



Policies and Procedures Manual

Title: Purchasing: Procurement Card Policy & Procedures
Policy Administrator: Manager of Purchasing
Effective Date: Dec-15-2015
Approved by: Vice President for Administration and Finance

Purpose:

This policy is intended to promote the proper stewardship and use of College resources when procuring goods or services with the procurement card (ProCard or card). Issuance of a card is a privilege and every effort must be made to ensure that funds are used responsibly and in a manner consistent with the mission of the College, applicable laws and ethical practices.

The program is not intended to circumvent any established financial, purchasing, divisional or departmental policies or procedures regarding procurement. College policies and procedures related to the procurement of goods and services, travel and other business related expenses, including the accounting for such expenses, must be followed. In making this determination a cardholder must consider divisional policies or sponsored program requirements which may be more restrictive than College policies and procedures regarding travel and business expenses.

Policy:

1.0 Responsibility

Acceptance and use of the ProCard requires that the cardholder abide by all rules and restrictions listed in this policy and in the Cardholder agreement. These include restrictions on credit limits, purchasing restrictions, receipt retention requirements and proper documentation of transactions.

Deans, Directors or other budget managers are responsible for:

- Coordinating card applications and issuance with Purchasing;
- Ensuring budgeted funds are available to meet all travel and business related commitments;
- Ensuring proper authorization for travel is obtained before any commitments are made;
- Ensuring all expenditures are in accordance with appropriate College policies, regardless of the source of funds;

The role of the approving official is to ensure cardholder's compliance with College policies and ProCard restrictions. These responsibilities include:

- Ensuring a valid and detailed business purpose provided in the Works system;

- Compliance with all applicable College policies and funding agency regulations;
- Establishing and communicating any necessary departmental guidelines or procedures;
- Notifying Purchasing of any cardholder terminations or transfers;
- Ensuring all expenditures are supported by detailed/itemized receipts or documentation;
- Adherence to the added conditions placed on expenditures paid from federal and/or state funds or from restricted gifts.
- Monitoring all communications that are provided by Purchasing regarding procurement policies;
- Signing off transactions in Works a secure Bank of America website that can be accessed on or off campus.

The role of the cardholder is to make purchases consistent with the College's procurement policies. The responsibilities of the cardholder include:

- Keeping the card and card number secure
- Complying with College ProCard program policy and procedures
- Obtaining itemized receipts for each transaction
- Obtaining credit from merchant on returned goods and disputed items
- Reviewing purchases online and allocate to appropriate chart fields
- Returning the card to the ProCard Program Coordinator before leaving the College or when there is no longer a need for the card
- Agreeing to the consequences of violating the ProCard program policy and procedures
- Appropriate use of the card and reporting in accordance with the terms and conditions of the Cardholder Agreement and this Policy;
- Ensuring that Massachusetts State Sales Tax is not applied to their card purchases;
- Immediately report a lost or stolen card monitor all communications that are provided by Purchasing or the bank;
- Signing-off, reconciliation and scanning of purchases in Works.

ProCards, issued in an individual's name, are College property and may never be used to make personal purchases. Personal purchases are considered a misappropriation of institutional funds, and the College will seek immediate reimbursement for such items through payroll deduction. Any purchases which are not properly authorized, or which are specifically prohibited, will be considered a personal purchase of the card-holder.

2.0 Policy Enforcement

Individuals granted access to a ProCard are accountable for all transactions related to their card. Consequences for misuse of the card are serious, and may include re-training, card suspension, card revocation, disciplinary action, termination of employment and legal action.

2.1 Rejected Transactions

Approving Officials who do not approve of a transaction should request more information from the cardholder in the system by rejecting it with comments. If the comments are not resolved to the Approving Official satisfaction they should contact Purchasing for additional guidance.

3.0 Card Issuance

A ProCard is issued to an individual employee who is designated by the budget manger or other position with overall budget responsibility (department head, chair and/or principal investigator), for a particular department. The budget manager will in conjunction with the Purchasing Manager, designate spending authority and spending limits for each card issued to a designated employee. Final responsibility for retaining documentation and control over spending, individual card security, card usage and receipts of purchases remain with the cardholder and the Approving Official. Budget managers should regularly check their budget and communicate with the Cardholder to prevent any over commitment on their budget.

4.0 Card Security

Cardholders assume responsibility for the protection and proper use of the procurement card. It is a violation of the ProCard policy to share the physical card and/or card number with anyone. Transactions made with a card should only be processed by the person to whom the card was issued. A card cannot be transferred from one employee to another (when someone leaves the College or no longer requires a ProCard), as they are issued to an individual and not to a department.

4.1 E-Mail and Internet Security

Cardholders should never e-mail their full 16-digit ProCard account number to anyone (including both external merchants and internal ProCard Administrators, supervisors or approvers). When completing online ordering at merchant websites, cardholders must always verify that the website address begins with "https". The "s" indicates that the website is secured and encrypted. If the website address begins with only "http", it is not secured and encrypted and using it can compromise your ProCard account number.

4.2 Storage of ProCard Account Information

Cardholders should never photocopy the front and/or back of a card or store card expiration dates or 3-digit CVC/CVV codes. Moreover, card account information (full 16-digit account numbers, expiration dates, 3-digit CVC/CVV codes) may not be stored electronically on a College computer, server, electronic flash drive or optical storage device (e.g., CD or DVD). The destruction of any historical card documentation (older than 7 years) that contains credit card information must be destroyed by a cross-cut shredder.

5.0 Card Usage

The card may be used at any merchant that accepts MasterCard, except for those merchants assigned to MCCs restricted by the College. The ProCard may be used for in-store purchases as well as online, phone and mail orders cardholders must take precaution to ensure that all methods are secured.

5.1 Purchasing Goods and Services

Cardholders are responsible for ensuring receipt of the materials purchased and for following-up with vendors to resolve any issues related to pricing, delivery discrepancies, damaged goods or application of sales tax. Obtain supporting documentation (i.e., itemized receipts, invoices, confirmation documentation, etc.) from the vendor for all purchases. If, for any reason, it is necessary to return goods that have been purchased, the cardholder should contact the supplier and follow the directions provided for return of the merchandise. Every effort must be made to use the College's preferred suppliers

5.2 Preferred Suppliers

Vendors are selected based upon a variety of parameters (i.e., quality, special discounts or rebates). Using these vendors allows for the leveraging of purchases in order to maximize value to the College (e.g., preferred quality and pricing, enhanced customer service or timely delivery).

The College has access to several educational contracts through MHEC (Massachusetts Higher Education Consortium), E & I (Educational & Institutional Cooperative Purchasing) and HECCMA (Higher Education Consortium of Worcester, and with several local suppliers. All College departments are required to access these contracts first. When in doubt, contact the Purchasing Department prior to making the purchase.

All office supply purchases should be directed to W.B. Mason, our existing office supply contracted vendor first before seeking alternate suppliers. The procurement card should not be used when ordering from W.B. Mason. All orders should be placed using their on-line site with a login and password.

5.3 Travel and Business Related Expenses

All card transactions are subject to the rules defined in the College's Travel and Business Expense Policies. Cardholders should also be aware of their department and/or sponsor's travel policies, as they may be more restrictive than the College's. In addition, appropriate departmental approval for travel should be obtained before arrangements are made. The following rules or regulations apply to card usage as it relates to travel and business expenses:

- The card may be used for business travel, business meals and other business related expenses;
- Cardholders must arrange for the most economical means of travel as defined in the College's Travel Policy;
- The card may not be used to obtain cash advances, to pay for personal expenditures incurred while traveling or to pay for travel expenses incurred by anyone not conducting College business;
- Supporting documentation must be provided and maintained for all transactions of \$15 and greater;
- When lodging is required, cardholders may use the card for meals;
- The card may not be used for gasoline for personal vehicles. Instead, a mileage reimbursement must be requested;
- Cardholders may use their cards to pay for College business related travel arrangements for other employees within their department, students and College guests rather than requiring these individuals to pay out-of-pocket and be reimbursed after the fact. However, these charges must be authorized and processed by the cardholder and the appropriate documentation to support any charges must be collected.

5.4 Prohibited Charges or Purchases

Purchases of the restricted commodities listed below and purchases over the single purchase limit set for the card must continue to be processed according to current College procedures. The card **must not** be used for the following: Packaged Alcohol, Annual Maintenance Contracts, Audio/Visual Equipment (televisions, VCR's, cameras, projectors, etc.), Bookstore

Purchases, Cash Advances/Travelers Checks, Computers, Peripherals, Software and Equipment (copiers, fax machines, printers), Construction/Renovations, Controlled Substances/Prescription Drugs, Firearms, Ammunition, Explosives, Furniture (file cabinets, bookcases, desks, chairs, etc.), Gifts or Gift Cards (e.g., gifts for or costs to recognize birthdays, childbirth or adoption, weddings, anniversaries, or Office Professional's/Secretary's Day.), Hazardous Chemicals or Radioactive Materials, Laboratory Animals, Telecommunications Services or Equipment, Temporary Help or Independent Contractors, Fuel for personal vehicles, or Ccapital equipment.

If you have any questions regarding a prohibited commodity, please call the Purchasing Department.

5.5 Tax Exemption

College of the Holy Cross is a tax exempt organization. The tax exempt number will be printed on each procurement card. This number should be given to the vendor at the time of placing an order.

If sales tax is billed incorrectly to the cardholder's account, it is the responsibility of the cardholder to dispute the charge as outlined in "Disputing a Transaction". If a vendor requires a tax exemption certificate, contact Purchasing.

6.0 Documentation Requirements

ProCard transactions must be supported by detailed/itemized receipts or other documentation. Credit card slips that show only the total of the transaction, and do not list the individual items purchased, are not acceptable forms of support. All supporting documentation will need to be scanned, loaded to Works and attached to the appropriate transaction.

6.1 In-Store Purchases

Anytime a purchase is made on-site, at a store, cardholders must request an itemized receipt.

6.2 Online Orders

When ordering online, cardholders should print the order confirmation that lists the items purchased and the corresponding dollar amounts for each. In some cases, the order confirmation may appear as one of the last screens in the ordering process. In others, the confirmation may be emailed to the cardholder. Either will serve as valid documentation given that the items purchased and their prices are listed.

6.3 Phone or Mail Orders

When ordering via phone or mail order, cardholders should instruct the merchant to send an itemized receipt directly to his or her address (via e-mail, fax or mail).

6.4 Lodging

ProCard transactions made at hotels for lodging expenses must be supported with copies of detailed hotel receipts/statements. This documentation must include the name, location and date of the hotel stay and must also list out the separate amounts for each expense (e.g., lodging, meals, telephone, internet or miscellaneous).

6.5 Airfare

ProCard transactions for airfare must be supported with itineraries that list the passenger name, dates of travel and the economy/coach rate.

6.6 Meals

If per diems are not requested meals must be supported by detailed/itemized restaurant receipts (as opposed to stub-receipts) should include the date, name of the establishment and itemization of purchase. Restaurant pull tab receipts and summary credit card receipts are not acceptable forms of documentation. In addition, when a registration fee or seminar cost includes specific meals, per diem rates must be reduced by the amount allotted for the meal being provided. Conference agendas should be kept to support per diem rates and should show whether or not meals were included.

6.7 Conferences and Seminars

When charging conference registration fees or seminar costs, supporting documentation must include the breakdown of the charge indicating what the fee or cost includes. Conference agendas must also be kept to support meal per diem rates.

6.8 Missing Receipts

If a receipt is missing or does not itemize the transaction or if there is no business description included in the online reconciliation, the cardholder may be required to reimburse the College for the full amount of the undocumented purchase. Anytime a receipt has been misplaced, the cardholder should request that the vendor provide a copy.

6.9 Document Retention

Documents must be retained by the department consistent with the College's record retention schedule and must be available for review and audit.

7.0 Disputing a Transaction

The cardholder is responsible for following up with a vendor for any erroneous charges, disputed items, or returns. A cardholder may dispute a charge that appears on their statement. Disputed charges can result from failure to receive goods or services, fraud or misuse, altered charges, defective merchandise, incorrect amounts, duplicate charges, credits not processed, etc. Cardholders should contact the vendor first to resolve any outstanding issues.

If the cardholder is unable to reach an agreement with the vendor, they should call Purchasing within thirty (30) days of the monthly billing cycle date and dispute the charge in the Works system. When the investigation is complete, the cardholder will be informed of the resolution and corrections that were made.

Please note, by law, vendors are not permitted to bill your credit card for purchases until the items have been shipped.

8.0 Reconciliation, Approval and Budget Update

ProCard transactions are loaded from Works to the general ledger two times per month. Cardholders are required to log-in to Works to review transactions before each download. On the 3rd business day of every month, cardholders will receive their monthly statement in Works.

8.1 Timeline for Online Transaction Review and Approval

Cardholders are required to allocate, attach scanned documentation and signoff their card transactions and approvers are required to approve transactions at the Works site at least twice per month according to the following timeline:

1st Monthly Download: Transactions that post the 1st through the 15th of the month are downloaded on or around the 20th of every month.

2nd Monthly Download: Transactions that post 16th through the 30th of the month are downloaded on or around the 3rd of the following month.

Cardholders will receive e-mail reminders from Works each week for any transaction that requires their attention.

8.2 Cardholder Reconciliation

When reviewing transactions posted in Works, cardholders must:

- Complete the accounting allocation;
- Provide detailed transaction notes for each transaction; describing what the charge was and its business purpose (notes on entertainment charges must also list the names of all individuals present and their affiliation with the College);
- Scan and attach itemized receipts and appropriate supporting documentation;
- Ensure that sales tax was NOT applied and seek reimbursement from the merchant for any charged in error.

8.3 ProCard Approver

When approving transactions posted in Works, approvers must:

- Ensure that the cardholder has entered detailed transaction notes (business descriptions) for each purchase (For example: Improper note-“flight” Proper note-“GA Atlanta IMF Conference Flight 07/12/14 to 07/15/14”.);
- Change/correct any inaccurate accounting information;
- Ensure that all transactions have a valid/legitimate business purpose and are approved by the department;
- Remind the cardholder to seek reimbursement for any sales tax charged in error.

If transaction notes have not been added, the approver should contact the cardholder and ask him/her to review so that transactions can be approved before the download. If an approver suspects or finds examples of misuse, abuse, fraud or forgery, they must contact Purchasing immediately.

Procedures

1.0 Administration/Processes

1.1 Acquiring a Procurement Card

A written request via email by the department head is required to request a card. Once written request is received, the Purchasing Dept. will request the card through the bank's on-line system. All cards will be received in Purchasing. The new cardholder will be informed when the card arrives. The cardholder must review and sign the Cardholder Agreement form in order to receive their card. Purchasing will provide training on card use prior to the card being issued.

1.2 Canceling a Procurement Card

To cancel a procurement card, call Purchasing and provide the name and number on the card. The card must be cut in half and sent to Purchasing along with a written request to cancel by the person responsible for the account.

1.3 Lost or Stolen Procurement Card

It is the responsibility of the cardholder to **immediately** report a lost or stolen card. **The College is liable for all transactions until the card is reported lost or stolen.** The department will be responsible for those transactions. A cardholder must report a lost or stolen card directly to the bank and to Purchasing at the time of occurrence. Verbal reports of lost or stolen procurement cards must be followed in writing to Purchasing. A replacement card may be sent within ten (10) days to the Purchasing Dept.

1.4 Renewal of Existing Procurement Card

A renewal procurement card will be sent automatically to the Purchasing Department thirty (30) days prior to the expiration date of the card. The card will be forwarded to the cardholder.

2.0 Ordering Process

The procurement card may be used to purchase goods or services by phone, by mail (using an order form) or in person at the supplier site. Prior to placing an order, check with Purchasing for contracted vendors for the product or service you are about to order. When placing an order, be sure to provide the vendor the following:

- Identify yourself as a College of the Holy Cross employee and that this is a corporate card.
- Tax exempt status and tax number is listed on the card. If the vendor requires a tax exempt form, contact Purchasing who will forward the proper documentation
- Provide the information as required by the vendor, Cardholder name, card number, expiration date, security code.
- Give complete delivery address including building and room number

Upon receipt of your order, scan the documentation received from the vendor (usually a sales receipt or packing slip) for later reconciliation in Works.

3.0 Proof of Purchase Documentation

The document retention for College operating purchases is seven (7) fiscal years. Purchases under a Federal or Private Grant must be maintained for three (3) years after the submission of the final expenditure on report. Images scanned into works will be kept for seven years.

4.0 Reconciliation

Cardholders are required to log in to Bank of America's Works to assign cost allocation, scan and attach receipts and sign off on all transactions. Once signed off, it will be submitted to an approver and then loaded to the general ledger. An email will be generated from the bank to the card holder letting them know when transactions are ready for their review.

- Log in to Bank Of America-WORKS
- Review Transactions and Allocate
- Scan and attach receipts
- Add transactions to an Expense Report (for travel, entertainment transactions)

5.0 Procurement Card Audits

Audits will be performed periodically on card activity by the Controller's office, the College's external auditors and various governmental agencies. The audits are designed to ensure that the use of the Procurement Card is in compliance with the College policies and procedures. Audits will encompass a verification of the following:

- The Procurement Card is being used for College related business and not personal purchases.
- Adequate documentation exists to support the Procurement Card transactions.
- The College is not being charged for sales tax on Procurement Card purchases.
- Departments are utilizing the College's educational contracts and designated suppliers.
- Documentation is maintained in accordance with the retention policy.
- Credit Cards are properly secured when not in use.

Forms:

Related Information:

Title

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