



Kenyon College

Purchasing Card Policy



Purpose

To establish policies and procedures to govern the Kenyon College Purchasing Card. The Policy is to protect the College's assets and to meet the IRS definition of an "accountable" plan. It will ensure that Kenyon College is in compliance with the IRS regulations regarding substantiation of employee business expenses paid or reimbursed by an employer.

Overview

Kenyon College has entered into an agreement with JP Morgan Chase to provide qualified employees with a Commercial Card, at College expense, for College approved travel/entertainment and procurement related expenditures. The Kenyon College Purchasing Card Program is the preferred payment method for small dollar purchases, defined as \$2,500 or less per transaction.

Advantages of the Purchasing Card

The advantages of using the Kenyon College Purchasing Card are:

- The need for purchase orders and check requests is greatly reduced
- Postage and mailing costs are reduced
- Payments to vendors are expedited
- Orders can be placed, filled and shipped in a timely manner
- Transactions can be viewed and monitored electronically
- Reduces the need to use personal funds for "rush" orders
- Individuals may apply for a one time use Travel Purchasing Card for pre-approved travel (Registration, airline, rental car, lodging, meals)

Definitions:

- A. **Purchasing Card:** A charge card issued to a permanent, full time employee of Kenyon College for the purpose of making authorized purchases on the college's behalf. The college will pay business related charges made with the Purchasing Card.
- B. **Cardholder:** *Permanent College Employee* whose name appears on the Purchasing Card and is accountable for all charges made with the card.
- C. **Program Administrator:** College Purchasing Department employee responsible for administering the Purchasing Card Program for the College and acting as the main contact between the college and the bank.
- D. **Transaction /Charge Limit:** A dollar limitation of purchasing authority assigned to the Cardholder for each total charge made with the Purchasing Card. A single transaction / charge may include multiple items, but any one item cannot exceed \$2,500.

The Purchasing Card program offers three options for the cardholder:

- Travel and Entertainment
- Procurement
- Travel and Entertainment, plus procurement

In using the card, it is the responsibility of the Cardholder to ensure that all purchases meet College policy, and are compliant with IRS guidelines. If the individual transfers to a different department or has any changes in the information supplied on the original card application, he/she should notify the Purchasing Department immediately. Departments are responsible for notifying the Purchasing Department regarding the transfer or termination of employees who are cardholders. The card of any Cardholder who leaves the College should be returned to the Purchasing Department.

If a card is lost or stolen, it is the responsibility of the Cardholder to notify JP Morgan Chase and the Purchasing Department. If unauthorized purchases are made as a result of the card being lost or stolen, the Cardholder will not be held responsible if the loss is reported within 2 business days.

Limitations

The Purchasing Card has individual transaction and monthly credit limits as determined by the Finance Office. A transaction includes the purchase price plus handling, freight, and any installation. A Cardholder should not attempt to make a purchase greater than his or her transaction limit. Exceptions may be made to spending limits with prior approval from the

Department Chair and the Finance Office. Requests for exceptions must be submitted in writing on the Limit Change Request Form to the Finance Office. The Program Administrator will be notified of the decision.

Internal Controls

A Cardholder is individually responsible for the monthly reconciliation of his or her purchasing card statement. This statement details transactions occurring in the current month, including the transaction date, supplier name, and the amount of the transaction. This information must be reviewed for accuracy and any exceptions must be noted on the transaction statement. Disputed transactions should be noted immediately.

The Cardholder is responsible for all charges on his or her monthly statement, including resolution of charges in error. After final review is completed by the Cardholder, all necessary original receipts are attached to the reconciliation form and signed by the Cardholder and Senior Staff/Department Chair. Supporting documentation must always include:

- Business Purpose of the expense- Business purposes for entertainment-related expenses, such as local meal expenses, must successfully answer the “Who, What, When, Where, and Why” of such expenses.
- Copy of the invoice

Ultimately, all original documentation must be forwarded to the Purchasing Coordinator, for retention.

Tax Exempt Status

Kenyon College is a tax-exempt organization. The College’s Ohio tax-exempt identification number has been labeled on each card. The Cardholder **must** give this number to all suppliers or vendors at the time of any transaction so that Ohio state sales tax is not inappropriately paid. In the event sales tax is billed to the Cardholder’s account, it should be rectified directly with the supplier or disputed as outlined by the following disputes section in this policy.

Dispute

Within 60 days of the transaction date, a Cardholder may dispute a charge that appears on his or her monthly Purchasing Card statement. If the Cardholder does not recognize a charge or it appears to be incorrect, he or she should attempt to work directly with the vendor for resolution. In the event resolution is not made, the Cardholder *must* submit a Dispute Form, with a copy of all supporting documentation to JP Morgan Chase. Dispute Forms are available on Smart Data

Online and should be faxed to 1-847-931-8861. JP Morgan Chase will place the charge in a “Statement of Dispute” and the account may be given a provisional credit until receipt of adequate documentation from the vendor.

Violations

The following are examples of violations of the Purchasing Card program:

Personal Purchases – defined as anything that is not purchased for business use and ownership by the College. It is a violation of College policy to make ANY personal purchase or personal transaction with a College Purchasing Card, whether or not the card holder intends to reimburse the College for purchase. Fraudulent use or abuse of the Purchasing Card will result in immediate suspension of privileges and may result in corrective action up to and including termination and/or criminal action. In addition, the College will seek restitution for any inappropriate charges.

Unauthorized Purchases

Cash Advances	Weapons
Entertainment	Utilities
Consulting or Professional Services	Temporary Personnel
Hazardous Materials	Telephone Services
Insurance of any type	Services
Leases or rentals	Prizes, Gifts, and Awards
Animals not intended for educational purposes	

Cash or Cash-type transactions – defined as cash, in addition to purchase, cash in lieu of credit for return or exchange of a purchase. It is a violation of College policy to make cash or cash-type transactions using the College Purchasing Card.

Split Purchases – “split” purchases occur when single purchases costing more than your particular transaction limit, are split into multiple Purchasing Card transactions to circumvent the maximum dollar amount allowed per transaction.

Infractions

The following policy has been established in accordance with the IRS definition of an “accountable” plan, which dictates that expenses have a legitimate business purpose and are substantiated with sufficient records. Infractions of the following requirements will result in a reminder e-mail from the Accounts Payable and/or Purchasing Card Manager.

- Original receipts must be submitted
- Notations of the business purposes must accompany the receipts
- Habitually tardy submission to Accounts Payable of the statement
- Cash Advances are prohibited
- Gasoline purchases using the card for personal vehicles are prohibited
- Purchases at the Kenyon Inn or Kenyon College Bookstore with the card are prohibited since the College must pay a merchant fee in all credit card transactions

Repeated reminders from Accounts Payable will be reported and discussed for resolution.

Use of the College Purchasing Card for personal expenditures is clearly prohibited by College policy. In such an instance, reimbursement to the College should accompany the card holder statement when submitted to the Purchasing Department for review and payment. The following procedure is established to address infractions related to personal charges made with Kenyon College Purchasing Card:

1st Violation – The card holder will be reminded in a letter from the Accounts Payable and Purchasing Card Manager.

2nd Violation – The card holder will be issued a letter from the Controller’s Office warning that card holders privileges will be revoked with next offense.

The employee’s Senior Staff member and/or Department Chair will be copied on both of these letters.

Card Termination

Purchasing Cards may be suspended or terminated by the Finance Office for the following reasons:

- Lack of transaction activity on the Purchasing Card
- Misuse of the Purchasing Card as determined by the Finance Office
- Cardholder leaves the department
- Cardholder leaves the College

Merchandise Returns/Exchanges

Cardholders ordering and receiving incorrect, damaged, or defective merchandise must immediately contact the vendor and arrange a return for credit or exchange. Receiving cash or checks to resolve a credit is prohibited. The receipt for credit or exchange must be attached to the original support documentation and filed.

Record Keeping and Statement Reconciliation

Cardholders must obtain purchase documentation from the merchant to support Purchasing Card transactions. This documentation is required to be retained for seven years in the accounting office.

Fraud and/or Stolen Cards

It is the Cardholder's responsibility to understand that they are being entrusted with a valuable tool and should make the utmost effort to protect the card from being lost or stolen. Cardholders are responsible for reporting fraud (including purchases made with stolen account numbers or lost/stolen cards) immediately to the Purchasing Department at 740-427-5562 and JP Morgan 1-800-316-6056