DICKINSON COLLEGE
PURCHASING CARD PROGRAM
POLICIES AND PROCEDURES MANUAL

Introduction

Dickinson College has established a Purchasing Card Program to provide expanded convenience and controls for low dollar purchases, and to establish a payment methodology that will support the future purchasing direction of internal and external transactions. The Purchasing Card, an institutional credit card, is designed to give controlled buying power directly to departments and to eliminate many small-dollar purchase orders and checks.

JP Morgan’s MasterCard is the provider of the Dickinson College Purchasing Card. MasterCard is readily accepted by most vendors and is a convenient purchase and payment tool for low dollar purchases. In addition, the Purchasing Card contains several benefits and insurance coverage, which are identified in the Card Benefits guide.

Purchasing cards differ from typical credit cards in that they allow for Cardholder review, coding of transactions, and reporting online in MasterCard’s Smart Data OnLine software.

This document does not include instructions on utilizing the web-based Smart Data OnLine software. Those instructions are included in the MasterCard Smart Data OnLine Cardholder Guide.

All required forms and policies and procedures manuals will be handed out to new Cardholders during training and have been posted on the Financial Operations website at http://www.dickinson.edu/about/offices/financial-operations/content/finance/Dickinson-Purchasing-Card/. Extra copies of the Purchasing Card Reconciliation Envelopes can be obtained from one of the Program Administrators (not available online).

Key Contacts

Purchasing Card Administrators:

- Miriam McMechen, Assistant Controller (x1806)
  Accounting Program Administrator (mcmechen@dickinson.edu)
  - Reconciliations
  - Cardholder user setup and maintenance
  - Recordkeeping
  - General ledger posting

- David Nelson, Director of Bookstore and Central Services (x1330)
  Purchasing Program Administrator (nelsond@dickinson.edu)
  - Purchasing/preferred vendors

JP Morgan contacts:

- Customer Service (24 hours/day, 7 days/week)
  - Phone: 1-800-207-5359
  - Fax: 1-847-488-3024

- Report lost/stolen cards *
  - Phone: 1-800-316-6056

* Cardholders must also notify one of the Purchasing Card Administrators after reporting a lost or stolen card.
Requesting a Card

An employee who has been delegated purchasing authority by his/her departmental budget officer/approver may apply for a Purchasing Card. A Purchasing Card Account Form must be completed, signed by the budget officer/approver responsible for the applicant’s departmental budget, and forwarded to the Accounting Program Administrator for approval.

The Purchasing Card Account Form requires the Dickinson employee ID number, date of birth, and password, which are used to identify the Cardholder and verify credit card ownership when a card is activated or canceled or when the Cardholder calls in to customer service. The Dickinson employee ID number can be found at the bottom of each employee’s identification card or on an employee’s pay advice. If all else fails, an employee can contact HR Services to obtain the employee ID number. Please note, JP Morgan’s customer service default is to ask for the employee’s social security number. Cardholders should always provide their Dickinson employee ID number (as noted on the application) in place of their social security number (which has not been provided to JP Morgan). The password can be the cardholder’s mother’s maiden name or any other alphanumeric combination. JP Morgan will only use the first four letters/numbers when verifying a password.

The Purchasing Card Account Form is also used to define Cardholder purchase limits and set default accounting information. The standard monthly credit limit is $2,500. If an employee requires more than the standard credit limit, a written justification must be included with the application. Please be aware of the total costs of purchases (including freight and handling) when approaching the monthly limit. Monthly limits can be temporarily raised/lowered by the Accounting Program Administrator on a real-time basis (upon approval from the Cardholder’s budget officer/approver).

An employee is required to provide his/her department name and default general ledger number in the FOAPAL structure (Fund, Organization, and Program) in order to establish accounting defaults in Smart Data OnLine when making purchases.

Prospective Cardholders will be provided with a training manual and may contact the Accounting Program Administrator to set up a one-on-one training session. All prospective Cardholders are required to sign the Cardholder User Agreement in order to be eligible to receive a Purchasing Card.

Purchasing Cards are automatically renewed before the expiration date. Replacement cards will be mailed directly to the Accounting Program Administrator approximately one month before the expiration date. The Accounting Program Administrator will contact Cardholders to arrange delivery of new cards. Old cards must be cut in half and provided to the Accounting Program Administrator before the employee will receive the replacement card.

Cardholder Training

Each Cardholder will be provided with a training manual, which includes the following items:

- Purchasing Card Checklist
- Purchasing Card FAQ’s
- MasterCard Smart Data OnLine Cardholder Guide
- Appendices for required forms
  - Purchasing Card Account Form
  - Cardholder User Agreement
  - Departmental Purchasing Card Sign-Out Log
• Purchasing Card Reconciliation Envelopes

A training session may be arranged by contacting the Accounting Program Administrator. The purpose of the training session is to ensure that the Cardholder is familiar with the policies and procedures as well as navigation of the online system, and to answer any questions the Cardholder may have regarding use of the card.

Cardholder Agreement

The Cardholder must sign the Cardholder User Agreement, which states the employee will secure the card and adhere to Dickinson’s policies and procedures for proper use of the card. A card will not be issued if this form is not signed by the Cardholder and the Cardholder’s manager.

Activating a Card

New cards will have an activation sticker with a phone number for the Cardholders to call in order to activate the card. The Cardholder will be prompted to enter the card number, followed by the last four digits of his/her security identifier (employee ID number).

Changing the Information on a Card

The Purchasing Card Account Form is also used to submit changes to a Cardholder’s account. The Cardholder is required to provide his/her card number and complete the sections which require changes, before forwarding the form on to the departmental budget officer/approver for authorization. The authorized form should then be forwarded to the Accounting Program Administrator for final approval.

Safeguarding a Card

Always keep your card in a secure place. Just as you would with your personal credit cards, treat the Purchasing Card as if it were cash.

Only the Cardholder whose name is embossed on the Purchasing Card is authorized to use the card. All Purchasing Card transactions must be reviewed and coded by the Cardholder (or the Cardholder’s designated proxy) in Smart Data OnLine. The Cardholder is responsible for ensuring all charges made with the card are in compliance with the guidelines stated in this policy document and other applicable college policies. The Cardholder’s departmental budget officer/approver must review and approve the monthly Purchasing Card Reconciliation Envelope. The budget officer/approver is also responsible for ensuring that departmental funds are available in the general ledger account(s) to cover purchases made with the Purchasing Card.

Department cards carry the name of the department and are assigned to a specific employee, typically a Staff Associate. The assigned employee is responsible for maintaining a Departmental Purchasing Card Sign-Out Log for departmental use of the card, which includes the requesting employee’s signature and dates used, and is also responsible for securing the card when not in use. The assigned employee has the same reconciliation responsibilities and approval requirements as individually-named Cardholders. Due to limitations in the College’s liability protection for fraudulent purchases, the use of department cards is discouraged and department cards are only issued when the use of individual cards is not feasible.
How it Works

1. Cardholders make authorized business-related purchases by charging their JP Morgan MasterCard and obtain transaction receipts.
2. JP Morgan pays the merchant when the vendor submits the transaction for payment.
3. Cardholders (or designated proxies) review their transactions daily/weekly in the Smart Data OnLine web-based application. NOTE: In order to establish the business purpose of a transaction, the Cardholder must adequately describe the transaction in the description field within Smart Data OnLine.
4. Cardholders code transactions to the appropriate general ledger account number(s) for all charges within the current billing cycle.
5. Cardholders print their online Purchasing Card statements, reconcile to receipts, and complete the Purchasing Card Reconciliation Envelope for all charges within the current billing cycle.
6. Departmental budget officer/approver reviews and approves the Cardholder’s Purchasing Card Reconciliation Envelope.
7. Budget officer/approver submits approved Purchasing Card Reconciliation Envelope to the Accounting Program Administrator in Financial Operations.

Appropriate/Inappropriate Card Use

Common uses of the Purchasing Card may include, but are not limited to:
- Books, periodicals, subscriptions and newsletters
- Audio and video tapes
- Photo, art, shop and lab supplies
- Flowers, small gifts, etc.
- Conference and seminar registration fees
- Office supplies
- Internet-based purchases
- Repairs
- Small dollar retail purchases
- Travel related expenses (hotel rooms, airfare, car rentals, etc.)

The Purchasing Card must never be used to purchase items for personal use or for non-College purposes even if the Cardholder intends to reimburse the College.

A Cardholder who makes an unauthorized purchase with a Purchasing Card (as defined below) or uses the Purchasing Card in an inappropriate manner may be subject to disciplinary action including possible card cancellation, termination of employment at Dickinson College and criminal prosecution.

As one of the safeguards of the Purchasing Card program, certain Merchant Category Codes (MCC’s) that are believed to be of no value to the College, have been blocked. For example, a Cardholder can not use the card at an off-track betting establishment or at a mobile home dealer. Unfortunately, since MCC’s are determined by the vendor’s bank, there is a chance that a vendor has been incorrectly classified by the bank without our knowledge, and the card may be rejected. If a vendor says your card has been denied, call one of the Purchasing Card Administrators, who will verify why your Purchasing Card was denied. If a Purchasing Card Administrator is not available, Cardholders may also call the JP Morgan customer service number noted on the back of the card.
Please contact the Accounting Program Administrator for a detailed listing of MCC’s which are included and/or excluded from your Purchasing Card. Please note, additional items may be added to the list of excluded categories at the discretion of your individual department or if items are specifically excluded by funding agencies, when applicable. Cash advances are turned off on all cards by default due to the high cost associated with advances. If cash will be needed while traveling, employees are encouraged to request an advance from the Cashier’s Office (up to $100 for domestic travel) or Accounts Payable (up to $300 for international travel) before traveling. Please refer to the Policy on Travel and Related Expenses for travel advance procedures.

Please do not use the Purchasing Card at campus locations, as credit card sales carry certain fees which must be paid by the vendor. There are mechanisms in place to allow for the purchase and billing of goods or services on campus without the card.

How to Purchase

The Purchasing Card can be used at any vendor which accepts MasterCard. Purchases are made in the same manner as any other credit card (in person, telephone, facsimile, internet, mail-order form, etc.).

Be sure to identify yourself as a Dickinson College employee and provide the vendor with the College’s tax exempt ID number, which is printed on the face of the card (see Sales/Use Tax section below for further information on tax exemption).

Also be sure to obtain receipts for all transactions. Receipts are required to be attached to reconciliations submitted to the departmental budget officer/approver and, ultimately, the Accounting Program Administrator.

If the credit card is declined, the Cardholder should contact one of the Purchasing Card Administrators. The Purchasing Card Administrators can identify why the card was declined and what is required to fix the problem.

Preferred Suppliers

In some cases, the College has negotiated rates with vendors. Please contact the Purchasing Program Administrator to determine if a preferred vendor can be used before making a purchase, when possible.

Sales/Use Tax

Dickinson College is categorized as a non-profit educational institution, incorporated in the Commonwealth of Pennsylvania, and is exempt from the payment of most Pennsylvania Sales and Use Taxes. The Pennsylvania tax exemption number is embossed on the front of the Purchasing Card. Vendors may also ask for the PA Exemption Certificate (REV-1220), which can be found at http://www.dickinson.edu/about/offices/financial-operations/content/finance/Sales-Tax-Exemption/ along with other state certificates held by the College. If traveling in any of these states, print and carry the appropriate form with you. Use of the form is subject to the instructions on each form.

If tax is inappropriately charged to a Purchasing Card, it is the responsibility of the Cardholder to obtain a credit from the vendor. Please contact the Accounting Program Administrator if you have any questions or if the vendor disputes the college’s exempt status.

Shipping/Receiving
The Cardholder is responsible for ensuring receipt of materials and services and to follow up with vendors to resolve any delivery problems, discrepancies and/or damaged goods.

If merchandise is returned for credit, the Cardholder is responsible for obtaining a credit receipt from the vendor and retaining that receipt with the supporting documentation for the purchase. Receiving cash or checks to resolve a credit or return is prohibited. If a supplier accepts an item as a return, a credit for this item should appear on the following month’s Purchasing Card statement. All credits should be indicated on the Purchasing Card Reconciliation Envelope.

If materials are ordered by phone, the Cardholder is responsible for advising the vendor to include a sales receipt in the package, as it will be used for supporting documentation. To ensure proper delivery of merchandise, the Cardholder must inform the vendor to include the following information on the outside packing label:

- Cardholder Name
- Campus Mailing Address (including building name and room number)
- Phone Number

Review/Verification of Charges

Cardholder Purchasing Card transactions are typically available for review/reallocation in the Smart Data OnLine internet application within 24-48 hours after receipt of transaction by JP Morgan.

Cardholders must review and complete any account coding to transactions by ten days after the billing cycle end date or transactions will be paid and charged to the system generated default account/center of the Cardholder. If at any time you are charging a department outside of your established default department, you must obtain written authorization from the appropriate departmental budget officer/approver and include the authorization with your reconciliation envelope.

The standard monthly billing cycle cutoff is at midnight on the 26th of every month. If the 26th falls on a Saturday, cutoff would be midnight on the 25th, if it falls on a Sunday, the cutoff would be midnight on the 27th.

Budget officers/approvers are required to review the validity of the Cardholder’s transactions in accordance with college-wide policies and procedures and approve the transactions for that billing period.

At the end of the calendar month, Cardholders should print their electronic Purchasing Card statements from Smart Data OnLine and reconcile all charges to supporting receipts via the Purchasing Card Reconciliation Envelope. Budget officer/approvers are then required to review, sign and forward the Purchasing Card Reconciliation Envelope to the Accounting Program Administrator, by the 10th of the month following the statement date.

Ten days after the billing cycle cutoff, the Accounting Program Administrator exports the transaction file from JP Morgan into Banner. Reallocation of account/center numbers cannot be made after the file has been exported. Smart Data OnLine transactions will be in inquiry mode only after this process has occurred.

General ledger descriptions on the monthly download will include:
• General Ledger account number
• Vendor name
• Amount of purchase
• Cycle end date

Errors and Disputes

If a Cardholder cannot resolve a disputed item directly with the vendor, the Cardholder should mark the transaction as disputed on the face of the Purchasing Card statement, document the reason for the dispute, and include these documents with the Purchasing Card Reconciliation Envelope forwarded to the budget officer/approver and, ultimately, the Accounting Program Administrator.

If fraud is suspected, please notify a Purchasing Card Administrator immediately for card cancellation and reissuance.

Reconciliation/Approval of Transactions

The Cardholder must retain the original charge slip, sales receipt, packing slip, invoice, or any other information related to each purchase and include such documentation with the monthly Purchasing Card Reconciliation Envelope. The following items are needed to complete the envelope:

• Purchasing Card statement. This report can be easily printed at month’s end by accessing the Smart Data OnLine system. (Refer to the MasterCard Smart Data OnLine Cardholder Guide and Purchasing Card Checklist for specific instructions on processing and printing monthly statements)
• Original receipts for all transactions processed during the period.

Complete the following items on the Purchasing Card Reconciliation Envelope:

Cardholder: Name on Purchasing Card
Statement Date: Example – 6/26/10 (taken from Cardholder statement)
Statement Total: Enter the total dollar amount for transactions listed on the Purchasing Card statement printed from Smart Data OnLine.
Minus Receipt Total: Using the Purchasing Card statement, verify and match the original receipts for purchases back to the report. Enter the total of the receipts in this box. Subtract the receipt total from the Purchasing Card statement total. This should equal zero if all transactions and receipts are accounted for in the reconciliation. If there is a difference, the reconciling item(s) must be listed separately in the Minus Reconciling Item(s) section.
Minus Reconciling Item(s): Each reconciling item should be listed separately along with a detailed explanation. The receipt total and the reconciling item(s) should equal the Purchasing Card statement total.
Cardholder/Recordkeeper: Must be signed and dated by either the Cardholder or designated recordkeeper.
Budget/Senior Officer: Must be signed and dated by the appropriate budget officer/approver or senior officer.

The completed Purchasing Card Reconciliation Envelope must be forwarded to the Accounting Program Administrator for review.
Record Keeping/ Retention

It is the Cardholder’s responsibility to obtain purchase documentation from the vendor (sales receipts, packing slip, etc.) in order to support all purchases made with the Purchasing Card.

The Accounting Program Administrator will maintain Purchasing Card Reconciliation Envelopes in Financial Operations for the current fiscal year and two complete prior fiscal years for expenses (excluding federal grants or awards). All records pertinent to a federal grant or award are retained until three years after the date of submission of the final expenditure report in compliance with granting authority regulations.

Purchasing Card transaction documentation and monthly reconciliations will be subject to audit by Financial Operations. Documentation must fully support the Purchasing Card statement and adequate descriptions must be included in Smart Data OnLine to support the business purpose of each transaction.

Examples of acceptable supporting documentation include, but are not limited to:

- Original sales receipt or invoice
- Original packing slip
- Original cash register receipt
- Internet confirmation printed from email (if there is no packing slip with the goods when received)
- Original copy of order form or application

Business meal transactions must include names of attendees and business purpose in the documentation to comply with Internal Revenue Service (IRS) Accountable Plan regulations. If there are a large number of attendees, listing the type of group is acceptable.

Audit’s Role

Financial Operations will audit Purchasing Card documentation on a rotational basis. Audits will be conducted in accordance with IRS accountable plan guidelines and will focus on Purchasing Card policies and procedures noted in this document, as well as the College’s Policy on Travel and Related Expenses. Any findings noted during the audit are documented and communicated to the Cardholder and/or the Cardholder’s budget officer/approver. Repeated noncompliance with College policies and procedures is considered to be misuse of the card and may result in revoking card privileges.

This process is intended to provide a review of the program’s performance, ensure required documentation is properly maintained, and solicit feedback needed to improve the program. Purchasing Cards are also subject to review and audit by the College’s external auditors and granting agencies, where appropriate.

Reporting Lost or Stolen Cards

If a Purchasing Card is lost, stolen or damaged, the Cardholder must immediately contact JP Morgan at 1-800-316-6056. It is imperative that the Cardholder contacts the bank immediately for suspension of the Purchasing Card, as the College is responsible for all charges made on the card until it has been cancelled at the bank. The Cardholder must also notify a Purchasing Card Administrator after reporting the incident to the bank. The Cardholder’s card will be cancelled, and JP Morgan will issue a new Purchasing Card.
A Purchasing Card that is found after it has been reported lost or stolen must be destroyed by cutting it in half. The same procedure applies if the card is damaged. Both card halves must be forwarded to the Accounting Program Administrator.

**Canceling the Card**

Reasons for cancellation include:
- Cardholder is no longer employed at the College or no longer has a need for a card
- Cardholder is transferring to another department within the College
- Cardholder goes on leave without pay
- Cardholder is requested to surrender card due to violations of policies

A Purchasing Card can be cancelled at any time. In the event that it is necessary to cancel a card, the Cardholder must return the card to his/her budget officer/approver. The budget officer/approver will destroy the card and forward the card to the Accounting Program Administrator, along with an authorized *Purchasing Card Account Form*.

When a Cardholder terminates employment with the College, the department budget officer/approver has the specific obligation to reclaim the Purchasing Card and return it to the Accounting Program Administrator prior to the employee’s termination date. Failure to do so may result in revocation of all Purchasing Card privileges. If a terminated employee continues to use this card, the budget officer/approver’s department will be liable for all charges. The terminated employee may also be subject to criminal prosecution.

If Financial Operations has to contact a single department on multiple occasions because of insufficient funds within the departmental budget, that department’s cards may be revoked entirely.

If it is found that a Cardholder has not used the Purchasing Card on a regular basis, the card may be revoked at the discretion of the Accounting Program Administrator (in consultation with the budget officer/approver). Financial Operations maintains a series of departmental Purchasing Cards which may be loaned to employees who travel and/or purchase infrequently during the year.
DEFINITIONS

Purchasing Card: A card issued to an employee of Dickinson College for the purpose of making authorized business-related purchases on behalf of the College. The College will issue payment for charges made with the Purchasing Card.

Cardholder: The Dickinson College employee whose name appears on the Purchasing Card and is accountable for all charges made with that card. Cardholders have the ability to allocate individual charges to general ledger account numbers. The Cardholder may also refer to the assigned employee responsible for securing a department card.

Budget Officer/Approver: The Dickinson College employee within each department responsible for approving a Cardholder’s transactions. A budget officer/approver may oversee more than one Cardholder account, depending on how the department elects to manage its accounts. The budget officer/approver is also responsible for verifying that all charges against the Cardholder’s account for that department are backed up by the appropriate supporting documentation, and that the documentation is forwarded to the Accounting Program Administrator for review.

Purchasing Card Administrator(s): The Dickinson College employee(s) responsible for administering the Purchasing Card Program for the College and acting as the main contact between Dickinson and JP Morgan. Administrators consist of the Accounting Program Administrator and the Purchasing Program Administrator, both identified at the beginning of this document.

Smart Data OnLine: A web-based solution that provides transaction reporting, accounting information, and online review of Cardholder records. The system is a secure web site, which is derived and maintained by MasterCard, using the company’s internal servers. Access to Smart Data OnLine requires a secure password for the Cardholder and Manager in order to review, change and approve Purchasing Card transactions.

Monthly Spending Limit: A dollar limitation of purchasing authority assigned to the Cardholder for the total of all charges made during the monthly billing cycle. The budget officer/approver and the Purchasing Card Administrator(s) establish the limit for the individual Cardholder in accordance with the Purchasing Card program guidelines.

Supporting Documentation: A merchant produced or non-College document that records the relevant details for each item purchased including quantities, dollar amounts, description of what was purchased, total charge amount, merchant’s name and address (i.e. sales receipt, original invoice, packing slip, credit receipt, etc.).

Purchasing Card Statement: A report available from JP Morgan through Smart Data OnLine detailing transaction activity for an individual card account number for purchases made during the monthly billing cycle.

Purchasing Card Account Form: The form required to be completed by prospective Cardholders to obtain a Purchasing Card, make changes to an existing Purchasing Card, or to cancel a Purchasing Card.

Cardholder User Agreement: An agreement form signed by the Cardholder and the budget officer/approver, which verifies that the Cardholder has read and understands the guidelines set forth in this policies and procedures manual and agrees to comply with them.