

UNIVERSITY OF THE PACIFIC

**Procard Policies
And Procedures**

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Overview

Introduction The procard allows authorized cardholders to purchase small dollar goods, services and travel for the University eliminating the need for authorizations for payment, blanket purchase orders and small dollar orders. This will allow departments great convenience, control, flexibility, and at the same time, reduce the costs associated with initiating and paying for these purchases.

Purpose The purpose of this manual is to set forth the University of the Pacific procard policies and procedures.

Terminology The table below defines terms you must know to perform this task:

| Term | Definition |
|-------------------------------|--|
| Budget Supervisor | The person responsible for monitoring the departmental budget. The budget supervisor in consultation with the cognizant Dean or Vice President designates an individual as a cardholder and delegates limited authority to a cardholder to charge against the department's budget. |
| Business Purpose | This is the required documentation for IRS compliance. It is the who, what, when, where & why for each transaction. |
| Cardholder | A person to whom a University procard has been issued. The cardholder is responsible for all charges made with the procard. |
| Default Index | The department index code assigned to an individual cardholders procard. |
| Monthly Spending Limit | A dollar limitation of purchasing authority assigned to the cardholder for the total of all charges made during each monthly billing cycle. |
| Preferred Vendor | A vendor that has offered special pricing or terms to the University. |
| Procard | A card issued to an individual for the purpose of making authorized purchases on behalf of the University. |
| Procard Administrator | The Purchasing Department is responsible for administering the Procard program for the University and JPMorgan Chase. |

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Overview, Continued

Terminology (continued)

| Term | Definition |
|---|--|
| Reconciler | The reconciler is the person designated to verify that all transactions made by the cardholder are entered on the web correctly, all original supporting backup documentation is attached and that the proper indices and accounts are charged. |
| Statement of Account | A listing from JPMorgan Chase of all transactions charged to the cardholders account up to the end of the month. |
| Supervisor | The person with signing authority for all expenditures, including travel. |
| Supporting/ Backup Documentation | A original document from the vendor that records the relevant details for each item purchased including quantities, amounts, a description of what was purchased, the total charge amount and the vendor's name and address (i.e. sales receipts, invoices, online confirmations, order forms, etc). |
| Transaction/ Charge Limit | A dollar limitation of purchasing authority assigned to the cardholder for each single transaction made with the procard. Note: This amount must not exceed \$4,999.99 including tax, shipping, etc. |

Authorized Use Cardholders are authorized to use the procard to purchase merchandise for official University business, services (other than 1099 vendors) or travel required as a function of their job duties.

Unauthorized Use The following items are not authorized on the procard:

- capital equipment,
- cash advances,
- contracts (including leases),
- contributions to civic or non-profit causes (see guidelines in the Business Policies and Procedures manual),
- construction, repairs and maintenance to facilities including window treatments (see Renovations to Facilities Policy in the Business Policies and Procedures manual),
- entertainment expenses except those permitted by the Entertainment Policy (see Business Policies and Procedures manual),
- first class travel (see Business Policies and Procedures manual),
- gifts or gift certificates,
- independent contractors (i.e., 1099 vendors),
- interest charges,
- internet auctions,

Overview, Continued

Unauthorized Use (continued)

- payments to other University departments or campuses,
- personal expenses (see Travel Policy in the Business Policies and Procedures manual),
- purchases > \$4,999.99
- purchases prohibited by University policy, grant or research contract, or which violate the University's tax-exempt status (i.e., political lobbying or political action committees),
- purchases required to be made on a purchase order (see Procurement Policy in the Business Policies and Procedures manual),
- salary expenses, payroll advances, personal loans,
- traffic citations or other fines for University or personal vehicles (these are personal expenses),
- radioactive materials purchases, or
- University parking permits (these are personal expenses).

Note: Contact the Purchasing Department for alternative methods of procurement.

General Responsibilities

The University Purchasing Department is responsible for managing the program and each academic or administrative department is responsible for managing its cardholder accounts.

Cardholder Responsibilities

Cardholders are responsible for all transactions made with their procard as well as the following:

- reviewing and coding all transactions on-line, including business purpose.
 - obtaining itemized receipts,
 - attaching small receipts to 8x11 paper,
 - blacking out credit card number,
 - attaching receipts to the statement in the same order as the charges appear on the statement, and
 - signing and dating the statement.
-

Reconciler Responsibilities

The responsibilities of the reconciler are to assist the cardholder by:

- verifying transactions
 - resolving returns, credits, discrepancies and
 - signing and dating the statement.
-

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Overview, Continued

Supervisor Responsibilities

The supervisor is responsible for:

- reviewing,
- approving,
- signing and dating each cardholder's statement.

Note: Once approved, all documentation must be returned to the reconciler/cardholder for submission to the Purchasing Department by the due date.

Business Relationships and Ethics

Employees conducting business transactions on behalf of the University hold a position of trust that dictates that their actions be governed by the highest standards of personal and business conduct. Ethical business standards shall govern all transactions and employees must be aware of the following:

- avoid the intent and appearance of unethical or compromising practices in relationships, actions, and communications,
 - demonstrate loyalty to the University by diligently following the lawful instruction of the University, using reasonable care and only authority granted,
 - refrain from any private business or professional activity that would create a conflict between personal interests and the interests of the University,
 - handle proprietary information belonging to the University or suppliers with due care and proper consideration of ethical and legal ramifications and governmental regulations,
 - refrain from reciprocal agreements that restrain competition,
 - strive to obtain the maximum value for each dollar of expenditure,
 - decline personal gifts or gratuities,
 - foster fair ethical and legal trade practices, and
 - do not divulge pricing information to competitors.
-

How to obtain a card

Contact the Purchasing Department to obtain an application and schedule training.

Procard Procedures

Ordering

The procard may be used to purchase approved goods or travel in accordance with University Travel Policy in the following ways:

- In person (point of sale)
 - Telephone
 - Fax
 - Mail
 - Internet (secure sites only)
-

Placing a order

The following table shows you how to place a telephone order:

| Step | Action |
|------|--|
| 1 | Identify yourself as a University of the Pacific employee. |
| 2 | State that you are making the purchase using a University VISA. |
| 3 | Provide the procard number and expiration date on the card. |
| 4 | Provide complete shipping/delivery information. Tell the vendor that the address label/packing slip must contain the following information: <ul style="list-style-type: none">• Cardholder's name• Department name• Building and room number• Street address• City, State and Zip <p>Note: Packages that are not labeled as above may delay the delivery of your order or may possibly be refused and returned to the vendor.</p> |
| 5 | Ask out of state vendors if they collect "California Sales Tax". |
| 6 | Verify the total cost of the purchase including shipping/freight. |
| 7 | Get confirmation number. |

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Procard Procedures, Continued

Returns or Exchanges

The cardholder is responsible for contacting the vendor when the merchandise is unacceptable (incorrect, damaged, defective, etc.). The following table describes what to do for a return or exchange:

| If... | Then... | When... | Then... |
|------------------------------------|--|--|--|
| merchandise is returned for credit | cardholder is responsible for obtaining a credit memo. | the credit posts to the PaymentNet website | cardholder will code this credit to the same index and account code as the charge. |
| merchandise is exchanged | cardholder is responsible for returning the merchandise to the vendor. | the replacement is obtained | proper documentation must be kept showing the resolution (this may be packing slip and/or copy of credit). |

Note: Receiving cash or check to resolve a credit is prohibited.

Charge disputes

In the case of a disputed charge, the cardholder must try to resolve the dispute directly with the vendor. If the dispute cannot be resolved, the cardholder must process a dispute on the PaymentNet website within 60 days of the dated noted on the statement that lists the disputed charges.

Coding disputes

All disputed charges still need to be coded with index and account code to complete the upload into Banner.

Note: This does not mean you will be responsible for payment of the disputed charge.

Entering disputes

Follow the steps below to enter disputes on the PaymentNet website:

| Step | Action |
|------|---|
| 1 | From the All Transaction screen, click on the transaction. |

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Procard Procedures, Continued

Entering disputes (continued)

| Step | Action |
|------|--|
| 2 | Click the Dispute button. |
| 3 | Confirm your E-mail Address is correct and enter the Merchant State, if empty. |
| 4 | Choose the Dispute Reason from the drop-down box. The PaymentNet website will refresh and may require additional field input. |
| 5 | Enter text in Additional Information about your dispute. |
| 6 | Click the Save button. |
| 7 | Red text will appear, providing a link to a pre-populated Adobe PDF form to be signed and faxed to JPMorgan Chase. |
| 8 | Print, sign and fax form to JP Morgan as instructed on form. |

Dispute resolution

In the event that the dispute has been resolved with vendor, the cardholder must go onto the PaymentNet website and mark the dispute resolved.

Fraud charges and lost/stolen cards

If your procard has fraudulent charges or is lost/stolen, call 1-800-270-7760, this is a 24-hour number. You will be asked for the last 4 digits of tax payer ID which is 6266. Cardholders are required to notify the Program administrator as well.

Note: Do not code index and account code on fraudulent charges.

Printing the electronic statement

The following are the steps for printing the electronic statement:

| Step | Action |
|------|---|
| 1 | Log into the PaymentNet website at www.paymentnet.com . |
| 2 | Click Electronic Statement and Payment located on the left side of the screen. |
| 3 | Click Print Without Detail . |
| 4 | A message will appear notifying you that the statement is available in a PDF format and to click the green arrow in the upper right corner. |
| 5 | Click OK . |

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Procard Procedures, Continued

Printing the electronic statement (continued)

| Step | Action |
|------|--|
| 6 | Click the green arrow in the upper right corner. |
| 7 | Adobe Acrobat will open and statement will appear. |
| 8 | Click the Adobe Acrobat printer icon. |
| 9 | Once statement has printed, close Adobe Acrobat program. |

Note: Statements cannot be printed until the 1st of the month.

Cardholder transaction reconciliation

By the 5th of each month, the cardholder is required to reconcile the statement as follows:

| Step | Action |
|------|---|
| 1 | Obtain electronic statement from the PaymentNet website. Note: Website address is www.paymentnet.com . |
| 2 | Click on each transaction to open edit screen. |
| 3 | Transactions on the PaymentNet website must be updated as follows: <ul style="list-style-type: none"> • Choose from the indices available in the drop down menu • Sales tax column must be filled in with Y, N, NN or NNN <ul style="list-style-type: none"> – The letter Y for sales tax collected or item is non-taxable – The letter N (Stkn), NN (SF only) or NNN (Sacramento only) for no sales tax was collected but item is taxable • Document in the “Notes” area on the PaymentNet website <ul style="list-style-type: none"> – Item description – Business purpose including names of those in attendance – Whether merchandise is taxable or non taxable and was tax withheld. |
| 4 | Click the Reviewed box. |
| 5 | Click on Save . |
| 6 | Attach all original receipts to the statement in the same order as the charges appear on the statement. |

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Procard Procedures, Continued

Cardholder transaction reconciliation (continued)

| Step | Action |
|------|--|
| 7 | Forward signed and dated statement and all supporting documentation in sequence order to your reconciler for review and signature. |

Note: Do not make purchases against an index or account code not listed in the drop down list. Advance notification of two (2) weeks is required for an additional index to be added to PaymentNet website. Account codes approved for use with procard are listed.

Reconciler verification

Upon receipt of the monthly statement and supporting documentation from the cardholder, the reconciler shall follow the procedure below:

| Step | Action |
|------|---|
| 1 | Verify that all transactions have been coded on the PaymentNet website correctly. Click on the Approved box. |
| 2 | Sign and date statement. |
| 3 | Review all supporting documentation for completeness. |
| 4 | Forward statement and supporting documentation to the Supervisor for approval (signature and date). |
| 5 | Once the approved statement and supporting documentation has been received back from the Supervisor, forward it to the Purchasing Department on or before the due date. |

No activity

If you do not have any procard activity for the month you must:

| Step | Action |
|------|---|
| 1 | Print out the statement. |
| 2 | Sign and date. |
| 3 | Forward to the Purchasing Department by the due date. |

Due date

Statements with original receipts are due in the Purchasing Department on the 5th of every month. If the 5th falls on a weekend or holiday, the statement will then be due the previous business day. Any exceptions will be posted on the PaymentNet website.

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Procard Procedures, Continued

Records retention

Statements with original receipts will be kept in Controller Office/Accounts Payable

- in a secure location, and
 - in accordance with University retention policy.
-

Account Maintenance

Changes to personal or departmental information contained on a procard application will require an e-mail notification to be sent to the Program administrator by the Budget supervisor for that department. E-mail: Purchasing@lists.pacific.edu

Security

Procard security

Procards and card numbers must be safeguarded against use by unauthorized individuals within or outside the University. Only authorized cardholders may use the procard.

Procard cancellation

In the event that a procard needs to be cancelled or a cardholder leaves the University, follow these steps:

| Step | Action |
|-------------|---|
| 1 | Notify Program administrator immediately. |
| 2 | Destroy procard by cutting it in half. |
| 3 | Deliver both halves to the Program administrator. |

Transfers within the University

Cardholders who transfer to a new position within the University are required to immediately surrender the procard to the Program administrator. If a procard is required as part of their new duties, a properly executed procard application must be submitted for the new position.

Violations and Penalties

Review

All procard transactions are subject to review by:

- Unit budget supervisor/reconciler
 - Program administrator
 - Accounts payable
 - Internal audit
 - External audit
 - Sponsored programs.
-

Violations and Penalties

The following acts violate the terms of the procard agreement:

- splitting purchases to stay within established limits,
- unauthorized purchases (see page 3),
- failure to comply with reporting (i.e., purchasing due date, transaction reconciliation, original receipts, etc.)

Penalties for these types of violations are:

| Infraction | Consequence |
|-------------------|--|
| First Infraction | Card suspension until the statement and original receipts are reviewed by the Procard administrator. |
| Second Infraction | 30-day suspension |
| Third Infraction | Card Cancellation |

Penalties for personal purchase or cash advances

The following acts also violate the terms of the procard agreement:

- Personal purchases
- Cash advances

| Infraction | Consequence |
|------------------|-------------------|
| First Infraction | Card cancellation |

Note: Any infraction will be reported to the cardholder's supervisor and may lead to Internal Audit review.
