Administration for a schedule of training sessions.

The Purchasing Card is issued in the name of the cardholder and the card must be signed on the back by the cardholder when it is received. The cardholder must activate the card according to *AccessOnline Self Registration Procedures*. A copy of the procedures will be provided when the card is issued. Only the cardholder may activate the card.

3.3 Cardholder Terms and Conditions

By activating and signing the purchasing card, the employee agrees to participate in the Xavier University Purchasing Card Program and assumes responsibility in accordance with program guidelines as specified on the *Cardholder Application and Agreement* (Attachment A).

3.4 Restrictions for Using the Purchasing Card

The Purchasing Card may be used to buy merchandise required for University business needs with the exception of the following:

- Personal expenses or charges.
- Alcoholic Beverages (except when entertaining University guests)personal use
- Cash advances, traveler checks, money orders, ATM machines
- Computer hardware, software, maintenance
- Construction or renovation
- Consulting services
- Hazardous chemicals or materials (e.g. ethyl alcohol, refrigerant, narcotics)
- Furniture
- Maintenance contracts
- Personal services
- Service contracts
- Radioactive materials
- Jewelry

- Any item exceeding cardholder's credit limit, or splitting purchases to avoid transaction limits
- Any merchant, product, or service not normally considered an appropriate use of University funds

3.5 Exceptions to Purchasing Card Restriction

A circumstance may arise that may warrant an exception to the restrictions identified in Section 3.4. Submit a written request for an exception, stating the reason for the request, to the Director of Purchasing. All exceptions must be approved in advance.

3.6 Suppliers

Many suppliers accept credit cards. If the cardholder identifies a supplier that is able to provide needed merchandise but it does not accept credit cards, the cardholder should contact the Purchasing Department.

3.7 How to Use the Card

To make a purchase using the Xavier University Purchasing Card, follow the same general procedures use of any type of credit card purchase.

Purchases at Point of Sale

1. Follow the departmental procedures to obtain authorization to make the purchase.
2. Determine whether the Purchasing Card is the most appropriate method for the purchase. (Refer to the restricted items list in Section 3.4)
3. Confirm that the total purchase amount (including all shipping, handling, postage, freight, etc.) will not exceed the card's single purchase limit or any other departmental budget limit.
4. Request any University or educational discounts.
5. Advise vendor that Xavier University is sales tax exempt.
6. Obtain a detailed receipt at the time of purchase, clearly identifying each item and cost.
7. Follow internal departmental instructions regarding recording the purchase, and keep all receipts in a secure location.
8. Upon receipt of the merchandise, inspect the condition; verify correct item(s) and quantity have been received. Retain all boxes, containers, packaging, packing slips, etc. until you are satisfied you are going to keep the merchandise. Refer to Section 3.18 Disputed Transactions.

Purchases by Telephone

A written record should be kept when placing a telephone order. Store the record in the same manner that receipts are stored. This information will be invaluable during the account reconciliation process and must be available for audits. ONLY the cardholder is authorized to place a phone order.

Follow the instructions for making purchases in person, including shipping/delivery. In addition:

1. When phoning the merchant, state that you are calling from Xavier University and you will be making a purchase with a credit card.
2. State that the University is exempt from sales tax.
3. Request any Xavier University or educational discount.
4. Record the name of the person taking the order, place the order, and give the vendor your Purchasing Card number and expiration date.
5. Give the merchant shipping instructions: provide the vendor with your name, department name, phone number, and complete delivery instructions. It is recommended that you have the goods shipped directly to your campus address.
6. Request an itemized receipt and/or packing slip with itemized pricing are sent with the merchandise. Retain the receipt or packing slip with your record of the purchase.

Purchases by Internet, Fax, or Mail

For Internet, fax, or mail purchases follow the merchant's ordering instructions. Verify merchant sites are secure internet site prior to submitting credit card information. Retain copies of faxed or mailed orders for your records.

3.8 Transaction Dollar Limits/Monthly Spending Limits

Spending limits are determined based on business needs, in consultation with the department head. Each Xavier University Purchasing Card will be assigned a dollar level transaction limit. In addition, each account will have a monthly billing cycle spending limit. Any purchase attempted with a total sales price exceeding the limit will be declined by U. S. Bank's authorization system. As purchases are made using the purchasing card, transactions are posted against the monthly spending limit as part of the authorization process. Once the sum of all purchases (net of credit adjustments) exceeds the monthly spending limit, additional purchases will be declined.

3.9 Purchasing Card Expense Accounting

Under the Xavier University Purchasing Card Program, each cardholder account is assigned the Banner default FOAP supplied by the Cardholder on Purchasing Card Application. Cardholders are responsible for reallocating their card charges to the appropriate Banner account through AccessOnline at the close of every monthly billing cycle.

3.10 Sales Tax

Xavier University is exempt from Ohio state sales tax. Cardholders must advise suppliers of the University's tax exempt status when making a purchase. The University's Federal taxpayer identification number is printed on the front of the Purchasing Card.

3.11 Transaction Receipts and Documentation

All purchases made using the purchasing card must be supported by store receipts, credit card receipts, packing lists, etc. The documentation MUST be maintained for reconciliation and auditing by the University and to meet IRS regulations. In addition, these documents will be necessary to resolve billing and shipping disputes. Typically, both a merchandise receipt and credit card transaction receipt are provided to the cardholder at the point of sale.

3.12 Bill Payment

On a monthly basis, the University will receive an invoice from U. S. Bank consolidating spending activity for all cardholders during the billing period. The invoice will provide individual transaction detail segregated by cardholder name and account number. The University makes payment to U. S. Bank. Individual cardholders are not responsible for paying their individual U. S. Bank bill.

Cardholders are responsible for reconciling their accounts in AccessOnline and submitting charge documentation for approval as outlined in Section 2.1.

3.13 Settlement

Upon payment of the consolidated invoice, the full University credit limit will be restored. Any issues regarding credit availability should be directed to the University Purchasing Card Administrator.

3.14 Cardholder Transaction Statements

The cardholder's activity statement may be viewed in AccessOnline <https://access.usbank.com/> each month. The cardholder activity statement lists all charges and credits for the period. The activity statement is a reference document - not a bill. The cardholder is responsible for reconciling all activity listed on the activity statement and updating Banner account information in AccessOnline. Cardholder activity statements may be accessed at any time in AccessOnline.

3.15 Cardholder Reconciliation Procedures

The cardholder is required to reconcile the card activity statement for accuracy and verification of charges and credits. Cardholder reconciliation procedures include:

- Review all transactions listed on the activity statement and update Banner account information
- Attach all charge receipts and other documentation to the transaction report.
- Identify any discrepancies on the activity statement
- Contact supplier to resolve discrepancies
- Send the reconciled transaction report and supporting documents to cardholder's approver.

3.16 Segregation of Duties

An appropriate segregation of duties requires that at least two people are substantially involved in a transaction. Substantial involvement means that a person other than the cardholder is also reviewing card transactions for appropriateness, funding source, and business purpose. The Cardholder's Approver is responsible to see that charge transactions are appropriate. Cardholders *may not* final approve their own transactions.

3.17 Receipts and Documentation Filing Procedures

After reconciliation and final approval, send the Transaction Report generated in AccessOnline and supporting documentation to the Accounts Payable Department.

3.18 Disputed Transaction

In the event that the cardholder discovers a discrepancy in a transaction, it is the responsibility of the cardholder to resolve such discrepancies with the supplier or U S Bank.

First, contact the supplier directly to notify them of the disputed transaction. If the supplier agrees to make an adjustment and the adjustment appears on the next statement, no further action is required.

If unable to resolve the dispute with the supplier, contact U. S. Bank Customer Service at 1-800-344-5696 to report the dispute. Or, use the dispute-a-charge function in AccessOnline. All disputes must be submitted to U. S. Bank within 60 days of the activity statement date. Any transaction in dispute will be placed in suspense on the cardholder's activity statement.

3.19 Merchandise Returns, Damaged Goods, Credits

If goods purchased with the Purchasing Card need to be returned the cardholder should work directly with the vendor. Here are some tips:

- Always retain boxes, containers, special packaging, etc. until you are certain you are going to keep the goods. Some items, such as software or fragile pieces, cannot be returned without the original packaging materials.
- Read instructions carefully, often a phone number and damaged merchandise instructions are included on the packing slip or receipt.
- Most suppliers require the customer to obtain a "Return Authorization Number" before they will accept returned merchandise. Without an RA number the merchandise may be refused and no credit issued.
- Verify that credit was issued for the returned merchandise, on the monthly activity statement. If return is not properly credited, refer to Section 3.18, Disputed Transaction Procedure.

Section 4.0 Account Maintenance

4.1 Address, Name or Accounting Default Code Changes

To initiate a change, the cardholder must:

- Notify the Purchasing Card Administrator of changes or updates regarding address, name, telephone number, accounting default code changes, or change of department assignment by submitting a new Purchasing Card Application Form.
- Send the approved Form (with proper signatures) to the University Purchasing Card Program Administrator.
- The University Purchasing Card Administrator will update the appropriate Purchasing Card records

4.2 Lost or Stolen Cards

In the event of a lost, stolen, or compromised card, the cardholder must immediately contact U. S. Bank Customer Service at 1-800-344-5696, and Xavier University Accounts Payable Department, 513-745-1978. The cardholder's account will immediately be closed and a replacement card will be delivered within 7 business days. In addition to contacting U. S.

Bank Customer Service, notify the University Purchasing Card Administrator. Failure to promptly notify U. S. Bank of lost, stolen or compromised purchasing cards may result in fraudulent charges to the card.

4.3 Card Renewal

The purchasing card has an initial term of three years. A new card will automatically be issued prior to the end of the term to ensure uninterrupted service.

4.4 Employee Termination and Card Cancellation

Upon cardholder termination of employment:

- The department head must notify the University Purchasing Card Administrator.
- Collect the Purchasing Card from the cardholder and cut it in two and send it to the University Purchasing Card Administrator.

4.5 Employee Transfers

Cardholders transferred to another department in the University must surrender their purchasing card to the University Purchasing Card Administrator. Should the employee require a purchasing card in the new position, follow the instructions under Section 3.1 “Obtaining a Card.”

4.6 Spending Limit Adjustments

Should a Cardholder’s monthly spending limits need to be adjusted, the department head may request a change by contacting the University Purchasing Card Administrator. A formal written request or email from the department head is required to request spending limit changes.