

University of Alaska Southeast

Procurement Card

Handbook

For

Cardholders

And

Reconcilers

Revised August 17, 2010

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Welcome

We hope you find this Procurement Card Program (ProCard) to be helpful in conducting business for the University. Please do not hesitate to ask questions regarding any aspect of this program. Your input and suggestions for improvement of this program are welcome.

This handbook will provide you with basic steps for using ProCard Program. It covers usage compliance issues, documenting transactions, reviewing and improving statements, reallocating transactions, and more. For further details on any topic, contact your Program Administrator.

Key Contacts – Who to Call

UAS Program Administrator: Brenda Pagano, 907-796-6493, email address brenda.pagano@uas.alaska.edu.

Please contact the Program Administrator for questions related to procedural issues, monthly statements, to enroll new cardholders, reports, updating cardholder data entry needs, accounting issues, and audits, or to report lost or stolen cards.

JPMorgan Chase Customer Service: 1-800-316-6056

When reporting a lost or stolen card to JPMorgan Chase, inform them that this is a “purchasing card”.

Contact the ProCard Administrator if you have any questions. Be sure to complete a ProCard Change Form, if you need any changes made to your ProCard, such as moving to another department and a ProCard closure Form if you are ending your employment with the University of Alaska.

Overview of ProCard Processes

- Authorized cardholders use the ProCard MasterCard to purchase allowable small dollar goods and services for the University. *Cards are not to be shared. They are only to be used by the authorized cardholder.*
- ProCard transactions are transmitted to the University by JPMorgan Chase through Pathway Net. Charges are updated daily and viewable by the reconciler.
- Departmental reconcilers work with cardholders to ensure that the correct accounts are charged for the transactions received. Once that is complete, the transaction account information, with changes, is uploaded weekly to Banner.
- A statement of account is printed monthly by the reconciler for each cardholder who had activity on their account. The cardholder must sign the statement, attach backup (logs, receipts, etc.), forward it to their approving official for approval and file it for future reference.

- ProCard transactions are billed directly by JPMorgan Chase to the University. The University pays the bank once a month for all charges made by every cardholder. The merchants are paid by MasterCard within 48-72 hours of when the merchant transmits the transaction data to MasterCard.
- Questioned or disputed transaction charges are credited by JPMorgan Chase until the problem is resolved (Page 10).

ProCard and Personal Credit Card Differences

- The University is liable for all charges made on the card prior to its being reported lost or stolen to JPMorgan Chase.
- There is no personal liability on the card UNLESS the cardholder violates the terms of the ProCard by making a personal purchase.
- The maximum per transaction limit is \$2,500.00, unless a request for a transaction limit has been approved by the Procurement Office. The increase will at no time exceed the small dollar procurement limit of \$5,000.00 per transaction.
- All cards are excluded from specific merchant types such as travel, vehicle rental & cash.
- The card belongs to the University. When an employee ends employment with the University, the ProCard is returned to the ProCard Administrator. If an employee moves to another department within the University and has need for continued use of their ProCard, the ProCard Administrator should be notified to change the default coding.

Requirements

The cardholder must follow all existing departmental purchasing procedures or requirements **prior** to making a ProCard purchase.

Price Preference for In-State-Vendors

The State of Alaska and The University recognize the value of conducting business with Alaskan vendors. Businesses located within the State of Alaska are granted a 5% price preference when State funds are expended. That is, if and when an Alaskan vendor's price is not more than 5% higher than that of an out-of-state competitor, the Alaskan vendor shall be considered the low price vendor. The departments shall apply this preference when price competition is sought.

Restricted Fund Accounts

It is the cardholder's responsibility to ensure that all Grants & Contract requirements are met prior to any purchase. Failure to comply will result in cancellation of the credit card.

For the set of account codes classified as "sensitive items", it is mandated by the Statewide Controller's Office that prior review and approval must be made by the

staff that have been delegated the authority to approve such purchases, which is limited to Administrative Services Administrators. Below is a detailed list of the sensitive item account codes.

What makes an item a sensitive item? If the item that's being purchased is of an administrative nature, a contract (including subrecipient) or normally included in the indirect cost pool is a sensitive item.

Travel

2010 – Alaska General Administrative
2040 – Alaska Athletic Competitions
2070 – Alaska UA Student Instructional
2090 – Alaska Lobbying Travel
2110 – US General Administrative
2140 – US Athletic Competitions
2170 – US UA Student Instructional Travel
2190 – US Lobbying Travel
2200 through 2499 – Canadian, Foreign, Relocation & Recruitment travel

Contractual Services

3005 – Professional Services Other
3007 – Student/Teacher Educational Services Fees
3008 – Catering Special Events/Ceremonies
3010 – Ship Use Charge
3017 through 3040 – Honoraria, Matching/Restricted Fund Catering, Foreign Wages & Salaries, Foreign Taxes & Benefits, Sub-agreements of any kind, Approved Service Contracts of any kind, Research Subject Payment, Food Service/Vending, Catering for Fund Raisers & Lobbying Services.
3081 through 3095 – Services for the School of Fisheries & Geophysical Institute of any kind.
3111 through 3119 – Office Equipment Rent/Lease, Car, Boat, Aircraft, Mainframe Computer, Facilities & Personal Use Leases of any kind.
3441 – Phone Rental Charges
3443 – Leased Lines
3501 through 3520 – Advertisement, Publicity & Raffles/Prizes of any kind.
3661 – Tuition/Registration Fees
3662 – Per A-21 Allowable Dues/Memberships
3900 through 3999 – Taxes, Licenses, Bank Charges, Cash, Fines & Penalties, Insurance & Claims of any kind & Game Guarantee.

Commodities

4008 – Food/Decoration for Special Events
4018 – Match/Restricted Fund Self-Catered
4020 – Animals for Research
4082 – Restricted Service Center – Stockroom

4099 – Equipment Supplies, Threshold Transition

4451 – Disposable Equipment Purchase

4500 through 9999 – Items For Resale of any kind, Land, Buildings, Maintenance, Furnishings, Art, Livestock, Medical Equipment, Weapons, Fixed Equipment, Transportation Equipment, Education Equipment, Farm Equipment, Research Equipment, Broadcasting Equipment, Library Books & Films of any kind, Infrastructure, Student Aid Budgets, Scholarships, Grants/Health/Wellness/Military/Senior Citizen Waivers, Refunds of any kind, Construction, Retirement, Disbursement of Agency Funds, Tuition, Gifts, Grants & Contract Payments to any Government or Agency, Real Estate, Endowments, Housing, Auxiliary & Bonds.

If you have questions, please contact the Grants & Contract Office at 796-6431 or 796-6420.

Place the Order

1. In person, by fax, by phone, by mail or the internet (secured link). Keep a log of all purchases made.
2. Tell merchant this is a University of Alaska purchase, it is tax-exempt and ask for educational discounts.
3. Give name as it appears on card.
4. Give accurate delivery information. Ask the vendor to include your full name on all order & delivery documents.
5. Request that a sales receipt be placed in the package (If possible).
6. After the package or delivery has been received, be sure you have followed all departmental procedures regarding processing, record retention and documentation requirements.
7. Do not allow COD deliveries.
8. *If your transaction is declined:*
 - ✓ Have merchant re-key the number and expiration date.
 - ✓ Has the transaction put you over your limit?
 - ✓ Merchant's 4-digit Merchant Category Code Group (MCC Code) may be on your cards excluded list.
 - ✓ Transaction link between the merchant and its bank may be down. Ask the vendor to try again later.
 - ✓ Contact JPMorgan Chase's Customer Service department, 1-800-316-6056 to determine why charge was declined.

Billing Address

If the vendor requests a billing address, use your department's direct address, so accounts payable in the Admin Services Business Office does not receive an additional copy.

Receiving Goods & Obtaining a Receipt

1. For purchases made in a store, a receipt is given at the time of purchase.
2. For goods ordered by phone, fax, or mail, this will be done after receipt of goods in the form of a receipt, packing slip, or order form. All receipts should contain the following information:
 - ✓ Cardholders name – number – vendor identification
 - ✓ Date purchase was made
 - ✓ Description of each item that was purchased
 - ✓ Per item costs (if available)

Keep a Transaction Log

The cardholder/department is responsible for maintaining a ProCard transaction log. The log should be reconciled to the ProCard Statement each month. For record keeping purposes, the following items should be kept with the log:

- Sales receipts
- Packing slips
- Credit card slips
- Merchandise advertisements
- Any other pertinent information related to the purchase
- Signed requisition by authorized department person (Person having signature authority for the org/fund account used for transaction)
- Grants Approval where needed

To facilitate the record keeping reconciliation process, the Purchasing Card Log must be filled out for each cardholder and each transaction (see sample log). The transaction log requires the following information:

- Date of transaction
- Vendor name
- Description of purchase
- Transaction amount
- Evidence of purchase
- Remarks

When the monthly credit card statement is printed, the person responsible for reconciliation will sign their initials on the transaction log to indicate that the item posted to the credit card statement matches the transaction, per the log. Any discrepancies identified should be **promptly** investigated with “action taken” recorded in the remarks section of the Purchasing Card Log.

Verify the Goods Received are what was ordered

It is the cardholder's responsibility to ensure receipt of materials and services and to follow up with the vendors to resolve any delivery problems, discrepancies and/or damaged goods.

In case of returns, the cardholder is responsible for coordinating returns directly with the vendor, as well as securing the appropriate credit when goods are returned. Keep the return documentation with the department log sheet.

Help Reconcile Transactions

- The reconciler will use the weekly transactions to identify any potential disputes or account distribution issues. Only a reconciler can update an account to post in the Banner system.
- Print Statement of account once per month, containing all cardholder transactions over the previous month.
- Verify all transactions are correct. Put all backup and receipts with the Statement.
- Sign the Statement of account.
- Take Statement of account and all backup documentation to Approving Official who must approve and sign the Statement.
- File the Statement with all backup documentation for future reference.

Record Retention

The Purchasing Card Logs, statements, and supporting documentation **MUST** be maintained by the department for seven (7) years. They may be subject to University, State, and Federal audits. These documents are accounts payable documents and follow the same retention and audit standards.

Reconcilers

- Log onto Pathway Net and review transactions for all cardholders you are responsible for. Print reports so that transaction information can be sent to cardholders as needed.
- Identify, with cardholder, any potential disputes or account allocation problems
- Reallocate and/or split transaction charges to appropriate account numbers and object codes.
- Charges will be posted to Banner on a weekly basis.
- Reconciling in Pathway Net is the preferred method of changing accounting. Corrections must be processed by JV's in a timely manner. **JV's cannot be used to regularly process ProCard transactions.**

Approving Officials

Timely review of the monthly Statement of Account for each Cardholder who has transactions during the cycle period for:

- Proper departmental procurement procedures followed.
- Appropriate documentation (logs/receipts).
- Explanation of variances between invoices & charges are included.
- Purchase is authorized for ProCard usage.

- Sign off on each Statement of Account.
- Take appropriate action for violations (see violations & consequences) by:
 - ✓ Inform Cardholder of problem and consequence of violation
 - ✓ Inform Program Administrator of actions taken

Audits and Audit Findings

The Purchasing Department will perform an audit monthly of the Purchasing Card Log(s) for each cardholder. This is to ensure that the logs are being maintained and the appropriate documentation (receipts, packing slips, etc.) are being kept, and the cardholder is using the card in compliance with all applicable rules of conduct.

ProCard statements and logs with all backup should be submitted to the UAS ProCard Administrator by the tenth of each month, either in original form or copy. If the file is submitted in original form, the entire file will be returned to the card holder along with the audit report. If a copy of the ProCard file is submitted for audit, the file copy will be recycled after the audit is completed and the cardholder will only be sent the audit report.

Recent audits of cardholders highlighted the following problems. Be careful to avoid these mistakes in your use of the ProCard.

- ✓ Monthly statements not being submitted and signed off by approving official in a timely manner;
- ✓ Explanation of variances between invoices & charges;
- ✓ Taxes are being charged to the University;
- ✓ Cardholder must determine that the purchase is proper before charging;
- ✓ Cardholder cannot allow other staff to use their ProCard;
- ✓ Logs must be updated in a timely manner;
- ✓ Do not split purchases in order to avoid ProCard limitations.

Prohibited Transactions

Representational/Non-Representational Expenses

- Flowers/Holiday decorations
- Food items
- Catering
- Expenses for entertainment for prospective employees
- Gifts, donations, or contributions to individuals or organizations
- Recreational activities i.e. bowling/laser tag

Exceptions to Representational/Non-Representational Expenses

- Procurement approved waiver

Commodities

- Capital equipment
- Firearms or ammunition
- Restaurant meals
- Hazardous materials
- Drug Enforcement Agency licensed substances
- Contracts requiring authorized signatures
- Furniture i.e. appliances, mattresses, desks, chairs, systems furniture for which the University has a contract for, unless the contract has a provision that allows ProCard purchases
- Unauthorized restricted fund purchases
- Contract purchases to non-contract providers
- Payments to individuals, employees, students, or student aids for any reason
- Honorarium payments
- Payments to any other University department *OTHER* than the Bookstore
- Refunds of revenue
- Pyramiding (multiple purchases to cover same transaction)
- Tuition payments
- Cash or cash type transactions
- Personal purchases – Regardless of intent to reimburse

Services

- Unincorporated (sole proprietor, partnership, Limited Liability Company) service providers. You should ask the vendor, or if the vendor has an Alaska Business License, a query can be done on the specific business at the State of Alaska Department of Community & Economic Development's Division of Occupational License website that will indicate "Business Type" among other criteria.
- Leases
- Travel & all travel related expenses, i.e. airline tickets, bus tickets, vehicle rentals, meals, lodging etc. The JPMorgan Chase Travel Card should be used for Travel Expenses
- Moving expenses
- Purchase or removal of radioactive materials
- Consulting services
- Medical payments

Exceptions – Services may be purchased for:

- Incorporated service providers
- Memberships/Dues
- Conferences/Registrations
- Freight/Shipping
- Postage

Excluded Merchant Types

- Airlines/Automobiles/Vehicle Rentals
- Quick Payment Services/Financial Institutions/Cash Advances
Businesses/Securities
- Hotels/Motels
- Eating Places/Restaurants
- Bars/Cocktail Lounges/Discotheques/Night Clubs/Taverns/Drinking
Places/Any Alcohol purchasing places

Violations and consequences of misuse of the ProCard

Sharing your ProCard or ProCard Number

- Do NOT share your ProCard or ProCard number with ANYONE. The ProCard is to be used by only the cardholder named on the face of the card. This includes transactions over the phone and internet.

Personal Purchases

- The University must be reimbursed immediately
- Card may be revoked
- Violation of this policy may be investigated and could result in termination and/or criminal prosecution. In case of willful or neglectful default of this obligation, the University shall take any recovery action deemed appropriate as permitted by law.

Cash or Cash type transactions

- Card will be revoked
- Violation of this policy may be investigated and could result in termination and/or criminal prosecution. In case of willful or neglectful default of this obligation, the University shall take any recovery action deemed appropriate as permitted by law.

Split Purchases (Items costing over \$5,000, split between transactions)

- Card will be revoked
- Cardholder will be required to obtain additional training before determining if the card is to be reinstated

Other Inappropriate Purchases

- Written warning will be given to the cardholder
- Cardholder is required to obtain additional training
- Card may be revoked if misuse continues

Disputes

The following may be formally disputed with the bank:

- Unauthorized charges, including unauthorized phone or mail order charges
- Difference in amount authorized and amount charged
- Duplicate charges
- Transaction which is yours but you are challenging for other reasons
- Your account has not yet been credited in the ProCard system but you have received a credit voucher from the merchant or have been told by the merchant they will issue a credit
- Failure to receive goods
- Returned merchandise
- Unrecognized charges
- Altered charges
- Defective merchandise

On all disputes call the vendor first and see if they can correct the problem.

Keep notes of date, time, if you left a message, who you talked to, what was said, etc.

For vendors that don't seem to want to return calls, it's suggested that you leave a message that states:

- a. Please contact me at xxx-xxx-xxxx in reference to a problem with my order.
- b. If I haven't heard from you by MM-DD (give them a reasonable time to return the call such as one week) I will be contacting my bank to dispute these charges.
- c. If you haven't heard from them by the deadline, contact the bank.

If you cannot resolve the problems with the vendor, have your Reconciler print a dispute form for the purchase with all the pertinent information and the reason for the dispute. The form may be faxed or mailed to JP Morgan Chase at 847-931-8861 or JP Morgan Chase, Dept IL1-6225 Attn: Disputes, 2500 Westfield Dr, Elgin, IL 60123.

Immediately after reporting the dispute, the University will be credited for the amount of the disputed purchase until it is resolved. Disputes must be communicated to JP Morgan Chase within 60 days of the end of the cycle (15th of the month) in which the transaction first appeared.