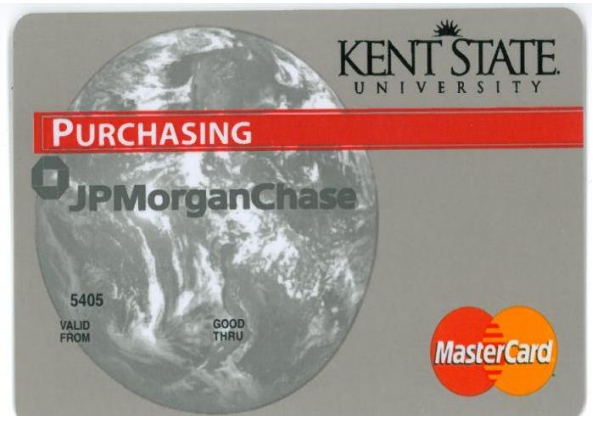
KENT STATE UNIVERSITY

Purchasing Card Procedure Manual



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Purchasing Card Program

The purchasing card program is designed to streamline the purchasing and accounts payable processes by reducing the paperwork generated for small dollar purchases and facilitating quick payment to vendors.

The purchasing card (p-card) is a MasterCard issued by JPMorgan Chase to Kent State University employees. PaymentNet is JPMorgan Chase's web-based application to facilitate administrative tasks associated with the p-card program.

All departments and employees who are assigned access to a p-card or are identified as cardholders, reconcilers, approvers, or system administrators must read, understand, and comply with the Administrative Policy Regarding Use of the Purchasing Card, 7-02.16.

The purchasing card is to be used only for business expenditures under the purchase order thresholds as established in the Administrative Policy Regarding Purchasing, Sales and Disposal of Property and Inventory Control, 5-12.3. Personal charges are strictly prohibited regardless of intent to reimburse the university.

System administrators are authorized to suspend or cancel p-card privileges for anyone considered to be in violation of university and purchasing card policy and procedures.

The remainder of the Purchasing Card Procedure Manual is intended to provide further clarification of the p-card policy and describe procedural tasks associated with the p-card program.

Acquiring a Purchasing Card

In order to be issued a purchasing card, a Purchasing Card Cardholder Application (see Appendix A) must be completed and approved by the appropriate approving authority, the executive officer of the employee's division, and a system administrator within the Accounts Payable department. The cardholder application is available on the Accounts Payable website (www.kent.edu/controller/accountspayable). The cardholder application contains instructions which outline the required information to complete the form.

A purchasing card is issued in the name of an employee identified on the application as the cardholder. The individual must be a Kent State University employee who is in a continuing assignment. Student employees, independent contractors, temporary or term employees, etc... are not permitted to obtain a p-card. Even though the p-card is issued in an employee's name, the employee's personal credit is not associated with the p-card. The p-card is the liability of Kent State University unless employee fraud is identified.

Grant and cost share purchases can no longer be charged to *departmental* p-cards. **In order to adequately track and authorize grant and cost share funded expenditures, a separate p-card must be issued which requires the completion of a separate cardholder application.** The Purchasing Card Cardholder Application contains a *Grant Funded* check box under the Credit Request section to indicate p-card transactions will be expensed to a grant or cost share. Refer to the Grant P-Cards section for additional information.

A reconciler, approver, and backup approver must be identified on the cardholder application. These individuals must also be Kent State University employees who are in a continuing assignment. The reconciler and the cardholder may be the same individual. However, the approver and backup approver cannot be the same individual as the cardholder. The approver and backup approver must be determined according to normal departmental approval hierarchy.

The cardholder application will not be processed by the system administrator until the cardholder, reconciler, and approver have attended and passed training. In addition, the system administrator in the Accounts Payable department has discretion of merchant restrictions, credit limits, and issuance of the p-card based on business purpose justification and previous p-card findings and audits. Once the application is processed, the p-card will be delivered directly to the system administrator within 5 to 10 business days. The p-card must be picked up from the system administrator and signed for in person by the cardholder. Photo identification is required.

Training

Purchasing card training is mandatory for the cardholder, reconciler, and approver. The purchasing card cardholder training is required for all cardholders and reconcilers. Approvers need only attend the purchasing card approver training session. To attend one of the on-line sessions, visit Human Resources Registration site at http://www.kent.edu/hr/training. Attendance and participation during the training sessions will be monitored. There will be a quiz and a passing grade is required before a p-card will be issued.

Activation and Renewal

A card receipt verification block is issued by JPMorgan Chase as a control to maintain card security and help to prevent theft and fraudulent activity on new accounts. The cardholder must confirm receipt of the p-card with JPMorgan Chase's customer service. The p-card will have an activation sticker on the face of the card that advises the cardholder to contact JPMorgan Chase and verify card receipt prior to first use. JPMorgan Chase will ask each cardholder to verify his or her identity by asking for the cardholder's social security number and mother's maiden name. Even though customer service will ask to verify the cardholder's SSN, KSU is using the cardholder's Banner ID in lieu of SSN. A Banner ID is the cardholder's 9-digit KSU employee number. Once the cardholder has activated the card, the cardholder should remove the sticker, sign the back of the card, and begin use.

Each p-card will have an expiration date of 36 months after issuance. Reissued p-cards will be sent directly to the system administrator in the Accounts Payable department about 3 weeks prior to the end of the month in which the card expires. The reissued p-card must be picked up from the system administrator and signed for in person by the cardholder. Photo identification is required. The expiring p-card must be turned in to the system administrator upon receipt of the reissued p-card. Reissued p-cards will have the same 16-digit account number as the original account but will need to be activated by the cardholder prior to use.

Cardholder Roles & Responsibilities

A cardholder is defined as an employee in whose name a p-card is issued who is responsible to protect the card and corresponding account access and ensure proper use. The cardholder has the following responsibilities in addition to reading, understanding, and complying with the Administrative Policy Regarding Use of the Purchasing Card, 7-02.16:

- Abide by all university policies and procedures when using the p-card
- Follow proper departmental procedures for determining that a purchase is required, authorized, and expenditures are within the approved budget
- Determine if the p-card is the appropriate buying method based on purchase order thresholds, merchant restrictions, single transaction limit, monthly transaction limit, and daily number of transactions limit
    - For example: Determine that the total amount of the purchase including shipping, handling, postage, freight, insurance, etc... does not exceed the single transaction limit established for the p-card
- Purchase only approved commodities and services from reputable vendors
- Ensure grant and cost share purchases strictly adhere to all contracts, grants, and other agency guidelines and are placed on the *grant* p-card
- Ensure Ohio Sales Tax is not charged on the p-card
- Obtain itemized receipts and retain per record retention policies
- Complete the Substitute Purchasing Card Receipt form (see Appendix A), when applicable
- Secure the card, receipts, and statements in a secure location within the cardholder's department
- Designate other Kent State University employees to make purchases on your behalf and inform them of the appropriate p-card procedures
    - Other employees' purchases must be tracked using the Departmental P-Card Purchase Log (see Appendix A)
- Ensure receipt of material purchased and services rendered
- Contact merchants promptly to resolve any delivery problems, discrepancies, or damaged goods
    - Dispute transactions not resolved with the merchant
- Attend and pass purchasing card cardholder training
- Report suspicious or erroneous charges immediately to the system administrator
- Guard against identify theft and report a lost or stolen p-card immediately
- Sign the Purchasing Card Cardholder Agreement (see Appendix A) indicating you have read and understand the p-card policy, procedures, and appropriate use of the p-card, and the responsibilities of a cardholder
    - Maintain a copy of the Purchasing Card Cardholder Agreement in the cardholder's department

Reconciler Roles & Responsibilities

A reconciler is defined as an employee responsible for monthly reconciliation of transactions on a particular p-card. The reconciler has the following responsibilities in addition to reading, understanding, and complying with the Administrative Policy Regarding Use of the Purchasing Card, 7-02.16:

- Reconciles itemized receipts against p-card transactions to ensure accurate charges
- Update transaction notes within PaymentNet for each transaction indicating a description of what was purchased and business purpose of the purchase
    - If transaction is allocated to a grant or cost share, the transaction note must indicate a description of what was purchased and benefit to the grant
- Allocate each transaction to the appropriate Index(es) and Account(s) within PaymentNet
- Mark each transaction as Reviewed within PaymentNet
- Assemble the p-card statement and supporting documentation (receipts) and forward to the approver for review and approval by the fifteenth of each month following statement issuance
- Attend and pass purchasing card cardholder training
- Sign the Purchasing Card Reconciler Agreement (see Appendix A) indicating you have read and understand the p-card policy, procedures, appropriate use of the p-card, and the responsibilities of a reconciler
    - Maintain a copy of the Purchasing Card Reconciler Agreement in the cardholder's department

Approver Roles & Responsibilities

An approver is defined as an authorized employee responsible for approval of transactions on a particular p-card. The approver has the following responsibilities in addition to reading, understanding, and complying with the Administrative Policy Regarding Use of the Purchasing Card, 7-02-16:

- Have authority to charge expenditures against the approved budgets of the unit(s) or college(s)/school(s)
- Have a higher level position of authority than the cardholder
- Thoroughly review each transaction on the cardholder statement and all supporting documentation (receipts) to ensure transactions are business-appropriate and allowable expenditures which are coded to the proper Index and Account and comply with all applicable policies and procedures
    - *Grant* P-Card: Adhere to all contracts, grants, and other agency guidelines, where applicable, and ensure the Principal Investigator (PI) approval to purchase was obtained
- Determine if the p-card is the appropriate buying method based on purchase order thresholds, merchant restrictions, single transaction limit, monthly transaction limit, and daily number of transactions limit. Identified discrepancies should be reported to the system administrator.
    - Verify transactions are not made with restricted merchants
    - Verify transactions with the same vendor are not split to circumvent the established single transaction limit of the p-card (split transaction)
- Verify the cardholder has attempted to resolve Ohio Sales Tax charges with the merchant
- Approve transactions within PaymentNet by the fifteenth of each month following statement issuance
- Report suspicious or erroneous charges immediately to the system administrator
- Attend and pass purchasing card approver training
- Sign the Purchasing Card Approver Agreement (see Appendix A) indicating you have read and understand the p-card policy, procedures, appropriate use of the p-card, and the responsibilities of an approver
    - Maintain a copy of the Purchasing Card Approver Agreement in the cardholder's department

System Administrator Roles & Responsibilities

A system administrator is defined as a staff member(s) in the accounts payable department who are responsible for oversight of the p-card program and training. The system administrator has the following responsibilities in addition to reading, understanding, and complying with the Administrative Policy Regarding Use of the Purchasing Card, 7-02.16:

- Discretion regarding issuance of the p-card, merchant controls, and credit limits
- Perform program reconciliation and compliance audits
- Annually review each cardholder's transactions to determine appropriate transaction limits and merchant restrictions
- Suspend or cancel p-card privileges for anyone considered to be in violation of university and/or p-card policies and procedures or at time of cardholder termination, transfer, or start of a leave with a duration greater than one month
- Provide customer service as it relates to the p-card program
- Maintain relationship between the university and the financial institution issuing the p-card
- Sign the Purchasing Card System Administrator Agreement (see Appendix A) indicating you have read and understand the p-card policy, procedures, appropriate use of the p-card, and the responsibilities of a system administrator
    - Maintain the original Purchasing Card System Administrator Agreement in the Accounts Payable department

General Program Administration

The Procurement department is responsible for reviewing departmental buying patterns to assure appropriate use of the p-card and identify opportunities or requirements for negotiation or soliciting bids with high volume merchants.

All transactions are subject to appropriate review by Kent State University Office of Internal Audit, the university's external auditors, and other reviewing agencies in order to test for compliance with university policies and procedures; federal, state, and local laws, and regulations and constraints imposed by agencies and donors.

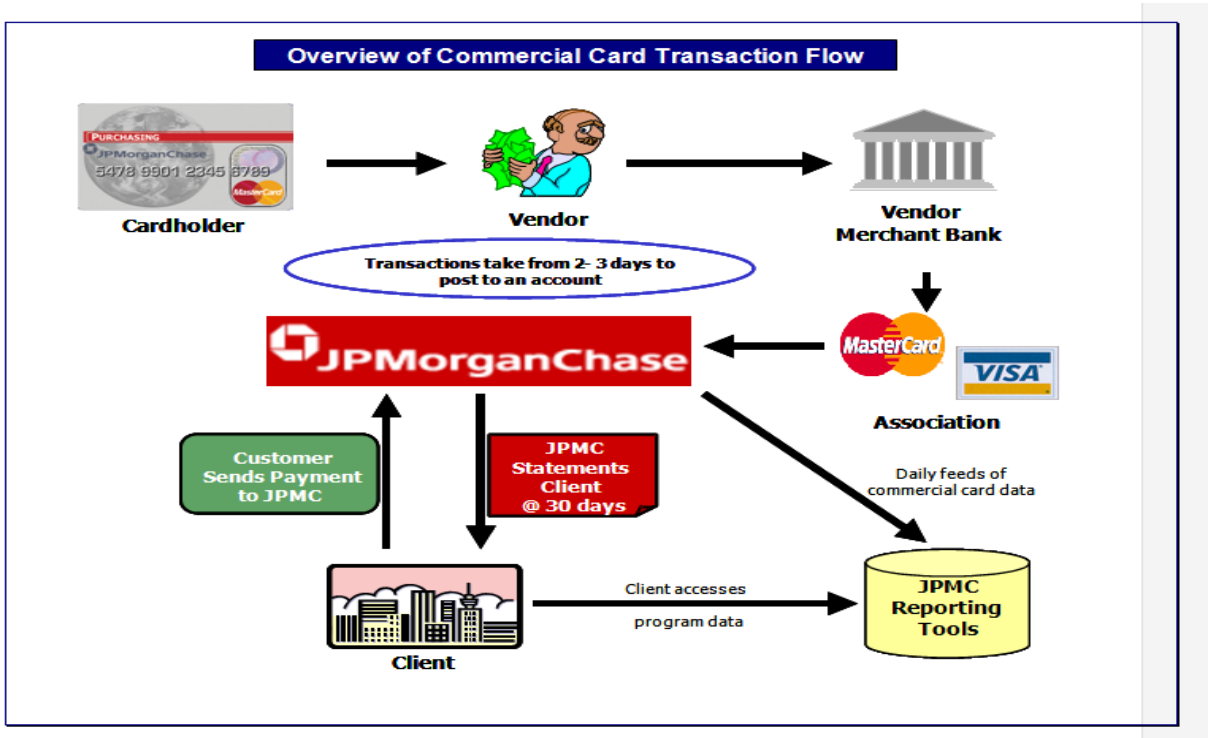
Standard Transaction Flow

Each time a cardholder presents his or her p-card to a merchant, the merchant must automatically request a purchase authorization through the point-of-sale terminal by swiping the card through a reader or manually entering the card number. Within seconds, the merchant will receive a response that either authorizes or declines the transaction.

At the close of each business day, the merchant typically submits all authorized card transactions to its bank for posting. The merchant's bank electronically sends each transaction to the bank that issued the card. Therefore, Kent State University p-card transactions will be sent to JPMorgan Chase.

JPMorgan Chase will pay the appropriate merchant for each transaction within 48-72 hours. JPMorgan Chase then posts each transaction to the respective cardholder's account. Every 30 days (the billing cycle), a cardholder statement is generated reflecting every transaction charged to the p-card since the last statement date.

Kent State University will pay JPMorgan Chase in full according to the payment terms each month.



Billing Cycle

The date range of transactions that post on the cardholder statement is dependent on the billing cycle. The billing cycle is typically 30 days, ending the 1st of the following month. This day may vary slightly from month to month due to weekends and holidays. If the billing cycle date falls on a weekend or holiday that month's billing cycle will close on the closest business day. For example: May 1, 2011 falls on a Sunday, the billing date would automatically be moved to May 2, 2011 for April's Statement. At the end of each billing cycle, cardholder statements and billing cycle reports are generated.

Credit Limits

The p-card program has three defined credit limits: Monthly Limit, Single Transaction Limit and Number of Daily Transactions.

The **Monthly Limit** is the maximum dollar amount of posted and authorized transactions allowable during a billing cycle. Posted transactions are charges appearing on the p-card. Authorized transactions are charges that were requested by a merchant and approved but the transactions have yet to be posted to the p-card.

The **Single Transaction Limit** is the maximum dollar amount that can be charged per transaction. Kent State University's purchase order thresholds dictate the Single Transaction Limit.

The **Number of Daily Transactions** is the maximum number of transactions that can post to the p-card during a given day.

The following are the default credit limits for new p-cards:

- Monthly Limit = $5,000
- Single Transaction Limit = $2,500
- Number of Daily Transactions = 12

Justification on the Purchasing Card Cardholder Application is required for limits requested greater than these standard thresholds. Individual cardholders can request limit increases or decreases based upon spending needs. A Purchasing Card Maintenance form (see Appendix A) must be completed and approved to request changes to the established credit limits. Refer to the Cardholder and Card Profile Changes section for additional information regarding this process. The system administrator in the Accounts Payable department has discretion of assigned credit limits.

Transactions in excess of the established credit limits will decline. If the transaction is declined, the p-card is not the appropriate payment method for the purchase.

Splitting a purchase into smaller dollar amounts in order to circumvent the Single Transaction Limit is in violation of the Administrative Policy Regarding Use of the Purchasing Card, 7-02.16. It is also a violation to deliberately purchase related items on different days from the same supplier in order to circumvent the Single Transaction Limit. Refer to the Violations section for explanation of the violation's consequences.

Merchant Restrictions

Merchant restrictions are based on Merchant Category Codes (MCC). A Merchant Category Code is a four-digit code assigned to a merchant that identifies the types of goods or services the merchant typically provides. MCCs are established by the credit card industry and assigned to a merchant at the time the merchant is set up to accept credit cards as a payment method.

The p-card program has defined standard Merchant Category Code profiles. Each cardholder's p-card is assigned to a profile indicating which MCCs are allowable. Therefore when the p-card is presented at a merchant for authorization, the MCC for that merchant is verified to ensure the MCC is allowable based on the cardholder's MCC profile. If the MCC is restricted, the transaction will decline. If the transaction is declined, the p-card is not the appropriate payment method for the purchase. **Instructing a merchant to force through a transaction on a restricted MCC is a violation of the Administrative Policy Regarding Use of the Purchasing Card, 7-02.16.** Refer to the Violations section for explanation of the violation's consequences.

Merchant restrictions are identified during the application process based on the cardholder's business purpose and spending needs. Individual cardholders can request modifications to established merchant restrictions based upon spending needs as well. A Purchasing Card Maintenance form must be completed and approved to request an exception. Refer to the Cardholder and Card Profile Changes section for additional information regarding this process. However, exceptions to the standard MCC profile are rare. The system administrator in the Accounts Payable department has discretion of merchant restrictions.

General Restrictions

Certain types of purchases are not allowable on the p-card, even if the merchant's category code is acceptable. The following types of transactions are prohibited for all p-card cardholders:

- Personal purchases
- Alcohol
- Cash advances
- Cell phone expenditures (Cell phone purchases and cell phone bill payments)
- Gift cards
- All other purchases that require advance approval by an executive officer

Purchasing these types of items is in violation of the Administrative Policy Regarding Use of the Purchasing Card, 7-02.16. Refer to the Violations section for explanation of the violation's consequences.

Ohio Sales Tax

Kent State University is a tax-exempt public university and exempt from the payment of Ohio Sales Tax. The *departmental* p-card is embossed with the tax exemption identification. The Kent State University logo is displayed on the face of the p-card, along with the words "TAX EXEMPT 31-6402079". The ***grant p-card*** does display the KSU logo; however, the words "TAX EXEMPT - GRANT" will be embossed instead to ensure grant and cost share transactions are charged to the appropriate p-card.

It is the cardholder's responsibility to ensure Ohio Sales Tax is not charged on the p-card. Merchants should be informed of our tax-exempt status at the time of the transaction. A Tax Exemption Certificate may be required. This form can be obtained from the Procurement website (www.kent.edu/procurement). Other states may choose to honor the sales tax exemption as well.

If Ohio Sales Tax is charged to the p-card, it is the cardholder's responsibility to contact the merchant to obtain a sales tax credit. If the merchant will not honor the exemption, an explanation is required. **Incurring Ohio Sales Tax on p-card without appropriate due diligence is in violation of the Administrative Policy Regarding Use of the Purchasing Card, 7-02.16.** Refer to the Violations section for explanation of the violation's consequences.

International Transactions

International charges include any transaction that is made in a foreign currency or outside of the United States of American, even if the transaction is made in U.S. dollars. MasterCard will convert all transactions in a foreign currency into U.S. dollars by using its respective currency conversion procedures. The exchange rate used to convert currency is a rate that it selects either from the range of rates available in the wholesale currency market for the applicable processing date or the government-mandated rate in effect on the applicable processing date. The rate in effect on the applicable processing date may differ from the rate on the date the p-card is used. JPMorgan Chase reserves the right to charge one percent of the U.S. dollar amount of any international transaction whether the transaction was originally made in U.S. dollars or was made in another currency and converted to U. S. dollars by MasterCard. In either case, the one percent will be calculated on the U.S. dollar amount provided by MasterCard. The same process and charges may apply if any international transactions are reversed.

Grant P-Cards

Grant and cost share purchases must strictly adhere to all contracts, grants, and other agency guidelines. These guidelines may be more restrictive than the university's policy and those terms shall govern purchasing decisions. In cases where the limitations imposed by the grant or contract are less restrictive, the university policy shall apply. **In order to adequately track and authorize grant funded expenditures, a separate p-card must be issued.** It is the cardholder's responsibility to be aware of the rules and guidelines applicable to each grant.

Grant and cost share purchases can no longer be charged to *departmental* p-cards. Departments that have grants must obtain a *grant* p-card to be used for all grant and cost share purchases. Purchases made with *departmental* p-cards cannot be allocated to grants or cost shares. If a purchase with a particular merchant will be allocated among a grant or cost share and a non-grant or non-cost share, the transaction must be placed on the *grant* p-card. The reconciler can allocate the transactions accordingly during the reconciliation process as described in the Reconciliation section.

The *grant* p-card will be embossed with the words "TAX EXEMPT - GRANT" to ensure grant and cost share transactions are charged to the appropriate p-card.

All *grant* p-card transactions are subject to approval by Grants Accounting in order to test for compliance with regulations and constraints imposed by agencies and grantors.

PaymentNet - Logging On

In order to access PaymentNet, the organization ID, JPMorgan Chase assigned user ID, and password must be entered. The system administrator will provide this information directly to the cardholder, reconciler, and approver.

Access to PaymentNet is granted on an individualized basis. Therefore, the cardholder, reconciler, and/or approver should not share their PaymentNet password. **If access is shared or the password divulged, the holder of the account may lose all access privileges and be held personally responsible for any actions that arise from the misuse of the access as addressed in university policy 9-01.1, Administrative Policy on Responsible Use of Information Technology.**

The first time you log on to PaymentNet, you must change your JPMorgan Chase assigned password and establish your security questions. When you complete this process successfully, the computer used will be automatically registered.

Logging on for the First Time:

- Access PaymentNet at the following URL: www.paymentnet.jpmorgan.com
- Enter the **Organization ID**. (The organization ID is case sensitive.)
- Enter the **User ID**. (The user ID is case sensitive.)
- Enter the **Password**. (The password is case sensitive.)
- Click **Log On**
- Complete the following fields on the **Password Setup: Change Password** screen
  - Enter the **Organization ID**.
  - Enter the **User ID**.
  - Enter the **New Password**.
  - Re-enter **New Password**.
- Click **Next** (Displays the **Password Setup: Complete** screen).
- Click **Next** (Displays the **Setup Authentication Questions** screen).
- Complete at least two authentication question fields.
- Click **Submit**.

Refer to the PaymentNet User Guide (see Appendix A) for additional information on logging on from a registered computer or logging on from an unregistered computer. The PaymentNet User Guide is available on the Accounts Payable website (www.kent.edu/controller/accountspayable).

PaymentNet - Logging Out

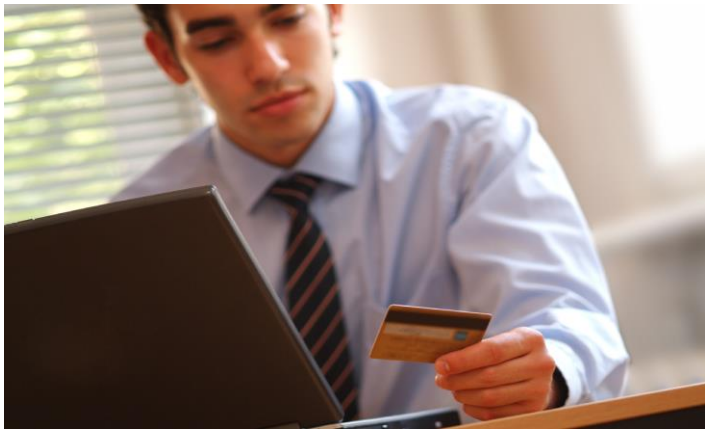
The user should log out each time he or she is finished using PaymentNet. Logging out ensures your access cannot be used by another individual when temporarily away from your computer.

PaymentNet automatically logs you out after 15 minutes of inactivity, or eight hours of continuous use. You will not be notified when your session ends and will be redirected to the Log On screen. You must log on again to resume activity.

Logging Out:

- Click the **Logout icon:** **.** (The Logout icon is located at the top of the screen to the right of the menu bar.)

Reconciliation



As indicated in the Billing Cycle section, the p-card statement is generated at the end of the billing cycle. The statement will be delivered monthly to the statement address provided on the cardholder's application. The statement is also available electronically via PaymentNet.

The cardholder and reconciler are responsible for reconciling all the transactions that post on the cardholder statement. This process can either be completed throughout the month as transactions post within PaymentNet or at the end of the billing cycle once the statement is generated.

The cardholder must take the following steps to complete their portion of the reconciliation process:

- Review each purchase to ensure compliance with all university policies and procedures
- Obtain itemized receipts for each transaction posted to the cardholder statement. Since the Departmental P-Card Purchase Log must be used to track other employees' purchases, determining who made a particular purchase should not be in question. If itemized receipts are missing, the cardholder must attempt to contact the merchant and obtain a copy of the receipt. If the receipt cannot be obtained from the merchant, the Substitute Purchasing Card Receipt form must be completed. Refer to the Record Retention and Securing the Card sections for additional information regarding this process.
- Ensure receipt of material purchased and services rendered for each transactions
- Contact merchant promptly to resolve any delivery problems, discrepancies, or damaged goods
- Dispute transactions not resolved with the merchant within PaymentNet. Refer to the Disputes section for additional information regarding this process.
- Ensure Ohio Sales Tax is not included on any of the transactions. Refer to the Ohio Sales Tax section for additional information regarding this process.
- Report suspicious or erroneous charges immediately to a system administrator in the Accounts Payable department

The reconciler must take the following steps to complete their portion of the monthly reconciliation process:

- Compare the posted transaction to the itemized receipt to identify any discrepancies for each transaction posted on the cardholder statement. Any variation should be reported to the cardholder.
  - For example, there could be a variation in amount or Ohio Sales Tax could have been charged. It is the cardholder's responsibility to take the necessary action to resolve the discrepancy.
- Indicate within PaymentNet that the itemized receipt has been verified for each transaction
- Update transaction notes within PaymentNet for each transaction indicating a description of what was purchased and business purpose of purchase
  - If the transaction is allocated to a **grant or cost share**, the transaction note must indicate a description of what was purchased and the benefit to the grant
- Allocate each transaction to the appropriate Index(es) and Account(s) within PaymentNet
- Mark each transaction as Reviewed within PaymentNet
- Assemble the p-card statement and supporting documentation (receipts) and forward to the approver for review and approval no later than the fifteenth of each month following statement issuance.
  - Cardholder's transactions require final *approval* by the fifteenth (15th) of each month following statement issuance. Transactions approved beyond the deadline indicated above are in violation of the Administrative Policy Regarding Use of the Purchasing Card, 7-02.16. Refer to the Violations section for explanation of the violation's consequences.

PaymentNet – Reconciliation

Users with the role of Cardholder and Reconciler can review transactions within PaymentNet. Refer to the PaymentNet User Guide for additional information on reviewing and allocating a transaction.

Allocation to One Index and Account:

- Choose **Transactions > Manage**
- On the Transaction List, click on the **transaction** you want to review
- Review the transaction and from the General Information tab, select the appropriate **Index** and **Account** from the Accounting Codes section
- Check the **Receipt on Hand** check box located under the Transaction Custom Fields section, if the itemized receipt has been reviewed
- Enter the **Item Description** and **Business Purpose**
- Select the **Reviewed** check box located on the top right of the General Information tab
- Click **Save. (**The transaction will be marked as reviewed and forwarded to the appropriate approver.)

Allocation to Multiple Indexes and Accounts:

- Choose **Transactions > Manage**
- On the Transaction List, click on the **transaction** you want to review
- Click **Add Lines** located on the top left of the General Information tab
- Enter the number of lines or times to split the transaction
- Click **Add**. (The new lines are added at the bottom of the screen.)
- Click the Expand icon (>) to select the appropriate **Index** and **Account** for each line
- Check the **Receipt on Hand** check box for each line, if the itemized receipt has been reviewed
- Enter the **Item Description and Business Purpose**
- Select the **Reviewed** check box located on the top right of the General Information tab
- Click **Save. (**The transaction will be marked as reviewed and forwarded to the appropriate approver.)

Disputes

It is critical for the cardholder to review their transactions to uncover questionable transactions that may turn out to be merchant errors or fraudulent transactions. In instances where a merchant error (delivery problems, amount discrepancies, or damaged goods) has occurred, the cardholder must attempt to settle the matter directly with the merchant. If the cardholder is not able to resolve the issue with the merchant, the cardholder should dispute the transaction in PaymentNet.

Important Aspects of the Dispute Process:

- Cardholders have 60 days from the date on which the transaction posts to dispute the transaction
- Most disputes are resolved within 60 days of the date disputed
- **Disputed transactions must still be allocated to an Index and Account and marked as Reviewed in PaymentNet**
- If the dispute is resolved in the cardholder's favor, a credit will be issued
- Merchant fees and taxes cannot be disputed and must be resolved directly with the merchant

PaymentNet – Disputes

- Choose **Transactions > Manage**
- On the Transaction List, click on the **transaction** you want to dispute
- Click **Dispute** located on the top left of the General Information tab
- On the **Transaction Dispute** screen, enter your email address
- Select a **Dispute Reason** from the drop down list
- Enter any additional information required for the dispute
- Click **Submit**. (An email notification is generated stating that the transaction is being disputed.)

After submitting a dispute, a yellow square indicator appears by the transaction on the Transaction List. A red square indicator signifies the dispute is in process. When the dispute has been resolved, a green square indicator appears.

Refer to the PaymentNet User Guide (see Appendix A) for additional information on disputing a transaction or canceling a dispute. The PaymentNet User Guide is available on the Accounts Payable website (www.kent.edu/controller/accountspayable).

Fraud

It is critical for the cardholder to review their transactions to uncover questionable transactions that may turn out to be merchant errors or fraudulent transactions. In instances where fraud has occurred, the cardholder must immediately notify a system administrator. If outside of normal business hours, the cardholder must immediately notify card services at the number identified on the back of the card or on the monthly statement. The cardholder should then inform a system administrator of the card's status. The p-card will either be cancelled or blocked from additional transactions until a member of the JPMorgan Chase Fraud Department has researched the transaction.

The member of the JPMorgan Chase Fraud Department will work with the cardholder and/or system administrator to review the transactions and complete an investigation of the suspect activity. Cardholders may be asked to complete an affidavit detailing any fraudulent transactions. If the p-card has been compromised due to fraud, the p-card will be cancelled and a p-card with a new account number will be issued. A system administrator will contact the cardholder when the replacement p-card is received. The replacement p-card must be picked up from the system administrator in the Accounts Payable department and signed for in person by the cardholder. Photo identification is required.

JPMorgan Chase actively monitors worldwide fraud patterns and maintains a system and staff that compares activity on individual accounts against known fraud patterns. If a p-card is suspected of being compromised, the Fraud Department will contact the cardholder to verify the account activity. A temporary hold may be placed on the p-card, if the Fraud Department is unable to verify the transactions with either the cardholder or system administrator.

Reporting fraudulent activity as soon as it is identified will help to expedite the fraud investigation, limit unauthorized activity, and reduce the liability to KSU. Please keep in mind that cardholders do not need to have lost the actual credit card in order for the account number to have been compromised.

The p-card is to be used only for business expenditures. Personal charges are strictly prohibited regardless of intent to reimburse the university and will be considered employee fraud. **Incurring personal charges on the p-card is in violation of the Administrative Policy Regarding Use of the Purchasing Card, 7-02.16.** Refer to the Violations section for explanation of the violation's consequences.

Approval

Once transactions are marked as Reviewed by either the cardholder or reconciler, the transaction will be routed within PaymentNet for approval. The p-card statement and supporting documentation must be assembled and forwarded by the reconciler to the approver for review and approval. **Cardholder's transactions require final *approval* by the fifteenth (15th) of each month following statement issuance. Transactions approved beyond the deadline indicated above are in violation of the Administrative Policy Regarding Use of the Purchasing Card, 7-02.16.** Refer to the Violations section for explanation of the violation's consequences.

The approver must take the following steps to complete the approval process:

- Thoroughly review each transaction on the cardholder statement and all supporting documentation (receipts) to ensure transactions are business-appropriate and allowable expenditures which are coded to the proper Index and Account and comply with all applicable policies and procedures
  - *Grant* P-Card: Adhere to all contracts, grants, and other agency guidelines, where applicable, and ensure the Principal Investigator (PI) approval to purchase was obtained
- Determine if the p-card is the appropriate buying method based on purchase order thresholds, merchant restrictions, single transaction limit, monthly transaction limit, and daily number of transactions limit. Identified discrepancies should be reported to the system administrator.
  - Verify transactions are not made with restricted merchants
  - Verify transactions with the same vendor are not split to circumvent the established single transaction limit of the p-card (split transaction)
- Verify the cardholder has attempted to resolve Ohio Sales Tax charges with the merchant
- Report suspicious or erroneous charges immediately to the system administrator
- Approve transactions within PaymentNet by the fifteenth of each month following statement issuance

Once transactions are approved within PaymentNet, the approver must return the supporting documentation to the cardholder for retention.

PaymentNet – Approval

Users with the role of Approver can approve transactions within PaymentNet. Refer to the PaymentNet User Guide (see Appendix A) for additional information on approving a transaction. The PaymentNet User Guide is available on the Accounts Payable website (www.kent.edu/controller/accountspayable).

Approving a Transaction:

- Choose **Transactions > Approve**
- On the Transaction List, click on the **transaction** you want to approve
- Review the transaction and make any necessary changes
- Select the **Approval** check box located on the top right of the General Information tab
- If additional levels of approval are required, select the next approver from the drop down box
- Click **Save**. (The transaction is marked as Approved and locked from further editing.)

Approving Multiple Transactions:

- Choose **Transactions > Approve**
- On the Transaction List, select the **transactions** you want to approve by performing one of the following:
  - Perform a **Quick Query** by selecting the New Query drop down list, located at the top of the screen
  - Perform an **Advanced Query** by clicking the Advanced link, located at the top of the screen
  - Use a previously created **Default Query** from the drop down list. Located next to the Set as Default Query link
- Click **Mass Update**
- Make any necessary changes. (Note when performing a mass update, changes will be applied to all records in the list screen view.)
- Click the **Approval Status** box and select **Approved** from the drop down
- Click **Update**
- Click **OK**

Record Retention

Merchants are required to provide a transaction record (receipt) which details the items purchased, the dollar amount of each item, and the total amount of the transaction for each charge placed on the p-card. Phone, fax, and internet orders should provide the receipt with the order shipment or some other method of delivery such as fax or email. The individual making the purchase must note the business purpose of the purchase on the receipt or attached documentation.

If the receipt is misplaced, the cardholder is responsible to contact the merchant to request a duplicate. The Substitute Purchasing Card Receipt form must be completed and approved by the applicable p-card approver, if the receipt cannot be obtained from the merchant. The Substitute Purchasing Card Receipt form can be found on the Accounts Payable website (www.kent.edu/controller/accountspayable). The form must be maintained with the p-card statement and supporting documentation within the cardholder's department.

Each cardholder must maintain their monthly p-card statements, receipts, Departmental P-Card Purchase Log, and related documentation in a secure location (locked desk, locked file cabinet, etc.) within the cardholder's department once the purchases have been reconciled and approved. In cases where the entire 16-digit card number is shown on any documents, such as faxed orders, the individual making the purchase must mask the card number, except the last 4 digits, upon completion of the transaction.

Receipts for all p-card transactions must be maintained in accordance with university policy 5-15, University Policy Regarding Records Retention. The accounting records retention schedules can be accessed on the Office of General Counsel's website (www.kent.edu/generalcounsel/records). The Record Destruction form must be completed and approved by the Office of General Counsel and the University Archivist once the p-card receipts reach the end of the retention period and must be destroyed.

All transactions are subject to appropriate review by system administrators, the Office of Internal Audit, the university's external auditors, and other reviewing agencies in order to test for compliance with university policies and procedures; federal, state and local laws; and regulations and constraints imposed by agencies and donors. **If the cardholder is unable to supply the requested documentation, the cardholder is in violation of the Administrative Policy Regarding Use of the Purchasing Card, 7-02.16.** Refer to the Violations section for explanation of the violation's consequences.

Securing the Card

The Purchasing Card is the property of Kent State University and should be protected and secured just as you would protect and secure your own credit card. However, the card should not be kept in a user's purse or wallet for an extended period of time. The card should be stored in a secure location (locked desk, locked file cabinet, etc.) within the cardholder's department. Under no circumstances should p-card information be entered and stored on any computer database unless it is part of a secure system that has been approved by the Office of Security and Access Management.

The cardholder should be aware of who is using the p-card at all times. The cardholder can only designate other Kent State University employees to make purchases on the cardholder's behalf. It is the cardholder's responsibility to inform the individual using the p-card of the appropriate procedures. Their purchases must be tracked using the Departmental P-Card Purchase Log. The Departmental P-Card Purchase Log must be maintained with the p-card statement and supporting documentation within the cardholder's department. The Departmental P-Card Purchase Log can be found on the Accounts Payable website (www.kent.edu/controller/accountspayable). The p-card information should never be written down and provided to another employee. The designated employee must request the use of the p-card each time. **Storing the p-card or the 16-digit account number in an unsecure location or by an unsecure source is in violation of the Administrative Policy Regarding Use of the Purchasing Card, 7-02.16.** Refer to the Violations section for explanation of the violation's consequences.

Lost or Stolen Card

If a p-card is lost, misplaced, or stolen the cardholder must notify a system administrator immediately. If outside of normal business hours, the cardholder must immediately notify card services at the number identified on the monthly statement. The cardholder should then inform a system administrator of the card's status. To minimize the potential for fraud, JPMorgan Chase maintains a separate team dedicated to responding to reports of lost or stolen p-cards.

Upon reporting a lost or stolen p-card, the p-card will be cancelled and reissued. A system administrator will contact the cardholder when the replacement p-card is received. The replacement p-card must be picked up from the system administrator in the Accounts Payable department and signed for in person by the cardholder. Photo identification is required.

Cardholder & Card Profile Changes

In order to make changes to the original information submitted on the Purchasing Card Cardholder Application, a Purchasing Card Maintenance form must be completed and approved by the appropriate approving authority and system administrator. Requests for changes to credit limits and the MCC profile also require the approval of the executive officer of the employee's division. A system administrator in the Accounts Payable department has discretion of credit limit and merchant restriction revisions. Changes requested in any other manner will be denied. The Purchasing Card Maintenance form can be found on the Accounts Payable website (www.kent.edu/controller/accountspayable).

The Purchasing Card Maintenance form must be used to request the following changes:

- Embossed Name
- Statement Mailing Address
- Telephone Number
- Email Address
- Merchant Category Code Profile
- Credit Limits
- Reconciler
- Approver
- Card Cancellation

Department heads are responsible for completing a Purchasing Card Maintenance form to notify a system administrator immediately regarding any transfer or termination of employees who are cardholders, reconcilers, or approvers or if a cardholder, reconciler, or approver will be on a leave in excess of one month.

Card Surrender

The p-card is and remains the property of Kent State University. The cardholder will surrender the p-card upon termination of employment or transfer to a new department or at the time that the employee begins a leave that will be in excess of one month. The cardholder must also surrender the p-card upon a system administrator's request due to violation of university and/or purchasing card policy and procedures. Cancelled p-cards must be turned in to the system administrator in the Accounts Payable department for proper destruction. **Failure to surrender the p-card under the circumstances described above is in violation of the Administrative Policy Regarding Use of the Purchasing Card, 7-02.16.** Refer to the Violations section for explanation of the violation's consequences.

Violations

The following are examples of purchasing card policy and procedure violations. This should not be considered an all-inclusive list.

- Splitting Transactions
- Forcing through Transactions on Restricted MCCs
- Restricted Purchases
- Incurring Ohio Sales Tax without appropriate due diligence
- Grant and Cost Share Purchases on the *Department* P-Card
- Late Reconciliation
- Late Approval
- Employee Fraud (*Card is Automatically Cancelled and Disciplinary Action is Taken*)
- Inappropriate Record Retention
- Storing the P-Card or the 16-Digit Account Number in an Unsecure Location or by an Unsecure Source
- Failure to Surrender the P-Card (*Automatically Considered a Third Offense*)

Violations identified during audit or by any other means will result in the following three courses of action:

- First Offense – A system administrator will communicate the violation and proper procedures with the offending party and appropriate approving authority.

- Second Offense – The p-card will be suspended until the offending party re-attends p-card training and a memo addressed to the system administrator is received regarding the course of action that will be undertaken to resolve the violation. The appropriate approving authority must also be copied on the memo and formally authorize the p-card reinstatement. Approval of all outstanding transactions is required before the p-card will be reinstated.

- Third Offense – The p-card will be cancelled. Notification will be sent to the cardholder, reconciler, approver, and appropriate approving authority. The cardholder may reapply for a new p-card after a three month period has expired. A memo addressed to the system administrator regarding the course of action that will be undertaken to resolve the violation must be attached to the Purchasing Card Cardholder Application. P-card training is required as well.

Certain violations may result in the individual being required to reimburse the university for inappropriate charges and may result in disciplinary action as established in the conduct and discipline section of the employee resource manual pursuant to employee code of conduct guidelines found in university policy 6-01, University Policy Regarding Employment.

Contact Information

System Administrators – KSU Accounts Payable

- Rosa York – ryork1@kent.edu or 28650

Customer Service – JPMorgan Chase

JPMorgan Chase's customer service is available 24 hours a day, 7 days a week, and 365 days a year. Customer Service handles questions such as:

- Account Balances
- Information on Posted Transactions
- Dispute Status
- Credit Limits
- Reporting Lost/Stolen Accounts

A toll-free customer service number is printed on the back of the p-card and listed on the cardholder statement. When calling customer service, each cardholder will need to provide his or her 16-digit account number. JPMorgan Chase will ask each cardholder to verify his or her identity by asking for the cardholder's social security number and mother's maiden name. Even though customer service will ask to verify the cardholder's SSN, KSU is using the cardholder's Banner ID in lieu of SSN. A Banner ID is the cardholder's 9-digit KSU employee number.

Appendix A

The following is a list of forms relating to the purchasing card program. All forms can be found on the Accounts Payable website (www.kent.edu/controller/accountspayable).

Purchasing Card Cardholder Application: In order to be issued a purchasing card, a Purchasing Card Cardholder Application must be completed and approved by the appropriate approving authority, the executive officer of the employee's division, and a system administrator within the Accounts Payable department. The application must be maintained in the Accounts Payable department.

Substitute Purchasing Card Receipt: The Substitute Purchasing Card Receipt must be completed and approved by the applicable p-card approver, if the receipt cannot be obtained from the merchant. The form must be maintained with the p-card statement and supporting documentation within the cardholder's department.

Departmental P-Card Purchase Log: Departmental P-Card Purchase Log must be used to track other employees' purchases. The form must be maintained with the p-card statement and supporting documentation within the cardholder's department.

Purchasing Card Cardholder Agreement: An attestation indicating the cardholder has read and understands the p-card policy, procedures, and appropriate use of the p-card, and their responsibilities as a cardholder. The original agreement is maintained in the Accounts Payable department. A copy of the agreement must be maintained in the cardholder's department.

Purchasing Card Reconciler Agreement: An attestation indicating the reconciler has read and understands the p-card policy, procedures, appropriate use of the p-card, and their responsibilities as a reconciler. The original agreement is maintained in the Accounts Payable department. A copy of the agreement must be maintained in the cardholder's department.

Purchasing Card Approver Agreement: An attestation indicating the approver has read and understands the p-card policy, procedures, appropriate use of the p-card, and their responsibilities as an approver. The original agreement is maintained in the Accounts Payable department. A copy of the agreement must be maintained in the cardholder's department.

Purchasing Card System Administrator Agreement: An attestation indicating the system administrator has read and understands the p-card policy, procedures, appropriate use of the p-card, and their responsibilities as a system administrator. The original agreement is maintained in the Accounts Payable department.

Purchasing Card Maintenance form: In order to make changes to the original information submitted on the Purchasing Card Cardholder Application, a Purchasing Card Maintenance form must be completed and approved by the appropriate approving authority and system administrator. Requests for changes to credit limits and the MCC profile also require the approval of the executive officer of the employee's division. The original form is maintained in the Accounts Payable department.

PaymentNet User Guide: User Guide for JPMorgan Chase's web-based application, PaymentNet, to facilitate administrative tasks associated with the p-card program.