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1 The Carnegie Mellon Purchasing Card Program

Carnegie Mellon authorizes the issuance of Purchasing Cards to certain employees whose positions require them to purchase goods and services for university-related business. Carnegie Mellon pays the card provider directly for the goods and services purchased using the Purchasing Cards.

Purchasing Cards are generally suited for the purchase of lower-dollar and/or routine, low-risk items. Purchasing Cards are not suited for the purchase of large-dollar items or services that present significant legal and/or commercial risk to the university.

All transactions using the Purchasing Card must comply with Carnegie Mellon’s purchasing policies and procedures regarding the purchase of goods and services. This document describes the requirements, responsibilities and procedures particular to the use of the Purchasing Card. Among other requirements, Cardholders are required to comply with the university’s Buyer’s Code of Ethics and Anti-Kickback Clause.

Misuse and/or non-compliance with these Purchasing Card guidelines damages the Purchasing Card program at the university. As a result, Cardholders must adhere to these Purchasing Card guidelines, which are designed to assist the cardholder in making appropriate purchases.

The consequences for misuse of the Purchasing Card and/or non-compliance with these guidelines are explained below.

2 Purchasing Card Roles and Responsibilities

It is essential for Carnegie Mellon to conduct business efficiently, effectively and ethically, and to fulfill its obligations to comply with applicable Internal Revenue Service (IRS) regulations, generally accepted accounting principles and the applicable laws and regulations of the countries in which Carnegie Mellon operates. The Purchasing Card program requires the collaboration of teams and individuals across the university to ensure that Carnegie Mellon is able to serve the campus community while meeting these obligations. Cardholders are required to understand and fulfill their roles and responsibilities for participating in the Purchasing Card program.

2.1 Department and Administrative Unit Responsibilities

Carnegie Mellon’s operations are generally decentralized; leaving the authority and accountability for university-related purchasing decisions for a Department within the Department making the purchase.

Responsibilities for the Purchasing Card are delegated to several roles within the university: the Department (generally through the Department’s designated Administrative Group Leader member and/or Business Manager), the Approver, the Cardholder, and the Transaction Verifier.

2.1.1 Designated Administrative Leadership Group (ALG) Member

It is the responsibility of the designated ALG member to:

- approve the issuance of new cards;
• approve Cardholder limits for:
  o single purchase limit and
  o monthly purchase limit;
• ensure that departments and Cardholders within their organization are accountable for compliance with the policies and procedures for purchasing and use of the Purchasing Card;
• inform the CMUWorks Service Center of any potential violations or suspected misuse of the Purchasing Card;
• approve or reject requests for exceptions to policies and procedures for use of the Purchasing Card;
• approve or reject deductions from Cardholders point balances;
• approve or reject requests for reinstatement of a suspended Cardholder’s Purchasing Card; and
• determine if further action is necessary to reduce the amount of sales tax that was paid by the university.

2.1.2 Department

It is the responsibility of the Department to:

• approve the issuance of cards to new Cardholders – must be approved by the Department’s Business Manager (as determined by the Department) and designated Administrative Leadership Group member;
• establish and maintain Cardholder limits for:
  o single purchase limit and
  o monthly purchase limit;
• ensure that Cardholders are accountable for compliance with the policies and procedures for purchasing and use of the Purchasing Card;
• inform the Cardholder and the CMUWorks Service Center if any potential violations or suspected misuse of the Purchasing Card are identified;
• ensure original receipts/documentation is retained in accordance with the university’s record retention policy within the Department and are available for audit review; and
• notify the CMUWorks Service Center for a card that requires cancellation when a Cardholder’s:
  o employment with Carnegie Mellon is terminated,
  o employment within the Department is transferred to another Department within the university,
  o long-term personal leave of absence or sabbatical begins, or
  o role/responsibilities change which no longer require the use of a Purchasing Card.
The majority of the above responsibilities are handled by the Department’s Business Manager and/or the Department’s designated Administrative Leadership Group member (as determined by the Department).

2.1.3 Cardholder

It is the responsibility of the Cardholder to:

- comply with the prescribed policies and procedures established for purchasing and use of the Carnegie Mellon Purchasing Card, including:
  - CMU’s Purchasing Policy
  - Cardholder Agreement,
  - Procurement Manual,
  - Buyer’s Code of Ethics,
  - FCPA Guidance,
  - Anti-Kickback Clause, and
  - Buyer’s Actions Matrix;
- only make purchases for university-related business;
- comply with Department’s process for record retention;
- maintain the security of the Purchasing Card at all times and immediately report a lost, stolen or compromised card;
- not share the assigned card;
- ensure that the transactions are charged to the appropriate Oracle general ledger or grants management string(s);
- verify transactions and attach required receipts and supporting documentation within 30 days from the date that the Cardholder is notified that the transaction is posted into the Oracle financial system; and
- ensure that sales tax is not paid for exempt purchases (see Section 5.8 Sales Tax Exemption).

2.1.4 Transaction Verifier

It is the responsibility of the Transaction Verifier to:

- comply with the prescribed policies and procedures established for purchasing and use of the Purchasing Card at Carnegie Mellon, including:
  - Cardholder Agreement,
  - Procurement Manual,
  - Buyer’s Code of Ethics,
  - FCPA Guidance,
  - Anti-Kickback Clause, and
  - Buyer’s Actions Matrix;
• ensure that the transactions are charged to the appropriate Oracle general ledger or grants management string(s);
• enter transaction business justification and attach required receipts and supporting documentation within 30 days from the date that the Cardholder is notified that the transaction is posted into the Oracle financial system;
• comply with Department’s process for record retention; and
• confirm that sales tax is not paid for exempt purchases (see Section 5.8 Sales Tax Exemption).

2.1.5 Approver
The Approver is responsible for reviewing Purchasing Card transactions to ensure that transactions:
• represent appropriate university-related business expenses and have proper business justifications;
• are in compliance with the university’s policies and procedures;
• are charged to the appropriate Oracle general ledger or grants management string(s);
• include required documentation as an attachment. (In addition to the purchase receipt, this includes any additional required information, such as copies of the executed contracts, University Contracts Office (UCO) approvals, completed gift/prize/award processing forms, Purchasing Checklist & Bid Summary Forms, etc.); and
• do not include sales tax on exempt purchases (see Section 5.8 Sales Tax Exemption).

The Approver cannot be the Cardholder or the Transaction Verifier.

2.2 Finance Division Responsibilities
The Finance Division administers the Purchasing Card program at Carnegie Mellon. It is the responsibility of the Finance Division to:
• establish policies and procedures for the use of the Purchasing Card that meet the requirements established by applicable laws and regulations, accounting standards and the university’s Board of Trustees;
• provide and maintain financial systems for the reconciliation and accounting of Purchasing Card transactions;
• provide training regarding policies and procedures for campus;
• manage the Purchasing Card provider relationship;
• administer the process of enrolling, suspending and deleting Cardholders;
• process changes to Cardholder limits;
• manage requests for exceptions to policies and maintain records of approved exceptions;
• establish and maintain a list of Merchant Classification Codes that are restricted by university policy for which transactions will automatically be declined; and
• audit transaction activity for compliance.
3 Cardholder Eligibility Requirements

3.1 Employee Requirements for Obtaining a Purchasing Card

In order to obtain a Purchasing Card, the employee must:

- be an employee of the university working in an appointment of greater than four months in duration and in a position which requires the employee to purchase goods and services for university-related business;
- have not previously had a Purchasing Card terminated for non-compliance;
- complete the following required training:
  - Introduction to Purchasing and Purchasing Card (PCard) Training;
- sign the Purchasing Card Cardholder agreement which requires compliance with the following:
  - Purchasing Policies,
  - Carnegie Mellon Buyer Code of Ethics,
  - Gift guidelines for employees and non-employees, and
  - Anti-kickback clause.

3.2 Requirements for Relinquishing a Purchasing Card

A Cardholder must relinquish a Purchasing Card when the Cardholder:

- transfers to another department within Carnegie Mellon,
- resigns from Carnegie Mellon or the Cardholder’s employment is suspended or terminated,
- is on personal leave of absence or sabbatical, or
- changes roles and/or responsibilities which no longer require the purchase of goods and services for university-related business.

4 Purchasing Card Accounting

4.1 Limits and Default Accounting

The Purchasing Cards are set up with monthly cycle and single purchase spending limits. Single purchase limits of $5,000 or greater must be reviewed and approved by the Controller’s Office.

A default General Ledger account string is established for the Purchasing Card based on the information provided on the Purchasing Card Request Form.

4.2 International Ledger Accounting

Carnegie Mellon operates separate purchasing card programs for the United States, Qatar and Australia ledgers. When using a Purchasing Card, the Cardholder must be cognizant of what ledger the purchases are to be charged. Purchases will need to be made with the corresponding
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Purchasing Card for purchases charged to an International ledger (Qatar or Australia). Each Purchasing Card is associated with only one ledger. Purchasing Card charges must be reconciled to the ledger associated with the card used for the transaction. Purchasing Card charges for one ledger cannot be reconciled to another ledger. For example, a purchase on a U.S. Purchasing Card cannot be charged to Qatar.

Email notifications regarding outstanding charges do not inform the Cardholder which ledger the outstanding charge(s) reside. Cardholders with multiple Purchasing Cards should check the appropriate ledger when reconciling charges.

5 Using the Purchasing Card

Purchasing Card usage is restricted to university-related business purchases and subject to Carnegie Mellon’s policies and procedures, including these guidelines. Note that acceptance by a supplier of the Purchasing Card as a method of payment for a transaction does not mean that the transaction was made in compliance with Carnegie Mellon’s policies and procedures.

In general, each Purchasing Card transaction goes through the following process:

- The purchase is made by the Cardholder.
- The transaction is loaded into Oracle for verification.
- The Transaction Verifier enters the business justification and attaches required documentation in the Oracle financial system.
- The Approver records approval of the transactions in the Oracle financial system.

5.1 Prohibited/Restricted Transactions

Carnegie Mellon prohibits and/or restricts the use of the Purchasing Card for the following transactions:

5.1.1 Personal Purchases

Cardholders are prohibited from using the Purchasing Card to make purchases for personal use.

If a Cardholder inadvertently or mistakenly makes a personal purchase using a Purchasing Card at the point of sale, the Cardholder should attempt to have the transaction immediately reversed, if possible, with the supplier. If the supplier is unable reverse the charge, the Cardholder must self-report this transaction within five (5) business days by completing the “Carnegie Mellon Purchasing Card Personal Purchase” form, located on the Travel and Expense Policy website. The original completed form, signed by the Cardholder, the Approver and the Department’s Business Manager and/or designated Administrative Leadership Group member, a copy of the PRC verification report, along with reimbursement in the form of a personal check must be sent to the university’s Tax Director. The check will be deposited and the funds applied against the applicable PRC within the system.

All inadvertent personal purchases using a Purchasing Card must be self-reported (in the manner indicated above) and repaid by the Cardholder within five (5) business days of the date that the Cardholder determines or becomes aware that he or she inadvertently made a personal purchase.
Otherwise, among other actions, the Cardholder will have his/her Purchasing Card suspended immediately and permanently lose all future card privileges.

Self-reporting a personal purchase with full reimbursement within five (5) business days will result in the Cardholder receiving the appropriate number of violation points. Unreported personal purchases are reported to the Audit Committee of the university’s Board of Trustees. Use of the Purchasing Card for personal purchases may be considered misappropriation of university funds and may also be grounds for disciplinary action up to and including termination of employment.

5.1.2 Alcoholic Beverages

Cardholders are not permitted to purchase alcoholic beverages on their Purchasing Cards at the Qatar campus, for purchases charged to federally-sponsored projects and/or other projects or programs that prohibit alcohol as an allowable business expense. Cardholders should reference the university’s Travel and Non-Travel Business Expense Policies for more detail. A Cardholder that purchases alcoholic beverages on his/her Purchasing Card at the Qatar campus, or for purchases charged to federally-sponsored projects or on projects or programs that prohibit alcohol as an allowable business expense will receive the appropriate number of violation points.

5.1.3 Equipment or Furniture Purchases

Use of the Purchasing Card for equipment (including fabricated equipment component parts) and furniture, where the total amount or cumulative value of the related transaction(s) equals or exceeds $2,500, is not permitted.

Equipment is “tangible, non-expendable property which is useful in carrying on the operations of the university.” Examples of non-capital equipment include, but are not limited to: computer equipment, printer, scanner, fax machine, telephone equipment/devices, tools, conference equipment, etc. Fabricated equipment component parts are “tangible parts and supplies which are used in the self-construction of equipment.” Examples of fabricated equipment component parts include, but not limited to: wheels, bearings, cables, bolts, switches, etc.

Furniture is “the movable, functional articles that equip a room or office. These items are not affixed or part of the real property.” Examples of furniture include, but not limited to: chairs, desks, conference tables, bookcases, filing cabinets, cubicles, etc.

Using the Purchasing Card for equipment (including fabricated equipment component parts) or furniture equaling or exceeding $2,500 cumulatively (in one or more related transaction(s)) will result in the Cardholder receiving the appropriate number of violation points.

5.1.4 Services

The Purchasing Card may not be used to pay for services unless the Cardholder obtains an executed contract between the supplier of the services and the UCO in advance of the purchase of the services. However, Cardholders can enter into transactions (including deposits) on their Purchasing Cards that relate to services if both of the following conditions are met: (1) a contract has already been executed through or written approval received from the UCO for the services, and (2) the total amount of the services is less than $2,500.

The Purchasing Card can be used for the following services, in any amount and/or location (see section 5.1.7 Travel or Events), if a contract has already been executed through or written approval received from the UCO for:
• offsite event facility rental fees for the hosting of university events or business and
catering and food services.

The Purchasing Card may not be utilized to purchase professional services including temporary employment services, consulting services, payments to individuals or partnerships.

The purchase of professional services creates additional financial reporting requirements for Carnegie Mellon. In these instances, the buyer should work with the UCO to execute the agreement and these items should be procured via a purchase order (PO).

For all purchasing card transactions with non-preferred suppliers that will equal or exceed $2,500 in total (when funded with Federal monies) or $5,000 in total (when funded with non-Federal monies), a Purchasing Checklist & Bid Summary Form must be completed in advance of making the purchase.

For the purchase of services using agency funds, a Cardholder must contact the UCO prior to purchase to determine whether a contract is required.

A Cardholder that does not adhere to the above requirements will receive the appropriate number of violation points.

5.1.5 Software

The Purchasing Card may not be used to pay for software unless the Cardholder obtains an executed contract between the supplier and the UCO in advance of the purchase of the software. However, Cardholders can enter into transactions on their Purchasing Cards for software if both of the following conditions are met: (1) a contract has already been executed through or written approval received from the UCO for the purchase of software, and (2) the amount is less than $2,500.

“Software” is any kind of computer program that is loaded onto a computer, or is accessed by a computer, that is not part of the hardware constituting the computer itself. It can be purchased in several forms, such as CD-ROMs, DVDs, downloads, software-as-a-service and subscription technical services sold via the internet. Software may be loaded onto a single computer, or may be accessed through a computer network. Software purchases include click-through licenses, separate license terms and shrink-wrap licenses.

A Cardholder that does not adhere to the above requirements will receive the appropriate number of violation points.

5.1.6 Rental of Storage Space or Facilities/Leased Space

Cardholders are not permitted to use their Purchasing Cards as payment for leased space or rental of storage space or facilities. Leased space or storage space/facility rentals include, but are not limited to: the lease or use of office, classroom or laboratory space; storage facilities or units, including PODs, storage units, trailers, or other portable moving containers; and/or the use or lease of private residences.

However, Cardholders can use the Purchasing Cards for one-time rentals (i.e., a one night only or weekend only rental) of a facility in order to host a university event. If a Cardholder has a question about whether a rental of a facility constitutes a one-time rental, contact the UCO.

If a Cardholder has used his/her Purchasing Card for leased space or rental of storage space or facilities (other than a one-time rental of a facility to host a university event), the Cardholder’s Purchasing Card will be immediately and permanently suspended.
5.1.7  Travel and/or Events

Except as noted below, Cardholders are not permitted to place travel-related charges on their Purchasing Cards or use their cards for any expenses while traveling more than 60 miles from the cardholder’s designated home campus. Travel-related expenses represent charges for travel, meals and/or entertainment incurred away from the Cardholder’s designated home campus. Examples of prohibited travel expenses include, but are not limited to: hotel; airfare; meals or snacks; purchases of technical or business supplies while travelling; taxi services; and, incidentals incurred more than 60 miles from the cardholder’s designated home campus. Conference registration fees inclusive of meals or snacks are permitted on your PCard. Please note that when meals or snacks are provided, per diem expenses may not be submitted for the meals or snacks included as part of the registration fees.

If a Cardholder utilizes his/her Purchasing Card for travel related charges or use their cards while travelling more than 60 miles outside of his/her designated home campus area, the Cardholder will receive the appropriate number of violation points for charging travel-related expenses on his/her card.

The following transactions are permissible and can be charged on the Cardholder’s Purchasing Card:

- Travel-related expenses for visitors to the Cardholder’s designated home campus, such as hotel stays for visitors near the vicinity of the Cardholder’s home campus;
- Taxi services to and from the local airport and surrounding areas of the Cardholder’s home campus are considered local travel expenses;
- Conference registrations on his/her Purchasing Card, but not conference registrations that include other expenses, such as hotel and airfare.
- Expenses related to an event that will occur more than 60 miles from the cardholder’s designated home campus, as long a contract has been executed through or written approval received from the UCO.

5.1.8  Gas Cylinders, Hazardous Materials and Live Animals

Cardholders are not permitted to place charges related to the purchase or rental of gas cylinders, hazardous materials or live animals on their Purchasing Cards.

All purchases/rentals of gas cylinders and hazardous materials are required to be procured via PO (with the approval of EH&S). Similarly, all purchases/rentals of live animals are required to be procured via PO (and the Compliance Office reviews and approves the purchase to ensure the requirements of applicable protocols are met).

Using the Purchasing Card to purchase/rent gas cylinders, hazardous materials or live animals will result in the Cardholder receiving the appropriate number of violation points.

5.1.9  Employee Moving or Relocation

Except as specified below, Cardholders are not permitted to place any employee moving or relocation charges on their Purchasing Cards. For an extensive list of what types of expenses are considered moving or relocation expenses, please visit the Relocation FAQs located on the Business & Travel Expense Policy website.
However, moving fees for internal moves only are permissible. Internal moves occur where an individual has an existing office or lab space within the university and is moving that office or lab space to another location on campus or to one of the university’s other branch locations. The moving supplier must have an executed contract in effect with the university prior to work being conducted and in order to request payment from the university.

Using the Purchasing Card for moving or relocation charges other than moving fees for internal moves will result in the Cardholder receiving the appropriate number of violation points.

5.1.10 Warehouse/Club Memberships
Cardholders are not permitted to purchase warehouse/club memberships (Costco, Sam’s Club, etc.) with the Purchasing Cards. Using the Purchasing Card to pay for warehouse/club memberships will result in the Cardholder receiving the appropriate number of violation points.

5.1.11 Communication/Internet Plans/Devices
Cardholders are not permitted to place cellular devices, cellular voice and data services, and home internet related charges on their Purchasing Cards per the Communications Allowance Guidelines. Using the Purchasing Card to pay for communication/internet plans/devices will result in the Cardholder receiving the appropriate number of violation points.

5.2 Sharing of Purchasing Card
Cardholders may not share their Purchasing Card with anyone else, including other members of the campus community for any reason, including allowing the use of the card by another or delegating their purchasing authority to another, either by sharing the physical card or sharing the account number, expiration and security features. A Cardholder that violates the foregoing will receive the appropriate number of violation points.

5.3 Transaction Splitting
Splitting transactions to avoid competitive bid thresholds or to avoid established card transaction limitations (e.g. single purchase limit) is prohibited. Splitting purchases between multiple transactions on one or multiple cards to circumvent the single purchase limit on individual cards or to make it appear that a bid threshold has not been reached is also prohibited. Purchasing Checklist & Bid Summary Forms are to be provided to Purchasing Services and/or attached to the PRC in the event that a split transaction inadvertently occurs. Evidence that intentional splitting has occurred will result in receiving the appropriate number of violation points for a split transaction.

5.4 Category Specific Procedures
Additional purchasing procedures apply for the use of the Purchasing Card in specific situations.

5.4.1 Procedures for Home Campus Business Meals
Non-travel-related business meals that occur at locations within 60 miles of the Cardholder’s designated home campus location may be paid with the Purchasing Card.

In accordance with IRS regulations, there must be a valid business justification for the business meal expense or the university must treat the amount of the expense as taxable income to the employee making the charge and withhold the appropriate taxes from the employee’s pay.
Detailed/itemized receipts for local business meals equal to or in excess of $75 must be scanned and attached to the PRC and the following information must be included in the business justification:

- the name of the establishment;
- date;
- business justification, issues discussed; and
- name of all attendees and affiliation of non-CMU attendees (if 5 or less people are in attendance at the business meal).

If there are more than five (5) individuals at the business meal, the host of the event must be listed (the person authorizing the charge), as well as the number of others in attendance, in lieu of listing the name and affiliation of each individual at the meal. It is the responsibility of the Cardholder to ensure that this information is recorded in Oracle for each business meal paid with a Purchasing Card.

5.4.2 Gift Cards and Tangible Gifts for Employees and Non-Employees

Gift cards in any amount and tangible gifts in excess of $75 require additional tax reporting requirements. IRS regulations require the university to treat these items as compensation and withhold applicable taxes.

Purchases of gift cards and tangible gifts require the submission of the Carnegie Mellon Employee or Non-Employee Gift Processing Form within 30 days of the relevant transaction.

In addition to submitting the forms to Payroll Services (employee) or Taxation (non-employee) within 30 days of the date of the relevant transaction for processing, the required forms must be completed in their entirety and a copy of the forms must be scanned and attached to the applicable transaction in Oracle.

If a Cardholder is delinquent in performing these responsibilities, among other things, the Cardholder will receive the appropriate number of violation points.

5.4.3 Prize and Awards

Cash prizes and awards, regardless of amount; require completion of an Activity Pay in Workday for employees or the Non-Employee Prize/Award Form for non-employees.

Non-cash prizes and awards require completion of the Employee Gift Processing Form (if value is in excess of $75) or the Non-Employee Prize/Award Form.

In addition to submitting the forms to Payroll Services (employee) or Taxation (non-employee) within 30 days of the date of the relevant transaction for processing, the required forms must be completed in their entirety and a copy of the forms must be scanned and attached to the applicable transaction in Oracle.

If a Cardholder is delinquent in performing these responsibilities, among other things, the Cardholder will receive the appropriate number of violation points.

5.4.4 Staff Length of Service/Retirement Gifts

Gifts of tangible items or services given to employees in recognition of their length of service or retirement are not taxable unless the value of the gift exceeds $400. If the value of the gift exceeds $400, only the amount in excess $400 is taxable.
In order to be considered a length of service or retirement gift, the gift should not be made within the employee’s first five years of employment, or more frequently than every five years thereafter. The gift must be tangible personal property or services and be awarded as part of a meaningful presentation under circumstances that do not create a significant likelihood of disguised pay.

Length of service or retirement gifts in excess of $400 require the completion of the Employee Gift Processing Form which should be submitted to Payroll Services within 30 days of the date of the transaction for processing with a copy of the completed form scanned and attached to the applicable transaction in Oracle.

5.4.5 Products with Trademarks

Please refer to the following website for the university’s Policy on the Use of Carnegie Mellon trademarks:


This policy explains trademark, product and supplier restrictions. Once the policy has been reviewed the following link will provide you with the current licensed supplier list:

http://www.cmu.edu/trademark/suppliers/supplier-list.html

5.5 Merchant Category Code Restrictions

A list of restricted Merchant Category Codes (MCCs) is maintained by the Finance Division. When the Purchasing Card is presented as the method of payment to a merchant operating under a restricted MCC code, the transaction will automatically be declined.

5.6 Requesting an Exception

Exceptions to these Purchasing Card Guidelines may be requested by submitting a Purchasing Card Exception Request form, found in the Online Forms System. Exception requests require the approval of the Controller’s Office and designated Administrative Leadership Group member (as determined by the Department). The Online Forms System will route the form for the necessary approvals. Once the approval process is complete, an email will be sent to the user that submitted the request signifying the exception has been approved and recorded. This email should be attached to the PRC for that transaction.

One time exceptions are valid for a single transaction only. For those Cardholders that require recurring exceptions, a period or formal exception request must be submitted via the Online Forms System. This is also done using the Purchasing Card Exception Request form. Formal exceptions will be valid for a period of one year and may be reevaluated on a more frequent basis.

5.7 Receipts and Record Keeping

The Cardholder is responsible for assisting in the record keeping process in keeping with the practices of their home Department and university policy.

By university policy, all transactions in the amount of $75 and above require an itemized receipt to be provided during the account verification process. All credit card slips, cash register receipts, web...
order pages, and other sales records for transactions amounting to $75 or more that relate to any purchase must be kept within the university record retention policy.

Receipts are not required for transactions less than $75, unless required by the home Department or the sponsoring agency or country-specific requirements. For instance, receipts are required for all transactions charged to the Australia ledger.

If the Cardholder does not have the original receipt, it is the Cardholder’s responsibility to contact the supplier and have a copy faxed or mailed to them.

If the Cardholder does not have the original receipt and the Cardholder cannot obtain a copy from the supplier, a Missing Receipt Form should be filled out and submitted in place of the original receipt. The Missing Receipt Form is located on the Finance Division Forms page under the Purchasing Card Forms section.

Cardholders who fail to attach the necessary documentation for transactions in excess of $75 or who frequently submit Missing Receipt Forms are subject to receiving the appropriate number of violation points for having missing receipts.

5.8 Verification of Purchasing Card Transactions

All Purchasing Card transactions must be verified in the Oracle financial system with receipts scanned and attached within 30 days of posting.

The Oracle financial system is used for on-line verification of transactions to the proper account string. Any verification made in Oracle will be posted to the GL or GM immediately after they have been approved. Verified means that the transaction:

- appears to be a legitimate university-related business expense,
- is appropriately documented and the required receipt documentation is scanned and attached to the PRC for transactions totaling $75 or greater,
- has been recorded to the correct account string in Oracle, and
- has a complete business description/justification recorded in Oracle.

To assist Cardholders in having their transactions verified within the 30 day window, the financial system has been configured to notify Cardholders via email and Oracle workflow notification at the following points:

- The first Oracle notification occurs when a new credit card transaction is uploaded into Oracle and awaiting verification.
- The second Oracle notification occurs when an unverified credit card transaction is 15 days old. This message notifies the Cardholder, as well as the designated Approver, that they have 15 more days to verify the transaction.
- The third Oracle notification occurs when an unverified transaction is 25 days old. This message notifies the Cardholder, as well as the designated Approver, that the charge is now 25 days old and needs to be verified immediately. From this point forward until the transaction is verified, daily notifications will be sent to the Cardholder, as well as the designated Approver.
• A fourth notification comes from the CMUWorks Service Center (pcrdhelp@andrew.cmu.edu) when an unverified transaction is 31+ days old. This message notifies the Cardholder, as well as the designated Approver, that the charge is now 31 days or older and that the card is on hold.

The Cardholder will receive the appropriate number of violation points for having unverified transactions greater than 30 days.

5.9 Sales Tax Exemption

Carnegie Mellon is exempt from sales tax on generally all purchases of goods and services for university business, including meals, in the Commonwealth of Pennsylvania and in many other states/jurisdictions. However, Carnegie Mellon is NOT exempt from all taxes in all states/jurisdictions. For example, Carnegie Mellon is not exempt from certain Pennsylvania local taxes such as the Allegheny County (PA) Alcohol Beverage Tax or the Hotel Occupancy Tax.

Complete information on Carnegie Mellon’s tax exemptions can be found on the Taxation website.

Carnegie Mellon’s tax exemption(s) are not transferable and can only be used if the purchase is being made directly with Carnegie Mellon funds, by check, electronic funds transfer, or Purchasing Card. Use of Carnegie Mellon’s tax exemption for personal purchases is illegal, and a violation of university policy.

The university’s Pennsylvania state sales tax exemption identification number appears on the front of each card. However, most Pennsylvania vendors will require the Cardholder to submit a copy of an actual tax exemption certificate for each purchase at the time of purchase. Tax exemption certificates can be obtained from the Taxation website.

5.10 Federal Funds

Cardholders are not permitted to use the Purchasing Cards for federally funded purchases with non-Preferred Suppliers that equal or exceed $2,500, federally funded purchases with any supplier equal to or exceeding $10,000, or for federally funded purchases of any alcoholic beverages.

5.11 Returning an Item

To return an item, the Cardholder should contact the supplier of the item for information on how to process a return. Following the supplier’s procedures, the item should be returned directly from the Cardholder to the supplier and payment adjustment should be agreed upon at that time.

When returning an item, Cardholders should verify the charge at the time of purchase. They may note in the justification that the item has been returned for refund. Once the credit has been received, the credit should be verified to the same account string as the original charge.

5.12 Billing Errors

If a billing error is discovered when verifying transactions in Oracle, the Cardholder should contact the supplier. If the supplier concedes that an error was made, a credit should be requested to the Cardholder’s account. The credit, once posted into Oracle, should then be verified to the exact same account to which the original charge was applied. The credit letter is then scanned and attached to the Oracle transaction record.
5.13 Disputing a Charge

Within sixty (60) days of the transaction date, a Cardholder may dispute a charge that appears on his/her account with the issuing bank. If the Cardholder does not recognize a charge or it appears to be incorrect, he/she should first attempt to work directly with the supplier for resolution.

If the dispute is not resolved with the supplier within 7 days, the Cardholder should formally dispute the charge by submitting a completed Billing Inquiry Form with a copy of all supporting documentation to the CMUWorks Service Center at pcrdhelp@andrew.cmu.edu. The form should not be faxed to the card issuing bank.

The Billing Inquiry form can be found on the Finance Division Forms website under the Purchasing Card section.

Once submitted, a temporary dispute credit will automatically be issued to the Cardholder's account for the amount questioned within 2 to 7 business days. Once the dispute credit appears in Oracle, the Cardholder should verify the original charge and dispute credit within the same PRC and to the identical Oracle account string.

Upon completion of the investigation, the issuing bank will notify the CMUWorks Service Center of the final resolution of the disputed charge. The CMUWorks Service Center will notify the Cardholder of the status of the disputed charge.

If the dispute is not resolved in the Cardholder’s favor, the Purchasing Card will be charged the disputed amount and the Cardholder must verify the recharged transaction in Oracle.

6 Internal Controls

The Purchasing Card plays a significant role in acquiring goods and services at Carnegie Mellon. Cardholders are expected to follow all of the policies and procedures outlined in the procurement manual for purchases when acquiring goods and services with the Purchasing Card and these Purchasing Card guidelines. Compliance with these guidelines is managed through a point system administered by Card Audit Services. Carnegie Mellon’s point system is designed to encourage overall compliance with the university’s policies and procedures and requirements, while recognizing proportional differences in the severity and frequency of violations by assigning a designated point value for violations.

6.1 Reporting Point Balances

On a semi-annual basis, the Department’s Business Manager and/or designated Administrative Leadership Group member (as determined by the Department) will be provided with a summary of the cumulative balances, as well as a listing of violations (and their assigned respective points) identified during the same period for the Cardholders in their respective area. Accompanying these reports will be a summary of total transactions and spend by Cardholders. It is the discretion of the Business Manager and/or designated Administrative Leadership Group member to adjust Departmental procedures or address individual Cardholder violations and/or spending habits in order to prevent future violations.
6.2  Reduction of Point Balances

For Cardholders with point balances for violations, semi-annually (i.e., each six month period ending December 31 and June 30), the Department’s Business Manager and/or designated Administrative Leadership Group member will be provided with a report of the violation activity for the period. If the Cardholder had Purchasing Card activity and adhered to the Purchasing Card Guidelines without any violations during that six month period, up to two points will be deducted from his/her cumulative violation point balance (with the approval of the relevant Business Manager and/or the designated Administrative Leadership Group member and Card Audit Services), for a maximum deduction of two points per each semi-annual review or four points per year. At no time will points be deducted in order to give a Cardholder a negative, cumulative point balance.

6.3  Card Suspensions

Cardholders whose cumulative point balances exceed certain thresholds will have their card privileges suspended as follows:

6.3.1  Six Point Suspension

A suspension occurs when a Cardholder attains a cumulative balance of 6 points. Entire card privileges will be suspended for a period of three months.

Regardless of suspension, Cardholders must resolve any outstanding issues at the time of suspension, and validate any charges remaining on the Purchasing Card in a timely manner. Additionally, during the suspension, a card audit will be performed. Cardholders are expected to comply with all audit requests. Card audits may take anywhere from two to four business weeks. Cards will not be reinstated without having an audit performed. Spending volume, number of transactions and the Cardholder’s violation history will be considered at the time of audit and factored into the assessment of the Cardholder’s activity based on the results of the audit.

If the audit results are deemed “acceptable” as determined by Card Audit Services, the card may be reinstated based on management’s discretion, which occurs via a request for reinstatement from the Cardholder’s designated Administrative Leadership Group member, and after the three month suspension has passed.

Once a card has been reinstated, the guidelines for the Purchasing Card program will continue to apply. The Cardholder’s designated Administrative Leadership Group member will be responsible for determining if the Cardholder needs to be re-trained on these Purchasing Card guidelines.

6.3.2  Twelve Point Suspensions

If a Cardholder attains a cumulative balance of 12 points, Purchasing Card privileges will automatically be suspended for a minimum period of 1 year, and could result in a permanent suspension of the Cardholder’s ability to use a Purchasing Card. Card suspensions occurring due to a cumulative balance of 12 or more points will require an audit of the card activity and re-instatement of the card will be determined on a case-by-case basis at the discretion of the Cardholder’s designated Administrative Leadership Group member and Card Audit Services.

6.3.3  Automatic and Permanent Suspension

Some violations are especially serious and result in the automatic and permanent suspension of Purchasing Card privileges. These violations include use of the Purchasing Card for personal
purchases (other than those that have been inadvertently made and that have been self-reported and timely reimbursed), payments for facility rentals and leases, or the retention of a financial rebate or incentive or free products or goods associated with a Purchasing Card transaction for personal use. As well, the university always reserves the right to suspend or deny card access for any employee for any lawful reason.

6.4 Purchasing Card Violations – Definitions

6.4.1 Inadequate Justification

When verifying transactions made on a Purchasing Card, the cardholder must provide a detailed description outlining the business purpose of the transaction and the receipt should be detailed to identify what specific items were purchased, regardless of funding source. All items purchased by the university must have a clear, university-related business purpose. The description of the business purpose should describe the “Who, What, When, Where (to extent possible), and Why (How)” related to a purchase and should provide support to the approvers, auditors, management, sponsors, donors, etc. as to how the expense is an appropriate business expense, for example, “Costs related to purchase of new hard drive for Professor X’s computer in May as a result of a hardware failure.” The business purpose needs to be included in the justification to ensure that the university is compliant with IRS regulations.

Without a clearly stated, valid business purpose, the expense may be considered a personal benefit for, and treated as taxable income to, the Cardholder. Further, if a Cardholder purchases an item that does not have a clear, valid business purpose (which must be documented/described within the “justification” when verifying the transaction), the Cardholder will receive the appropriate number of violation points for having an inadequate justification/receipt.

6.4.2 Missing Bid Checklist

For all purchasing card transactions with non-preferred suppliers that will equal or exceed $2,500 in total (when funded with Federal monies) or $5,000 in total (when funded with non-Federal monies), a Purchasing Checklist & Bid Summary Form must be completed in advance of making the purchase. A completed Purchasing Checklist/Bid Summary Form must be attached to the applicable PRC within Oracle when required. These transactions should not be approved within Oracle unless a completed Purchasing Checklist & Bid Summary Form is attached to the PRC. If the Purchasing Checklist & Bid Summary Form is not attached, this will result in a non-compliance notice to the Cardholder. The $2,500/$5,000 thresholds outlined above relate to the cumulative total of payments made for a single purchase or event. This would include situations where a deposit is required for an event and processed in a separate transaction from the remaining outstanding balance payment or if a transaction cost is being allocated across several organizations or cost centers. Individuals who fail to complete and attach the necessary documentation will receive the appropriate number of violation points for having missing bid documentation.
Appendix A - Assistance Using the Purchasing Card

Cardholders have the following resources for assistance when using the Purchasing Card:

| CMUWorks Service Center:          | • general guidelines for use of the Purchasing Card
| (412)268-4666                     | • guidance on issues with the Oracle financial system for the Purchasing Card application
| pcrdhelp@andrew.cmu.edu            | • questions regarding Purchasing Card limits, declined charges, disputed transactions, allowable purchases
| NOTE: See frequently asked questions page. | • assistance with obtaining a Purchasing Card

| PNC Bank:                        | • report lost, compromised or stolen cards.
| 1-800-685-4039                   | • assistance with procurement policies and procedures
| 24 hours/day                     | • questions regarding the Preferred Supplier program

| Procurement Services (412) 268-4309 | procurement-inbox@andrew.cmu.edu |
Appendix B - The Purchasing Card Point Violation System

Points are assigned to cards on a monthly basis as continuous audits are performed and violations of these Purchasing Card Guidelines are identified. The chart below outlines the point value for each type of Purchasing Card violation as described in each section:

<table>
<thead>
<tr>
<th>Procedural Purchasing Card Violations</th>
<th>Points</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>Missing Receipts</td>
<td>1</td>
<td>5.7</td>
</tr>
<tr>
<td>Unverified transactions greater than 30 days</td>
<td>2</td>
<td>5.8</td>
</tr>
<tr>
<td>Inadequate Justification</td>
<td>1</td>
<td>6.4.1</td>
</tr>
<tr>
<td>Missing Bid Checklist</td>
<td>3</td>
<td>6.4.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Purchasing Card Violations - Non-Compliant Purchases</th>
<th>Points</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-reported Personal Purchase (first instance)</td>
<td>1</td>
<td>5.1.1</td>
</tr>
<tr>
<td>Self-reported Personal Purchase (after first instance)</td>
<td>3</td>
<td>5.1.1</td>
</tr>
<tr>
<td>Alcoholic Beverages (charged to certain sponsored projects/programs)</td>
<td>2</td>
<td>5.1.2</td>
</tr>
<tr>
<td>Equipment or Furniture Purchases (≥ $2,500)</td>
<td>2</td>
<td>5.1.3</td>
</tr>
<tr>
<td>Professional Services</td>
<td>3</td>
<td>5.1.4</td>
</tr>
<tr>
<td>Other Services (without supporting documentation and/or ≥ $2,500)</td>
<td>3</td>
<td>5.1.4</td>
</tr>
<tr>
<td>Software (without supporting documentation and/or ≥ $2,500)</td>
<td>3</td>
<td>5.1.5</td>
</tr>
<tr>
<td>Travel (60 miles outside home campus)</td>
<td>2</td>
<td>5.1.7</td>
</tr>
<tr>
<td>Gas Cylinders, Hazardous Materials and Live Animals</td>
<td>2</td>
<td>5.1.8</td>
</tr>
<tr>
<td>Employee Moving or Relocation</td>
<td>2</td>
<td>5.1.9</td>
</tr>
<tr>
<td>Warehouse/Club Memberships</td>
<td>1</td>
<td>5.1.10</td>
</tr>
<tr>
<td>Communication/Internet Plans/Devices</td>
<td>2</td>
<td>5.1.11</td>
</tr>
<tr>
<td>Sharing of Purchasing Card</td>
<td>3</td>
<td>5.2</td>
</tr>
<tr>
<td>Split Transaction</td>
<td>3</td>
<td>5.3</td>
</tr>
<tr>
<td>Gift Purchases (without supporting documentation)</td>
<td>2</td>
<td>5.4.2</td>
</tr>
<tr>
<td>Prize or Award Purchases (without supporting documentation)</td>
<td>2</td>
<td>5.4.3</td>
</tr>
<tr>
<td>Other prohibited items (as defined in the Procurement Manual)</td>
<td>2</td>
<td>N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Automatic and Permanent Suspension</th>
<th>Points</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unreported Personal Purchase</td>
<td>N/A</td>
<td>5.1.1</td>
</tr>
<tr>
<td>Rental of Storage Space or Facilities/Leased Space</td>
<td>N/A</td>
<td>5.1.6</td>
</tr>
</tbody>
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