

FITCHBURG STATE UNIVERSITY

PROCUREMENT CARD (ProCard)

PROCEDURES MANUAL

March 11, 2015

FITCHBURG STATE UNIVERSITY PROCARD PROCEDURES MANUAL TABLE OF CONTENTS

Chapter 1: Overview Page

| | |
|--|---|
| 1. Introduction | 3 |
| 2. Benefits | 3 |
| 3. Personal Purchases (Prohibited) | 3 |
| 4. How it Works | 4 |
| 5. The Authorization Process | 4 |
| 6. Restricted Commodities | 4 |
| 7. Contract Compliance | 5 |
| 8. How to Activate Your ProCard | 5 |
| 9. How to Order | 5 |
| 10. Shipping Instructions | 6 |
| 11. Responsibility for Receipt of Goods | 6 |
| 12. Responsibility for Returned Goods | 6 |
| 13. Cardholder Records Management | 6 |
| 14. Account Review | 7 |
| 15. University Billing | 7 |
| 16. ProCard Security | 8 |
| 17. Cardholder Separation from the University | 8 |
| 18. Definitions | 8 |

Chapter II: Smart Data Overview

| | |
|---------------------------------------|----|
| 1. Smart Data Instructions | 9 |
| 2. Forms | |
| ProCard Application | 10 |
| Employee Agreement | 11 |
| ProCard Log | 12 |
| 3. ProCard Check List | 13 |
| 4. ProCard User Guide Oversight | 14 |
| 5. Procurement Check List | 15 |
| 6. Contact Names | 16 |

FITCHBURG STATE UNIVERSITY PROCARD USER GUIDE ProCard Policies and Procedures

Chapter I: Overview

1. Introduction

Welcome to the Fitchburg State University Procurement Credit Card Program (FSC ProCard). The ProCard is a new procurement tool, which offers an alternative to the existing University procurement/payment processes and provides an efficient and effective method to purchase and pay for consumable commodities of low dollar value. The card is a MasterCard credit card, backed by JP Morgan Chase of Salt Lake City, UT.

This User Guide outlines the benefits of the ProCard program to you (the cardholder) as well as to your department and the University. It also provides you with the information that you will need to use the card. The ProCard concept is designed to delegate authority and responsibility, and to enable you to quickly and conveniently make small purchases of approved commodities directly from those vendors that accept the MasterCard. This program was created with the help of many staff members who participated in the program's development and is designed to meet your needs and the University's needs.

2. Benefits

The benefits of the ProCard to you and the University are significant:

Benefits to the Cardholder:

- Eliminates the need for blanket orders for small purchases of consumable supplies;
- Allows greater efficiencies of small purchases of consumable supplies than the traditional purchase/payment methods; and
- Eliminates the need to obtain vendor codes.

Benefits to the University:

- Enables procurement to focus on higher yield, more value added activities, such as the creation of more improved contracts and the timely processing of invoices and payments;
- Dramatically reduces the number of purchase orders, invoices, and checks;
- Saves the costs associated with mailing purchase orders and payments; and
- Reduces the number of vendors in the University's vendor file.

3. Personal Purchases Prohibited

The ProCard is designed to be used for purchases of consumable supplies for **University business only**. Personal use of the card is strictly prohibited. Procurement is responsible for monitoring the effectiveness of the ProCard Program. If you have questions regarding the program or the appropriate use of the ProCard, please contact your procurement coordinator listed on page 16.

4. How It Works

The ProCard simplifies the process for the purchase and payment of goods. Purchasing authority is delegated to the authorized cardholder, thus enabling the cardholder to order materials directly from the supplier. When the goods are received, the cardholder saves the packing list (or whatever documentation is available from the vendor to show the proof of purchase). Once a month, the cardholder will receive a statement from the bank that lists the cardholder's purchase transactions. The cardholder will reconcile the documentation to the monthly statement and forward the monthly billing statement and original supporting documentation to the Procurement Office. The monthly statement is kept on file in the Procurement Office for auditing purposes.

5. The Authorization Process

There are four authorization criteria built into the ProCard that are checked by the MasterCard system when the vendor scans the card, or enters the cardholder's card number, at the point of sale. Following are the authorization criteria and the present limits (standards) that have been established by the University for ProCard use. All transactions are approved or declined instantaneously at the point of sale based on the ProCard authorization criteria:

| <u>Authorization</u> | <u>Card Parameters</u> |
|--|-----------------------------------|
| • Number of transactions allowed per day | 5 |
| • Number of transactions allowed per month | 5 x days in month |
| • Single purchase limit | single transaction limit of \$250 |
| • Spend per month | monthly credit of \$2,000 |

The cardholder, with permission of the cardholder's administrator, may request increase or decrease on the cardholder's card based on need. Each time the card is used, it counts as a transaction. If the transaction limits established for the card are exceeded, the card will be rejected.

6. Restricted Commodities

The ProCard **should not be used** for the following:

- Purchases against state appropriated accounts (MMARS)
- Cash advances
- Construction and renovations
- Lease or lease to purchase
- Meals associated with travel

- Personal items
- Radioactive materials, hazardous materials or disposal
- Reimbursements of any type
- Services
- Telephones and telephone-related expenses

7. Contract Compliance

While the card is a new procurement tool, it does not signal a change in policy regarding compliance with the Commonwealth's Procurement Statutes. The statutes state that, if the desired item is available on an established state or MHEC contract, it must be purchased from the contract vendor.

The Purchasing Department is authorized to bid for, and issue, contracts that will provide the University with the "least total cost" arrangements for consumable supplies required from outside vendors. When bidding contracts, we consider not only the vendor's line item pricing for the products, but also the vendor's:

- Ability to provide the necessary quality, delivery and service;
- Overall pricing structure;
- Warranty and service policies;
- Compatibility with University automated systems;
- Financial stability; and
- Other organizational requirements.

Supplier contract pricing and performance are normally based on the University's overall anticipated volume of purchases during the contract period. In order to assure the University community of paying the "least total cost" for goods, and to fulfill the University's obligation to consolidate all of its requirements with the authorized contract supplier, all University departments are obligated to order the required consumable supplies from those vendors who are authorized contract suppliers to the University (state or MHEC), if the desired items are available on contract. Please contact your procurement coordinator listed on page 16 for any contract information.

8. How to Activate Your ProCard

Telephone MasterCard at the number indicated on your ProCard to activate your credit card before use. MasterCard will verify your identity to ensure you are the legitimate cardholder. Remember that only the authorized cardholder is permitted to use the ProCard. The cardholder is responsible for all card activity and may not share the ProCard with anyone.

9. How to Order

The ProCard may be used to purchase consumable supplies in person at the supplier site, over the phone, or by mail. Prior to ordering, check to see if the item(s) is available from a contracted vendor.

When placing the order over the phone, be sure to provide the vendor with the following information:

- Identify yourself as a Fitchburg State University employee;
- State that you wish to make a University purchase using the University MasterCard;

- State that the University is tax exempt and give the vendor the University's tax exempt number, which is listed on the front of the card;
- Provide your name;
- Provide your ProCard number;
- Furnish the expiration date of your card;
- State the appropriate contract that the purchase is being made against (state, MHEC), if applicable, to insure that you receive contract pricing;
- State the quantities and descriptions of the consumable supplies being ordered; and
- Verify the total cost of the purchase with the vendor.

10. Shipping Instructions

Indicate to the vendor that the address label/packing list that accompanies the package(s) must contain the following information:

Fitchburg State University
 Materials Management Department
 167 Klondike Ave
 Fitchburg, MA 01420 c/o

- Cardholder's name;
- Name of the department to which the package belongs;
- The building and room number.

NOTE: By law, vendors are not permitted to bill your ProCard for purchases until the items have been shipped and the transaction should not go against your ProCard until that time. In most instances, your ProCard account will be debited within 48 hours after the vendor ships your merchandise.

11. Responsibility for Receipt of Goods

The cardholder is responsible for ensuring receipt of goods and follow-up with the vendor to resolve any delivery problems, discrepancies or damaged goods.

Upon receipt of your goods, retain the documentation received from the vendor (typically a sales receipt or packing slip) for later reconciliation.

12. Responsibility for Returned Goods

Items(s) should be returned to the vendor by whichever means the vendor requires. The cardholder is responsible for ensuring that proper credit is applied to the ProCard account for any returned item(s) and should maintain evidence of the return.

13. Cardholder Records Management

The following is a synopsis of the ProCard policy for records management:

- Each month the cardholder will receive a bank statement listing purchases;
- reconcile sales receipts, cash register receipts, and packing slips against the bank statement;
- Sign the monthly billing statement to verify approval;

- Forward the monthly billing statement and all original supporting documentation in the order it appears on the monthly statement to the Procurement Office;
- Abide by the limits assigned to the card; and
- Restrict the use of funds according to availability.

The monthly statements are kept on file in the Procurement Office for auditing purposes. The University will pay JP Morgan Chase directly and charge the appropriate department budget.

Use of the ProCard will in no way affect or change the cardholder's personal credit history.

The ProCard will eliminate the time and effort spent on processing and invoicing small purchase requests/purchase orders. With the authority to purchase specific commodities comes the responsibility to maintain adequate documentation on the source of the transaction.

Over the Counter Purchases: The cardholder should retain the invoice and "customer copy" of the charge receipt. Prior to the receipt, the cardholder is responsible for making sure that the vendor lists the quantity and fully describes the item(s) on the charge receipt.

Telephone Purchases: The cardholder should document the transaction on the **ProCard Log** and always obtain the name of the individual taking the order. When the goods are received as a result of placing the telephone order, all shipping documentation should be retained.

Internet Purchases: All relevant information should be printed from the ordering screens, recorded on the **ProCard Log**, and handled in the same manner as telephone purchases (see above directions).

14. Account Review

Transactions may be viewed and FOAPALs should be assigned daily using Smart Data Chapter II). The cardholder/designated departmental ProCard coordinator should check each transaction listed against the department's **ProCard Log**, receipts, and shipping documents to verify the transactions listed on Smart Data.

The original sales documents, (packing slip, invoice, cash register tape and/or credit card slips, etc.) for all items listed on the statement **must** be neatly attached to the **ProCard Log** and then to the statement. This data is critical to enable proper account reconciliation and audit review when submitted to the Procurement Office. **The careful matching of complete support documents to the log and statement is vital to the success of this program.**

In the unlikely event the cardholder does not have documentation of a transaction listed on the report, he/she will attach an explanation that includes a description of the items(s) purchased, date of purchase, vendor's name, and reason for the lack of supporting documentation.

15. University Billing

JP Morgan Chase will issue a central account invoice to the Procurement Office for all cardholders at the end of each billing cycle (last day of the month). One payment is made on the central account for all cardholders' accounts to zero out the monthly billing.

16. ProCard Security

It is the cardholder's responsibility to safeguard the ProCard and account number to the same degree that a cardholder safeguards his/her personal credit card.

The cardholder must not allow any unauthorized individuals to use the ProCard or the card number. A violation of this trust may result in the cardholder having his/her card withdrawn and/or disciplinary action for the cardholder and/or the unauthorized individual.

If the ProCard is lost or stolen, the cardholder must immediately notify JP Morgan by calling **1-800-270-7760**. Representatives are available 24 hours a day. The cardholder must advise the representative that the call is regarding a MasterCard ProCard. Your University procurement coordinator must also be notified. (see page 17)

A new ProCard will be promptly issued to the cardholder after the reported loss or theft. A ProCard that is found by the cardholder, after being reported lost, must be cut in half and sent to your University procurement coordinator.

17. Cardholder Separation from the University

Should a cardholder sever employment with the University or transfer between departments, the user Department has the specific obligation to reclaim the ProCard, notify your University procurement coordinator of the termination or transfer, and return the ProCard to your procurement coordinator. The ProCard must be cut in two before it is sent to your procurement coordinator. The cardholder may request a written receipt for the return of the card, which may be in the form of an email from the individual accepting the return of the card.

18. Definitions

- **Vendor**: A company from which a cardholder is purchasing goods under the provisions of this procedure.
- **Cardholder**: Personnel who have been issued ProCards and who are authorized to make purchases in accordance with these procedures.
- **Account Manager**: This individual shall review and approve a cardholder's account statement.
- **ProCard Administrators**: The person responsible for all program details, including all cardholder inquiries.
- **Statement**: This is a listing of all transactions by the cardholder issued to the cardholder each month.
- **Single Purchase Limit**: A dollar amount limitation of purchasing authority delegated to a cardholder.

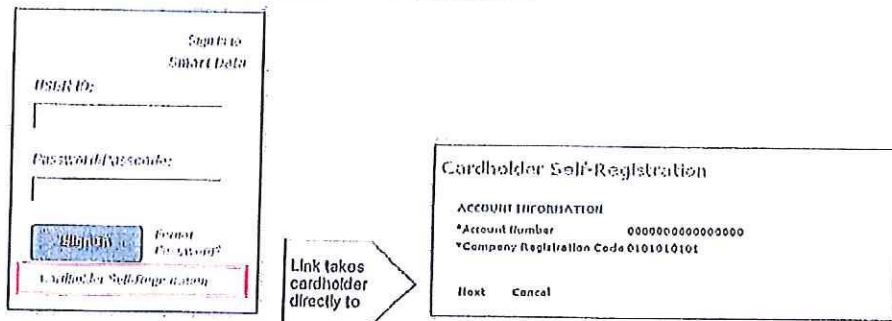
Smartdata Security Enhancements

Cardholder Self-Registration Instructions

The following instructions describe the cardholder experience:

- > Launch your browser and navigate to the *Smartdata* Login screen : smartdata.jpmorgan.com
- > Click on **Cardholder Self-Registration** under Sign In. Fill in the required information on the **Account Information** and **User Information** screens (examples below).
Fitchburg State University's Company Registration Code is: 9786633423

Login Cardholder Self-Registration: Account Information



Cardholder Self-Registration: User Information

The screenshot shows the 'Cardholder Self-Registration' screen with the 'USER INFORMATION' section. The fields are as follows:

- *User ID: card12hold
- *First Name: CARD
- *Last Name: HOLDER
- *E-mail Address: cardholder@company.com
- *Confirm E-mail Address: cardholder@company.com
- *Password: *****
(Must contain at least 8 characters, two of which must be numeric. Cannot be same as User ID.)
- *Confirm Password: *****
- *Security Question: Your childhood pet's name? [v]
- *Security Answer: Spot

At the bottom of the form are 'Register Account' and 'Cancel' buttons.

Cardholder Training/Navigation Guide

Once you have logged in, on the first screen you will find under the Resource Center an Account User's Guide for Instructions on how to navigate the Smart Data Online Process.

Account User's Guide
Complete Manual

Commercial Card Application



COMPANY / ORGANIZATION INFORMATION

Fitchburg State University 82679
 Company / Organization Name* Company Number*

APPLICANT SECTION - * Indicates a required field

IF CARD ISSUED TO DEPARTMENT PLEASE SKIP 1 AND 3

1 APPLICANT INFORMATION

Full First Name* M.I. Last Name*
 Date of Birth (MM/DD/YYYY)* Country of Citizenship*

2 CARD INFORMATION

Name as it will appear on Card* (21 Character Limit - including spaces)
 Tax Exempt 000019198
 Second line to appear on Card (21 Character Limit - including spaces) e.g. department name, etc.

3 HOME ADDRESS

Street Address - no P.O. Box*
 Street Address Line 2 - If applicable*
 City*
 State* Zip Code* Country*
 Deliver Card to Home Address only Deliver Statement to Home Address only

4 BUSINESS ADDRESS

160 Pearl Street
 Street Address*
 Street Address Line 2 - if applicable*
 Fitchburg
 City* MA 01420 USA
 State* Zip Code* Country*
 Deliver Card to Business Address only Deliver Statement to Business Address only

5 ACCOUNT SECURITY

Select One:*
 Last 4 digits of Social Security Number
 Other unique 4 digits
 Access Code 1*
 Select One:*
 First 4 letters of your mother's maiden name
 Other unique 4 digits and/or letters
 Access Code 2*

6 CONTACT INFORMATION

Primary Phone* Secondary Phone
 Select One: Home Business Mobile
 Select One: Home Business Mobile
 Business Email Address

ADMINISTRATOR SECTION - * Indicates a required field

7 ACCOUNT FEATURES

\$ 0.00
 Cash amount - Maximum \$2,500 and other organizational limits may apply
 Card Design Code - Agent ID*
 Rush Delivery - Fee may apply Non P.O. Box Address Required for Delivery
 Select One - If applicable:
 Executive Executive Elite
 Card Delivery Code - Site ID

10 MERCHANT CATEGORY CODE / GROUP SPEND LIMITS

| MERCHANT CATEGORY CODE GROUP* | Indicate: Include (I) Exclude (E) | SINGLE PURCHASE | CYCLE SPEND | DAILY TRANS | CYCLE TRANS |
|-------------------------------|---|-----------------|-------------|-------------|-------------|
| FSCPURCH | E | \$ | \$ | | |
| FSCPURCH1 | E | \$ | \$ | | |
| | | \$ | \$ | | |
| | | \$ | \$ | | |
| | | \$ | \$ | | |
| | | \$ | \$ | | |
| | | \$ | \$ | | |
| | | \$ | \$ | | |
| | | \$ | \$ | | |

8 ACCOUNT SPEND LIMITS/CONTROLS

\$ 2,000.00 30
 Cycle Spend Limit* Max number of trans/cycle
 \$ 250.00 5
 Single Purchase Limit Max number of trans/day

9 HIERARCHY

Level 1* Level 2** Level 3**
 Level 4** Level 5** Level 6**
 Employee ID
 Accounting Code

11 ADDITIONAL ACCOUNT INFORMATION

**Do not complete unless instructed during program set-up

12 ADMINISTRATOR CERTIFICATION - please read and sign

By submitting this request for commercial card issuance to the Bank for the applicant(s) named herein, the undersigned, a duly authorized representative of the Client, does hereby (1) certify that, to the best of Client's knowledge, information and belief, the information in this application and the supporting documentation is accurate, (2) certify that the true identity(ies) of the aforementioned applicant(s) has/have been verified and that the applicant(s) is/are employee(s) or agent(s) of the Client and has/have been duly authorized to apply for and use the Card(s) to incur expenses on behalf of the Client, (3) certify that the applicant(s) named herein have consented to the provision of their information in this Application, and (4) confirm that the applicant(s) has/have consented to the issuance of a Card(s) in their name(s). The Client shall maintain evidence of the applicant's consent to the provision of their information in this Application and the applicant's consent to Card Issuance and shall furnish such evidence to the Bank upon request. In this application, the term "Bank" refers to JPMorgan Chase Bank, N.A. and Chase Bank USA, N.A. and their affiliates.

Program Administrator / Approver Name Printed*
 X
 Program Administrator / Approver Signature* Date*

Program Administrator (Authorized Signer) Submit Application to:
 Email: CCS-Account-Services@chase.com Fax: 844-808-8189 US_CL_P0115

4/17/15

FITCHBURG STATE UNIVERSITY PROCARD EMPLOYEE AGREEMENT

I (employee name) _____, hereby request a ProCard. As a cardholder, I agree to comply with the following terms and conditions regarding my use of the card:

- I understand that I am being entrusted with a valuable tool - a ProCard - and will be making financial commitments on behalf of Fitchburg State University and will strive to obtain the best value for the University.
- I understand that the University is liable to JP Morgan Chase for all charges made on the card and it will not affect my personal credit.
- I agree to use this Card for approved purchases only and agree not to charge personal purchases. I understand that the Procurement Department will audit the use of this card and take appropriate action on any discrepancies.
- I will follow the established procedures for the use of the card. Failure to do so may result in either revocation of my use of privileges or other disciplinary actions.
- I have reviewed the ProCard Procedures and understand the requirements for the card's use.
- I agree to return the card immediately upon request or upon termination of employment (including retirement). Should there be any organizational change, which causes my department to likewise change, I also agree to return my card and arrange for a new one, if appropriate.
- If the card is lost or stolen, I agree to immediately notify JP Morgan Chase and the ProCard Administrator.

EMPLOYEE SIGNATURE

DATE

DEPARTMENT

PROCUREMENT COORDINATOR SIGNATURE

DATE

FITCHBURG STATE UNIVERSITY PROCARD LOG

MONTH & YEAR: _____

DEPARTMENT: _____

CARDHOLDER: _____

CARD NUMBER: _____

| DATE | VENDOR & CONTACT NAME | SUMMARY OF ITEMS PURCHASED/ORDER # | TOTAL | DATE RECONCILED |
|------|--------------------------|---------------------------------------|-------|--------------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

PROCARD CHECK LIST

1. Application Completed
2. Employee Agreement Completed
3. Card Signed by Individual User
4. Online Training Session Attended
5. ProCard Log Available for Recording Transactions
6. Receipts Attached to ProCard Log
7. Transactions Checked on Smart Data
8. Report Run on Smart Data
9. Receipts/Log Matched to Statement
10. Dispute Filed (if necessary) via Smart Data
11. Billing Statement submitted to the Procurement Office by the 5th of Each Month

ProCard User Guide

OVERSIGHT

It is the responsibility of the University to monitor ProCard usage, to insure that cardholders are in compliance with the policies and procedures outlined in the User Guide. Cardholder records are also subject to review by various other internal and external auditors.

How ProCard Oversight Works:

Non-Compliance with ProCard policy may result in a reduction in the cardholder's transaction limits or in the cancellation of the ProCard. For the complete list of review issues, see the Procurement Check list and ProCard Guide. Examples of issues of non-compliance follow:

- Use of the ProCard for the purchase of restricted commodities;
- Use of the ProCard for the purchase of items that are available under state or MHEC Contract purchased from a vendor other than an appropriate contract;
- Use of the ProCard by an unauthorized individual (someone other than the "official" cardholder); and
- Use of the ProCard in excess of assigned cardholder limits or available budget, after the expiration date of a grant or contract amount, or for purchase(s) that are inappropriate for the account/object code charged.

In certain cases (instances where fraud is alleged or the cardholder has used the card for personal purchases), after an appropriate investigation by the University and other entities, disciplinary action up to, and including, termination of employment, legal action, and restitution to the University may occur.

Should a cardholder disagree with a written finding made by the Procurement Office, the cardholder may write to the Vice President for Finance and Administration, to dispute the finding. The cardholder should include a photocopy of the written finding that was provided by the Procurement Office to the cardholder and a complete and clear written explanation of the cardholder's reason for the dispute.

ProCard Check List

| Task | Yes | No | Comments |
|--|-----|----|----------|
| 1. Are records being maintained in accordance with the ProCard Record Keeping System requirements? | | | |
| a) Are statements organized month by month? | | | |
| b) Are appropriate receipts with statements? (per p. 6 of the ProCard Manual): original sales documents, packing slips, quotes, emails, cancelled requisitions, invoices, cash register tape or credit card slips. | | | |
| 2. Has the cardholder stayed within his/her transaction limit? | | | |
| 3. Has the cardholder reconciled each statement for each cycle? | | | |
| 4. Is the card stored in a secure location? | | | |
| 5. Have any of the charges been disputed? If "yes" have they been handled appropriately? | | | |
| 6. Has the cardholder used appropriate channels to report a lost or stolen ProCard, if applicable? | | | |
| 7. Has the cardholder complied with the policy not to purchase any restricted commodities? | | | |
| 8. Has the card been used for personal business? | | | |
| 9. Has any sales tax been charged? | | | |
| 10. Do the transactions appear to be split to avoid the "per purchaser" transaction limit set on the card or to avoid the bid process? | | | |
| 11. Does the cardholder know how to log on, view and edit transactions on Smart Data? | | | |
| 12. Remind the cardholder that all records and activity against the card are open to review by internal, external, state and federal authorities. | | | |

CONTACT NAMES

| | | |
|---------------------------------|--|--------------|
| Doreen Ares, Director | dares@fitchburgstate.edu | 978-665-3123 |
| Jannine Carson Procurement | jcarson4@fitchburgstate.edu | 978-665-3476 |
| Jessica Gendron, Procurement | jgendo2@fitchburgstate.edu | 978-665-3455 |
| Gale Leupold, Procurement | gleupold@fitchburgstate.edu | 978-665-3127 |
| Heidi Swift, Director | hsswift@fitchburgstate.edu | 978-665-3479 |

JP Morgan Chase (The Bank)

Disputes, lost or stolen cards, account balances, etc.

Customer Service

Phone: 1-800-270-7760

Disputes Fax: 1-801-281-5859

(Ask to be transferred to disputes)