Purchasing Card Training

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Finance Training and Communication

Carnegie Mellon University
Finance Division
LET’S AGREE TO...

> Be positive and in the present
> Affirm one another
> Be open to different ways of thinking
> Put phones away and on vibrate
> Take urgent calls outside of room
> Recognize our common goals
> Welcome everyone into the discussion
AGENDA

> Welcome and Introductions
> Define Purchasing Card (PCard)
> Review of Introduction to Purchasing Information
> Roles and Responsibilities
> Restricted Purchases
> Transaction Verification
> Auditing
> Reminders and Additional Resources
THE PURCHASING CARD (PCARD)

- A VISA card issued through PNC Bank that is provided to authorized employees to make allowable purchases of goods and services on behalf of the university

- Governed by Carnegie Mellon University Business and Travel Expense Policy, Procurement Policies, and Procurement Manual which includes the Purchasing Card Guidelines
THE PURCHASING CARD (PCARD)

- Assigned dollar limits and MCC Restrictions
- Typically utilizes standard terms and conditions of supplier
- Not used for large dollar ($3000 or more) purchases of goods or services that present significant legal and/or commercial risk
- University sales tax exemption can be used (when applicable) at purchase
REVIEW OF INTRODUCTION TO PURCHASING INFORMATION

- University Purchasing Process
- Sales Tax Exemption
- Foreign Corrupt Practices Act
UNIVERSITY PURCHASING PROCESS

IDENTIFY NEED
- Good – no contract needed
- Service – contract required

MAKE PURCHASE
- PCard
  - Purchase Order
  - Expense Report

GATHER INFORMATION
- Supplier
- Funding
- Requirements

RECEIVE/VERIFY
- Account Strings (GL/GM)
- Business Justification
- Documentation
SALES TAX EXEMPTION

Applicable to all business purchases made directly with CMU funds

- Allowed use only with a PCard or PO
- Provide supplier with exemption number or copy of exemption certificate

NOT applicable to business purchases made with personal funds

- PA Law states that exempt status is not “transferable”
- Transferring could result in the University losing its sales tax exemption status

Pennsylvania Exemption Certificate available at
OTHER TAXES

CMU does pay

- Sales Tax in states where no exemption
- Amusement Tax
- Unrelated business income tax
- Value Added Tax (VAT)
- Potential foreign withholding tax
- Telecommunications tax
- Alcohol Beverage Tax (7%)
- Hotel Occupancy Tax
- Vehicle Rental Tax (PA & Allegheny Tax)
FOREIGN CORRUPT PRACTICES ACT (FCPA)

> Prohibits any U.S. person or company (including the university) from the following:

- **Direct or indirect bribery to a foreign official** to obtain or retain and/or direct business to any person or to secure an improper advantage

- Includes any offer, payment, promise of payment, or authorization of payment of any money, or offer, gift, promise to give or authorization of the giving of **anything of value**

*Please complete the “U.S. Foreign Corrupt Practices Act – An Overview for Employees of Carnegie Mellon University” course available in FocusU. You may also review the Carnegie Mellon FCPA Guidelines, FAQ’s, and training materials on the General Counsel website at [http://www.cmu.edu/ogc/fcpa/index.html](http://www.cmu.edu/ogc/fcpa/index.html)
Remember: Procurement Services can assist university buyers throughout the purchasing continuum. If you have a question, don’t hesitate to ask!

<table>
<thead>
<tr>
<th>Helpful Contacts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Procurement Services</strong></td>
</tr>
<tr>
<td><a href="mailto:Procurement-inbox@andrew.cmu.edu">Procurement-inbox@andrew.cmu.edu</a></td>
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<td><strong>University Contracts</strong></td>
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<td><a href="mailto:University-contracts@andrew.cmu.edu">University-contracts@andrew.cmu.edu</a></td>
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<td><a href="mailto:Tax-Dept@andrew.cmu.edu">Tax-Dept@andrew.cmu.edu</a></td>
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<td><strong>Trademark Licensing</strong></td>
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<tr>
<td><a href="mailto:marano@andrew.cmu.edu">marano@andrew.cmu.edu</a></td>
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PURCHASING CARD ROLES

- **VISA**
  - Credit Card Provider

- **PNC Bank**
  - Issues Credit Card to CMU

- **Carnegie Mellon University**
  - Sets Policies and Procedures
  - Pays for Transactions
PURCHASING CARD ROLES

- Cardholder
  - Verifier
  - Approver
  - Business Manager
  - ALG Member
  - Finance Division
  - Contracts Office
RESPONSIBILITIES PER ROLE

Cardholder

- Responsible for complying with university purchasing policies & procedures
- Ensure all purchases are for university related business
- Maintain security of the PCard, report lost/stolen/compromised PCards immediately; do not share card information
- Ensure transactions are charged to the appropriate GL or GM account string
- Verify transactions, enter business justifications and attached required receipts/documentation within 30 days
- Ensure sales tax is not paid
- Comply with department’s policy for record retention
RESPONSIBILITIES PER ROLE

Verifier

• Ensures all transactions are in compliance with university purchasing policies & procedures
• Responsible for allocating PCard transactions in the Oracle financial system within 30 days
• Ensures transactions are charged to the appropriate GL or GM account string
• Enters a business justification and attach required receipts & documentation
• Confirm sales tax is not paid
RESPONSIBILITIES PER ROLE

Approver

• Can not be the cardholder or the verifier
• Responsible for reviewing PCard transactions in the Oracle financial system
• Ensures all transactions are in compliance with university purchasing policies & procedures
• Ensures all transactions are appropriate as an university business expense
• Proper business justifications and required receipts & documentation have been entered in the Oracle financial system
• Confirm sales tax is not paid
RESPONSIBILITIES PER ROLE

Department Business Manager

• Ensures all transactions are in compliance with university purchasing policies & procedures
• Ensures original receipts & documentation are retained per the Record Retention Policy
• Informs cardholder & PCard Help Desk of any potential violations immediately
• Notifies the PCard Help Desk when employment is terminated; long-term personal leave of absence or sabbatical; PCard is no longer required
• Approves issuance of new PCards and establishes/maintains PCard limits
RESPONSIBILITIES PER ROLE

Administrative Leadership Group (ALG) Member

- Ensures all transactions are in compliance with university purchasing policies & procedures
- Approves issuance of new PCards and establishes/maintains PCard limits
- Evaluates exceptions to the purchasing policy; can approve or reject
- Evaluates point balances; can approve or reject deductions from the balance and reinstatement of PCards
- Notifies the PCard Help Desk of any potential violations or suspected misuse of the PCard
- Evaluates and determines if further action is necessary to reduce sales tax that was paid
RESPONSIBILITIES PER ROLE

Finance Division

• Responsible for establishing policies, processes and procedures for the PCard to work as efficiently as possible while meeting requirements established by law, regulation, accounting standards, and the Board of Trustees
• Provide and maintain the financial system for accounting/reconciliation of transactions
• Provide training and documentation regarding university policies and procedures
• Manage relationship between credit card provider and the university
• Maintains MCC restrictions
• Audit transaction activity for compliance with policies and procedures
RESPONSIBILITIES PER ROLE

University Contracts Office

- Reviews, drafts and executes documents, contracts and licenses related to any CMU business affair
- Assures all university & governmental requirements have been met in relation to the business affair and any other university department, which may have an interest in the business affair, is notified & consulted
- Creates and manages Master Service Agreements
- Creates and manages Click-Through Agreements
PURCHASING CARD LIMITS

Limits are reviewed & approved by

- Business Manager
- Administrative Leadership Group (ALG) Member
- Procurement Services, if SPL $3,000+
- International Finance if using an international entity

Single Purchase Limit (SPL)

- Maximum amount per purchase, typically capped at $2999.99
- PCard declines, if exceeded

Monthly Cycle Limit

- Maximum amount per cycle
- PCard declines, if exceeded
- Cycle dates run from 26th to 25th
- Verifying transactions in Oracle does not refresh cycle limit

SPLITTING A PURCHASE TO AVOID LIMITS IS STRICTLY PROHIBITED!
MCC RESTRICTIONS

> Merchant Category Codes (MCC)
  - Categorizes the type of good/service provided
  - If restricted, purchase declines

> Some restricted MCC’s include but not limited to:
  - Airlines
  - Automobile Rentals
  - Cable/Pay TV Services
  - Utilities (electric, gas, water, etc.)
  - Doctors

> List of restricted MCC’s available at http://www.cmu.edu/finance/controller/pcard/index.html
RESTRICTED PURCHASES

> Purchases of $3000 or more
> Sharing of PCards, account numbers, expiration date or security features
> Cash advances
> Personal purchases
> Purchases of employee personal moves/relocation
> Cellular devices, voice and data services, & home internet charges

PCards do not decline at the point of sale for purchases restricted by university policy
RESTRICTED PURCHASES

- Purchases of hazardous materials
- Purchases of gas cylinders (except for Mellon Store)
- Purchases of live animals
- Purchases of warehouse club memberships
- Leased space or facility agreements

PCards do not decline at the point of sale for purchases restricted by university policy
RESTRICTED PURCHASES

> Purchases of professional services, including temporary employment, consulting services, payments to individuals or partnerships

> Travel-related purchases

  - Applies to purchases made while more than 60 miles from campus, including but not limited to:
    - Meals
    - Taxi Service
    - Airfare
    - Hotels
    - Technical or business supplies
    - Incidentals
  
  - Conference registration (with or without meals) is permissible if does not include additional expenses such as hotel and airfare.

PCards do not decline at the point of sale for purchases restricted by university policy
EVENT PURCHASES

Cardholders are permitted to make purchases related to CMU-organized events taking place more than 60 miles from campus.

- Must be a CMU-organized event
- Cannot include any travel charges
- Must have UCO approved contract prior to payment, including deposits

Example: A department on campus wishes to organize an alumni networking event in New York City. A Pittsburgh-based cardholder can make the necessary purchases like catering and facility rental on his or her PCard.

However, if the organizer is traveling to the event, he or she may not use the card to pay for his or her expenses while in New York City.
USING FEDERAL FUNDS

Do not charge the following when using federal funds:

- General purpose equipment
  - Furnishings
  - Printing equipment
  - Copiers

- Administrative Costs
  - Office/Computer supplies
  - Copying
  - Postage

- Alcohol and Entertainment

PCards do not decline at the point of sale for purchases restricted by university policy
USING SPONSORED FUNDS

When using the PCard with sponsored funds the purchase must be:

– For the direct benefit of the sponsored grant
– Reasonable and chargeable to the sponsored grant
– Allowed by the grant (restrictions apply even if PCard policy says it’s allowable)
  • Example: Sponsor may prohibit alcohol as a business expense
– Authorized by the contracting officer (if required)
– Contact Sponsored Projects Accounting (SPA) for questions regarding your sponsored funds
Paying for Services

The PCard can be used for:

- Any service, except professional services, where the total amount or cumulative value does not exceed $2999.99
- Contact Procurement Services if you are unsure if a service constitutes a professional service

**NOTE:** A contract must be executed with University Contracts Office **prior** to the purchase, including deposits, of *all services* and attached to the transaction in the Oracle financial system.
PAYING FOR SOFTWARE LICENSING

> The PCard can be used for software where the total amount or cumulative value does not exceed $2999.99

> Software is any kind of computer program loaded on to, or accessed by, a computer(s) that is not part of the computer(s) hardware. Examples:
  - Click-through licenses
  - Separate license terms
  - Shrink-wrap licenses

> Forms of software may include CD-ROMs, DVDs, downloads, software-as-a-service and subscriptions to technical services

> Check Computing Services for available software downloads at http://www.cmu.edu/computing/software/all/index.html

**NOTE**: A contract must be executed with University Contracts Office prior to the purchase of all software licensing agreements and attached to the transaction in the Oracle financial system.
SCENARIOS – CAN PCARD BE USED?

> Dr. Smith needs a new computer costing $2,750?
> Lunch for team meeting in your home campus area?
> An independent contractor who developed your department website?
> Office supplies at Office Depot?
> Catering for an event costing $3,100?
PRE-PURCHASE REMINDERS

> Check the Supplier Directory at https://www.cmu.edu/finance/procurementservices/supplier-directory/index.html

> Identify yourself as a CMU employee
  - Ensure you receive agreed upon pricing from preferred suppliers
  - Ask for an educational or academic discount with non-preferred suppliers

> Purchasing a service or software licensing agreement?
  - Check the Master Service Agreement or the Click-Through Agreement lists at http://www.cmu.edu/contracts/
  - Work with University Contracts Office to ensure the statement of work will be covered under the master agreement or to execute a new contract with supplier

**Remember!** Do not sign any contracts, leases, agreements; you do not have authority to sign official documents on behalf of the university
PRE-PURCHASE REMINDERS

> Additional components to think about …

  • Installation  
  • Maintenance  
  • Warranty  
  • Shipping Costs  
  • Training

> Check the CMU Buyer Actions Matrix available at https://www.cmu.edu/finance/forms/files/Buyer_Actions_Matrix.pdf to ensure all requirements are completed prior to the purchase

> Check your available balance – do you have enough money on your PCard?
  
  – If not, you will need to request a Temporary Limit Change via the Online Forms System at https://www.cmu.edu/finance/systems/index.html

> Communicate sales tax exemption number

  – Obtain a Tax Exemption Certificate, if needed, from https://www.cmu.edu/finance/taxation/policies-procedures/documents/sales-tax-information.html
PRE-PURCHASE REMINDERS

> If you need a policy exception for the purchase:

  – Submit request via the Online Forms System at [https://www.cmu.edu/finance/systems/index.html](https://www.cmu.edu/finance/systems/index.html)
  
  – Approval is required before purchase can be completed
  
  – One time exceptions are valid for a single transaction only

> Provide your PCard Information

  – Account number, Expiration date & Security code, if needed

> Get a Receipt!

  – Required to get an itemized receipt for purchases $75 and over*
PCARD DECLINE

- Confirm supplier is using correct card information such as:
  - Account Number
  - Expiration date
  - CVV Code

- Is the purchase over your spending limits?

- Think about the supplier MCC – is this purchase restricted?

- Contact PCard Help Desk (8-4666) or PNC Bank (1-800-685-4039)
PCARD RECEIPT REQUIREMENTS

> Transactions $75 and over require an itemized receipt

> Receipt MUST include:
  - Supplier Name
  - Date of Purchase
  - Reference the credit card
  - Amount of the transaction
  - Items purchased (itemization)

> Acceptable forms of receipts could include:
  - Credit Card Slips
  - Cash Register Receipts
  - Web Order/Confirmation Emails
  - Other sales records

* NOTE: Departments may impose additional PCard receipt requirements. Always check with your department before beginning to make purchases
PCARD RECEIPT REQUIREMENTS

> Lost/Inadequate Receipt
  
  - Contact supplier for a copy
  
  - If can not obtain a copy
  
  - Complete the CMU Missing Receipt Form for transactions $75 & over
    
    [https://www.cmu.edu/finance/forms/files/missing_rcpt.pdf](https://www.cmu.edu/finance/forms/files/missing_rcpt.pdf)
  
  - Scan/attach completed form to the verification report

> Retain all original documentation relating to your PCard purchases in accordance with the University Record Retention policy and your departmental processes

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Frequent use of the missing receipt form may be considered an audit violation
PCARD RECEIPT REQUIREMENTS

Is this an acceptable receipt?

× No!

× Missing itemization

> Contact supplier for an itemized receipt

> If unable to obtain, complete CMU Missing Receipt Form

> Tape small receipts to piece of paper for easier scanning and retention
PCARD RECEIPT REQUIREMENTS

Is this an acceptable receipt?

- No!
- Missing supplier, date and reference to payment method
  - Contact supplier for an itemized receipt
  - If can not obtain, complete CMU Missing Receipt Form
  - Tape small receipts to piece of paper for easier scanning and retention
# PCARD RECEIPT REQUIREMENTS

Is this an acceptable receipt?

- Yes!

- Provides supplier, references PCard, date, amount & itemization

> Hired Continental Office Environments to assemble the new office chair on campus – what do you need to have approved?

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**Continental Office Environments**

700 East Waterfront Drive, Suite 307
Homestead, Pennsylvania 15120
(412) 464-2500 (800) 621-3392

**SALES ORDER CONFIRMATION**

Sales order number: 565406
Proposal number: 56*052107*498
Proposal name: ICES AERON

Customer bill to address:
Carnegie Mellon University
ATTN: ACCOUNTS PAYABLE
5000 Forbes Ave
Pittsburgh, PA 15213

Ship to address:
Carnegie Mellon University
ICES
1001 Hamborg Hall

**Order date** Customer PO
25-23-14 CREDIT CARD

CSC Rep: Request date: Account executive Territory
MS SLEIGHTON, M 05-11-16 S6 SMELLER, JOHN

<table>
<thead>
<tr>
<th>Item no.</th>
<th>Description</th>
<th>Order</th>
<th>qty</th>
<th>Unit price</th>
<th>Extension</th>
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<tbody>
<tr>
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<td>*WK CHR, AERON, STD-FT PKRU. TLT</td>
<td>1</td>
<td>716.03</td>
<td>716.03</td>
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<tr>
<td>C87KMD31</td>
<td>LIM/ANK, ADJ ARMS, NONUPHSTDYS; *ADJUSTABLE LUMBAR SUPPORT; *GRAPHITE; *2 1/2&quot; CASTER, BLACK YOKE, HARD FLOORS OR CARPET, *BLACK; *FELTICLE CLASSIC-PR CAT 1; *FELTICLE CHROME CARBON</td>
<td>1</td>
<td>42.00</td>
<td>42.00</td>
<td></td>
</tr>
<tr>
<td>INSTALL</td>
<td>DELIVERY &amp; INSTALLATION</td>
<td>1</td>
<td>42.00</td>
<td>42.00</td>
<td></td>
</tr>
</tbody>
</table>

**SUBTOTAL:** 758.03
Is this an acceptable Receipt?

✔ Yes!

✔ Provides supplier, references PCard, date, amount & itemization.

> CMU does not have an official tipping policy

> Sales tax is on the receipt- always ask for removal

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**PCARD RECEIPT REQUIREMENTS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>Price</th>
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<tbody>
<tr>
<td>Eight Ounce Fresh Squeezed Mango</td>
<td>8.00</td>
<td></td>
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<tr>
<td>Alto Dur Kebab: 5 (2 $44.00)</td>
<td></td>
<td>88.00</td>
</tr>
<tr>
<td>Eleven Nido</td>
<td>12.00</td>
<td></td>
</tr>
<tr>
<td>Sea Scallop</td>
<td>16.00</td>
<td></td>
</tr>
<tr>
<td>Filet &amp; Beans Salad (2 @11.00)</td>
<td>22.00</td>
<td></td>
</tr>
<tr>
<td>Tuna Tartare (2 @15.00)</td>
<td>30.00</td>
<td></td>
</tr>
<tr>
<td>Subset</td>
<td>14.00</td>
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<tr>
<td>Three Greens</td>
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<td>Lasagna Cheese</td>
<td>38.00</td>
<td></td>
</tr>
<tr>
<td>Halibut (2 @24.00)</td>
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<td>Ceviche (3 @25.00)</td>
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<tr>
<td>Strip Steak (2 @45.00)</td>
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<tr>
<td>Antipasto Soup</td>
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<tr>
<td>Crustola &amp; Grillo</td>
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<tr>
<td>Subnet</td>
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<td></td>
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<tr>
<td>Strudel</td>
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<tr>
<td>Crisp Brulee</td>
<td>10.00</td>
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</tr>
<tr>
<td>Meat &amp; Coffee (2 @8.00)</td>
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</tr>
<tr>
<td>Meat &amp; House Coffee</td>
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<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>536.00</td>
<td></td>
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**Carnegie Mellon University**

**Finance Division**
Business Meal Requirements

> Primary purpose of the meeting is to conduct business (would have a formal agenda)

> There is a need to meet over a meal because one or more employees are unavailable during normal working hours

> Expense justification must include names and affiliations of attendees, or number of attendees (if more than 5), and the business purpose
REVIEWING PCARD TRANSACTIONS

Electronic Memo Bank Statement

- Cardholder receives monthly statement from activepay.notices@pncactivepay.com
- Should be reviewed to ensure all transactions are legitimate
- Notify the PCard Help Desk of any unrecognized transactions immediately
PCARD TRANSACTION VERIFICATION

All PCard transactions must be verified in the Oracle financial system by the cardholder or a designated verifier. A Procurement Card Verification Report (PRC) is created to record business purpose of the purchase, type of purchase, and account allocation information.

Verification signifies that a transaction:

- Is a legitimate business expense
- Is appropriately documented and all required documentation is scanned and attached
- Is distributed to the correct Oracle account string (GL or GM)
- Has a completed business description/justification recorded in Oracle
REVIEWING PCARD TRANSACTIONS

Transactions in Oracle

- Verifications can be done by Cardholder or Verifier
- Cardholder receives email notification when new transactions appear on day 1, 15, 25 & 26+
- Must be verified within 30 days of posting

<table>
<thead>
<tr>
<th>Transaction Date</th>
<th>Age (Days)</th>
<th>Transaction Amount</th>
<th>Merchant Name</th>
<th>Merchant Location</th>
<th>Billed Amount</th>
<th>Additional Info</th>
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<td>84.00 USD</td>
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<td>412-682-5033, PA</td>
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<td>30-Sep-2013</td>
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<td>76.70 USD</td>
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<td>01-Oct-2013</td>
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<td>137.40 USD</td>
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<td>30-Sep-2013</td>
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<td>233.99 USD</td>
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<td>800-463-3768, GA</td>
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<tr>
<td>04-Oct-2013</td>
<td>1</td>
<td>1,095.00 USD</td>
<td>F+W - HOW INTERACTIVE</td>
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<td>PITTSBURGH, PA</td>
<td>44.77</td>
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</table>
PCARD TRANSACTION VERIFICATION

Transactions must be verified within 30 days

> Why is this important?
  – CMU pays PNC Bank monthly
  – Accounting principles require that expenses be recorded in the period they are incurred
  – It keeps our financial statements timely and accurate

> Cardholders must turn in receipts/documentation to Verifier in a timely manner!

What happens if transaction is not verified in 30 days?
PCARD TRANSACTION VERIFICATION

> On day 31, PCard will be placed on hold and cannot be used until aged transaction is verified **and** approved
  
  – The cardholder, approver, ALG Member, Senior Director of the Controller’s Office, and University Audit Services will be notified via email

> Once transaction is verified and approved, ALG Member can request reinstatement

> Violation points will be assigned

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**For charges in dispute:**

- Make sure Billing Inquiry form has been sent to PCard Help Desk
- Wait for credit to verify transaction (card will not be put on hold)
- Verify charge/credit to same account string
DISPUTING PCARD TRANSACTIONS

> Contact the supplier and attempt to resolve problem

> If no resolution with supplier
  
  – Complete Billing Inquiry Form (within 60 days)
     
     • [https://www.cmu.edu/finance/forms/files/Billing_Inquiry.pdf](https://www.cmu.edu/finance/forms/files/Billing_Inquiry.pdf)

  – Send completed form to PCard Help Desk
     
     • Fax 412-268-2732 or email pcrdhelp@andrew.cmu.edu
     
     • PCard Help Desk reviews and sends completed form to PNC Bank
     
     • Should receive credit within a few business days
If you will be verifying your own transactions, two additional online e-learning courses are required:

- CMU Finance Fundamentals: [https://www.cmu.edu/finance/training/e-learning/cmu-finance-fundamentals.html](https://www.cmu.edu/finance/training/e-learning/cmu-finance-fundamentals.html)
- Oracle Internet Expenses – Procurement Card Application: [https://www.cmu.edu/finance/training/e-learning/p-card.html](https://www.cmu.edu/finance/training/e-learning/p-card.html)

Once both courses are complete request the **USA-IE Procurement Card** responsibility via the Core Access Request Form in the Online Forms System at [https://www.cmu.edu/finance/systems/index.html](https://www.cmu.edu/finance/systems/index.html).

If you have a verifier, that person should request delegate access via the Delegate Access Request Form also in the Online Forms System at [https://www.cmu.edu/finance/systems/index.html](https://www.cmu.edu/finance/systems/index.html).
PCARD TRANSACTION VERIFICATION

- Must select the expense type that best describes the transaction
- Important for accurate reporting/spend analysis
- Determines the object code/expenditure type
- Ask yourself if there is a clear business purpose to your expense, if not use Unallowable
- Listing of PCard Expense Types with definitions on the Controller’s website under Purchasing Card Services at http://www.cmu.edu/finance/controller/pcard/files-unsecured/pcard_expense_types_with_definitions.pdf

Refreshments
- Light snacks, cookies, drinks, coffee, pastries, etc. are being served

Non Travel Business Meals
- More substantial food (entrees) being served

Unallowable
- Items such as coffee/water service; events that are social in nature (holiday parties, retirement parties, etc.)
Must enter a detailed business justification; provide to verifier

Should provide enough detail so that the approvers, auditors, senior management, and sponsors can have a clear understanding of how the purchase relates to university business
<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lunch</td>
<td>Lunch for meeting of XYZ PhD Committee, XYZ representatives, and program coordinator to discuss improving the program and assigning committee positions for the upcoming academic year held on 08/27/15 in CUC Connan; 11 attendees. Conflicting schedules necessitated meeting over lunch.</td>
</tr>
<tr>
<td>Supplies</td>
<td>Office supplies (pens, folders, and dry erase markers) for training and general use by Amanda Perkins</td>
</tr>
<tr>
<td>Conference Registration</td>
<td>Registration for A. Perkins to attend the National Association of College and University Business Officers(NACUBO) annual meeting in New York, NY on April 1, 2016 for professional development and networking.</td>
</tr>
</tbody>
</table>
PCARD TRANSACTION VERIFICATION

Provide correct account string
- General Ledger and/or Grants account strings
- Can allocate between multiple account strings
- **NOTE:** Account string must be available within the Ledger (US, QAR AUS) that the card was issued through

Attach required documentation, such as
- Receipts for purchases $75 and over
- Contracts
- Gift/prize/award forms
- Approval for policy exception
ATTACHMENT TIPS

> PDF File format recommended (no TIFF or .exe)
  - Other file types include .txt, .docx, .html, .xlsx

> Page Orientation – Portrait

> Review all scanned documents for legibility

> Retain original documentation

> Multiple receipts can be attached to reports – Maximum attachment size, 7MB
  - Attach receipts/documentation in order of transactions
  - Talk to approver about preferred # of attachments
Carnegie Mellon’s Policy for Financial Record Retention at states that all original documentation for PCard transactions must be retained for 7 years from the end of the fiscal year in which the record was created unless otherwise noted.

- Documentation is required for audit support
- Should be organized/filed by PRC number
PCARD TRANSACTION VERIFICATION

- Submit verification report for Approval
  - Goes to designated approver for PCard
    - Approver receives an email notification
- Cardholder/Verifier should monitor PRC report through approval process
- Approver Actions
  - Approve the transaction
  - Request more information
  - Reassign the transaction
  - Reject the transaction
APPROVER ACTIONS

> If a transaction appears inappropriate:
  – Contact cardholder for additional information

> If a transaction IS inappropriate:
  – Report transaction to PCard Help Desk
    • PCard may be immediately suspended
  – In “Notes” section, indicate transaction was:
    • Identified as inappropriate
    • Reported to PCard Help Desk on (date)
  – Approve the verification report
FINANCE DIVISION: UNIVERSITY AUDIT SERVICES

> Card Audit Services

– Continually assess & monitor PCard activity for compliance with the *Purchasing Card Guidelines*

– Issue violations & assess points in accordance with the Purchasing Card Point Violation System

> What are auditors looking for?

– Our documented policies consistent with legal requirements and sound business practices?

– Are we following the procedures and controls that have been implemented?

– Are abiding by policies, procedures and controls consistently and at an acceptable level of quality?
Audit findings are determinations that our policies and procedures are insufficient and do not ensure proper controls.

**Potential Consequences:**

**For the University**
- Jeopardizes future funding (federal & sponsored)
- Penalties against University
  - Fines, imprisonment, etc.
  - Externally imposed policy and processes requirements

**For the Employee**
- Suspension of buyer responsibilities
- Termination of employment
- Legal & financial penalties
Carnegie Mellon’s purchasing card point violation system is designed to encourage overall compliance with the university’s policies, procedures and requirements, while recognizing proportional differences in the severity and frequency of violations by assigning a designated point value for violations.

**Common Violations:**

- Personal Purchases
- Missing Receipts / Documentation
- Transaction not verified in 30 days
- Inappropriate Charges
- Splitting purchases to avoid limits
- Sharing of PCard
- Use PCard when PO is required
- Restricted Purchases
POINT VIOLATION SYSTEM

- Appropriate number of points are assessed for violations
  - Cumulative balance of **6 points** will result in a suspension of PCard privileges for **3 months**
  - Cumulative balance of **12 points** will result in a suspension of PCard privileges for **1 year**

- During the suspension period:
  - A full PCard audit will be performed
  - Cardholder is expected to comply with all audit requests
  - PCard audits may take anywhere from two to four business weeks
  - If audit results are deemed acceptable, the PCard may be reinstated at the discretion of Card Audit Services and the ALG Member after the suspension has passed
REDUCTION OF POINT BALANCES

> ALG Members are provided with a semi-annually report of the violation activity for the period for cardholders with point balances for violations

- If a cardholder had purchasing activity, and adhered to the policies without any violations during that six month period, up to **two points** will be deducted from the cumulative violation point balance per review, and up to **four points** per year.

- Requires approval from ALG Member and Card Audit Services

- At no time will points be deducted in order to give a cardholder a negative, cumulative point balance

- **Purchasing Card Refresher Training** is available online at [https://www.cmu.edu/finance/training/e-learning/pc-refresh.html](https://www.cmu.edu/finance/training/e-learning/pc-refresh.html) and may be taken to have one point removed per calendar year upon successful completion of the assessment certification
AUTOMATIC AND PERMANENT SUSPENSIONS

> Payments for facility rentals and leases

> Personal Purchases not self-reported and/or reimbursed

  – According to the Purchasing Policy and Cardholder Agreement, using the PCard for personal purchases is a serious policy violation

  • If PCard was used intentionally to:
    • Defraud the university
    • Avoid paying sales tax on personal purchases

  • Disciplinary action may be taken by your department
    • Automatic and permanent suspension of PCard privileges
    • Possible termination of employment
ACCIDENTAL PERSONAL CHARGES

> Reverse the transaction immediately with supplier if possible!

> If not able to reverse transaction:

- Self-report the personal purchase to PCard Help Desk, Approver, Business Manager, and ALG Member
- Scan & attach form to the PRC verification report
  - Send Taxation Department a copy of the PRC, the original Personal Purchase Form, and a check reimbursing the university for the charged amount
- Violation point(s) will be assigned for self-reported personal purchases
- Disciplinary action up to and including termination of employment may be taken by your department
PCARD CHANGES

> Changes such as:

- Single or Monthly Purchase Limits
- MCC Restrictions
- Policy Exceptions

> No changes can be made without your ALG Member’s approval

- Submit request through the Online Forms System at https://www.cmu.edu/finance/systems/index.html
- ALG member can approve limit changes
- ALG Member and Senior Director of the Controller’s Office must approve policy changes
- Once you receive an email that the form is complete, it is recorded and you may move forward with your purchase.
- Attach the approval email to the PRC
PCARD CHANGES

> Changes to cards must be requested through the Online Forms System
  - https://fsg-web-prod.as.cmu.edu/prod/ofsf/main.php

> Home Page:

> PCard-Specific Forms:
CLOSING A PCARD

> PCards must be relinquished if you:

  – Transfer to another department
  – Resign or your employment is terminated/suspended
  – Are on a personal leave of absence or sabbatical

> Complete the Purchasing Card Request Form in the Online Forms System to close card

  – PCard will be closed with PNC Bank and in the Oracle financial system

> Any outstanding transactions must be verified in Oracle!
LOST OR STOLEN PCARD

> Protect your PCard at all times!

> If lost, stolen or compromised:

  – Notify the PCard Help Desk at 412-268-4666 or pcrdhelp@andrew.cmu.edu

  – Contact PNC Bank at 1-800-685-4039 if not during normal Help Desk hours

  – Replacement PCard will be issued and will arrive within 5-7 business days
POINTS OF CONTACT

PCard Help

- Available Monday – Friday, 8:30am to 5:00pm
- pcrdhelp@andrew.cmu.edu or 412-268-4666
- Administers the process of enrolling, suspending and closing PCard accounts
- Processes changes to limits or any change to PCard
- Submits Billing Inquiry form to PNC Bank and monitors dispute
- Manages requests for exceptions to policies and maintain records of approved exceptions
- Troubleshoots Oracle issues
- Processes delegate access requests
POINTS OF CONTACT

PNC Bank

• Available 24/7
• 1-800-685-4039
• Report lost/stolen PCards if Help Desk is not available
• Questions about declines
• Available balance inquiries
POINTS OF CONTACT

**Procurement Services**

Procurement-inbox@andrew.cmu.edu

- [http://www.cmu.edu/finance/procurementservices/index.html](http://www.cmu.edu/finance/procurementservices/index.html)
  - Supplier Directory
  - Purchasing Policy
  - Procurement Manual

**Taxation Department**

TaxDept@andrew.cmu.edu

- [http://www.cmu.edu/finance/taxation/index.html](http://www.cmu.edu/finance/taxation/index.html)
  - Taxation Policies and Procedures
  - Amazon Tax Exemption Guidelines
  - Tax FAQs and Answers

**University Contracts Office**

University-contracts@andrew.cmu.edu

- [http://www.cmu.edu/contracts/](http://www.cmu.edu/contracts/)
  - Contract negotiation
  - Master Services Agreement Suppliers
  - Click-Through-Agreements
PURCHASING RESOURCES

Purchasing Policy
www.cmu.edu/finance/procurementservices/policies-procedures/procurement-policy.html

Procurement Manual
www.cmu.edu/finance/procurementservices/policies-procedures/procurement-manual.html

Supplier Directory
www.cmu.edu/finance/procurementservices/supplier-directory/index.html

Trademark Licensing Office
http://www.cmu.edu/trademark/
THANK YOU

> Working together can make the purchasing process successful!

- Decentralized *but* Supported
- Reach out for assistance
- Services = Contract need
- Ask for a educational or academic discount
- Check online for policy and procedure information
- Additional training requirements
- Questions, Cardholder Agreement, Activate PCards