# Indiana State University

## Procurement Card Rules & Guidelines

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Welcome

Welcome to the procurement card program. Indiana State University is delighted to offer faculty and staff a Procurement Card Program (Master Card) for rapid purchases of repetitive or low dollar goods while simultaneously reducing paperwork and handling costs associated with these types of purchasing processes. The following information is intended to help you with many of the questions you may have in the daily use of your procurement card.

Contacts

For security or fraud issues, lost or stolen cards, and credit limit changes:

<table>
<thead>
<tr>
<th>Name</th>
<th>Email</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tom Kellett, Procurement Card Administrator</td>
<td><a href="mailto:Tom.Kellett@indstate.edu">Tom.Kellett@indstate.edu</a></td>
<td>x3600</td>
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<tr>
<td>Alternate: Kevin Barr, Purchasing &amp; Central Receiving Director</td>
<td><a href="mailto:Kevin.Barr@indstate.edu">Kevin.Barr@indstate.edu</a></td>
<td>x3600</td>
</tr>
</tbody>
</table>

For questions regarding appropriate purchases, sales tax, transaction issues, recordkeeping and SDG2 website issues:

<table>
<thead>
<tr>
<th>Name</th>
<th>Email</th>
<th>Phone</th>
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</thead>
<tbody>
<tr>
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</tbody>
</table>

Corporate Agreement

The agreement between Indiana State University and JPMChase Card Services is a corporate agreement. The credit of Indiana State University is used for the procurement card program. This means:

1. Cards issued to an individual are not reported as credit of the individual cardholder.
2. No information from the individual is shared or sold by JPMChase Card Services.
3. No credit check or verification is run by JPMChase Card Services on the individual cardholder.
Activating and Registering Your Procurement Card

Contact JPMChase Card Services to activate your card. The number to call is on the sticker located on the front of your new card. You MUST know the account security information you provided on the cardholder application.

Once your card has been activated, you will need to register your card on the JPMorgan Chase Website.

- Go to https://smartdata.jpmorgan.com/sdportal/home.view
- Click “Cardholder Self-Registration”
- Enter your 16 digit account number
- Enter the Company registration code: 042814
- Follow the links to create a user id, password, and multiple security questions. When creating a user id, be sure to use a unique name (exp: for Joe Alex Smith you might use jsmith, instead consider jasmith).

Procurement Cardholders’ Responsibilities

When you signed the University procurement card application, you agreed to accept responsibility for the protection and proper use of the credit card as enumerated below as well as the Terms and Conditions of the program.

- Know where your procurement card is at all times and keep it stored in a safe location (locked desk drawer, purse, safe, or other secured area).
- Follow the Fraud Prevention measures as outlined in the Fraud Prevention section of this document.
- Maintain the integrity of the ISU procurement card by ensuring that your card is not used for personal purchases.
- This card is for the use of the cardholder named on the face of the card ONLY, and should not be loaned to others.
- Understand that certain purchases and vendors are restricted. Review the Restricted Vendors and Restricted Items section in this document.
- Follow the guidelines for reporting your card lost or stolen as outlined in the Report Lost or Stolen Card section of this document.
- Adhere to the recordkeeping requirements outlined in the Recordkeeping Requirements section of this document.
- In the case of an extended leave, the procurement card should be temporarily suspended by contacting the Procard Administrator.
• Except in extenuating circumstances, you must return your card to the Purchasing and Central Receiving Department at least one to two weeks before termination of employment with the University or when transferring to another department.

Non-adherence to any of the above may result in revocation of individual cardholder privileges, revocation of all division and/or departmental procurement cards, and disciplinary action, up to and including termination of employment.

Fraud Prevention

The cardholder should use basic security measures, as outlined below to guard against fraud.

1. DO sign your card as soon as you receive it.
2. DO keep the card in a secure location.
3. DO keep an eye on the card during the transaction, and retrieve it as soon as possible.
4. DO always know where your card is. If you can’t find the card, assume the worst, have your account cancelled and request a new card.
5. DO save receipts and Expense Reports in a secure area; they may contain your card number.
6. DO audit your Expense Report closely every month. Make sure all charges shown are legitimate charges.
7. DO visit reputable, familiar merchants whenever possible.
8. DO report fraud immediately to JPMorgan Chase and the Procurement Card Administrator.
9. DO NOT discard credit card slips in public areas; destroy them. Thieves can acquire your card number from receipts, slips and statements.
10. DO NOT lend your card to anyone.
11. DO NOT give your card number to anyone over the phone unless you know you are dealing with a reputable vendor.

Restricted Vendors and Restricted Items

There are two types of controls for prohibiting the purchase of restricted items. The first control is at the vendor level. If a vendor has a Merchant Category Code (MCC code) that is restricted by the University, your card will not work if a purchase is attempted from that vendor. The MCC code is a four-digit number assigned to a business by the bank the business uses, which classifies it by the type of goods or services it provides. There are several thousand different MCC codes, but each merchant generally only has one code. On a rare occasion, a vendor is assigned an incorrect MCC code. When this happens, only the vendor can correct the error.
The second control is a restriction at the transaction level. There are a number of items that may not be purchased using the University Procurement Card. Some of those purchases, while restricted, may still work at the vendor level, therefore, it is the cardholder’s responsibility to ensure they are aware of the restricted purchases list.

Restricted Vendor MCC Codes:

- All drinking establishments (bars, nightclubs, etc.)
- All transportation services (airlines, car rentals, taxicabs, etc.)
- All vehicle/atv dealers
- Hotels and motels
- Duty free stores
- Financial institutions, cash advances, travelers cheques, securities, insurance, etc.
- Foreign purchases (all foreign exchanges)
- Gasoline stations and self-service pumps
- Marinas, marine service/supplies, boat rentals/dealers
- Motor home dealers
- Package stores, beer, wine and liquor
- Quick pay service
- Airports, airport terminals, flying fields
- Travel agencies and tour operators

Restricted Transactions:

- All travel expenses except registration
- Alcoholic beverages
- Capital equipment
- Cash advances
- Computers and printers- Peripherals other than printers may be purchased with the card. Examples include monitors, keyboards, external hard drives, mice, etc.
- Consultants and speakers fees/honorariums
- Controlled substances (prescription drugs, narcotics, etc.)
- Entertainment costs related to travel
- Gasoline/oil (except small quantities for non-vehicle use)
- Holiday-related items: Including decorations, cards & gifts
- Ingestible medications, including those contained in first-aid kits
- Local or cellular telephone service/data plans
- Maintenance agreements
- Online auction purchases
- Paypal- A University procurement card may not be used to set up a PayPal account.
- Personal purchases: Defined as a purchase for the benefit of an individual employee, such as space heaters and fans.
• Personal services
• Radioactive isotopes
• Splitting purchases to “get around” your per transaction limit
• Weapons/ammunition
• Works of art

Transactions with additional requirements:

Some purchases are authorized IF they comply with other University policies:

• Amazon Business Memberships: ISU now uses Amazon for Business. There is no charge for membership and shipping thresholds are the same (free for orders greater than $49, when the items are Prime-eligible).
• Gifts/Prizes/Awards: The purchase of gifts must comply with the University Prizes & Awards Policy. The Distribution of the Prizes and Awards form must be submitted with the receipt of the gift purchase and attached to the Expense Report when send to the Procurement Card Auditor.
• Food purchases: Purchases of food/drink should comply with the University Hospitality and Entertainment Policy, and all receipts of hospitality food/drink purchases should be accompanied by a Hospitality Form.
• Logo items: Purchases of items with the University logo should be made within the Promotional Item Ordering Guidelines. The approval provided by Communications & Marketing should be included with your receipt and attached to the Expense Report sent to the Procurement Card Auditor.

Guidelines for Purchasing on the Internet

1. Always use a secure web browser
2. Know your merchant
3. Obtain and retain receipts
4. Understand troubleshooting
5. Protect yourself with current information

1. Always use a secure web browser

Use any version of Microsoft Internet Explorer or any other current version of a web browser when making internet purchases. This will provide you with an added level of security when shopping on the internet. These browsers use Secure Socket Layer (SSL) technology, a proven and easy-to-use system that lets your browser automatically encrypt or scramble your personal data before sending it to the merchant via the Internet. SSL shows you that a website is secure when a lock appears in your browser window at the bottom of your screen. If an unlocked lock, or no lock at all appears, you are NOT in a secure web location. You can also look at the URL, or internet location, to verify the SSL
protocol is in place. Most URL’s start with http://, but when a site is secure, the URL will start with https:// (s stands for secure).

2. Know your merchant

Don’t give out your credit card number online unless you have read and understand the company’s privacy statement, disclaimer, terms and conditions, warranties and that the merchant offers secure shopping technology like SSL or Secure Electronic Transaction (SET). SET is an added layer of protection that is emerging as an industry standard to make online purchasing safer than ever. Some sites may claim to be encrypted, when they actually are not. If you are not sure, select another vendor.

Don’t judge reliability by how nice or flashy a website may seem. Anyone can create, register and promote a website; it’s relatively easy and inexpensive. Most legitimate merchants list their address, phone number, and/or contact person.

Online auction sales remain the number one internet fraud reported to the National Consumer League’s Internet Fraud Watch. Indiana State University prohibits the use of any credit card for all online auctions.

Know the vendor’s return policies. Who pays freight? Must product be returned in original, undamaged box? Are returns accepted? Is a return authorization number required? Returns are the biggest fault of some internet suppliers.

Finally, if you have questions about a merchant, you can contact a buyer in Purchasing for advice or check the company’s complaint record with the Better Business Bureau.

3. Obtain and retain receipts

Every type of Procurement card transaction must have a receipt. An acceptable receipt for an Internet purchase includes a screen copy of the order form and/or confirmation you receive from the merchant verifying that they received your order. You may receive this confirmation immediately following the submission of the order or it may be sent to your email address later.

Internet receipts must be filed with your monthly reconciliation just as any other receipt would be filed.

4. Understand troubleshooting

If you have placed an order online with a merchant and one or more of the following occur, call JPMChase (1-800-780-7158) immediately to cancel your credit card and follow the guidelines found in the Lost or Stolen Procurement Card & Card Fraud section of this document.
You don’t receive the order within a reasonable amount of time (generally two weeks) and you are not receiving returned phone calls from the vendor.
• The phone number on the website is no longer a working number.
• You find out that the merchant went out of business.

5. Protect yourself with current information.

Links to stay informed:
• www.consumer.gov Federal agency website provides consumer information
• www.bbbonline.org Better Business Bureau

Lost or Stolen Procurement Card and Card Fraud

Guidelines for reporting a procurement card lost or stolen or for reporting card fraud are as follows:

1. Stolen Card
• **If card is stolen locally, call JPMChase Card Services immediately at 1-800-780-7158.** If you don’t have the JPMChase toll free phone number, contact Public Safety at 812-237-5555 which is available 24 hours per day. Then call Purchasing and send an e-mail to tom.kellett@indstate.edu.
• If a card is stolen from an out of town location, in addition to reporting to JPMChase Card Services, the card must be reported to the law enforcement agency in charge of the jurisdiction where the card was stolen. The cardholder must ask the police officer how to obtain the police report. A copy of the police report has to be submitted to the Procurement Card Administrator before a new card can be issued.

2. Lost Card
• **If card is lost, call JPMChase Card Services immediately at 1-800-780-7158.** If you don’t have the JPMChase toll free phone number, contact Public Safety at 812-237-5555 which is available 24 hours per day. Then call Purchasing and send an e-mail to tom.kellett@indstate.edu.
• If you lose your card, report it to Public Safety. A police report will be issued by Public Safety and sent to the Procurement Card Administrator. When the Procurement Card Administrator receives the police report, a new card will be issued.

3. Card Fraud
• If you have seen fraudulent activity on your Procurement Card account, you will need to contact JPMChase at 1-800-780-7158 to close the account and get
a new card issued. Notify the Procurement Card Administrator that your Procurement Card has been compromised.

Transferring, Termination or Leave of Absence

If a cardholder transfers to another department, terminates employment with the University or takes a leave of absence, the following steps should be taken to cancel their procurement card. If an employee transfers to another department, they will be issued a new procurement card, if needed.

- Stop using the card about one to two weeks before you leave the department or the University.
- Take the card to Purchasing to have it destroyed.
- Submit your final expense reports to the Procurement Card Auditor at least one week in advance of leaving the department or University to be audited.

Documentation Requirements

It is the responsibility of the cardholder to maintain records of Procurement card purchases and to submit monthly expense reports in a timely manner. Documentation requirements and procurement card reconciliation procedures are detailed below.

Itemized Receipts

Cardholders should always obtain an itemized vendor receipt or invoice for each transaction. If a cash register tape does not have descriptions, they should be written on the tape. If an itemized vendor receipt or invoice is missing, the cardholder should contact the vendor to obtain a copy. If the vendor cannot or will not issue a receipt or invoice, the cardholder should contact the Procurement Card Auditor to complete a missing receipt/invoice report and get all appropriate signatures. If a cardholder consistently has a problem obtaining original itemized receipts or invoices, their cardholder privileges will be reviewed and possibly revoked.

- **Itemized Vendor Receipt/Invoice:** Defined as an original invoice, original cash register receipt, original sales slip, or original packing slip which contains an itemized list of goods purchased, with dollar amounts, and the name and location of the supplier. An employee of the supplier must sign handwritten receipts.
- **Internet Purchases:** At least one of the following types of documentation is required:
  - Original itemized invoice or packing slip
  - Printout of the online order confirmation
  - Printout of the e-mail confirmation
  - Printout of the completed online order form
• **Sales Tax:** Indiana State University is only exempt from Indiana sales tax. Indiana state sales tax charges should not be accepted on procurement card purchases by the cardholder. The University’s tax exemption number is on the face of the procurement card. You, as the cardholder, need to be sure that the vendor does not charge sales tax. The University is NOT exempt from all types of taxes. We are only exempt from sales tax.

**Billing Cycle**

The Procurement Card billing cycle is a monthly period from the 16th of one month to the 15th of the next month.

**Transaction Posting**

Procurement card transactions are posted every Friday for the previous Saturday through Friday.

**Changing the Default Account**

All Procurement Card purchases will be charged to the default index and account code listed on your original card application. If you should need to change the default index and/or account code on your Procurement Card, please e-mail Barbara Tschida or Donna Scarbrough with the following information:

- Department name
- Name on Procurement Card
- Old index and account code
- New index and account code

**Registrations**

Registration for conferences can be paid using the Procurement Card if they are within your credit card limits.

- **Registrations when the employee travels:** When the registration is for an off-campus conference, there must be an approved travel authorization in place. When the transaction is posted to the JPMorgan Chase website (SDG2), **you will have to change the account code from your default account code to 70580.** The traveler’s name should be entered as part of the business purpose.

- **Registration when the employee is staying at Indiana State University:** When the registration is for an on-campus conference or webinar/teleconference registration, you will not have to have a travel
authorization. When the transaction is posted to the JPMorgan Chase website, you will have to change the account code from your default account code to 70579. The employee’s name and the conference or workshop name should be entered as the business purpose.

Reconciliation Requirements

Procurement cardholders are responsible for completing a monthly expense report and submitting that report to the Procurement Card Auditor within 30 days of the end of the billing cycle (the 15th of each month).

- **Expense Reports:** This report is your credit card statement. This report contains transactions, purpose of purchases, and fields for cardholder and reviewers signatures. Expense Reports can be printed from the SDG2 webpage.

- **Reconciliation:** It is the cardholder’s responsibility to reconcile all purchases with the expense report. Any discrepancies are the cardholder’s responsibility to correct by contacting the vendor within 30 days of the end of the billing cycle.

- **Purpose of Purchase:** The purpose of the purchase must be provided to determine compliance. The purpose can be entered using the SDG2 site (See Online Tools) in the field “Expense Description” found in Transaction Summary under the Account Activities tab. This should not be a list of what was purchased or a person’s name, but rather why the purchase was made.

- **Departmental Reviewer:** The department reviewer should be the department head or someone he/she designates to be the reviewer of the cardholders. The departmental reviewer should be someone that is financially qualified to understand the reason for the purchase and knows whether the purchase is for the department’s benefit. The departmental reviewer will be responsible for seeing that the reconciliation of the Expense Report is correct.

- **Approvals:** Both the cardholder and the departmental reviewer must sign and date the Expense Report. By signing the report, the cardholder and departmental reviewer are ensuring all transactions are for University purposes only.

- **Submit Records to the Auditor:** After Expense Reports and itemized vendor receipts are reconciled by the cardholder and reviewed by the Departmental Reviewer, they should be turned into the Procurement Card Auditor within 30 days of the end of the billing cycle. It is recommended that these records be hand-delivered to the assigned drop-off area in the Office of the Controller.

**NOTE:** These records become permanent records within the Office of the Controller, and we recommend making copies for your records.
Procurement Card Audit Process

All Procurement Card transactions will be audited by the Procurement Card Auditor. The Internal Auditor of the University or the State Board of Accounts (state auditors) may select a number of cardholders to audit for compliance with transaction and record keeping policies and procedures. Procurement Card auditing procedures are established to verify that the Procurement Card is being used appropriately by the cardholder and that the cardholder and the department are maintaining the records.

Procurement Card violations and violation guidelines are described below. The goal of these guidelines is not to punish cardholders or terminate cards, but to ensure the University’s policies are followed. The Procurement Card administrators will make every attempt to assist the cardholder and supervisor in following the policies and keeping the departmental cards active. It is ultimately the department’s responsibility; however, to make sure the University’s policies are followed.

I. The following procurement card violations are considered “critical”:
   - Use of the procurement card for personal purchases*
   - Missing receipts/undocumented purchases*
   - Not reporting a lost or stolen procurement card immediately
   - Allowing another person to use your procurement card
   - Use of card for purchases found on the “Restricted Transactions” list
   - Excessive non-critical violations (1 or more violations in more than 6 billing cycles in a fiscal year)
   - Splitting purchases to get around maximum purchase limit
   - *Violations that require correction.

   Critical violations will be handled as follows:
   - 1st Violation- Written warning with notice to correct violation within one week and notification of the supervisor. If violation is not corrected, the cardholder’s limits will be lowered to $0 until corrected.
   - 2nd Violation- Written warning with notice to correct violation within one week, notification of the supervisor and Internal Auditor. If violation is not corrected, the cardholder’s limits will be lowered to $0 until corrected.
   - 3rd Violation- Results in suspension of procurement card.

II. The following procurement card violations are considered “non-critical”, and may result in card suspension if deemed excessive (one or more violations in more than 6 billing cycles in a fiscal year is considered excessive):
   - Late expense reports*
- Incomplete/late business purpose for a transaction*
- Failure to notify vendor of tax-exempt status/failure to dispute sales tax charge*
- *Violations that require correction.

Cardholders may be subject to disciplinary action, including termination, for Procurement Card violations if fraud is detected.