

EASTERN MICHIGAN UNIVERSITY

PAYMENT CARD PROGRAM

PROCEDURES

|

TABLE OF CONTENTS

1.0	The EMU Payment Card	2
2.0	General Information	3
3.0	Payment Card Security	3
4.0	Payment Card Guidelines	4
5.0	Transaction Splitting	6
6.0	Transfer or Termination	6
7.0	Sales Tax	6
8.0	Billing, Payment and Fund/Org Distribution	6
9.0	Verification and Approvals	6
10.0	Disputed Transactions	7
11.0	Disciplinary Actions	7
12.0	Cardholder Responsibilities	8
13.0	Cardholder Approver Responsibilities	8

EMPLOYEES COVERED

All employees that are issued an authorized JPMorgan Chase payment card (Pcard) as a means to conduct University business along with all supervisors that approve cardholder transactions.

PURPOSE

To establish consistent procedures across the institution, maintain checks and balances with appropriate segregation of duties, mandate training for cardholders and approvers, establish protective controls, and to use technology to streamline the Review, Approval and Auditing functions.

1.0 THE EMU PAYMENT CARD

- A. The Payment Card Program includes two types of payment cards, a traditional credit card and a Declining Balance card. Card limits for monthly, daily or transactional amounts and merchant types are flexible and can be established by the cardholder's supervisor. The Payment Card is to be used for Eastern Michigan University business only and should never be used for personal use. All transactions made using the card must benefit and support the University's mission. The Payment Card allows employees to purchase items for general office use such as office supplies, repair services, subscription fees, dues and memberships and travel arrangements for University related business. The declining balance card is generally utilized for research projects, student organizations, etc. and has a pre-determined spending limit.
- B. Both types of cards have established credit limits. University Officials authorize limits to fit their employees purchasing requirements. Established limits for payment cards are \$2,500 transactional and \$5,000 monthly. An approval from The President, Vice Presidents, General Counsel or CFO must be submitted to the Accounts Payable Department to adjust monthly and transactional limits above the established limits; rationale must accompany all change requests.
- C. Both Transaction and Monthly limits, on a temporary basis, may be adjusted if needed for a period of time or for a specific transaction. Approvals must follow the established Signatory Policy.
- D. Training on policies and procedures along with the use of the Concur system will be required before a Payment Card will be issued to an employee.
- E. All purchases made with the Payment Card must be in accordance with all University policies and procedures. Use of the Payment Card may be revoked if the card is not properly used (see Payment Card disciplinary procedures).

Fraudulent or intentional misuse of the card will result in cancellation of the card and possible criminal charges.

2.0 GENERAL INFORMATION

- A. The card is a JPMorgan Chase Bank MasterCard. Audit reviews will be conducted to ensure proper card use. Misuse of this card may result in card suspension and/or disciplinary action.
- B. Issuance of a University Payment Card will not impact the cardholder's personal credit status. This card should remain under the direct control of the designated user at all times. The card is non-transferable and non-assignable and remains the property of Eastern Michigan University and JP Morgan Chase. The cardholder is ultimately responsible for purchases made with their card.
- C. Payment cards will only be issued to authorized University employees. Student organizations may, with proper approval, obtain declining balance cards issued by JPMorgan Chase.
- D. Once an approved application has been processed by Accounts Payable, the applicant will be contacted to attend a scheduled training session. Training on policies and procedures along with the use of the Concur system will be required before a Pcard is released. Cards are usually received within two weeks from the date Accounts Payable receives the request.
- E. Cardholders have electronic access to review and distribute charges to authorized fund/org/acct/prog/activity/location (FOAPAL) codes. A cardholder may appoint a Delegate who would have access to Concur in order to create a report on their behalf, the cardholder is required to Submit the completed Expense Report. A default FOAPAL number associated with each cardholder will be charged for the expenses incurred unless further distribution is necessary.
- F. The cardholder does not pay the bill. A consolidated bill is sent to the University by JPMorgan Chase.

3.0 PAYMENT CARD SECURITY

- A. The cardholder is responsible for the safekeeping of the card the card number and the security code. This card has your name on it, and is intended only for your use. Keep it in a secure place and do not lend your card or give out your card number for others to use. You may be responsible for charges made to a lost or stolen card between the time it is lost and the time it is reported if not reported in a timely fashion. The person whose name is embossed on the card is the only authorized user.
- B. If the Cardholder is going to be away from the University for an extended period of time (i.e. non-teaching semesters or on FMLA) please contact the Accounts Payable Office to suspend the Payment Card to prevent potential fraud charges.

- C. If the card is not used within 6 months the card may be subject to cancellation.

If your card is lost or stolen:

Immediately notify the JPMorgan Chase Bank Customer Service at 1-800-270-7760 and/or the Accounts Payable Department at 487-0022

Contact DPS at 7-1222 to file a police report for a stolen card

4.0 PAYMENT CARD GUIDELINES

- A. Wherever possible, employees are encouraged to use the University Payment Card. Employees should not use their personal funds to pay travel expenses on behalf of faculty, staff, students, guests or colleagues. All Pcard purchases must be in accordance with established procurement guidelines identified in the University Purchasing Policy and Procedures, University Signatory Authority, Travel Policy and Accounts Payable Procedures.

As a public institution, the University must ensure that all funds are only used to support appropriate University business. Sound spending practices and controls are essential to maintaining the integrity of the University in the eyes of the public. Spending practices and controls must include both employees who are charged with spending University funds, as well as those who supervise employees who spend University funds at all levels of the organization for all expenditures. It is recognized that EMU is a very diverse University, and as such, different divisions, departments, and groups have different needs to properly execute their missions. As such, it is expected that all employees who are responsible for any University funds will spend them prudently, in the furtherance of the university mission. These requirements apply to all Eastern Michigan University employees. As with all University expenses, Pcard transactions are subject to audit by the University's Internal Auditor.

- B. The Chief Financial Officer (CFO) has overall responsibility for the procurement of supplies, materials and equipment. Therefore, the CFO has the exclusive authority to make exceptions to these procedures.
- C. All Pcard transactions must be accounted for on a Concur Expense Report with attached itemized imaged receipts and must be submitted to the cardholder's approver no more than twice per month. The Approver should review the transactions within 14 days and if approved, submit the completed Expense Report to Accounts Payable for audit and upload to Banner. If not reviewed within 14 days, the report is automatically forwarded to the approver's reporting authority. Payment Cards of employees with unapproved reports may be subject to suspension.
- D. All Pcard expenditures must follow [Purchasing Procedures](#), [Travel Procedures](#) and [Accounts Payable Procedures](#). For further guidance please reference [Most Commonly Questioned Purchases](#)

E. When the expenditure is funded by a grant or contract, the use of such funds will be governed by the more restrictiveness of the grant, contract, or University procedures.

F. Business Meeting (Hosting)

Business meeting meals must have a business purpose and must include two or more persons (at least one non-university employee). Costs should be reasonable and customary for the location. Itemized receipts must be imaged and included with the expense report (a credit card charge slip is not acceptable documentation). Each hosting expense must include the business purpose, the list of attendees and the attendees affiliation.

Business travel meals that relate to overnight business travel are NOT permitted on the Payment card, employees are reimbursed a per diem meal rate.

G. Gasoline

Gasoline may be purchased for rental vehicles while on a University paid trip. A Pcard may NOT be used to purchase fuel for a personal vehicle or University vehicle. Mileage must be submitted on an Expense Report through Concur. Concur will use the defined IRS standard mileage rate.

H. e-Procurement

Purchases under the established bid limit may be purchased over the internet with the Pcard. Please ensure the site is secure. Attach an imaged copy of the receipt to your Expense Report in Concur. Any item purchased with EMU Funds must be shipped to a Campus address. The Purchasing Department has negotiated preferred procurement contracts with several vendors, please use preferred vendors whenever possible.

I. Services

The Pcard may be used to obtain services in the U.S. from U.S. entities only. If the service you wish to obtain is provided by an individual, you must follow the guidelines for obtaining the services of Independent Contractors located on the Office of the Controller's website.

J. Travel and Entertainment

Any travel related expenses must be submitted on an Expense Report even if there is no reimbursement due.

K. Insurance

The Pcard provides primary collision/loss damage insurance on rental vehicles and life insurance on airline ticket purchases for the cardholder only. Additional insurance may NOT be charged to the University and will be considered a personal expense. Exceptions may be made for additional insurance on vehicles for a group.

5.0 TRANSACTION SPLITTING/STRINGING

- A. It is NOT permissible to split transactions or make successive purchases to avoid or circumvent the Pcards assigned single transaction limit regardless of whether the purchase is with one or several vendors. The practice of splitting transactions to avoid the competitive bid process is a direct violation of purchasing procedure and subject to disciplinary action.

6.0 TRANSFER OR TERMINATION

- A. Cardholders can retain their same Pcard when they transfer between departments. The appropriate University Official will need to approve the transfer and establish the credit card limits applicable to the Departmental spending needs. Finance Management will terminate cards based on information received from the appropriate departmental authority or the Human Resources termination list. Concur will update nightly once the change is made in the Human Resources system.

7.0 SALES TAX and PROCESSING FEES

- A. The University is exempt from Michigan sales tax. A card regarding the university tax status is distributed with the issuance of the card as some vendors may want to see a copy of the sales tax exemption. The Eastern Michigan University sales tax exemption number is imprinted on each card to assist the cardholder in not being charged sales tax by the vendor. Also, remember to mention the University's tax-exempt status when placing telephone orders. It is the responsibility of the cardholder to verify that no sales tax is charged on internet orders.
- B. The University does not honor processing fees. If a vendor charges a fee for utilizing a credit card please process the payment or purchase through a Direct Pay or Purchase Order.

8.0 BILLING, PAYMENT AND FUND/ORG DISTRIBUTION

- A. JPMorgan Chase will provide the University with a consolidated invoice at the end of each month. The cardholder or designated reconciler is required to review, allocate and submit their purchases online via an expense report through Concur each month. The cardholder or reconciler has the ability to make online FOAPAL distributions, to their authorized FOAPAL. Items not distributed by the cardholder will default to the employee's fund/org/acct/program number. Pcard transactions will be downloaded to Banner weekly and redistribution of expenses must be completed on an Expense Report through Concur.

9.0 VERIFICATION AND APPROVALS

- A. All Pcard transactions must be accounted for on a Concur Expense Report with attached itemized imaged receipts and must be submitted to the cardholder's approver no more than twice per month. The Approver should review the transactions within

14 days and if approved, submit the completed Expense Report to Accounts Payable for audit and upload to Banner.

- B. All Pcard violations must be reported to the Accounts Payable Office. Pcards may be suspended or canceled, based on the degree of misuse, and the cardholder may be subject to additional personnel action.

10.0 DISPUTED TRANSACTIONS

- A. A disputed transaction can result from failure to receive goods, fraud or misuses, altered charges, defective merchandise, incorrect amounts, duplicate charges, credits not processed, etc. The cardholder is responsible for resolving with the supplier and/or banks any questions regarding erroneous charges, disputed items or returns.

The cardholder should contact the supplier first to resolve any outstanding issues. Most issues can be resolved in this manner; a vendor has 30 days to issue a credit. If the vendor fails to issue an anticipated credit or the cardholder is unable to reach an agreement with the supplier in the allowed time period, a formal dispute of the charge should be issued to the bank. Please contact JPMorgan Chase at 1-800-270-7760. **Please note that JPMorgan Chase must be notified of any disputed item within 60 days of the Transaction Date.**

11.0 DISCIPLINARY ACTIONS

- A. The University's Payment Card Disciplinary Procedures are as follows:

First Offense:

Written notification to cardholder and approver.

Second Offense:

Written notification to cardholder and approver. Suspension of University Issued Pcard with scheduled retraining on policies and procedures before card will be reinstated.

Third and Final Offense:

Cancellation of the cardholder's privileges.

These procedures are designed to ensure compliance with University policies and procedures.

The following items are **examples** of offenses that may result in disciplinary actions:

- Non-use of contracted vendors
- Charges on Pcard not related to University Business
- Late reallocation, reconciliation, or submission of information to Accounts Payable
- Missing itemized receipts
- Failure to obtain exemption from State of Michigan sales tax

- Failure to reimburse University for disallowed expenses
 - Purchasing items for personal use
 - Attempting to exceed bank credit line limit
 - Failure to return the Payment Card when reassigned, terminated, or upon request
 - Stringing Transactions
 - Failure to follow University Purchasing, Travel or Accounts Payable Procedures
 - Failure to respond in a timely manner to an Audit
 - Failure to approve within 14 days of receiving report (Approvers Only)
- B. In the event that there are charges on the University Payment Card that are deemed to be personal or not in compliance with University policy and procedures, the employee will be personally responsible for repayment of those funds.
- C. Intentional employee misuse or fraud may result in termination of employment, subject to University policy and Collective Bargaining Agreements, and possible criminal prosecution.

12.0 CARDHOLDER/RECONCILER RESPONSIBILITIES

- A. Use of the Payment card must be in accordance with University policy and procedures, including, Travel, Accounts Payable, and Purchasing.
- B. Review all charges online in the Concur system, include the transactions on your Expense Report and attach an imaged receipt. Ensure that all meals and entertainment transactions include statement of business purpose, listing of attendees as well as the business affiliation.

13.0 CARDHOLDER APPROVER RESPONSIBILITIES

- A. Verify all charges are in accordance with University policy and procedures, including, Payment Card, Travel, Accounts Payable, and Purchasing.
- B. Approve all Expense Reports in the Concur system within 14 days of report submission.