Procurement Card Manual

NORTHERN KENTUCKY UNIVERSITY

5/2015

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PCARD OVERVIEW AND BENEFITS

ANY EXCEPTION TO A PROCEDURE IN THE PROCUREMENT CARD MANUAL MUST BE REQUESTED AND APPROVED IN WRITING BY THE DIRECTOR OF PROCUREMENT SERVICES (SEE PAGE 14, EXCEPTIONS SECTION).

Welcome to the Northern Kentucky University (NKU) Procurement Card (PCARD) Program Cardholder Manual. This program has been designed to allow for the procurement of low-dollar supplies and the payment of university approved travel expenses by the cardholder through the use of a PCARD. The intent is to eliminate the need for many small dollar requisitions and reimbursement vouchers. The PCARD is to be used only for university business. **Use of the PCARD for personal transactions is strictly prohibited.**

For the cardholder, use of a PCARD provides quicker turn-around time on orders, reduces paperwork and the card is widely accepted by vendors. The program is designed to delegate the authority and capability to complete low-dollar and travel transactions directly to the cardholder.

USE OF AN NKU PCARD IS A PRIVILEGE AND SHOULD NOT BE TAKEN LIGHTLY. NKU FUNDS ARE BEING COMMITTED EVERY TIME A CARDHOLDER USES A PCARD. CARDHOLDERS SHOULD CONSIDER THEIR RESPONSIBILITY TO DEMONSTRATE STEWARDSHIP OF UNIVERSITY PROPERTY AND RESOURCES EACH TIME AN NKU PCARD IS UTILIZED.

The Procurement Services department is responsible for managing the program. Each academic or administrative organizational unit is responsible for managing their Cardholder accounts. We have defined four roles within each organizational unit to assist in this management effort:

- **CARDHOLDER**
- **RECONCILER**
- **APPROVER**
- **DEPARTMENT HEAD/DIRECTOR/VICE PRESIDENT/CHAIR**

It is important to understand that these roles do not necessarily equate to four separate individuals within the organization unit, but one individual cannot perform all functions.

DEFINITIONS

Cardholder: NKU employee whose name appears on the PCARD and is accountable for all charges made with that card.

Cardholder Verification Code: (CVV): This is a three-digit number on the back of the PCARD. This is a fraud prevention strategy set up by Visa and MasterCard. The only person that should have access to this number is the Cardholder.

Reconciler: NKU employee within each organizational unit responsible for verifying that the cardholder has attached the required receipts and documentation as well as allocating a Cost Center and GL and providing an expense description in the USBANK system for each transaction.

Approver: NKU employee within each organizational unit responsible for verifying that each transaction is appropriate, is supported by adequate documentation and approving transactions. To be effective the approver must be in a position to objectively question any and all PCARD transactions. Cardholders cannot be their own approvers and the approver should not be a subordinate with a reporting line to the Cardholder.

Itemized Receipt: A merchant-produced or non-university document that records the relevant details for each item purchased including quantities, amounts, and a description of what was purchased, the total charge amount and the merchant's name and address (i.e., sales receipt, original invoice, packing slip, credit receipt, etc.) A packing slip alone is not acceptable support documentation unless it meets the criteria above.

General Ledger (G/L): Provides line item detail for a budget. This code determines which area of your cost center your purchases are charged to. For example, office supplies are coded under 550005.

Cost Center: An individual fund assigned to a specific area/department/division of the university.

GENERAL INFORMATION

The NKU PCARD is issued by USBANK. All cards are to be used for NKU business transactions only. **Use of the PCARD for personal transactions is strictly prohibited.**

A PCARD is issued only to permanent faculty and staff of NKU with Vice President approval. The PCARD is acquired by completing the application, cardholder agreement and attending the mandatory training. In order to acquire the card, a test on Blackboard is also required. The PCARD is issued in the employee's name; however, the card is university property.

You can email Procurement Services with any questions at: pcard@nku.edu.

Card Usage
Your PCARD can be used for any purchase allowable by the manual (see page 12 for tables of both allowable and non-allowable purchases). Some vendors are blocked based on their Merchant Category Code (MCC). Purchases may be made in person or via phone, internet or mail. All purchases via phone, internet or mail must be delivered to an NKU campus address. If you have any questions regarding allowable/non-allowable purchases, contact Procurement Services.

USE OF THE PCARD FOR PERSONAL PURCHASES IS PROHIBITED AND CAN RESULT IN CARD TERMINATION AND/OR DISCIPLINARY ACTION UP TO AND INCLUDING TERMINATION AND CRIMINAL PROSECUTION.

Spending Limits
The standard limits are:

- $1,000.00 per purchase
- $5,000.00 per month

If the standard limits need to be increased, justification and pre-approval is needed from the Dean or VP at the time of completion of the PCARD application. There is no annual limit; therefore, **reconciling your monthly statement is critical for budget control**. For instructions on requesting a change to a credit limit, see page 10.

Merchant Category Blocking

Some vendors are blocked based on their Merchant Category Code (MCC). If you attempt to make a purchase for a blocked MCC, the transaction will be declined. NKU has made every effort to limit the blocks to vendors that would not be used during the normal course of business. If you find your card declined by a vendor that provides allowable purchases, please contact Procurement Services.

Card Security

It is the responsibility of the Cardholder to safeguard the PCARD and the PCARD account number at all times. You must keep your PCARD in a secure location and it should only be used for university business transactions.

In order to prevent exposure to fraud, the full PCARD account number should not be recorded electronically or on paper. If the number must be recorded it should be truncated to only the last four digits.

If your card is lost, stolen, or damaged, please follow the instructions on page 10 under the section titled "Lost, Stolen or Damaged PCARD".

The cardholder is responsible for contacting the vendor and/or bank about any erroneous charges, returns or disputed items.

In case of fraud, please notify the Office of Public Safety as soon as possible at 859-572-5500.

Roles and Responsibilities

NKU has defined four roles in regard to PCARDs:

- **CARDHOLDER**
- **RECONCILER**
- **APPROVER**
- **DEPARTMENT HEAD/DIRECTOR/VICE PRESIDENT/CHAIR**

It is important to understand that these roles do not necessarily equate to four separate individuals within the organization unit, but one individual cannot perform all functions.

A summary of each role's general responsibilities is provided below:

Cardholder

- Agrees to comply with the PCARD manual and signs the application and cardholder agreement.
- Receives their own card from Procurement Services. The person taking possession of the card must be the cardholder.
- Keeps their PCARD in a secure location at all times.
- Never uses their PCARD for personal purchases.
- Does not allow anyone else to use their card for travel.
- Ensures that all spending limits are followed.
- Agrees that if an increase in the spending limit is needed, they will apply for the increase using the appropriate form.
- Never splits transactions to circumvent spending limits or Procurement Services guidelines.
- Ensures sales tax is not charged on transactions.
- Ensures that the travel process is followed for all university business travel.
- Obtains and maintains all necessary receipts and documentation as required by this manual.
- Provides receipts daily/weekly to the reconciler.
- Attaches all original receipts as required in the USBANK system.
- Takes the appropriate steps in the event the PCARD is lost, stolen or damaged.
- Agrees to return the PCARD promptly before leaving their department or the university.
- Answers any and all questions pertaining to card activity including those from Procurement Services, Accounts Payable, Financial and Operational Audit and the Compliance Officer.
- Attends annual PCARD training and passes the annual PCARD test with a score of 100% in order to retain their card privileges.
- Exercises careful judgment when using their PCARD for grant related purchases. It is the cardholder's responsibility to understand what constitutes an allowable charge for their particular grant program.
- Agrees that all grant related PCARD purchases must be made or approved by the grant PI. All grant related PCARD purchases are reviewed by grant accounting.
- Runs the Transaction Detail Report in the USBANK system monthly and provides the reconciler with the report.
- Signs the Transaction Detail Report.

Reconciler

- Receives receipts from the cardholder prior to the end of the month.
- Reviews all cardholder transactions.
- Obtains receipts, meals and entertainment forms, emails or internal memos to support the validity of each transaction.
- Sends the transactions electronically through the USBANK system to the approver.
- Notifies Procurement Services, Financial and Operational Auditing or the Compliance Officer if itemized receipts are not made available by the cardholder.
- Reconciles accounts on a daily or weekly basis.
- Does not wait until the end of the billing cycle to reconcile charges.
- Attends annual PCARD training and passes the annual PCARD test with a score of 100%
- Attaches receipts and documentation in the USBANK system if not previously attached by the cardholder.

Approver
- Verifies that each transaction is legitimate and supported by adequate documentation.
- Confirms that the correct cost center and G/L are being used.
- Verifies that all PCARD purchases for meals have itemized receipts.
- Verifies that the IRS meals and entertainment form has been completed and uploaded to the reconciliation system (US BANK) for all meal purchases on the PCARD.
- Contacts the cardholder to obtain an explanation of all transactions that are questionable and/or lack supporting documentation.
- Notifies Procurement Services, Financial and Operational Auditing or the Compliance Officer if itemized receipts are not made available by the cardholder.
- Attends annual PCARD training and passes the annual PCARD test with a score of 100%.

*Please note: Cardholders cannot approve their own transactions and approvers should not be a subordinate with a reporting line to the cardholder.

Department Head/Director/Vice President/Chair
- Selects employees for participation in the NKU PCARD Program.
- Reviews and approves requests for changes in credit limits for the cardholder's in their unit.
- Signs completed Missing Receipt Forms.
- Provides oversight of PCARD use for their area.
- Conducts an annual self-review of departmental PCARDs (optional).
- Reviews the transaction detail reports of all departmental cardholders at least quarterly.

CARD PROCESSES

Obtaining a PCARD
In order to obtain an NKU PCARD, the following steps must be taken:

1. Complete the Blackboard registration form (for new cards) and send to Procurement Services.
2. Follow the instructions emailed from Procurement Services regarding the required test and training.
3. Attend PCARD training (first time cardholders must attend a live PCARD training session).
4. Complete the Blackboard test with a score of 100%.
5. Complete the PCARD application and return to Procurement Services. All sections of the application must be completed and the appropriate signatures must be present.
6. Sign and return the Cardholder Agreement after completion of PCARD training.

THE PCARD MUST BE PICKED UP BY THE CARDHOLDER IN PERSON. NO ONE OTHER THAN THE CARDHOLDER CAN PICK UP A PCARD.

Testing and Training
All cardholders, reconcilers and approvers must pass the online Blackboard PCARD test with a score of 100%. Attendance at a live PCARD training class held by Procurement Services is required before any individual will receive a PCARD or will be allowed to reconcile and/or approve transactions. All cardholders, reconcilers and

approvers must attend a live PCARD training class every other year and/or when required by Procurement Services. **Please Note: All first-time cardholders, reconcilers and/or approvers must attend live training for their first training session.**

The PCARD test and training is required to be taken annually and passed with a score of 100%. Failure to do so will result in suspension or termination of your PCARD privileges.

If your role changes from a reconciler to a cardholder, you must attend a live training before beginning activities in your new role.

Name Changes
If a name change is required, please contact Procurement Services.

Card Renewal
Renewal PCARDS are automatically mailed to Procurement Services two years from the last card's issue date. Procurement Services will notify cardholders when their renewal cards are available for pick-up.

All PCARDS, including renewal cards, must be picked up personally by the cardholder in Procurement Services or another designated area. The cardholder must also sign a new cardholder agreement form prior to the delivery of the card. No card will be delivered unless a properly signed cardholder agreement is received.

For PCARDS associated with grants, proof that the grant has been extended (i.e. email or grant renewal form) is required before a renewal PCARD will be issued.

Cardholder Employment Changes
Procurement Services must be notified immediately in the following situations:

- A cardholder's termination of employment with the university.
- The cardholder's transfer to a different area or division of the university.
- The discovery of any abuse, misuse or fraud during the departmental self-review.

Transfer Within the Same Organizational Unit
If a cardholder transfers to a new position within the same organizational unit and still requires the use of a PCARD, they may continue to use the same card only if the default cost center remains the same. If the cost center will not remain the same, a new card must be issued.

If a cardholder transfers to a new position within the same organizational unit and no longer requires a PCARD in their new position, the account will be closed and the cardholder's immediate supervisor must follow the card cancellation steps outlined on page 10.

Transfer To A Different Unit - Inside the University
If a cardholder transfers to a different unit, but is still employed by the university, they must surrender their PCARD to their immediate supervisor before leaving. The account will be closed and the cardholder's immediate supervisor should follow the card cancellation steps outlined on page 10.

If the cardholder will require the use of a PCARD in their new position, a new application and cardholder agreement will need to be completed and signed by the new department head. The application and cardholder agreement should then be forwarded to Procurement Services.

Separation From The University

Prior to separation from the university, the cardholder must surrender their PCARD to their immediate supervisor who must follow the card cancellation steps outlined on .

Leave of Absence

The cardholder must temporarily surrender the PCARD to their immediate supervisor at the start of a leave of absence. The card will be deactivated by Procurement Services and cannot be used for transactions of any kind.

Upon the cardholder's return to work, the supervisor should contact Procurement Services to request that the card be reactivated.

If the cardholder will not be returning to the university, their supervisor should notify Procurement Services and follow the card cancellation steps outlined below.

Card Cancellation Due to Employment Changes

To cancel a card due to employment changes, the following steps must be followed prior to the employee's separation from the university or department:

- The cardholder's immediate supervisor, or the unit budget administrator, must notify the PCARD Administrator via email of the cardholder's transfer or employment termination.
- The card should be cut in half and delivered to the Procurement Services along with a memo signed by the department head or VP requesting cancellation.

IT IS THE DEPARTMENT'S RESPONSIBILITY TO ENSURE THE RETURN OF ALL PCARDS. ALL RETURNED PCARDS SHOULD BE SENT DIRECTLY TO PROCUREMENT SERVICES IMMEDIATELY.

Lost, Stolen or Damaged PCARD

If a Procurement Card is lost, stolen or damaged, it is the responsibility of the cardholder to notify the appropriate individuals immediately by doing the following:

- **During normal business hours (8:15 a.m. – 4:30 p.m. EST):** The cardholder must notify Procurement Services immediately. Procurement Services will notify the bank.
- **After normal business hours:** The cardholder must notify the bank immediately at 1-877-572-9260. At the start of the next business day, the cardholder must contact Procurement Services to advise them of the lost, stolen or damaged card.

Fraudulent or disputed transactions must be reported to the bank within **60 days** of the date of occurrence in order for the university to recover losses. Contact Procurement Services for a replacement card.

Credit Limit Change Request

Cardholders may need to change the single purchase limit or monthly credit limit from the original pre-authorized limits. Requests for changes may be temporary or permanent.

- **Temporary changes** are set to expire within a short time frame to lower the risk of misappropriation of funds.
- **Permanent changes** will be granted only on an exception basis upon proper documentation of the need and obtaining the appropriate signatures.

Requests for changes in credit limits must be made in writing using the Cardholder Maintenance Form and must be approved by the Cardholder's Department Head. Once the appropriate and authorized approvals are obtained, the request is submitted to the Program Administrator for processing. To access the Cardholder Maintenance Form, click here.

PURCHASING GUIDELINES

The NKU PCARD represents NKU's trust in you as a responsible employee who will protect university assets and conduct yourself in a way that will exhibit personal integrity, honesty and responsibility in all actions as well as demonstrate stewardship of university property and resources. University members are entrusted with exercising responsible and ethical behavior when using university resources.

Vendor Selection

The Cardholder shall purchase from NKU contract vendors when possible in order to fulfill the university's contractual obligations. Those include:

- OfficeMax
- Barnes & Noble
- Chartwells
- Enterprise Car Rental

Allowable and Non-Allowable Purchases

Cardholders are authorized to use the PCARD to purchase many business related goods and services needed to perform their duties as an employee of the university.

USE OF THE PCARD FOR PERSONAL TRANSACTIONS IS STRICTLY PROHIBITED.

Travel

The PCARD also allows for the payment of university approved travel expenses (if the card has travel privileges) including conferences, airline tickets and hotel room charges.

All travel must be authorized in SAP by a Department Head, Vice President or Dean prior to incurring charges for any travel transactions on the NKU PCARD.

The addition of travel privileges for a PCARD must be approved by a Director, Dean or Vice President.

When using the NKU PCARD for travel expenses, cardholders must follow the guidelines and processes outlined on the comptroller's website located here. This website contains information for both employee and student travel.

DO NOT USE THE PCARD FOR MEALS WHILE TRAVELING. DURING TRAVEL, THE CARDHOLDER MUST PAY FOR ALL MEALS AND WILL RECEIVE PER DIEM REIMBURSEMENT.

Anyone who suspects or has knowledge of PCARD abuse, misuse or fraud must notify the proper university contact which includes one or more of the following:	
Procurement Services	phone – 859-572-5171 or 6448
Financial and Operational Audit	phone – 859-572-6117
Compliance Officer	phone – 859-572-7843
Ethics & Compliance Helpline	Allows for anonymous reporting Toll-free phone – 1-855-597-4539 or www.nku.ethicspoint.com

The two (2) charts listed below are a guide for allowable/non-allowable PCARD transactions. Please also see the PCARD Use Matrix (link in the appendix of this document) for guidance.

ALLOWABLE PURCHASES ON THE NKU PCARD	
❖ Office Supplies (through Office Max) ❖ Dues and Subscriptions ❖ Bookstore Purchases ❖ Memberships (professional organizations only) ❖ Shipping Charges ❖ Meals (including a tip from 10%-15%)for candidate recruitment (one university host and the candidate) ❖ Rental vehicles and gasoline for rental or leased vehicles (Enterprise Car Rental)	❖ Small appliances (must have an energy star rating) ❖ Registration Fees ❖ Catering Services (Chartwells) ❖ Tools and Hardware ❖ Business Meals with Agenda (only with Dean/V.P. pre-approval) ❖ Travel and travel-related expenses including airline tickets, hotel charges, car rental and ground transportation - if card has travel privileges **(do not use PCARD for meals during travel)** ❖ Equipment purchases, repair and rental under $1,000.00 (for purchases over $500.00 the Comptroller's office must be notified) *

* Equipment must be tagged for inventory purposes.

PLEASE NOTE: THIS LIST IS NOT ALL-INCLUSIVE. IT IS THE CARDHOLDER'S RESPONSIBILITY TO CONTACT PROCUREMENT SERVICES BEFORE MAKING ANY PURCHASE IF YOU HAVE QUESTIONS REGARDING WHAT IS ALLOWABLE.

USE OF THE PCARD FOR PERSONAL PURCHASES IS STRICTLY PROHIBITED.

NON-ALLOWABLE PURCHASES ON THE NKU PCARD	
- Any transaction that violates the PCARD manual and/or university policy or procedure - Donations to charitable organizations - Travel and travel-related expenses (unless the cardholder has travel privileges) - Gift card(s) (You can request gift cards by contacting Procurement Services) - Services subject to Personal Service Contracts (consultants, legal services, etc….) - Purchases requiring a vendor contract - Holiday cards, flowers, cakes or other purchases for personal events (ie baby showers, wedding showers, birthdays, etc….) - Payment of parking tickets - Buying products from a source other than NKU's price contracted vendors	- Apple (Macs, iPads, etc….) or Dell products - Construction trade work - Personal purchases and items for personal use* - Gifts for students, faculty and staff - Printing - Gasoline for privately owned vehicles - Payment of tuition, student fees or the purchase of books for any student (Contact Student Financial Aid Office) - Meals when traveling - Travel upgrades such as seat upgrades, room service, hotel gym or laundry services, movies, tours, special requests and any food or beverage while traveling - NKU parking permits - Splitting a purchase to circumvent transaction limits - Data plan costs - Software purchases

*PERSONAL PURCHASES ARE PROHIBITED WITH AN NKU PCARD EVEN IF THE CARDHOLDER'S INTENT IS TO REIMBURSE THE UNIVERSITY. PERSONAL PURCHASES MADE WITH THE PCARD SUBJECT THE CARDHOLDER TO DISCIPLINARY ACTION UP TO AND INCLUDING TERMINATION OF EMPLOYMENT AND CRIMINAL PROSECUTION.

Exceptions may be granted when the cardholder can justify the exception with a legitimate business need. All exceptions must be requested on the PCARD Exception Form. The form must be completed in its entirety in advance of the purchase and contain the appropriate signatures. Exceptions are approved by Procurement Services on a case by case basis. See the Exceptions section on page 14.

Allowable Meals

The following are the **only** meal purchases allowed to be made with the NKU PCARD:

- Meals for job candidates
- Meals for business meetings with an agenda
- New employee orientation meals
- Student orientation meals
- Meals for recognition events
- Meals for NKU conferences
- Meals for organized student functions or traveling students
- Meals authorized by grants
- Other meals that have been pre-approved by a Dean or Vice President

DO NOT USE THE PCARD FOR MEALS WHILE TRAVELING. DURING TRAVEL, THE CARDHOLDER MUST PAY FOR ALL MEALS AND WILL RECEIVE PER DIEM REIMBURSEMENT.

An appropriate tip for meals is allowed to be charged to the PCARD. NKU considers an appropriate tip to be 10% to 15% of the meal cost (not including alcohol). Tips over 15% will be considered excessive and may result in a violation.

All PCARD food purchases **must** be accompanied by an itemized receipt and a meals and entertainment form – there are no exceptions as this is required by the Internal Revenue Service. Click here to access the meals and entertainment form. The form must be filled out in its entirety.

Itemized receipts and the meals and entertainment form must be uploaded to the reconciliation system (US BANK). This is mandatory for all restaurants, grocery stores (Kroger, Remke, etc….), Chartwells and all other food purchases.

Split Transactions

A split transaction occurs when a purchase is split to stay within the spending limits of the PCARD (per transaction or per day) or to avoid the RFP (request for proposal) process.

SPLIT TRANSACTIONS ARE PROHIBITED AND MAY RESULT IN DISCIPLINARY ACTION UP TO AND INCLUDING SUSPENSION OR PERMANENT REVOCATION OF YOUR PCARD PRIVILEGES.

Examples of split transactions:

- A cardholder purchases items totaling $1500.00. The cardholder has the sale divided into two separate transactions of $750.00 each in order to circumvent their daily spending limit.
- Two cardholders from the same department or area purchase an item that is $2,000.00. They both have the sale divided into two transactions in order to circumvent their daily spending limit.

Exceptions

There are rare occasions when an exception may be made by Procurement Services. All exceptions must follow the criteria below:
- All exceptions must be requested in advance of the purchase
- All exceptions must be requested on properly completed PCARD Exception Request Form. All exceptions must clearly explain the business need for the exception
- All exceptions that are approved must have the PCARD Exception Request Form attached to the transaction in the USBANK system

The following actions regarding exceptions will result in a violation:
- Failure to obtain an exception prior to the transaction
- Failure to attach a copy of the completed, approved Exception Form to the USBANK system to the transaction

An exception report listing all exceptions requested, the requestor name and their disposition will be provided to the Executive Team quarterly.

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THE EXCEPTION REQUEST DATE AND APPROVAL DATE MUST BE PRIOR OR EQUAL TO THE DATE OF THE TRANSACTION.

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Tax Exempt Status

NKU is exempt from payment of Kentucky sales tax. Most states recognize the university's tax exempt status for items to be delivered to the university, however, use of the card in person or out of state may result in non-acceptance. The cardholder should emphasize this tax-exempt status at the time of purchase. The university's tax-exempt number is shown on the front of your card. Vendors may obtain a copy of our tax exemption certificate by calling Procurement Services at 859-572-5171 or 6448.

Cardholders can download a copy of the university's tax exemption certificate from the university website here. Certificates for other states are also available on the website, for use while traveling outside the state of Kentucky. Sales tax laws differ by state, and the university is not exempt from every state's sales tax.

How To Make A Purchase

To make a purchase using your NKU PCARD, follow the general steps listed below. If you have any questions regarding a specific purchase, contact Procurement Services.

1. Ensure that a purchase is required and obtain any pre-approvals if needed.
2. Make purchases through NKU contract vendors when possible in order to fulfill the university's contractual obligations. These vendors include:
   - OfficeMax
   - Barnes & Noble
   - Chartwells
   - Enterprise Car Rental
3. Advise the vendor that you are making a purchase for NKU and that we are exempt from sales tax. Provide the exemption number and/or tax exempt certificate to the vendor.
4. Use your PCARD to pay for the purchase.
5. Make sure to obtain an itemized receipt. A packing slip alone is not acceptable documentation unless it contains all of the information below. The receipt must contain the relevant details for the item(s) being purchased which includes:
   - Item(s) description
   - Quantity
   - Item price
   - Total charge amount
   - Date of purchase
   - Merchant's name and address
6. If the item is being shipped, it must be sent to a campus address.
7. When you receive the items, ensure that you received the appropriate items and retain the packing slip.

Charge Dispute Resolution

Because all charges are paid up-front, all disputed and fraudulent charges must be reconciled. After the bank has completed its investigation, the cardholder will be notified of the resolution. If the dispute is settled in the cardholder's favor, the account will be credited for the disputed amount.

The cardholder is responsible for contacting the vendor and/or bank regarding any incorrect or erroneous charges, returns or disputed items. Disputed billing can result from:

- Failure to receive goods or services charged to the PCARD
- Fraud or misuse
- Altered charges
- Defective merchandise
- Incorrect amounts
- Duplicate charges
- Unprocessed credits

To resolve questionable charges or to dispute a charge, follow the steps below:

- Contact the vendor first to discuss any questionable charges
- If an agreement cannot be reached with the vendor or if you find fraudulent charges, log in to the USBANK online system and dispute the charge(s) – see Appendix for instructions
- Notify Procurement Services of the dispute
- Complete the dispute form if received (the form will be sent to both the cardholder and Procurement Services by USBANK)

CONTACT PROCUREMENT SERVICES AT 859-572-5171 OR 6448 OR EMAIL PCARD@NKU.EDU FOR ASSISTANCE WITH ISSUES REGARDING THE RECEIPT AND/OR RETURN OF MATERIAL.

RECORD KEEPING, RECONCILIATION, APPROVAL AND VERIFICATION

Overview

Cardholders as well as reconcilers and approvers must go through training and take the Blackboard test. Training consists of how to use the PCARD as well as the role of the reconciler and approver and how they use the reconciliation system (US BANK).

The billing cycle ends on the **25th** of every month. If the 25th falls on a weekend or holiday, the billing cycle ends the next business day. The final reconciliation must be completed within 7 calendar days after the 25th of the month.

Transactions can be reconciled on a daily and/or weekly basis. A file from USBANK is loaded weekly to SAP**. Do not wait until the end of the billing cycle to upload receipts and reconcile your charges.** Check the USBANK website daily.

Cardholders should remember that card transactions are not encumbered against their departmental accounts. They are expensed when the weekly file is loaded to SAP (if the expenses have been reconciled in the system).

Link for USBANK Access Online

Record Keeping and Retention

The cardholder is responsible for obtaining and retaining the appropriate receipts and documentation for all PCARD purchases. All receipts must be detailed and itemized. Payment receipts showing only a signature are not acceptable documentation unless accompanied by an itemized receipt. See page 5 for the definition of "itemized receipt".

All purchases must be documented with itemized receipts.

If the itemized receipt, invoice, packing slip or internet order screen print is unavailable, you can utilize the missing receipt form. The form must be filled out in its entirety and signed by the Department Head/Supervisor. This form should be used in rare circumstances. Frequent use of the missing receipt form will result in a violation. The missing receipt form is available here.
The cardholder is responsible for ensuring receipt of materials and services and for contacting the vendor to resolve any delivery issues, discrepancies and/or damaged goods claims.

The cardholder is responsible for retaining all itemized credit card receipts, cash register receipts, packing slips and other documentation pertaining to all purchases. PCARD receipts and documentation **must be retained for three (3) years**. Retention of PCARD receipts and documentations for grant related purchases must comply with the retention requirements listed in the grant.

SAP Information Available on report ZFBC (click here for help viewing SAP postings):
- Vendor: USBANK
- Posting date: Date of your statement (usually the 25th of the month).
- Amount: The sum of the transactions listed in USBANK system.

*It is important to compare the PCARD charges in the USBANK system to SAP to verify that your budget is correct.

ALL EXCEPTIONS MUST INCLUDE THE COMPLETED AND SIGNED (BY THE DIRECTOR OF PROCUREMENT SERVICES) EXCEPTION FORM IN THE USBANK SYSTEM ATTACHED TO THE APPROPRIATE TRANSACTION(S). FAILURE TO INCLUDE THIS COMPLETED AND SIGNED FORM WILL RESULT IN A VIOLATION.

Reconcile

The cardholder may reconcile their own transactions. As a cardholder or reconciler, the Transaction Approval Process (TAP) is used to approve and forward transactions to an approval manager.

To reconcile a PCARD account, follow the steps below:

1. Login to the USBANK website (link here)
2. Attach appropriate supporting documentation for all charges. This documentation should be received from the cardholder.
3. Request any missing documentation from the cardholder.
4. Allocate a cost center, GL and write in the expense description for each transaction. Click Save.
5. Select the transactions you wish to send to the approver by clicking the box by each transaction on the left side of the screen.
6. Click Approve.
7. Click Select Approver. If you are selecting an approver for the first time, you will need to search for an approval manager. **Central Approver** is currently the approver for most areas.
8. Select the approver by clicking the radio button next to the appropriate choice.
9. Click Select Approver.
10. If the correct name is shown in the box, click Approve. **Once allocated, all charges must be forwarded to an approver. If this step is not completed, the approver will not see any charges and no transactions will be approved.**
11. The system automatically forwards the transaction to the previously selected approval manager.
12. Run the **TRANSACTION DETAIL REPORT**. The report must be run monthly by the cardholder in the USBANK online system. The report must be signed by the cardholder their supervisor and retained by the cardholder for their records.

Failure to reconcile your monthly PCARD charges will result in a violation and repeated failure to reconcile monthly PCARD charges will result in the revocation of the PCARD.

Instructions on how to run the Transaction Detail Report are provided in the appendix of this document.

Monthly Calendar for Reconciliation 2015

Approval

The departmental approver is responsible for the accuracy and verification of all charges. The appropriate approver will display in the USBANK system and is based upon information provided by Procurement Services.

To approve or reject charges, follow the steps below:

1. Login to the USBANK system (link here).
2. Click Transaction Management in the upper left corner of the screen.
3. Click Manager Approval Queue – View, approve and reject transactions in your approval queue.
4. On the Manager Approval Queue screen *Pending* transactions are awaiting your approval. Filter the pending transactions by Billing Cycle End Date: OPEN
5. Select the transactions you would like to approve or reject and click the appropriate button.
6. By selecting ***Approve***, you are approving the transaction and indicating that it is a valid charge and the cost center, G/L, expense description are correct and all needed documentation is attached.

7. Click Select Approver. If you are selecting an approver for the first time, you will need to search for an approval manager. **Central Approver** is currently the approver for most areas; however, if your department has an approver, you must choose that individual.

8. By selecting *Reject* you are sending the transaction back to the cardholder for correction and need to indicate a *Rejection Reason.* You must select at least one reason why you are rejecting the transaction.
   Select Rejection Destination - Reject each transaction back to the cardholder.

9. By rejecting a transaction you are asking the cardholder to make a correction or for more detail information regarding the transaction. Using NKU email, send a notification to the cardholder of the reject since the USBANK system does not notify the cardholder that a transaction has been rejected.

10. Once the correction is made to the rejected transaction by the cardholder; the Approval Manager will receive the transaction back in their Manager Approval Queue Screen.

*Please note – if the approver chooses to reject a transaction, they must send an email to the cardholder via their NKU email account. The USBANK system does not generate an automated notification of a rejected transaction through the USBANK system.

If you would like to request an approver be set up for your department or unit, contact Procurement Services.

Verification of Charges

Below is a breakdown of verification responsibilities by role:

Cardholder
- Accountable for **ALL CHARGES** made with the NKU PCARD.
- Responsible for weekly checking all transactions against the corresponding supporting documentation to verify their accuracy and propriety.
- Documents any disputed transactions and their final outcome within the USBANK system.
- Provides all monthly itemized receipts and supporting documentation to the reconciler and approver for that PCARD.

Reconciler
- Reviews all cardholder's transactions monthly.
- Ensures that cardholder's transactions are in compliance with the NKU PCARD manual and procedures. Contact Procurement Services for questions regarding transactions.
- Obtains all itemized receipts and supporting documentation from the cardholder.
- Notifies Procurement Services, Financial and Operational Audit and/or the office of Compliance and Institutional Ethics if itemized receipts and/or supporting documentation cannot be obtained from the cardholder for any transaction, or if the documentation is inappropriate or inadequate.

Approver
- Reviews all PCARD transactions.
- Confirms that charges are legitimate.

- Questions the cardholder for an explanation of any transactions that seem inappropriate or improperly documented.
- Confirms that the correct cost center and G/L are being used.
- Confirms that all PCARD purchases for meals have an itemized receipt.
- Confirms that the IRS Meals and Entertainment form has been completed and uploaded to the reconciliation system (USBANK) for all PCARD purchases for meals.
- Notifies Procurement Services, Financial and Operational Auditing and/or Compliance and Institutional Ethics if PCARD fraud, abuse or misuse is suspected.

CARDHOLDERS CANNOT APPROVE THEIR OWN PCARD TRANSACTIONS.

COMPLIANCE

The department and the cardholder must be willing and able to answer all questions pertaining to any and all purchases made with the NKU PCARD. These questions can be posed from any or all of the following:
- Procurement Services
- Accounts Payable
- Financial and Operational Auditing
- Office of Ethics and Compliance
- Office of Legal Affairs
- External Auditors (both for the university and from grant sponsors)

Reviews and Audits

To ensure compliance with the NKU PCARD manual and procedures, there are four (4) types of reviews/audits that may take place.

1. **In-Person Compliance Reviews**
   - Conducted by Procurement Services.
   - Conducted to verify that the responsibilities of the cardholder, reconciler and approver are understood by all parties.
   - Conducted to ensure all departments have a plan of action to stay compliant.
   - Conducted to allow Procurement Services to assist in potential department PCARD process improvements.
   - Conducted to allow analysis of any internal reviews completed by the department using the Departmental PCARD Self-Review form.

2. **Weekly Justification Requests/Spot Reviews**
   - Conducted by Procurement Services.
   - Procurement Services reviews a series of reports generated by USBANK to search for sensitive or possibly problematic transactions.
   - Conducted to ensure that cardholders are complying with the PCARD manual and processes.
   - Conducted to help prevent fraudulent activities.
   - Procurement Services will send the cardholder an email regarding the transaction in question.
   - Procurement Services may also request a brief justification of the business purpose of the transaction as well as a copy of the original receipt for the transaction.

3. **Audits**

   Periodic audits of each cardholder's PCARD transactions will be performed.

   Auditors will analyze PCARD transactions. Specific criteria is used to identify transactions or cardholders that will be selected for an audit. They perform two (2) types of audits:

   1. **Transactional Audits** – These audits are based on the transaction dollar amount, vendor used or other criteria determined by the auditor. The auditor will request supporting documentation for the chosen transaction(s) and will be reviewing the business purpose for the transaction(s).

   An audit report will be issued to summarize the auditor's findings. The audit report will advise a rating (see scale below):
   - *Compliant* – Cardholder is in good standing and no action is required.
   - *Compliance with minor deficiencies* – May require that the cardholder attend a training session and a follow-up audit may be performed.
   - *Non-Compliant* – Cardholder privileges will be suspended. If the cardholder wishes to request reinstatement of the PCARD, they must attend a mandatory training class and the request must be approved by their Vice President.

   2. **Procedural Audits** – A cardholder is selected and periods of transactions are reviewed for compliance, including the following:
   - All transactions are reviewed
   - All transactions are coded to the correct G/L
   - All transactions are supported with itemized receipts
   - Purchases are allowable (i.e. no gas, alcohol or personal purchases)
   - Purchases are shipped to an NKU address
   - Full credit card number is blacked out after faxed for payments
   - IRS Meals and Entertainment forms are completed where applicable
   - Prize and Award forms are completed where applicable
   - Contract holders are used for specific purchases (Procurement pre-approval required for exceptions)
   - Prior written approval was obtained and properly documented for exceptions
   - There are no split purchases
   - Taxes are not paid where appropriate
   - Equipment purchased on a procurement card is tagged
   - Travel expenditures do not include meal per diems
   - Monthly Transaction Detail Report is printed and signed

4. **Departmental Self Review**

   Departments are encouraged to conduct their own internal review of PCARD use within their department. NKU has prepared a self-review checklist which is available here.

VIOLATION INFORMATION WILL BE DISTRIBUTED TO THE CARDHOLDER, THE CARDHOLDER'S SUPERVISOR AND THE APPROPRIATE VICE PRESIDENT. VIOLATION INFORMATION IS ALSO PROVIDED TO THE PRESIDENT AS WELL AS THE AUDIT AND COMPLIANCE COMMITTEE OF THE BOARD OF REGENTS.

Violations

PROCUREMENT SERVICES HAS THE AUTHORITY TO REVOKE CARDHOLDER PRIVILEGES AT ANY TIME FOR ANY VIOLATION.

Minor Violations	
Any of the below within a six (6) month period:	
➢ Late reconciliation of or failure to reconcile charges ➢ Failure to sign the Transaction Detail Report ➢ Taxes paid on a purchase eligible for tax exempt status	➢ Excessive tipping on allowable meals ➢ Failure to notify the Comptroller of equipment purchases ➢ Other infractions deemed as minor by Procurement Services and/or the V.P. of Administration and Finance
First Violation	Written warning from Procurement Services. The warning will be sent to the Cardholder and their supervisor.
Second Violation	• Violation notification sent to the cardholder, their immediate supervisor and the appropriate Vice President. • Mandatory attendance at PCARD training. • Successful completion of the PCARD test with a score of 100%.
Third Violation	• Suspension of PCARD for one statement cycle (30 days). • Mandatory attendance at a live PCARD training. • Successful completion of the PCARD test with a score of 100%. • To have the card reinstated, a completed PCARD Reinstatement Form must be received by Procurement Services.

Major Violations	
Any of the below within a six (6) month period:	
➢ Split transactions (to circumvent transaction limit) ➢ Missing or inadequate receipts or supporting documentation ➢ Use of PCARD for non-allowable purchases ➢ The purchase of a gift card(s) with a PCARD ➢ Use of the PCARD for a prohibited purchase without obtaining an exception ➢ Use of PCARD for meals while traveling	➢ Failure to attach a signed, approved PCARD exception form to the transaction in the USBANK system ➢ Additional minor violation after three previous minor violations in an 18 month period ➢ Other infractions deemed as major by Procurement Services and/or the V.P. of Administration and Finance ➢ Excessive use of Missing Receipt Form (3 or more within a six (6) month period)
First Violation	Written notification of violation from Procurement Services. The notice will be sent to the Cardholder, their supervisor and the appropriate Vice President. The PCARD will be frozen until the error is resolved and any necessary repayment is received by Procurement Services. If the cardholder is in travel status, the card will be frozen upon the cardholders return.
Second Violation	• Written notification of violation from Procurement Services. The notice will be sent to the cardholder, their supervisor and the appropriate Vice President. • Mandatory attendance at a live PCARD training.

	• Successful completion of the PCARD test with a score of 100%.
Third Violation	Revocation of PCARD privileges. Future PCARD eligibility will be at the discretion of Procurement Services.

Use of the PCARD for Personal Purchases

➢ **Personal purchases with an NKU PCARD are strictly prohibited. The university must be immediately reimbursed for the amount of the purchase. It is the cardholder's responsibility to ensure that the PCARD is not used for any personal purchases.**

➢ **The cardholder's Vice President, Financial and Operational Audit and the Office of Legal Affairs will be notified immediately and appropriate disciplinary action will be taken.**

➢ **It is against the law to use state funds to purchase items for personal use. Use of the PCARD for personal purchases can result in disciplinary action up to and including termination of employment and/or criminal prosecution.**

First Violation	• Written notification of violation from Procurement Services. The notice will be sent to the Cardholder, their supervisor and the appropriate Vice President. • Funds must be repaid to the university following the repayment requirements listed below. • A completed PCARD Reinstatement Form must be received by Procurement Services with the repayment. The form must be signed by the cardholder and their immediate supervisor.
Second Violation	Revocation of PCARD privileges. **Use of the PCARD for personal purchases can result in disciplinary action up to and including termination of employment and/or criminal prosecution.** Future PCARD eligibility will be at the discretion of Procurement Services.

Repayment Requirements

• Repayment is required within three (3) business days of the violation notification from Procurement Services. **The cardholder must provide reimbursement to the university. It is unacceptable for the cardholder to request a credit/reversal of charges from the merchant.** If reimbursement is not made within 3 business days, Procurement Services will suspend the PCARD.

• All repayments must be in the form of a check (no cash or credit cards will be accepted).

• The check must be payable to NKU.

• All repayments will be collected by Procurement Services (even if the transaction involves Foundation Funds).

Reporting A Violation

If you are aware of any abuse, misuse, fraud or violation of this PCARD manual, you must report the violation(s) to the university. Please contact one or more of the following:

Procurement Services
Phone – 859-572-5171 or 6448
Email – pcard@nku.edu

Financial and Operational Auditing
Phone – 859-572-6117
Email – meyerl3@nku.edu

Office of Compliance and Institutional Ethics
Phone – 859-572-7843
Email – comply@nku.edu

Ethics and Compliance Helpline (anonymous reporting via phone or the web)
Phone – 1-855-597-4539 (toll-free)
Website – Click here

The Ethics and Compliance Helpline is maintained by a third-party (EthicsPoint) and NKU receives no identifying information although the reporter may choose to identify themselves. Anonymous reports can be made 24 hours a day, 7 days a week and 365 days a year.

Appendix

Forms

Cardholder Agreement
Cardholder Maintenance Request
PCARD Exception Request Form (Contact Procurement Services)
Gift Card Request Form (Contact Procurement Services)
Missing Receipt Form (completed for should be attached in USBANK system)
Departmental Self-Review Checklist
NKU Meals and Entertainment
Foundation Meals and Entertainment

Links to USBANK Access Online Instructions

How to Run a Report
How to Approve a Statement
How to Approve a Transaction
How to Dispute a Transaction

Videos

COMING SOON...

Other Resources

Ethical Principles and Code of Conduct
Discretionary Spending Matrix

Athletics PCARD Addendum

COMING SOON...

Revision History:

5/2015

7/2014

8/2014

10/2014

3/2015