

Interdepartmental Correspondence

McCormick School of Engineering & Applied Science
Office of the Senior Associate Dean
Northwestern University
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**McCormick School of Engineering
Procurement Card (ProCard) Policy and Procedure
Effective 12/23/08**

Overview

The ProCard is intended to streamline and simplify the purchasing process for specific types of transactions. While it facilitates timely acquisition and automates accounting data flow, the card should never be used to avoid or bypass current University policy. All purchases must be made in compliance with established University policy which can be found at <http://www.univsvcs.northwestern.edu/Purchasing/pdf/purchasingpolicy.pdf>

This document is a supplement to the NU procurement cardholder manual, which can be found on the Accounting Services website at <http://www.northwestern.edu/accounting-services/menu3.html>

Who May Obtain a Card?

ProCards may be issued to users who are high volume purchasers/shoppers. They must be NU employees. Typical positions approved as cardholders:

- Business Administrator
- Financial Assistant
- Lab Manager
- Department Assistant

Procurement cards will not be issued to the following:

- Faculty
 - ProCard usage is limited to purchases not typically initiated by faculty (ie. Travel & Expenses CANNOT be charged to ProCard)
 - Avoids administrative burden on faculty (attending training, prompt reconciliation, filing of itemized receipts, move expenses to appropriate chartstring, etc.)
- Visiting postdocs and scholars
- Temporary employees
- Work-study participants
- Contractors
- Employees of NU affiliates without an NU employee ID

How to Obtain a Card?

- 1) The cardholder should read the NU and McCormick (McC) policies and procedures for the cards. <http://www.northwestern.edu/accounting-services/menu3.html>
- 2) The potential cardholder completes the application/cardholder agreement (form can be found at <http://www.northwestern.edu/accounting-services/menu3.html>) and obtains supervisor review and signature.
 - Form must include an unrestricted (appropriated) fund as the default chartstring. No other types of funds will be accepted.
- 3) The completed and signed form is directed to the McC Office of Administration, Finance & Planning (AF&P) for review and signature.
 - McC AF&P office will mail form to Accounting Services.
- 4) Once Accounting Services has processed the form and before the card is issued, the cardholder must attend mandatory training by the ProCard Administrator, NU Accounting Services.

Purchasing Rules

- 1) The ProCard may only be used for NU purchases. The funds used to pay for the items are NU funds and therefore the card may not be used for non-NU purchases.
- 2) Card may only be used by the authorized cardholder whose name appears on the credit card. The card is not transferrable.
- 3) Itemized, original receipts are required for all transactions.
 - a. Phone Orders: Receipt received from the vendor via email or faxed order confirmation that includes prices and shipping invoice
 - b. Web Orders: Email confirmation or order confirmation page and shipping invoice
 - c. Store Purchases: Original, itemized store receipt
- 4) The card may NOT be used for the following types of transactions**:
 - a. Travel and Entertainment (includes airlines, hotels, car rentals)
 - b. Dining out at restaurants (can be used for catering special events within NU policies/guidelines)
 - c. Cellular phones/Pagers
 - d. Alcoholic beverages (including from bars and package stores)
 - e. Club Memberships
 - f. Gifts/Flowers
 - g. Individual purchases of \$5,000 or more including capital equipment
 - h. Purchases to vendors that do not accept NU's tax exempt status
 - i. Cash Advances
 - j. Personal purchases
 - k. Non-capital equipment, such as laptops
 - l. Other items not allowed by NU policy and procedures

**The above list is not comprehensive and McC administration retains the right to deny any purchase made to a questionable vendor or for a questionable item.

Thresholds/Limits on Cards

Thresholds and limits can be set per transaction and for monthly transaction amounts. The supervisor/reviewer has the authority to determine these amounts which can be different for each cardholder in the area. Recommended limits range from \$500 per transaction/\$1,000 monthly total to \$5,000 per transaction/\$10,000 monthly total.

These limits can be temporarily adjusted if necessary by contacting the McC AF&P Office via email requesting an increase and including justification for the increase. If approved, this email will be sent to the Procurement Card administrator who will increase the limit accordingly. This is usually completed within 24 hours. Any requests for permanent changes in these limits should also be sent to the McC AF&P Office for approval. Permanent limits exceeding \$5,000 per transaction/\$10,000 monthly total require an exceptional justification and should be avoided.

Non-Compliance

McC has adopted a three strikes policy, similar to FMS and WCAS, in regards to non-compliance. All cardholders and reviewers are expected to follow the NU and McC guidelines for procurement cards and for travel/entertainment and purchasing policies. Anyone not adhering to these guidelines will receive a “strike.” After three strikes the card will be permanently revoked. Examples of “strikes” include:

- 1) Making purchases for types of transaction that are not allowed, per the list above.
- 2) Repeatedly paying tax on purchases made with the ProCard.
- 3) Not maintaining records for the card based on auditing guidelines (see below)

Responsibilities:

Card holder

- 1) Attend the mandatory training session before being issued a card
- 2) Make appropriate purchases in accordance with NU and McC guidelines
- 3) Ensure purchases on sponsored chartstrings are in accordance with the sponsored project condition and requirements. Note all ProCard transactions allocated to a sponsored project account will be reviewed by ASRSP.
- 4) Inform the merchant of NU tax exempt status when making purchases
- 5) Obtain itemized, original receipt for each purchase
- 6) Allocate each expense to the appropriate chartstring in a timely fashion. Expenses must be allocated each week before expenses are uploaded to NUFS as follows:
Log into the JP Morgan Chase website; allocate expenses to the appropriate chartstring and account; enter detailed description of the item into the Chase website.
 - a. Submit RAC if this process is not completed before the NUFS upload. If RACs occur frequently, the card will be suspended or cancelled.
- 7) Resolve discrepancies
- 8) Obtain credits if necessary
- 9) Receive monthly credit card statement and verify transactions against receipts
- 10) Forward purchase documentation to the Reviewer for approval

Reviewer

- 1) Provide approval of cardholder purchases
- 2) Verify that itemized receipts have been obtained for all purchases
- 3) Confirm that all purchases are authorized, appropriate and consistent with NU and McC policies
- 4) Ensure the appropriate chartstring is charged
- 5) Ensure the account is changed from ProCard default account to the more appropriate, specific account
- 6) Ensure detailed descriptions are entered into JP Morgan Chase website
- 7) Verify no tax has been charged for purchase
- 8) Maintain records for audit (including monthly statements, itemized receipts, transaction log, etc.)

Payment

Although cardholders will receive a monthly credit card statement from the bank, the statements are automatically paid electronically. The department/program should NOT pay monthly statements via purchase orders. This will result in double payment to the bank.

Auditing Guidelines:

- 1) The cardholder is required to have a receipt or invoice for **all** transactions.
- 2) On the 1st of each month, the cardholder should print the Cost Allocation Detail Report. This is located under Reports/Run Reports/Cost Allocation Detail Report. The run dates should be from the 28th of the previous month to the 27th of the current month (same time period as budget statements). For example, to run a report for August 2008, on September 1, 2008, the cardholder would print a report for July 28, 2008 to August 27, 2008.
- 3) The cardholder should attach the statement received by mail to the report, receipts and/or invoices.
- 4) The cardholder & supervisor should then sign the statement ensuring that they have checked that all charges are legitimate and accounted for.
- 5) The packet should be filed in a separate ProCard folder by month. These are auditable records and should be maintained meticulously.
- 6) Records may be periodically reviewed by Accounting Services or Audit Services (as part of a departmental audit).