<u>**Northwestern University Feinberg School of Medicine**</u>
<u>**Procurement Card Policies & Procedures**</u>

<u>**Introduction/Overview:**</u>

The Procurement Card Program (ProCard) is intended to streamline and simplify the purchasing process for certain types of transactions. It is a tool that facilitates timely acquisition of materials and supplies, reduces transaction costs, and automates data flow for accounting purposes. The Procurement Card should never be used to avoid or bypass the current University policies and procedures. All purchases must be made in compliance with established University purchasing policies & procedures which can be found on the Northwestern University website at http://www.northwestern.edu/uservices/purchasing/policy.pdf. All individuals involved with the Procurement Card Program including Cardholders, Allocators, Reviewers, and Post Auditors are expected to understand and follow all NU/FSM policies and procedures. Intentional misuse or fraudulent use will result in personal liability and/or disciplinary action.

This document was created as a supplement for the Feinberg School of Medicine (FSM) users and should be used in conjunction with the Northwestern University Procurement Card Cardholder Manual. This manual, along with other program information, can be found on the Accounting Services website at http://www.northwestern.edu/accounting-services/menu3.html by clicking on Procurement Card.

<u>**Guidelines for Card Use:**</u>

Who May Obtain a Card in FSM
The FSM Office of Finance, Budget, & Payroll approves departments/divisions for participating in the ProCard Program. Departments/divisions should understand that the ProCard can be revoked at any time for failure to meet the guidelines stipulated in this policy.

Within each approved department/division, ProCards will only be issued to high volume/frequent purchasers that have authorization to make purchases for their department/division. High volume/frequent purchasers are people who anticipate making at least 30 purchases per fiscal year using the ProCard. **Examples of positions that are most typically approved as Cardholders include: department assistants, lab managers, financial assistants, coordinators, etc.** Also, ProCards will only be issued to NU staff members and non-NU individuals that currently have NU security clearance and routinely use NU systems such as NU Financials and/or HRIS (e.g. NMFF staff). Cards will not be issued to the following individuals:

1. Faculty members
2. Temporary Employees
3. Visiting Postdocs, Scholars, etc.
4. Workstudy participants
5. Contractors
6. Employees of NU affiliates without an NU employee ID

Procedures for Obtaining a Card in FSM
Once a department/division is approved for participation in the Procurement Card Program by the Office of Finance, Budget, & Payroll, it is easy to obtain a ProCard. A card will be issued after the following steps have been completed:

1. First, the Cardholder must read and review the Northwestern University Purchasing Policies and Procedures (http://www.northwestern.edu/uservices/purchasing/policy.pdf), Procurement Card Program information found on the NU website (http://www.northwestern.edu/accounting-services/menu3.html), and the FSM Procurement Card Policies & Procedures (this document).

2. The Cardholder should then complete and sign the Northwestern University Procurement Card Program Cardholder Agreement for Feinberg School of Medicine. By signing this form, the Cardholder acknowledges that he/she has read, understands, and agrees to comply with the established Procurement Card policies and procedures (both NU and FSM).

3. The Cardholder must obtain the appropriate department/division approval. The division administrator (if applicable) and the department administrator must provide signature approval on the Procurement Card Program Cardholder Agreement form. The agreement form must also identify the individuals that will serve as the Allocator (should be the same as the Cardholder), Reviewer, and Post Auditor for that Cardholder. The default Chart string (must be Funds 110 or 171) is also required on the form.

4. Once the department has signed off on the form, the Cardholder should forward the form to the FSM Office of Finance, Budget, and Payroll, maintaining a copy for his/her records. Once approved, the Office of Finance, Budget, and Payroll will forward the form to the Procurement Card Administrator for final approval and processing.

5. The final step is for the Cardholder to attend a **mandatory** training session held by the Procurement Card Administrator. The Cardholder will be notified by Accounting Services of the available training session dates so that the Cardholder can register for one of the sessions. The ProCard will be distributed to the Cardholder following completion of the training session. The Cardholder can then begin making purchases immediately.

Purchasing Rules for the Card

1. The ProCard should only be used for NU purchases. All ProCard expenses are paid with NU funds and, therefore, the ProCard cannot be used for non-NU purchases.

2. **Itemized** receipts are required for all purchases. To help departments/divisions identify what documentation is considered appropriate for various types of transactions, FSM has established the following guidelines to identify what should be retained as receipts for each transaction type.

    a. **Phone Order**: Receipt received from the vendor via email or faxed order confirmation that includes prices

    b. **Web Order**: Email confirmation or order confirmation page

    c. **Store Purchase**: Original itemized store receipt

3. The Procurement Card **CANNOT** be used for the following types of transactions:
    a. Travel/Entertainment
    b. Dining out at restaurants (the ProCard may be used to cater in for special events that are within NU policies/procedures.)
    c. Alcoholic Beverages
    d. Cellular Phones/Pagers
    e. Club Memberships
    f. Gifts/Flowers
    g. Purchases made on auction sites (e.g. Ebay, Ubid, etc.)
    h. Individual purchases of $5,000 or more including Capital Equipment
    i. Purchases to vendors that do not accept NU's tax exempt status
    j. Cash Advances
    k. Personal Purchases

    ***Please note that the list above is not a comprehensive list and FSM reserves the right to deny any purchase made to a questionable vendor.

Thresholds/Dollar Limits on Cards

FSM has established three different thresholds/dollar limits for the ProCard. When a department/division requests a new ProCard, the desired threshold/dollar limit should be requested on the Procurement Card Program Cardholder Agreement form. Please note that a purchase will be declined by the vendor if a Cardholder attempts to make a purchase that is greater than the limits established for his/her ProCard. Cardholders can request one of the following threshold/dollar limit options:

1. $500 per transaction limit; $1,000 total monthly transaction limit
2. $2,500 per transaction limit; $5,000 total monthly transaction limit
3. $4,999 per transaction limit; $10,000 total monthly transaction limit

The dollar limits on ProCards can be adjusted by the Procurement Card Administrator if necessary. The limits may be temporarily increased if a unique situation arises and a Cardholder needs to make a purchase for an amount greater than the established threshold. All requests for temporary dollar limit increases should be made via email to the FSM Office of Finance, Budget, & Payroll. If approved, the request will be forwarded by the FSM Office of Finance, Budget, & Payroll to the Procurement Card Administrator. Once the request is received and approved by the Procurement Card Administrator, the temporary increase is typically made within 24 hours. All requests for any changes for permanent threshold/dollar limit increases should also be made via email to the FSM Office of Finance, Budget, & Payroll.

Paying the Bill

The ProCard has been established as a corporate pay arrangement. Account balances are paid in full each month by NU. Purchases will be charged via an upload journal to Chart strings that charges have been allocated to through PVSNet (all ProCard purchases have numbers that begin with "PCD"). Although Cardholders will receive a monthly credit card statement from the bank, departments/divisions **should not** pay monthly statements via purchase orders. This will result in double payment to the bank.

FSM Purchasing Card Responsibilities:

Responsibilities of the Cardholder

The ProCard will be issued in the name of the Cardholder. In general, Cardholders are high-volume/frequent purchasers that have authorization to make purchases for their respective department or division. Examples of positions that are most typically approved as Cardholders include: department assistants, lab managers, financial assistants, coordinators, etc. **The ProCard is not transferable and may not be used by anyone other than the Cardholder.**

Cardholder responsibilities include:
1. Attending mandatory ProCard training session
2. Submitting request to the Evanston Budget Office to open the ProCard default account code 75695 in NU Financials that will be used as the default account for purchases.
3. Making approved/allowable purchases in accordance with all NU/FSM policies
4. Ensuring that purchases made on sponsored project accounts are in accordance with sponsored project conditions and requirements
5. Informing merchants of NU tax-exempt status so taxes are not paid on purchases made with the ProCard
6. Obtaining a detailed, itemized receipt for each purchase
7. Documenting appropriate Chart strings that should be charged
8. Resolving discrepancies
9. Obtaining credits if necessary
10. Receiving monthly credit card statement and verifying transactions against receipts
11. Forwarding purchase documentation to designated Reviewer for approval

Responsibilities of the Allocator
The Allocator of the ProCard should be the same individual as the Cardholder. Following the weekly calendar provided by the Procurement Card Administrator, the Allocator must log into PVSNet and allocate expenses made with the card to the appropriate account (Fund, Department, Project, and Account Code). Costs must be allocated each week before the expenses are uploaded to the University financial system. In rare instances, when expenses could not be allocated prior to the weekly upload, it is the Allocator's responsibility to submit a Correction Journal to move the charges to the appropriate Chart string/account code following the upload. Please note that if the Allocator continually fails to allocate costs in PVSNet prior to the upload, action will be taken to suspend or cancel the card.

Responsibilities of the Reviewer
Reviewers are required to ensure that charges are authorized, appropriate, within University policies and procedures, and adequately documented. The Reviewer is typically the Cardholder's supervisor or someone within the Cardholder's chain of command. A Reviewer **MAY NOT** review his/her own transactions to ensure adequate internal controls and separation of duty. Examples of positions that are most typically Reviewers include: research administrators, accounting supervisors, department managers, division administrators, budget/financial analysts, etc.

Reviewer's responsibilities include:
1. Providing department/division approval of Cardholder purchases
2. Verifying that itemized receipts have been obtained for all purchases
3. Confirming that all purchases are authorized, appropriate, and consistent with NU/FSM policies and procedures
4. Ensuring that appropriate Chart string is identified in the transaction allocation column in PVSNet before weekly upload to NU Financials is completed
5. Ensuring that object code is changed from default ProCard object code 75695 to the appropriate account code in PVSNet before weekly upload to NU Financials is completed
6. Ensuring that detailed descriptions are included in PVSNet website
7. Verifying that no tax has been charged for purchases
8. Maintaining adequate records for audit purposes (e.g. monthly statements, itemized receipts, transaction log, etc).

Post Audits

It is the responsibility of the department/division to review the ProCard transactions following the weekly upload to NU Financials to ensure that the transactions were posted to the correct accounts. Any transaction corrections that need to be made following the weekly upload should be made via a Correction Journal.

Departments/divisions should note that all ProCard transactions allocated to a sponsored project account will be reviewed by Accounting Services for Research and Sponsored Projects (ASRSP). Following each weekly upload from PVSNet to the financial system, the Procurement Card Administrator provides ASRSP with a report of expenses that were charged to sponsored project accounts during that week. ASRSP reviews each transaction and will contact departments/divisions if charges are unallowable to specific accounts. It is the department's/division's responsibility to move the charges from the sponsored project account to a different departmental Chart string via a Correction Journal.

At any time, NU Internal Audit, ASRSP, the Procurement Card Administrator, FSM Office of Finance, Budget, & Payroll, or other authorized University Office may conduct audits of a department's/division's ProCard activity. Departments/divisions are expected to provide monthly statements, itemized receipts, transaction logs, and other reconciliation documents as requested during the audits. Additionally, the Procurement Card Administrator reviews individual purchases made by each Cardholder to ensure that Cardholders are adhering to the Procurement Card Program policies. Cardholders will be contacted by the Procurement Card Administrator and/or the Office of Finance, Budget, and Payroll regarding issues such as questionable transactions, tax payments, or failure to document correct Chart string account codes.