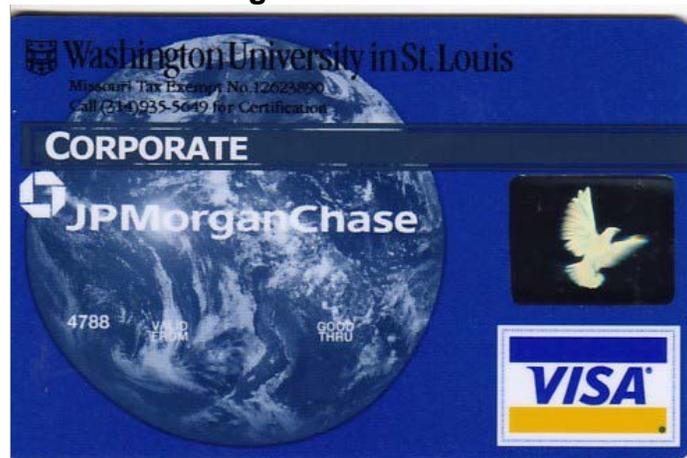


Procurement Card Program Guide

JP Morgan Chase VISA Card



Commerce Chip and Signature VISA Card



Updated 6/29/2016, Effective 7/01/2016

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Procurement Card Programs

The University relies upon individual judgment at all levels of the organization in determining when expenses are necessary and reasonable. This document outlines procurement card policies. More restrictive policies may be set at the business unit level.

JP Morgan Chase VISA Card: used for departmental procurement expenses and business travel purchases.

Commerce Chip and Signature VISA Card: used primarily for international travelers. The card has a chip and is widely accepted by international merchants.

Please contact the Program Administrators at 314-935-8640 or 314-935-5711 to determine the best program for a Cardholder.

Program Roles

There are three roles associated with the procurement card program: Cardholder, Reviewer, and Approver. Program participants may perform more than one role; however, adequate separation of duties must be maintained.

Cardholder Role

Procurement card usage may vary from Cardholder to Cardholder; however, every Cardholder must be knowledgeable of applicable University policies relating to the purchases they make. This includes policies relating to travel, asset purchases, sponsored projects, HIPAA compliance and preferred suppliers. See appendix A for a copy of Unallowable Procurement Card Purchases and Practices.

Users with Cardholder access in AISystem will only be able to see transactions purchased with their card. Within AISystem, Cardholders can enter notes and save the document as is.

Reviewer and Approver Roles

Reviewers and Approvers must be knowledgeable of applicable University policies relating to the purchases placed on procurement cards. This includes policies relating to travel, asset purchases, sponsored projects, HIPAA compliance and preferred suppliers. Procurement card transactions to vendors with which Protected Health Information (PHI) is shared must follow Resource Management policy. The policy requires Business Associate Agreements (BAA) to be completed with all trading partners and vendors with which Protected Health Information (PHI) is shared.

Best practices suggest that the Reviewer and Approver role should not be the same person. Likewise, cardholders should not be the reviewer of their own transactions.

Every procurement card transaction must be in complete status in AISystem by the monthly sweep deadlines. Users with Reviewer access will be able to allocate accounts, add reviewer notes and save to route to Approver. Users with Approver access will be able review the notes and allocations for each transaction, and then save to route to the next Approver if applicable or the Approver will the document to complete status.

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Depending upon how the program is structured for the department, Reviewer functions may be performed by the Approvers. Security within AISystem prevents Approvers from approving their own procurement card transactions.

Procurement card transactions are not encumbered; therefore, prompt review and approval is recommended. Transactions post to general ledger accounts once the RP (Remote Purchase) document is in complete status. Documents needing attention can be found in the user's AISystem worklist. RP (Remote Purchase) documents found in the worklist include disapproved and incomplete status. RP (Remote Purchase) documents left in the worklist will be swept if not in complete status by sweep deadline.

The system will route the document for the appropriate approvals including Asset, Tax, SPA, Dean's level, and departmental.

Cardholder Responsibilities

Obtain 'acceptable' supporting documentation at the point of sale and forward it to the Reviewer.

All available supporting documentation for transactions \$10 or greater should be forwarded to the Reviewer. Procurement cards will be revoked if a Cardholder has an excessive number of transactions without acceptable supporting documentation.

Special Rule for Sponsored Projects: Some sponsors require actual receipts for all transactions. In these cases, it is necessary to retain all receipts regardless of the dollar amount. Guidance specific to travel on Sponsored Projects can be found on the SPA website under Policies and Guidelines.

Acceptable supporting documentation should provide evidence of origination from the vendor that contains purchasing details including date, price and proof of payment. An electronic copy or legible picture of the original receipt which is printed is acceptable supporting documentation. Examples include receipts, invoices, Internet order confirmation screens, and packing lists with pricing detail.

Note: In the rare occasion that acceptable supporting documentation is not available, the Cardholder and the Approver must sign and date a print screen of the RP document page or other written documentation that contains the details of the transaction.

Returns & Exchanges

All returns and/or exchange credits must be credited back to the procurement card. Obtain acceptable supporting documentation at the point of the return or exchange and forward it to the Reviewer/Approver.

Business Travel Expenses

Travelers claiming the per diem method for reimbursement cannot use the procurement card to pay for meals and incidentals.

If the procurement card is used to pay for business travel expenses, all travel expenses must be recorded on a travel expense statement and submitted to Accounts Payable. The total procurement card expenses should be deducted from the amount

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to be reimbursed to the employee via line 22 on the travel expense statement. As a best practice, the supplemental procurement card expense form should be used to detail procurement card activity. The original procurement card receipts must be retained in the department or school procurement card files.

If a trip is paid for entirely by procurement card, a travel expense statement must be completed and approved. It is not necessary to enter this travel report in AISystem; however, the statement and documentation must be retained in the department. Personal charges on the procurement card are not allowed. If one is erroneously done and the employee needs to reimburse the University, a receipt voucher (RV) must be done in the department and the RV number must be written on the paper TR copy that is retained in the department for auditing purposes.

Document asset and non-consumable item purchases

If a capitalizable asset is purchased (item \$5,000 or more), the Cardholder must provide the Reviewer with information about the make, model, serial number, custodial department, and Principal Investigator, if applicable. If the item purchased is an enhancement to an existing asset, the asset number of the asset being enhanced must be provided. Note: asset purchases will route to Plant Accounting for approval per the AISystem routing rules.

If a non-consumable item is purchased, the Cardholder must provide the Reviewer with information about the make, model, serial number, custodial department, and Principal Investigator, if applicable. Non-consumable items and assets are subject to physical audits. Examples of these items include, but are not limited to: computers, televisions, cameras, and books.

Social & entertainment business expenses

The following supporting documentation is required for social & entertainment expenses:

- Date and place of event.
- Specific purpose of the event or reason for expenditure. Failure to document a valid business purpose could result in amounts paid being reported as income to the individuals attending the event.
- Names and titles of people in attendance and their relationship to the University. For individuals from outside the University, this documentation should include occupation or other information relating to the person or persons entertained (e.g. donor), including name, title, or other designation, sufficient to establish a business relationship to the University. For large parties or receptions (12 or more attendees), the number of people in attendance and the makeup of the group is acceptable.

Social and entertainment business expenses greater than \$50 require a dean, vice chancellor or authorized designee approval. Note: social and entertainment purchases will route for Dean's level approval per the AISystem routing rules.

Software Purchases from Vendors outside the United States

When possible, purchases of software should be made from US companies. Payments for purchases of software licenses from foreign companies are often subject to 30% withholding under Internal Revenue Code Section 1441. When withholding is not possible because full payment has already been made via the procurement card, the original payment must be grossed up to collect the tax liability, often by 42.86%. The department purchasing the software will be responsible for the additional charges.

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To determine whether a company is US or foreign, request a Form W-9 or Form W-8BEN-E from the vendor. The receipt of a Form W-9 indicates that the company is subject to US tax, and no withholding is required. A Form W-8BEN-E indicates that the company is foreign and withholding may be required.

When the purchase is from a foreign company, the transaction must be reviewed for withholding obligation. To do so, obtain a copy of the licensing agreement and any related maintenance agreements.

Provide the following documentation to the Tax Department for review:

- Form W-9 or W-8BEN-E,
- a copy of the user/licensing agreement, and
- the duration of the license.

Providing this information before the purchase is made will allow the determination of tax liability to be made prior to purchase. In the event that the purchase is determined to be taxable, the department will have the opportunity to budget accordingly for the 42.86% markup and/or alert the vendor that the withholding could be applied to their payment.

For questions about foreign software purchases, please contact Angie Leahy, Tax Manager, at (314) 935-8283 or angie_leahy@wustl.edu.

Human Subject Payments

Employees may use the procurement card to purchase gift cards for human subject payments. The Subject Payment Gift Cards Agreement

http://cashandcredit.wustl.edu/university_card_programs/Human-Subject-Payment-Agreement.pdf must be submitted to the procard administrator prior to purchase.

All human subject payments must be charged to budget object 35-05 (Human Subjects and Blood Donors). Departments should maintain an internal reconciliation of gift cards purchased, distributed, and on-hand. Transactions will automatically route to tax for approval.

Reporting requirements to Tax Department

- All recipients of gift cards for participation in a study must be reported to the Tax Department for proper tax reporting.
- Use the Human Subject Payment Excel Log http://cashandcredit.wustl.edu/university_card_programs/Human-Subject-Payment-Log.xlsx to record the information on gift card recipients. The Excel template may not be altered. Other forms for reporting this information are not allowed. Log should be provided via email in Excel to Linda_Kennedy@wustl.edu in its original format.
- Because the log will contain sensitive personal data, the completed log should be password-protected.
- Passwords should be sent in a separate email to the Tax department.
- Provide this log electronically to the Tax department within 15 days after all gift cards purchased on a specific transaction have been distributed.
 - In the event that all gift cards haven't been distributed by December 31, provide the tax department with the current log through December 31 and start a new log for the calendar year beginning January 1.

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Ensure that Missouri sales taxes are not included in the transaction

As a not for profit educational institution, the University is exempt from Missouri sales tax. Missouri sales tax should not be paid on purchases made on behalf of the University. The University's tax identification number is printed on the face of the card and must be brought to the attention of the merchant at the time of the purchase. The cards also have a phone number that a merchant can call to receive a paper copy of the University's tax identification letter.

If Missouri sales tax cannot be avoided, the sales tax portion must be charged to budget object 35-51 (Sales Tax). Taxes from which the University is exempt must not be charged to a federal grant.

Due to the University's non-profit status, a sales tax exemption certificate for purchases made in various states may be available. To download tax exempt letters for states other than Missouri, visit: <http://tax.wustl.edu/SalesAndUseTax/Pages/Purchases.aspx>

Other Cardholder Information

Safeguard Account Information

Safeguarding Cardholder account information is an important step that helps protect the University from fraud. Sharing your card or account information with another employee is not allowed unless the employee is booking your travel arrangements.

Activation Requirements

New or replacement procurement cards require activation. The Cardholder's issuing bank is required to ask for the last four digits of your SSN; however you should provide them with the last four-digits of your Employee ID number instead. They may also ask for your date of birth and/or single/monthly transaction limits.

Billing Address on Internet Purchases

When purchasing items via the internet, many sites will ask for a billing address in order to authenticate the identity of the person using the card. Your procurement card billing address was established using the campus box and address that you indicated on your Security Access Form. For your reference, below are the standard address formats used.

<u>Danforth</u>	<u>Med. School</u>	<u>West Campus</u>	<u>North Campus</u>
Campus Box XXXX	Campus Box XXXX	Campus Box XXXX	Campus Box XXXX
1 Brookings Drive	660 South Euclid	7425 Forsyth Boulevard	700 Rosedale Avenue
St. Louis, MO 63130	St. Louis, MO 63110	St. Louis, MO 63105	St. Louis, Mo 63112

Transaction Disputes

Your department must attempt to resolve transaction disputes directly with the merchant. If your department is unable to resolve the situation, call the number for JP Morgan Chase or Commerce located on the back of your card to file a dispute. You must also ensure that an appropriate credit for the reported disputed item(s) or billing error appears as a subsequent transaction. Under no circumstances should you accept cash in lieu of a credit to the procurement card account. If you need assistance resolving a disputed transaction with a merchant, contact Purchasing Services for assistance at 314-935-5649.

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Spending limit changes (single transaction and monthly credit limits)

Monthly limits will reset on the 21st of each month depending on weekends or holidays. Requests for changes in spending limits must be sent in writing (preferably e-mail) and have the approval of your supervisor. The request should include whether the increase is temporary or permanent. If the increase is temporary, an expiration date must also be provided. Single transaction limits over \$24,500 will require the approval of the Purchasing Department and the Controller's Office. Requests should be sent to the University Card Programs Administrators, Box 1147 or ckinney@wustl.edu and Jennifer.Lankford@wustl.edu

Procurement Cards renew every three years

Your procurement card will expire on the last day of the expired month. You will receive a replacement card approximately 45 days prior to the expiration date. The card will be mailed from the procurement office to the Cardholder's attention at their designated campus billing address. In addition, the same activation requirements stated above will apply.

Lost or stolen cards.

If your procurement card is lost or stolen, or if you see a suspicious purchase on AISystem, you must immediately contact the Cardholder's issuing bank, JPMorgan Chase at 1-800-270-7760 or Commerce Bank at 1-800-892-7104 and the Program Administrators at 314-935-8640 or 314-935-5711.

Replacement procurement cards can be mailed within seven days at no cost. Rush orders for replacement procurement cards can be delivered within 24-48 hours.

Procurement Card Cancellations

Your procurement card will be cancelled if you transfer to another department or if you are no longer employed by the University.

Note: Cards may be temporarily suspended (deactivated) and subsequently reactivated at the request of the department. Card suspension may be used for seasonal employees or for employees who are on extended leave from the University.

Important Numbers and E-mail Addresses:

University Card Program Administrators: 314-935-8640 or 314-935-5711

University Card Program Administrators E-mail: ckinney@wustl.edu or

Jennifer.Lankford@wustl.edu.

JPMorgan Chase 1-800-270-7760

Commerce Bank 1-800-892-7104

University Compliance Hotline

Reports of suspected theft, embezzlement, or misuse of University assets may be reported on the University Compliance Hotline at (314) 362-4998. All calls to this hotline are anonymous, unless you choose to leave your name and number so you can be confidentially contacted if more information is needed. These matters will be investigated by the University Compliance Offices or Internal Audit.

<https://universitycompliance.wustl.edu/hotline/Pages/default.aspx>

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Reviewer Responsibilities

Verify transactions in AISystem against supporting documentation

Reviewer must ensure that acceptable supporting documentation is received from the Cardholder and that it matches the corresponding item in AISystem. AISystem document ID numbers must be written on the original receipt document.

Acceptable supporting documentation should provide evidence of origination from the vendor that contains purchasing details including date, price and proof of payment. An electronic copy or legible picture of the original receipt which is printed is acceptable supporting documentation. Examples include receipts, invoices, Internet order confirmation screens, and packing lists with pricing detail.

Note: In the rare occasion that acceptable supporting documentation is not available, the Cardholder and the Approver must sign and date a print screen of the RP document page or other written documentation that contains the details of the transaction.

Notes in AISystem

In AISystem, the RP document requires notes to be entered in either the Cardholder notes field or the Reviewer notes field. All RP documents must contain clear descriptions of what is being charged. This procedure is consistent with the current Accounts Payable process of requiring notes in the payment explanation field of check request (CR) documents. When allocating transactions to SPA funds, please add specific notes to prevent additional justification requests and/or disapproval from SPA. SPA may request backup documents as necessary to ensure compliance with policies prior to approval information provided must comply with the same principles that are applied to all other direct charges made using SPA funds.

Review or Change transaction account codes

Transactions not fully approved/complete will post to AISystem using the Cardholder's default account code when swept at month end. Reviewer must verify that each component of the account code is appropriate for the transaction. Transactions can be allocated to unlimited different AIS accounts. AISystem security restricts which department and funds are available. Departments should contact the Program Administrators if additional security is needed for departmental users.

Remind Cardholder that business travel expenses must be recorded on a travel expense statement even if the procurement card has been used to pay for all the trip expenses.

If the transactions are for travel, remind Cardholders that they must record those expenses on a travel expense statement and submit to Accounts Payable. Employees should not be reimbursed for these transactions. They should deduct these expenses from the reimbursable amount by using line 22 on the travel expense statement.

If a trip is paid for entirely by procurement card, a travel expense statement must be completed and approved. It is not necessary to enter this travel report in AISystem; however, the statement and documentation must be retained in the department. Personal charges on the procurement card are not allowed. If one is erroneously done and the employee needs to reimburse the University, a receipt voucher (RV) must be done in the department and the RV number must be written on the paper TR copy that is retained in the department for auditing purposes.

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Asset purchases

If the item purchased is an asset (item \$5,000 or more), the Reviewer must provide the Asset Accountant in Plant Accounting (935-5618) with information about the make, model, serial number, custodial department, and Principal Investigator, if applicable. If the item purchased is an enhancement to an existing asset, the asset number of the original asset must be provided. Asset purchases are subject to physical audits. Note: asset purchases will route to Plant Accounting for approval per the AISystem routing rules.

Save the transaction to route for approval in Open Status.

After completing the steps above, the Reviewer should save the RP (Remote Purchase) document in AISystem. The system will route the document for the appropriate approvals including Asset, Tax, SPA, Dean's level, and departmental.

Approver Responsibilities

Ensure the transaction is coded to appropriate account, including budget object.

Ensure policy compliance

The Approver is responsible for determining whether or not the purchases are made in accordance with procurement card policy and other applicable University purchasing policies.

If an Approver determines that a Cardholder has violated a policy, they should notify the Cardholder of the violation and take steps to prevent future occurrences. The Approver should pay close attention to Unallowable Purchases and Practices.

In the event the transaction notes or details are insufficient the Approver is able to disapprove the RP document to route back to the Reviewer's worklist in AISystem.

Save the transactions:

After completing the steps above, the Approver can approve the RP document in AISystem which will complete the document or route for further approvals, i.e. Asset, Tax, SPA, Dean's level, and departmental.

Other Important Information

Accounting Cycles

JP Morgan Chase and Commerce accounting cycles end on the 20th of the month, but may vary due to weekends and holidays. Best practice is to work approval stream and worklist on a regular basis to ensure all transactions meet the approval deadlines.

Auto-Approval of Transaction

Departments are given a grace period of approximately twelve days after the end of the accounting cycle to mark transactions as reviewed and approved. The grace period end date will always be the 6th business day of the following month at 6:00 p.m. Transactions not approved by this time will automatically post to the Cardholder's default account. Departments will be required to journal the transactions to the appropriate account.

Special instructions relating to fiscal year-end will be communicated in June.

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Record Retention

Supporting documentation must be retained in the department and must follow University record retention guidelines. To facilitate periodic compliance audits, all supporting documentation must be kept in a neat, orderly, and easily accessible fashion. If applicable, the filing of procurement card receipts must not conflict with those required by Sponsored Projects. For departments that do not have sponsored funds, it is recommended to file receipts by AISystem document ID number.

Compliance Audits

Every department with a procurement card program will be subject to compliance audits.

These audits may be performed by the Program Administrators, internal auditors, or external auditors. Audits will check for compliance with the procurement card policy and will include testing for:

- Receipts with AISystem document ID number
- Unapproved procurement card transactions
- Unallowable purchases and practices
- Travel expenses recorded on a travel expense statement
- Physical audit to verify the existence of non-consumable items, whether capitalizable (item \$5,000 or more), or not (e.g. computers, cameras, etc).
- Other compliance issues as needed

Audits showing non-compliance with the Program Guide may result in the suspension of procurement cards or the cancellation of the department's procurement card program.

International Travel & Business

Visit the Global Engagement website (under Policies & Resources) for information regarding the International SOS Emergency Travel Assistance Service plan, International Travel Registry and the International Travel Policy to ensure consistent set of travel standards.

Reports and Search ability in AISystem:

Search and download ability is similar to other AISystem documents.

To search RP (Remote Purchase) documents in AISystem > Main Menu > FIS > Documents > Remote Purchase > Remote Purchase Search. RP documents can be searched by Merchant name, Cardholder last name and/or Cardholder first name.

RP (Remote Purchase) can be downloaded from AISystem into Excel through Transaction list by only including the transaction type code of RP.

To search RP (Remote Purchase) documents for approving purposes in AISystem > Main Menu > FIS > Approve Documents and use the Search 1 for Merchant Name and Search 2 for Cardholder name.

If you believe you need query access in PaymentNet, please contact the Program Administrators: University Card Program Administrators: 314-935-8640 or 314-935-5711
University Card Program Administrators E-mail: ckinney@wustl.edu or Jennifer.Lankford@wustl.edu .

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Appendix A



Washington University in St. Louis

Procurement Card Program

Unallowable Purchases and Practices

(Updated 6/29/2016, Effective 7/01/2016)

Unallowable Purchases

The following is a list of items that may not be purchased with the procurement card.

1. Meals and incidentals when using the per diem method
2. Living Animals
3. Radioactive or hazardous materials (including disposal of)
4. Controlled substances
5. Employee relocation expenses
6. Maintenance or lease agreements
7. Purchases between Washington University departments (ex. Parking Permits)
8. Gasoline Purchases for personal vehicles (see University Travel Policy-Use of Personal Automobile)
9. Personal Expenses
10. Hotel, meals and other costs associated with going to a conference or on business travel early or staying late for non-business related reasons.
11. Airline club fees

Unallowable Practices

The following is list of practices that are not to be used with the procurement card.

1. Cardholders cannot *share* their card or account number with another employee.
2. Purchases should be shipped to Washington University addresses only.
3. Procurement card transactions cannot be split or parsed into two or more smaller ones to avoid per-transaction dollar restrictions.
4. Procurement cards cannot be used to circumvent the competitive bidding process. Single transaction limits over \$24,500 will require the approval of the Purchasing Department and the Controller's Office.
5. Procurement cards cannot be used to purchase items in a manner that is inconsistent with any procedures put into place by Purchasing Services.