Purchasing Card “Pcard” Procedures Manual

Welcome to Franklin and Marshall College’s Purchasing Card (Pcard) Program. The purpose of the program is to provide authorized College personnel with an additional, efficient purchasing tool, which can be used to obtain goods and services on behalf of the College. This manual lays out a general overview of the program as well as the specific tasks and responsibilities of cardholders and approvers.

Overview

What Is It?

Franklin and Marshall’s (F&M’s) Procurement Card (Pcard) is a VISA credit card issued by PNC Bank. It is managed by cardholders through a web-based portal called ActivePay.

Credit cards issued through the F&M program differ from personal credit cards in several important ways:
1. The College assumes corporate liability, even though cards are issued in individual's names. Use of the Pcard will not affect the cardholder’s personal credit history unless it is determined that the cardholder was committing intentional fraud as adjudicated by formal legal proceedings
2. Each card is issued with specific purchasing limits and restrictions as explained during the card issuance process.
3. Purchasing cards do not provide access to cash.
4. The purchasing card program enjoys enhanced fraud protection from PNC Bank.

Purpose

The intent of the Pcard is to replace Purchase Orders (PO’s) for items like supplies, small equipment, services, etc. Cash-only travel items, such as mileage and other cash incidentals will still be done via an expense report. If an efficient “house account” arrangement already exists with a local vendor, there is no need to use the Pcard.

Benefits of the Pcard

Cardholder Benefits

- Facilitates electronic commerce – the Pcard can be used online or over the phone and at places that do not accept purchase orders.
- Purchasers have an alternative to using the purchase order/payment procedures
- Reduced need for employees to use personal funds and then submit expense forms and wait for a reimbursement check
- Faster delivery of goods and services
**College Benefits**

- Reduced conversion of PO’s, printing of checks, stuffing checks, postage costs, envelope costs
- Audit Trail in the system
- Quicker payment to merchants = happier vendors
- Increased purchasing detail (over current card’s reporting capabilities)
- Reduced manual data entry for business office (less chance of errors)
- Card controls on limits, vendor types, etc. can be set-up for each card

**PNC Pcard Process**

Cardholder uses card to make purchase

Maintain itemized receipts

Cardholders can log-in to PNC ActivePay’s website as soon as the transaction is posted and code the transaction to the appropriate place. Cardholders can also document the purpose of the activity/purchase electronically. At the end of the month, cardholder submits all transactions to approver through an electronic “transaction envelope” by the 10th of each month. Until scanning or departmental storage of receipts is available, hard copy receipts should be sent to supervisor for approval.

Approver reviews receipts, verifies purchases are legitimate, electronically approves the purchases, and sends receipts to Business Office by the 20th of each month.

**Obtaining a Purchasing Card**

Submit the Procurement Card Application to the Pcard administrator in the Business Office. This form can be found on the Business Office Purchasing Card website at [http://www.fandm.edu/businessoffice/pcard-information](http://www.fandm.edu/businessoffice/pcard-information). The form requires the cardholder and supervisor to determine estimated spending amounts and the budget to which the transactions will most frequently be charged. Upon receipt of the form, the Pcard administrator will order a new card from PNC and e-mail or call the cardholder with instructions for training and card-pickup and activation.

If an employee holds a position for which no card was established and feels it would be beneficial to have one, they should review the request with their Senior Officer. If the Senior Officer approves the request, the employee should complete the Procurement Card Application form, obtain their Senior Officer’s signature, and submit it to the Pcard administrator in the Business Office.

If an existing card is worn out or damaged, contact the Pcard administrator in the Business Office to request a replacement.
Using the Pcard

Merchants accepting VISA as a form of payment for goods or services should readily accept the College's purchasing card. The card may be used to make purchases in person at a vendor site, by phone, or online. Remember never to fax or e-mail the entire 16 digit card number as these communication methods are not secure.

Payment Details

When placing your order you should be prepared to supply the following information:

1. Name and identification as a Franklin and Marshall College employee
2. Individual card number
3. Expiration date of the card
4. 3 digit security code on back of card
5. Tax-exempt status and number (when applicable)
6. Shipping address - if shipping items to campus use: F&M College Warehouse, 415 Harrisburg Ave., Lancaster, PA  17603.
7. Billing address: PO Box 3003, Lancaster, PA  17604 (please note – some point of sale registers, especially gas stations, will ask for the billing zip code, which should be entered as 17604).

Credit Limits and Billing Cycle

As you make purchases with your Pcard, keep in mind the card’s credit limit. This credit limit applies to each billing cycle, which runs from the 1st of the month through the last day of the month, however, replenishment occurs when the PNC posts the payment, usually within the first few days of the following month. Until this posting of the payment occurs, your balance will continue to accumulate and your limit will remain reduced.

Restricted Purchases

There are 2 types of transactions that are restricted on the Pcard:

1. Purchases that do not benefit the College. Use of the Pcard for personal use is prohibited. Cardholders will be accountable for inappropriate use of funds.

2. Transactions at merchant “types” are blocked on all F&M Pcards, for the protection of the College, through the use of MCC Categories. These category types are “hard-coded” onto the card at the discretion of the College. Some of the merchant category types that are blocked at F&M include: Cash Advances, Precious Gemstones, Bail Bonds/Brokers, Wire Transfers, Debt Collection Agencies, etc.
**Point of Sale Declines**
If the cardholder encounters a situation where the Pcard is declined at a point of sale, but the purchase is a legitimate college expense, the cardholder should call the phone number on the back of their PNC card (800-685-4039) to find out the reason for the decline. The security code is the last 4 digits of the employee’s College ID. If the decline is due to suspected fraud, PNC will explain the proper procedures. If the decline is due to reaching the maximum credit limit or encountering a vendor with a restricted MCC code, the cardholder may either continue with the purchase using an alternative form of payment (i.e. personal credit card) or can end the transaction and contact the Pcard administrator in the business office during normal business hours to see if the credit limit can be temporarily increased or if the restricted MCC code can be temporarily lifted.

**Tax Exemptions**
F&M is exempt from a grouping of taxes imposed by Pennsylvania, the most common one being sales tax. Some vendors will require a copy of the Pennsylvania Sales, Use and Hotel Occupancy Tax Exemption Certificate, which may be obtained from the business office, copied, and given to any vendor requiring it. F&M’s PA sales tax exemption number is also embossed on the card for convenience. Please use all available exemptions whenever possible.

**Temporary Credit Limit or Restriction Changes**
Cardholders may need to modify their traditional Pcard limits or restrictions for various reasons. If a temporary credit limit change or MCC Code restriction change is needed, please contact the Pcard administrator in the business office.

**Returning Items**
Returns should be made directly to the vendor for items bought with the Pcard. All returns should be credited directly back to the Pcard - cash or store credit should not be accepted. Ask the vendor to provide copies of the credit slips as they need to be submitted with the monthly receipts. The cardholder is responsible for ensuring that proper credit is posted for any returned items.

**Fraud/Disputes**
It is the cardholder’s responsibility to dispute and resolve any discrepancies on their statement. Cardholders can resolve most problems with orders and billing by contacting the vendor and monitoring the account for corrective action. In the event a problem such as an erroneous charge, failure to receive goods, altered amounts, credits due not processed, duplicate charges, or suspected fraud cannot be resolved at the cardholder level, the cardholder shall dispute a charge and thereby engage PNC Bank to initiate an action against the merchant. Fraud notifications can be reported to PNC by using the phone number (800-685-4039) on the back of the Pcard. The security code PNC will ask for is the last 4 digits of the employee’s College ID. The cardholder
should also notify the Pcard administrator in the Business Office. This process is an important safeguard to the College against fraudulent activity. It is not to be misused for usual transactions that derailed for internal reasons.

**Lost or Stolen Cards**

In the event of a lost or stolen purchasing card, cardholders should immediately notify PNC by calling the number on the back of the card (800-685-4039). The security code PNC will ask for is the last 4 digits of the employee’s College ID. The cardholder should also notify the Pcard administrator in the Business Office. A replacement card will be ordered and sent directly to the Pcard administrator, who will contact the cardholder to pick up the new card.

**Expiring Cards and Replacement Cards**

When the expiration date of the Pcard is near, PNC will automatically issue a renewal card, which will be sent directly to the Pcard administrator. The Pcard administrator will contact the cardholder to initiate the exchange of the old card.

**Billing Statements**

Billing Statements will be mailed to campus for all cardholders. Cardholders can also log-in to ActivePay to request that the billing statement be e-mailed to them and/or that they be notified via e-mail every time a transaction posts throughout the month. Cardholders do not need to wait until the billing cycle has completed in order to log-in to ActivePay and reconcile their transactions. Transactions can be coded and reconciled as soon as they are posted in ActivePay if the cardholder so desires.

**Budget Implications**

Unlike entering a Purchase Order into Banner, no “reserve”/encumbrance is applied against the cardholder’s budget when an order is placed with the Pcard. In some cases it could be nearly 2 months from the time of the transaction until it posts as an expense in the cardholder’s budget (for example – if the cardholder makes a transaction on 2/2/13, the billing cycle would close on 2/28/13, and the cardholder and approver have until 3/20/13 to reconcile and approve the transactions. The business office then has until 3/31/13 to post those expenses, for a grand total of nearly 60 days). Therefore, it is important to remember these outstanding transactions when reviewing budgets for dollars available to spend.

**Grant Requirements**

If you are using the Pcard to make purchases for a grant, it is critical to ensure that you are following all grant policies (ex: no alcohol purchases, staying within grant limits, etc). These standard policies can be found at [http://www.fandm.edu/businessoffice/grant-funding-guidelines](http://www.fandm.edu/businessoffice/grant-funding-guidelines-).
and-procedures and your particular grant may have other intricacies that must be followed as well.

Audits

Cardholders are expected to gather and submit itemized receipts. These should be sent to the supervisor for approval and then turned into the Business Office. Periodic internal audits will be conducted to verify that receipts are present and that purchases are for the good of the College. External auditors may also request access to the receipts at any time.

Consequences for Failure to Comply

Escalating corrective action will be imposed upon cardholders, reconcilers, or approvers who fail to meet deadlines or otherwise do not comply with the College’s policies:

1st offense - Written/E-mailed “Educational” Notice sent to cardholder and approver
2nd offense - Mandatory attendance at a training session
3rd offense - Temporary suspension of Pcard privileges (up to 6 months)
4th offense - Permanent revocation of Pcard privileges

The College reserves the right to take more drastic disciplinary measures in cases of intentional misuse, including termination and personal liability for intentional fraud.

Human error and extraordinary circumstances may be taken into consideration when investigating any policy violation.

Proxy – vacation coverage, etc.

Leaves of Absence

Cardholders on leave from the College, the nature of which does not include College business, should notify the Pcard administrator in the business office of departure and return dates so that the account may be deactivated as a safeguard.

Termination of Employment

It is the responsibility of the cardholder to return the card to the Pcard administrator immediately upon notice of termination of employment. In addition, the cardholder should turn in any receipts for purchases made but not yet reconciled and submitted for approval. Some employment circumstances may require a cardholder to keep their account active until their departure date, at which time it should be turned in on the cardholder’s last work day.

Travel Insurance Protections
Insurances for Travelers
All VISA purchasing cards issued to cardholders are accompanied by various pamphlets containing information pertaining to various insurances and benefits to which cardholders are entitled. They include:

- **Travel Accident** - $500,000
- **Emergency Evacuation and Transportation** - $10,000
- **Repatriation of Remains** - $1,000
- **Hotel/Motel Burglary** - $1,000
- **Common Carrier Baggage** - $1,250

**Travel and Emergency Assistance Services**
Please review the enclosures that accompanied your card for more information.

**Foreign Travel Alert**
Lately, there has been significant growth in international credit card fraud. When it occurs, it is much more difficult to resolve than domestic transactions. Accordingly, all cardholders intending to travel internationally on College business should document this need on the Pcard Application. In addition, prior to departure, a phone call to the PNC phone number on the back of the card is a recommended step to ensure foreign transactions are allowed to process without delay. Additionally, travelers should always have an alternate method of payment available to them. Finally, instead of waiting until the end of the billing cycle to review transactions, traveling cardholders are asked to use ActivePay’s website to review their real-time Pcard activity online to ensure validity of all postings made during their travel.

**Administrative Requirements**
For each billing cycle where transactions occurred, the cardholder, reconciler (if applicable), and approver all have responsibilities after the billing cycle closes.

**Roles and Responsibilities**

*Cardholder* – The cardholder’s name is embossed on the Pcard and this is the only person authorized to make purchases with the Pcard. The cardholder is responsible for making appropriate transactions and obtaining and submitting itemized receipts. In most cases, the cardholder is also responsible for coding, grouping, verifying, and submitting for approval their own transactions in the PNC ActivePay web-based system. All transactions are to be reconciled by the cardholder no later than the 10th day of the month following the billing cycle cut-off date. In certain situations, another person, known as the “Reconciler” (see role below) may be assigned to do the actual reconciling in ActivePay. If this is the case, it should be documented on the Pcard Application when applying for a card.

*Reconciler* – In some departments, there may be an intermediary between the cardholder and the approver. This person is responsible for obtaining the receipts from the cardholder and then logging in to ActivePay to code, group, verify, and submit the transactions for approval by the
10th day of the month following the billing cycle cut-off date. If a Reconciler will be performing these functions in lieu of the cardholder, this should be documented on the cardholder’s Pcard Application.

**Approver** - This is typically the cardholder’s supervisor, but may vary in unique circumstances. The Approver’s name should be documented on the cardholder’s Pcard application. This person is responsible for reviewing the receipts from the cardholder to ensure purchases are appropriate and for verifying the account coding of transactions in the ActivePay website by the 20th day of the month following the close of the billing cycle.

**Business Office** – this department is responsible for paying the College’s PNC bill and overseeing all posting of expenses to the general ledger. Any questions regarding account coding should be directed to this office. In addition, the Pcard administrator is located in this office and can be contacted for all Pcard related questions.

**PNC ActivePay Website**

PNC uses a web-based software program known as ActivePay (www.pncactivepay.com). This is where all users will go to view, reconcile, and/or approve transactions. The Pcard administrator will supply log-in credentials once a card has been issued or an employee is selected as a reconciler or approver for a cardholder’s transactions. Specific training information for navigating and using ActivePay can be found at the end of this document.

**Process Deadlines**

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<thead>
<tr>
<th>Timeframe</th>
<th>Who</th>
<th>What</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Billing Cycle – 1st through end of month</td>
<td>Cardholder</td>
<td>May make purchases on Pcard</td>
</tr>
<tr>
<td>10th of the month following billing cycle</td>
<td>Cardholder or Reconciler</td>
<td>Verify and code transactions via ActivePay website. Submit an electronic “transaction envelope” to approver as well as the hard copy receipts</td>
</tr>
<tr>
<td>20th of the month following billing cycle</td>
<td>Approver</td>
<td>Review receipts from cardholders and electronically approve transactions via ActivePay website. Forward hard copy receipts to Business Office.</td>
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<tr>
<td>30th of the month (or last day) following billing cycle</td>
<td>Business Office</td>
<td>Audit incoming receipts; Upload ActivePay transaction details to Banner GL system;</td>
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Receipts – Proof of Purchase

The cardholder is responsible for obtaining and keeping itemized receipts for every transaction. For meals or other social-type events, the cardholder should note the names of those in attendance and the purpose of the activity in the transaction detail’s “notes” section on ActivePay. The cardholder should send these receipts to their approver and then to the Business Office so they are retained for the appropriate period of time and are accessible to internal or external auditors (see section on Audits for more details).

GL Coding/Defaults

Each transaction posting to ActivePay is assigned a default general ledger number. This default is based on the merchant type. For example, most transactions will default to supplies - 51000, but a hotel would automatically default to the Travel-54500 account within the default org and fund that the cardholder specified on the original Pcard Application. Default codes are imbedded for convenience; however, all transactions should be viewed to ensure correct allocation to the appropriate department’s budget and expense type.

ActivePay Reconciling and Approving

**For an Overview of all functionality within ActivePay’s website, please refer to the ActivePay cardholder manual on the F&M Business Office website at http://www.fandm.edu/businessoffice/pcard-information.**