

**EDITION**

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**UNIVERSITY OF MASSACHUSETTS DARTMOUTH**  
***Administrative Services Department***

**JPMorganChase**  
**MasterCard**

***PROCARD***  
***USER GUIDE***

# **PROCARD POLICIES AND PROCEDURES**

**2008**

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# CHAPTER 1

## INTRODUCTION

Welcome to the University of Massachusetts Dartmouth - Procurement Credit Card Program (UMass *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 the *J.P. Morgan Chase*.

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, to enable you to quickly and conveniently make small purchases of approved commodities directly from those vendors that accept the *MasterCard* credit card. This program was created with the help of many staff and faculty members, who participated in the original *ProCard* Pilot Program, and is designed to meet your needs and those of the University.

The benefits of the UMass *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 you to obtain small purchases of consumable supplies much faster and easier with the traditional purchase/payment methods.
- Significantly reduces workload related to the purchase and payment of consumable supplies.
- Allows you to be more efficient, thereby enabling you to better focus on the value added aspects of your job.
- Eliminates the need for you to obtain vendor codes.

**Benefits to the University:**

- Enables Administrative Services and Accounts Payable to focus on more value added activities, such as the creation of more and improved contracts and the timely processing of invoices and payments.
- Dramatically reduces the number of purchase orders, invoices and checks. In addition, postage charges are reduced
- Reduces the number of vendors in the University' Vendor File.

The *ProCard* is designed to be used for purchases of consumable supplies related to University business only. **Use of the card for personal purchases is strictly prohibited.** The Administrative Services Department, Accounts Payable Department, and Internal Auditors are responsible for monitoring the effectiveness of the *ProCard* Program. If you have any questions regarding the program, or the appropriate use of the *ProCard*, please contact the University *ProCard* Administrator in Administrative Services at 8054, 8055 or 8084.

**HOW IT WORKS:**

The *ProCard* simplifies the process for the purchase and payments 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 proof of purchase (itemized). Once a month, the Cardholder will receive a statement from the bank that lists all the Cardholder's purchase transactions. The Cardholder will reconcile the documentation to the monthly statement and place it on file for audit purposed. It's that easy!

## THE AUTHORIZATION CRITERIA:

There are five 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 authorized criteria and the preset limits (Standards) that have been established by the University for *ProCard* use. All transactions are approved or declined (instantaneously) at the point of sale on the *ProCard* authorization criteria:

No.	Authorization Criteria	Standard set On card	Is standard Flexible? <sup>2</sup>
1	Number of transactions Allowed per day	20	Yes
2	Number of transaction Allowed per month	100	Yes
3	Single purchase limit Per month	\$999	Yes
4	Spending limit per month	\$5,000	Yes
5	Restrictions built into Card (MCC Code) <sup>3</sup>	Travel Expenses	No

The **Account Administrator**<sup>4</sup> may increase or decrease on the Cardholder’s card those standards that are noted above as being flexible. The Account Administrator may decrease the single purchase limit (currently set at \$999) for an individual Cardholder. However, it may be increased if justified and approved by the department head. Each time a card is used, that counts as a transaction. If the transaction limits established for the card are exceeded, the card will reject. The Cardholder may make as many purchases as he wishes from the same vendor in a single day, *as long as the total of the combined purchases from the vendor does not exceed \$999. When the combined purchases from a single vendor in the day exceed the per transaction limit (currently \$999), that is called “dovetailing,” which is post audit issue. See page 37.*

<sup>2</sup> Those standards that are flexible can be adjusted up to down by the Account Administrator on the Card Application/Card Change form.

<sup>3</sup> MCC Code: Merchant Category Code. See Glossary of Terms, page 37

<sup>4</sup> May be increased subject to appropriate justification

See your Card Application/Card Change form for the authorization limits assigned to your card. It is the Cardholder's responsibility to ensure that the limits assigned to his/her card are not exceeded and that there are sufficient funds in the card account to cover all purchase(s).

The authorization process occurs through an electronic system that supports the *ProCard* processing services under the University's agreement with J.P. Morgan Chase. In addition, Administrative Services, Accounts Payable and the Internal Auditor have the capability to view a large selection of daily reports to effectively monitor the use of the *ProCard*.

### **SPEEDTYPE/ACCOUNT CODES:**

Use of the *ProCard* is restricted to non-appropriated accounts. The ProCard may not be used for purchases against **state appropriated accounts** nor for any purchases against **Professional Development accounts**.

Only **one speedtype** and **account code** may be applied to the *ProCard*; however, ProCard changes may be moved from the card account/account code to other valid campus accounts/account codes by one or more authorized individuals within the budgetary unit who has access to the Reallocation screens. See page 24. For information and instructions regarding reallocation contact the Budget Office.

To better accommodate the varied need of our Cardholders, two new account codes have been created specifically for *ProCard* Use: **734291 against Subsidiary EE (Administrative Expenses), and 744400 against Subsidiary FF (Operating Expenses) and 734292 for Research Expenses.**

When you complete your ProCard Application form, select one of these three account codes to go with the account number assigned to the card. It should be the account code for both accounts. Select the object code that best fits the majority of the types of purchases consumable supplies that you usually make that are appropriate for the account assigned to your card, excluding those commodities that are on the restricted list (see pages 5-6), Restricted Commodities.

For example, if your supply purchases usually fall within Subsidiary EE (Peoplesoft account codes 734000-738000), you would select account code 734291 or 734292. Administrative departments would ordinarily select Subsidiary EE. If your supply purchases usually fall within Subsidiary FF (Peoplesoft codes 739000-744800), you would select account code 744400. Academic departments would ordinarily select Subsidiary FF.

## Grant Accounts

Not all grant accounts are appropriate for *ProCard* use. Check with the Grant Accountant for possible restrictions before you make a grant account a card account. Card applications against grant accounts must be approved by the grant accountant. Note that the card expiration date may not exceed the expiration date of the grant account.

## RESTRICTED COMMODITIES:

The *ProCard* may be used for the purchase of most consumable commodities with the exception of those listed below. Use of the *ProCard* is currently restricted to the purchase of consumable supplies that are appropriate for the account assigned to tour card number/account code that is assigned to your *ProCard*. The *ProCard* Program may be expanded to include and other types of commodities at a later date. Cardholders will be informed of any changes to policy, as they may occur.

Purchases of restricted commodities, all purchases that are inappropriate for the account assigned to your card, and any purchase that totals more than the approved single limit purchase (including shipping) must continue to be processed in accordance with established purchasing and accounting policies and procedures. *Please keep in mind that absolutely no personal purchases are allowed.*

The *ProCard* **shall not** be used for the following commodities:

- \* Alcoholic beverages
- \* Business, travel, and entertainment related expenses, with the exception of food, non-alcoholic beverage take-out (See Appendix 1, Purchasing Policies, Business, Entertainment Expense Policy, page 22 (Board of Trustee Doc. T92-031, Appendix C, dated June 23, 1992)
- \* Carpet or floor covering that is to be installed (area rugs are OK only if they are fire rated)
- \* Cash advances of any type
- \* Cellular phones and related monthly charges/Internet Service
- \* Construction and renovations
- \* Contract Agreements of any type that involve a signature
- \* Employment ads
- \* Entertainment related expenses<sup>5</sup>
- \* Equipment<sup>6</sup>
- \* Food, Beverages consumed at vendor's location (See Footnote 5)
- \* Furniture
- \* Gasoline, Automotive
- \* Gifts/Donations
- \* Insurance
- \* Leases & Lease-Purchases

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<sup>5</sup> Exception: Take out Food and non-alcoholic beverages. Catering is allowed as long as the vendor does no more than prepare/deliver the food.

<sup>6</sup> Exception: Small equipment, appliances, hand tools, under \$1,000 may be Purchased. **Computers are not allowed.**

- \* Maintenance Service/Repairs (Under \$999—auto/tire repairs, equipment, etc. are permitted)
- \* Moving Services
- \* Office and laboratory furniture (under \$999.00 permitted)
- \* Personal purchases of any type
- \* Prescription drugs and controlled substances
- \* Radioactive and Hazardous Materials
- \* Reimbursements of any type
- \* Rentals of any type
- \* Services of any type (Maintenance contracts, Repair contracts, Contracts for Services, etc.)
- \* Travel of any type (including conference registration, airline, hotel, etc.)

If you have any questions regarding a restricted commodity, please contact the University *ProCard* Administrator in Administrative Services at 8052.

## CONTRACT COMPLIANCE:

While the *ProCard* is a new procurement tool, it does not signal a change in policy regarding compliance with the use of University contract suppliers. If the desired item is available on an established University, State, or MHEC contract, it should be purchased from the contract vendor.

The Administrative Services Department is authorized to bid for, and issue, contracts that will provide the University with "least total cost" arrangements for consumable supplies required from outside vendors. When bidding such contracts, Administrative Services considers 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 & service policies
- \* Compatibility with University automated systems
- \* Financial stability

- \* Other organizational requirements

### **Contract use assures the “least total cost” for quality products**

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(s), *all University departments should attempt to order the required consumable supplies from those suppliers who are authorized contract suppliers to the University (University, MHEC, and State) if the desired items are available on contract. Contact Administrative Services at 8072 for contract vendors or you can find them on line.*

### **Where do I find the lists of contract vendors:**

**MHEC Contract Vendors:** MHEC Website at <http://mhec.net>

**State Contract Vendors:** Commonwealth's Website at <http://www.compass.com>

**University Contracts:** Contact Administrative Services at 8052, 8054, 8055, 8084

Circumventing the use of contracts may realize some savings for you initially but repeated circumvention of contracts dilutes their value, discourages vendors from bidding in the future, and eventually drives prices up to where no discount is offered. This will eventually negate any savings that may be realized from the use of the *ProCard* system. Keep in mind that many of the vendors who might offer you a lower price may have bid on, and lost, a State, MHEC, or University contract, and then intentionally try to circumvent contract pricing to gain your business.

If the item is not covered by a contract you may, of course, use any vendor that will accept *MasterCard*.

After a contract has been awarded to an authorized contract supplier covering University-wide requirements, Administrative Services will notify user departments of the existence of such a contract.

Departments may furnish to the Administrative Services Department the names and addresses of suggested vendors, together with the product types that they sell for inclusion in future contract bids.

## How to Activate Your ProCard/Authorized User:

You must telephone *MasterCard* at the number indicated on your *ProCard* to activate your credit card before you use it. *MasterCard* will verify your identity to ensure that you are indeed the legitimate cardholder. Remember that only the Cardholder is authorized to use the *ProCard*. You are responsible for all activity against the card and *may not share your ProCard with anyone*.

## How to Order/Ship Goods:

The *ProCard* may be used to purchase consumable supplies in person at the supplier site, over the phone or by mail. Prior to placing the order check with the UMD Administrative Services Department for Contract Supplier Listings for suppliers or the product or you need to order.

When placing your order, please be sure to provide the vendor with the following information:

- \* Identify yourself as a University of Massachusetts Dartmouth employee
- \* State that you wish to make a University purchase using a University of Massachusetts *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 (043-167-352)**
- \* Provide your name (Cardholder name)
- \* Give your ProCard Number (located on the front of the card)
- \* Furnish the expiration date of your card
- \* State the appropriate contract that the purchase is being made against (University, State, or MHEC), if applicable, to insure that you will receive contract pricing.

- \* State the quantities and descriptions of the consumable supplies that you require.
- \* Furnish any other information that is necessary to make the purchase.
- \* Verify the total cost of the purchase with the vendor.

**Shipping Instructions:**

**IMPORTANT:** Tell the vendor that the address label/packing list that accompanies the package(s) **must** contain the following information:

Packages that **are not sent via U.S. or express mail** are to be sent to the University of Massachusetts Dartmouth, MA, VIA the Power Plant Receiving Department

**Attn: PROCARD PURCHASE**

- c/o:
- \* Cardholder's Name
  - \* the name of the department to which the package belongs
  - \* the building and room number

Packages that are sent via U.S. or express mail are to be labeled as follows:

University of Massachusetts Dartmouth

**Attn: PROCARD PURCHASE**

- c/o
- \* Cardholder's Name
  - \* the name of the department to which the package belongs
  - \* the building and room number
  - \* North Dartmouth, MA 02747

**Caution:**

Address labels/packing lists that do not contain this information will delay the delivery of your goods indefinitely. In order to maintain security of the card, ***Under no circumstances should the vendor indicate the cardholder's ProCard number on any address labels or packing lists.***

See *ProCard* Record Keeping System, page 12, for details on how to record and reconcile cardholder transactions.

### **Transactions won't go against your Card until vendor Ships:**

Please note that, by law, vendors are not permitted to bill your credit card for purchases until the items have been shipped. In most instances your account will be debited within 48 hours after the vendor ships your merchandise.

### **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.

### **Make sure you save your documentation:**

Upon receipt of your goods, keep the documentation received from the vendor (typically a sales receipt or packing slip) for later reconciliation (see page 13).

### **Responsibility for Returning Item(s):**

Item(s) should be returned directly to the vendor by whichever means the vendor requires. The cardholder is responsible to see that proper credit is posted for any returned item(s) and that evidence of the return is maintained. (See How to Dispute a Transaction, page 13.)

### **University Campus Store:**

The *ProCard* may be used for departmental purchases of *consumable* supplies up to \$999.00 from the University Store. Purchases can be made over the phone or in person. All orders must be picked up. *The cardholder must be present when picking up a phone order or when making a purchase in person and must present his/her ProCard to the sales clerk and sign for the purchase.* Remember that the *ProCard cannot* be used for *personal* purchases.

When calling in an order or making a purchase in person, please provide the sales clerk with the following information:

- \* Identify yourself as a University of Massachusetts Dartmouth employee making a departmental purchase.
  - \* State your name, department name, and department address.
- \* Provide your MasterCard *ProCard* number and expiration date.
- \* Indicate that the University is tax-exempt and furnish the tax number listed on the front of the card.
  - Give any other information necessary to make the purchase.

## **PROCARD RECORDS MANAGEMENT:**

The following is a synopsis of the *ProCard* policy for records management and is not intended to be all inclusive.

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 for maintaining adequate documentation at the source of the transaction.

**IMPORTANT:** The cardholder shall familiarize him/herself with procedures that the cardholder must follow in order to maintain adequate documentation of all transactions against the *ProCard*. Keep in mind that the documentation must support the legitimate business purpose of all transactions made with the *ProCard*. In addition to sales receipts and packing slips, the following are examples of supporting documentation:

- \* itemized copies of vendor order forms or applications
- \* itemized sales slips
  - \* itemized cash register receipts
  - \* itemized packing slips

1. Each month you (the cardholder) will receive a cardholder statement listing all your purchases. Check this statement against your sales receipts and packing slips to ensure that all the goods for which you are charged have been received. The card holder or records manager must attached all supporting sales documentation, sign and date the statement.

**2. The card holder's supervisor must also review the monthly statement and sign it each month as an acknowledgement of review and approval.**

3. Upon completion of reconciliation of the cardholder statement to the supporting documentation, the cardholder shall forward the statement and all supporting documentation to the individual within his/her department who has been assigned the responsibility for records retention. Such documentation shall be maintained on file in a manner that allows for its timely retrieval as detailed in the above-referenced Chapter 2, Procard Records Management, and as required by internal and external auditors, and by the Controller's Office. All documents must be retained by the department **and kept readily available for audit purposes for the current and the previous fiscal year. All other records are to be archived by the department records manager and put in secure storage for an additional five-year period.**

The cardholder statement that the cardholder will receive each month is for reconciliation and audit purposes only. The cardholder can also view their statement on line at <http://www.paymentnet.com>. Contact the ProCard Manager to request security access and a password. The University will pay J.P. Morgan Chase directly and charge the account assigned to your *ProCard*. Use of the *ProCard* will in no way affect or change your personal credit history.

It is the cardholder's responsibility to ensure that all the required documentation is accounted for and maintained in the manner outlined on page 33, that the cardholder statement is reconciled against the supporting documentation, that the cardholder limits assigned to his/her card are not exceeded, and that s(he) does not exceed funds available in the account assigned to the card. Failure to do so will result in penalties which may include a reduction in the cardholder's authorization limits or the cancellation of the *ProCard*.

### **How to Dispute a Transaction:**

The cardholder is responsible for following up with the vendor for any erroneous charges, disputed items or returns within 15 days of receipt of the FNBC cardholder statement. A cardholder may dispute a charge that appears on his/her monthly credit card statement. Disputed charges can result from failure to receive goods, fraud or misuse, altered charges, defective merchandise, incorrect amounts, duplicate charges, credits not processed, etc. The cardholder should contact the vendor first to resolve any outstanding issues. Most issues can be resolved this way.

If the cardholder is unable to reach agreement with the vendor, the next step is to contact the:

*ProCard* Administrator  
Administrative Services Department  
Foster Administration Building

All disputed transactions must be submitted to the *ProCard* Coordinator within 50 days of the monthly cycle date. Your request will be sent directly to J.P. Morgan Chase for review. When J.P. Morgan Chase has completed its investigation, the cardholder will be informed of the resolution and any corrections that were made.

## **Credit Card Administration:**

### **How to Acquire a *ProCard*:**

Only employees of the University (including student employees and student group officers), as designated by the Account Administrator (the individual who has fiscal responsibility for the card account) and the Reporting Authority (the individual to whom the Account Administrator reports), may be permitted to receive a *ProCard*. An individual may only receive his or her card after signing a Card Application/Card Change form that has been completed and signed by the applicant, the Account Administrator, and the Reporting Authority, attending a formal *ProCard* Training Session, and signing the Cardholder Agreement Form .

*The cardholder is expected to read the ProCard User Guide and adhere to all University and ProCard policies and procedures. Prospective cardholders must be present at cardholder training and may not send a proxy.*

### **Speedtype/Account Code:**

Each Card Application/Card Change form will bear one speedtype number and account code. The speedtype number/account code will be that of the Account Administrator, against which all the *ProCard* charges will be made.

### **How to Cancel a *ProCard*:**

To cancel a *ProCard*, the card must be cut in half and sent along with a written request to cancel the card by the cardholder to the University *ProCard* Coordinator in the Administrative Services Department. The cardholder must also notify J.P.Morgan Chase that they wish to cancel their card by telephoning 1-800-270-7760. This line is staffed 24 hours a day, 7 days a week.

## Renewal of Existing ProCards:

A renewal *ProCard* will be sent automatically to the cardholder at the address on file 30 days prior to the expiration date of the card.

## Lost or Stolen ProCards:

It is the responsibility of the cardholder to **immediately** report a lost or stolen *ProCard*. A cardholder must report a lost or stolen *ProCard* by phone directly to the J.P. Morgan Chase at 800-270-7760 and to the University *ProCard* Coordinator, at 8052, at the time of the occurrence. The 800 number is staffed 24 hours a day, 7 days a week.

Verbal reports of lost or stolen *ProCards* must be followed up in writing within 24 hours to the University *ProCard* Administrator. The cardholder shall also send a copy of the Notification form to the Account Administrator as well as to the Reporting Authority who is responsible for the Default Account assigned to the card. (See your Card Application/Card Change form.) **A replacement card will be sent within 10 calendar days to the cardholder.**

## ProCard Security:

Only authorized cardholders may use the *ProCard*. Cards and card numbers must be safeguarded by the cardholder against use by unauthorized individuals within or outside the University. Unlike personal credit cards that limit liability to \$50 for a lost or stolen card, the cardholder's account **(not the cardholder personally)** is liable for all charges that are made to the *ProCard*, up to the monthly cardholder limitations that are set on the card.

DO YOU KNOW WHERE **YOUR** *ProCard* IS?

## Improper use of the ProCard:

The *ProCard* represents the University's trust in you and your empowerment as a responsible employee of the University to safeguard and protect the University's assets. As a cardholder, you assume the responsibility for the protection and proper use of the *ProCard*.

The following situations are a few examples of "misuse" of the *ProCard*:

### Personal misuse categories:

- \* Purchases using the card for the sole benefit of the employee.
- \* Assignment or transfer of an individual's card to another person.
- \* Use of a *ProCard* by a suspended or terminated employee.

**Administrative misuse categories:**

- \* Lack of proper and timely reconciliation of the individual cardholder's account.
- \* Use of card in direct violation of acquisition goals (ex: neglecting to use the *ProCard* for commodities available through contracts or preferred suppliers).
  - \* Use of card to purchase restricted commodities
  - \* Use of card in excess of assigned cardholder limits, or available budget. Use of the card after the expiration date of a grant or contract, or for purchase(s) that are inappropriate for the account charged
  - \* Use of card for purchases that are inappropriate for the account code assigned to the card.

**Consequences of Misuse:**

Misuse of the *ProCard* will be handled promptly and uniformly for all cardholders. The following actions will be taken:

- \* A formal written warning will be sent to the individual cardholder from Administrative Services, and a copy will be sent to the Account Administrator assigned to the *ProCard* (if other than the Cardholder) and the Reporting Authority (the individual to whom the Account Administrator. The letter will include a warning of *ProCard* revocation pending further investigation and/or misuse.
- \* The Reporting Authority's account number, as contained on the cardholder's Card Application/Card Change form will be charged if the misuse is due to insufficient funds in the account assigned to the *ProCard*, the expiration of the grant or contract award has expired, or if the expenditure is otherwise inappropriate to the account charged.

- \* Internal Audit will be advised of all instances of personal and administrative misuse, for appropriate action.
- \* Depending on the severity of misuse, disciplinary measures may include a reduction in the cardholder's authorization limits, the cancellation of the *ProCard*, or termination of employment and legal action in accordance with the terms and conditions the Cardholder's Agreement form.

### ***ProCard Audits:***

To ensure the continued success of the *ProCard* Program and to meet audit requirements of the University and various government agencies, periodic post audits will be made of the cardholder's *ProCard* account to determine that items purchased have been received, that proper records are being maintained, and that policies and procedures are being followed. The Controller's Office staff, as well as University internal and external, and state and federal auditors will perform these reviews.

### **Tax Exemption (See page 25):**

The University of Massachusetts Dartmouth is exempt from paying Massachusetts State Sales Tax, and, in most instances, from paying the state sales tax of any other state. The tax-exempt number appears on the front of each *ProCard*. This number must be given to all vendors by the cardholder at the time of the transaction to exempt payment of state sales tax.

If sales tax is billed incorrectly to the cardholder's account, it is the responsibility of the cardholder to dispute the charge with the vendor.

If a vendor requires a tax exemption certificate, it is the responsibility of the cardholder to fax a request for a tax exemption certificate to the Administrative Services Department:

- \* Fax a request to the Purchasing Department, FAX # (508) 999-8997.
- \* Direct the request to the *ProCard* Administrator
- \* Provide the vendor's complete mailing address.

Or, if you have a current exemption form on hand, you may send it to the vendor directly.

## USE OF THE *ProCard*

### Cardholder Responsibilities

#### Purpose:

To establish the policies related to the proper use of the UMD *ProCard*.

#### Policy:

1. All cardholders must sign the Card Application/Card Change Form, which has been completed and approved by the Account Administrator (who may be the Cardholder).
2. All cardholders must attend a mandatory training session.
3. All cardholders must sign and accept the terms and conditions of the University of Massachusetts Dartmouth *ProCard* Cardholder Agreement Form.
4. All purchase transactions processed against the *ProCard* must be made by the individual to whom the card is issued. The cardholder is responsible for all activity against the card and may not share his/her *ProCard* with anyone.
5. All purchase transactions for non-restricted commodities cannot exceed the \$999.00 (cost of goods, including all delivery, shipping and/or special handling charges) transaction limit unless **otherwise authorized.**
6. Purchase transactions may not exceed the monthly transaction limits assigned to the card unless otherwise authorized.
7. Purchase transactions may not exceed the available budget in the account/account code assigned to the card and must be appropriate for that account/account code (See Accounts/Account Codes, page 6).
8. Purchases must be for the use and benefit of the University. No personal purchases are allowed.

9. It is the cardholder's responsibility to ensure that adequate documentation is maintained for all transactions in accordance with the University record retention policy (see page 14).
10. It is the cardholder's responsibility to safeguard the security of the *ProCard*. Should the *ProCard* be lost or stolen, it is the cardholder's responsibility to report it immediately to J.P. Morgan Chase and the University *ProCard* Coordinator (see Credit Card Administration - Page 17)
11. It is the cardholder's responsibility as an agent of the University to ensure proper use of the University's tax-exempt registration number to Vendors, see Page 25.
12. It is the cardholder's responsibility to attempt to resolve a dispute with the vendor within fifteen (15) days of receipt of a disputed purchase. If a resolution is not possible, the Cardholder should report the problem to the University *ProCard* Coordinator within 50 days of the monthly cycle date. The *ProCard* Coordinator will report the dispute to J.P. Morgan Chase (see Disputing a Transaction - Page 15).
13. Violation of these policies will result in action to be taken at the discretion of the dean, departmental director, or the account administrator, depending on the severity of the violation, and in accordance with the University's Union and Human Resources policies.
14. *Fraudulent use of the ProCard will result in actions being taken in accordance with the procedures established in this User Guide and the Cardholder Agreement Form.*

## CHAPTER 2

### PROCARD RECORDS MANAGEMENT:

#### Policies and Procedures

Each department may wish to assign an individual to be responsible for record retention, or if a Cardholder so chooses, (s)he may be responsible for his/her own records management. It is imperative that all Cardholders records be maintained in the same manner, as outlined herein, for ease of audit and reporting purposes.

The cardholder will maintain adequate documentation to support the legitimate business purpose of all transactions made with the *ProCard*. It is strongly suggested that the Cardholder keep a monthly log of all his/her purchase transactions conducted with the *Procard*, to better track his/her purchases and available budget. Keep in mind that the charges against the card will not be reflected in the Cardholder's budget until 48 hours after the vendor has shipped the goods.

When the Cardholder places an order with a vendor (via telephone, mail, in person), (s)he should make a note of the transaction in the log.

Should the person responsible for record keeping elect to deviate from the following procedures, and the Post Audit Review indicate that the *ProCard* records file does not have all the applicable Cardholder statements and support documentation for the Cardholder on file in the manner outlined herein, the Auditors will work with the Cardholder(s) to insure that the errors are corrected. However, if the Auditors are unable to resolve the issue with the Cardholder, the Auditor will make recommendations to the Associate Vice Chancellor for Administrative Services for appropriate action, which may include a reduction in the Cardholder's spending/transaction limits, or the revocation of all *ProCards* in question.

Following are the procedures that each Cardholder shall follow.

## **WHEN THE GOODS ARE RECEIVED, THE CARDHOLDER SHALL:**

### **Receipts must contain itemized descriptions**

1. Retrieve the original support documentation (sales receipt, itemized cash register receipt, vendor order form, packing list, etc). Note that all receipts must contain an itemized description of the items purchased. If the Cardholder has a receipt that reflects only the totals, the Cardholder shall list the quantities and items on the back of the receipt, or on a separate piece of paper stapled to the receipt, or on a separate piece of paper stapled to the receipt.
  - a. **Missing receipts:** If the Cardholder is unable to obtain a missing receipt from the vendor, the Cardholder shall complete the Procard Missing Itemized Receipt/Documentation Affidavit and file it with the monthly statement.
2. Place the support documentation in a file folder, with the log, and maintain it in a safe place.

Each month the Cardholder will receive a statement (or may access the statement online) of his/her charges against the Procard from MasterCard, J.P. Morgan Chase.

**Upon receipt of the cardholder statement, the Cardholder shall immediately reconcile the statement to support the documentation by comparing the receipts, etc., to the statement.**

## **CHAPTER 3**

# MASSACHUSETTS SALES TAX POLICY

## UNIVERSITY OF MASSACHUSETTS

### Tax policy 96-1

### Sales Tax on Payments to Vendors

**NOTE:** The University of Massachusetts state sales tax exemption is located on the front of the Procurement Credit Card:  
**#043-167-352**

**Scope:** This policy addresses which payments to vendors are subject to the sales tax. The 5% Massachusetts sales tax applies to tangible personal property (e.g. equipment, furniture, cars, supplies, etc.) and to certain utility services including telecommunications services. The Massachusetts sales tax on meals is covered by a separate policy.

**General Rule:** *As a general rule, the University is exempt from the Massachusetts sales tax on property and services purchased directly by the University and consumed in connection with University business. The authority for this exemption is contained in M.G.L., Chapter 64H, Section, 6(d), which provides an exemption for sales to agencies of the Commonwealth.*

The University must provide the vendor with a Certificate of Exemption (Form ST-2), and a properly completed Exempt Purchase Certificate (Form ST-5). *Only the Purchasing Department is authorized to issue these forms to vendors. Therefore, any request you might receive for such certificates should be directed to Purchasing.*

**Sales Tax and Other States:** Jurisdictions outside of Massachusetts (including states, cities, and counties) generally cannot impose their sales tax on the University for sales shipped to and consumed within Massachusetts because the University does not have sufficient presence in other states to be subject to their tax law.

**Personal Use:** Use of the University's tax exemption number for personal purchases is strictly prohibited.

Doc. T92-031 (Appendix C)  
Passed by the BoT  
6/3/92

## **BUSINESS EXPENSE POLICY**

The Business Expense Policy applies to expenses incurred by a duly authorized University of Massachusetts employee or Trustee who incurs expenses in the process of conducting University business. Campuses may establish further guidelines and procedures within the scope of University policies regarding business and entertainment expenditures. Campus guidelines may be more, but not less, restrictive.

### **General Policy**

- Expenditures must be a necessary expense of the organization and an allowable charge to the funding source.
- Expenses must have a clear business purpose and be directly related to the goals and mission of the University/campus.
- Expenses must be reasonable and appropriate under the circumstances and in moderation and good taste.
- An individual's travel status does not affect reimbursement for business expenses.
- All expenses must be fully documented (see below).
- The signatory authority of the relevant account is responsible for compliance with this policy.

### **Specific Criteria**

The following are examples of the type of expenditures that may be paid/reimbursed subject to the general policy articulated above and the documentation criteria described below.

- Expenditures for the purpose of recruiting potential employees, soliciting prospective donors or sponsors, and hosting official guests when necessary for the conduct of University/campus business.
- Expenses for meetings of regular University/campus committees, which may involve only participants from a single location, and which are documented as part of a working session necessitated by travel requirements, schedule conflicts or other unavoidable circumstances solely for the benefit of the institution.
- Institutional events, including recognition/morale activities, public relations/development/fund-raising events, conferences/retreats/seminars, and activities in conjunction with various ceremonial and official events. These events may be either campus-wide or on a smaller scale and require prior approval. Such approval must be obtained through normal administrative channels. University and campus policy regarding budgeting, approvals, purchasing and documentation shall apply.
- Tickets for sports, theater, charitable/civic and other events for the entertainment of institutional donors, alumni, guests and visitors. In all cases the expenses must be shown to benefit the mission of the institution or directly support its programs.

The following are examples of the type of expenditures which should not be paid/reimbursed:

- Excessive or extravagant costs.
- Political contributions.
- Gifts to University employees other than those provided through official recognition programs authorized by the Human Resources Department.
- Expenses incurred in connection with personal business including parking fees, parking tickets, club memberships, stolen articles, etc.
- Meals during working hours, including "working meals" where one employee takes another employee to breakfast, lunch or dinner.
- Purchase of alcoholic beverages is highly discouraged due to the expense and potential liabilities involved. However, when written authorization is obtained prior to the event, purchase may be made through Food Services or their approved substitute.
- Expenses for spouses except as allowed in the Executive Compensation Policy (when approved) or as part of an institutional event which has received prior approval.
- Any unexplained or undocumented expenses.

### **Documentation**

All expenditures must be accompanied by an original receipt; documentation must include:

- The date, location and description of the expenditure.
- The name(s), title, company, affiliation and business relationship of the person(s) in attendance.
- Business purpose for incurring the expense.
- Approval of the expenditure through normal administrative channels.

### **Reporting Requirements**

Campuses/locations should identify business and entertainment expenditures in the University Financial Records System (or approved alternative system) in a manner which will allow for regular reporting to the Board of Trustees.

***ProCard Chain of Responsibility***

The University of Massachusetts Procurement Credit Card Program (UMass ProCard) has been designed by your Administration to accommodate low dollar value purchases of consumable supplies. Credit cards are a straightforward method of purchasing supplies that takes advantage of today's technology. Card use eliminates almost all paperwork required to buy and pay for something, and it is as easy to use as a personal credit card. The successful implementation of this program will prove to be beneficial to the entire University system.

**Cardholder Departments will benefit by:**

- Simplifying the small order system, enabling the cardholder to better focus on the value added aspects of his/her job
- Greatly reducing the amount of paperwork that must be prepared to process small orders and payments through the system
- Having the ability to immediately place small orders with those vendors that accept credit cards.
- Eliminating the bottlenecks that exist within the paper system
- Eliminating the need to obtain vendor codes

**Central Administration will benefit by:**

- Greatly reducing the amount of paperwork that is processed through the Administrative Services and Controller's areas
- Being able to change the focus of their staff to more value added tasks. Administrative Services will be able to improve existing contracts, create new contracts, improve methods of communication to departments, and provide more assistance and training to departments. Accounts Payable will be able to work to improve the time it takes to process payments to vendors and to perform post audit reviews of cardholder accounts.
- Shifting responsibility for the oversight of purchase transactions from Procurement/Controller's to the cardholders.
- Saving the costs associated with mailing purchase orders and payments
- Reducing the number of vendors in the University Vendor File.

A major objective of the University's ProCard Program is to move the institution from a highly centralized, highly controlled environment to one that is more decentralized, with control and authority vested at the unit level. One way to accomplish this is to assign purchasing authority and responsibility as close as

possible to the individual making the purchase, in sync with existing lines of authority.

To this end, responsibility for the proper use of the card rests first, with the cardholder; second with the Account Administrator of the account assigned to the card (if other than the cardholder); and last, with the Account Administrator's supervisor (the Reporting Authority). This chain of responsibility runs concurrent with existing lines of authority, from the lowest level cardholder up to and including the Chancellor.

Accordingly, each ProCard will have an account number assigned to it by the issuing department at the time the Card Application form is prepared and approved by the Account Administrator and the Reporting Authority:

- (1) The first account will be assigned directly to the card, and when supplies are purchased, this account will be automatically charged. In those rare instances when the credit card account is discovered to have insufficient funds, the grant or contract award has expired, or the expenditure is otherwise inappropriate to the account charged, the Reporting Authority will be notified. The Reporting Authority will be sent documentation demonstrating the inappropriateness of the expenditure and will be notified that (s)he has 15 calendar days to identify another account that can appropriately accept the charge.
- (2) In the event that an acceptable response is not received within the 15 day period, the second account (the Reporting Authority's Default Account) will be charged automatically.

The following examples depict how this procedure works:

#### Example 1:

A principal investigator (PI) is authorized to receive a ProCard by his/her department head (the PI's Reporting Authority). The card is for charges made against a grant account belonging to the PI. A post audit review of the PI's procurement activity against the card indicates that a purchase was charged to the grant account assigned to the card well after the expiration date of the grant award. In this instance, notification of the inappropriate charge is brought to the attention of the department head (with a copy to the PI) by the UMD ProCard Coordinator, and the department head has 15 days to identify another appropriate account to receive the charge. If another account is not so identified within that time frame, the Default Account that was listed on the PI's Card Application form will be charged.

## Example 2:

A department head is assigned a ProCard by his/her Dean (the department's Reporting Authority). During a post audit review of the cardholder's statement, the account of the department head is discovered to include an inappropriate ProCard expenditure. In this instance, notification of the inappropriate charge is brought to the Dean's attention (with a copy to the department head) by the UMD ProCard Manager, and the Dean is given 15 days to identify another appropriate account to receive the charge. If another account is not so identified within that time frame, the Dean's Default Account that was listed on the department head's Card Application form will be charged.

Please note that in each example, even though the PI or department head would in all likelihood have identified an alternative account, the cardholder's Reporting Authority was notified, and they were ultimately held responsible for resolving the inappropriate expenditure. This is where the cultural change comes into play and where responsibility and authority are merged.

**ACCOUNTING / PURCHASING  
POLICIES**

**ENTERTAINMENT EXPENSES**

**EQUIPMENT PURCHASES**

## UNIVERSITY ACCOUNTING POLICY

*Why can't I use the ProCard for my University business & entertainment needs?*

Use of the ProCard for business/entertainment expenses currently is restricted to the purchase of take-out foods. We regret that we are unable to extend the use of the card to other types of business or entertainment expenses at this time. This is a serious audit issue. There are insufficient reporting capabilities built into the card that would allow the University to assume this type of risk. The University and the bank will continue to work together to try to resolve this issue. In the meantime, you may contact the Administrative Services Department with any questions regarding expenditures for other types of business/entertainment purposes.

As explained above, while the ProCard may not be used for most purchases, the card can be used to purchase take-out food for meetings, student groups etc.

Following are some examples of appropriate use of the ProCard for take-out food:

- Groceries purchased from a local store for a seminar
- Pizza purchased (and delivered) to a department for a group of students
- Sandwiches and salads delivered (but not served) by a local deli for a business luncheon.

## UNIVERSITY PURCHASING POLICIES

*HOW TO DEFINE EQUIPMENT:*

Small equipment, appliances, hand tools under \$999.00 may be purchased. Computers are not allowed.

The following pages have been excerpted from University of Massachusetts, Capitalization and Inventory Control Policy.

**University of Massachusetts  
Capitalization and Inventory Control Policy  
CAPITALIZATION GUIDELINES**

The value for capitalization of plant and related assets is shown in each section below. A campus must include all assets at or above the capitalization level. Only those assets that meet the capitalization criteria will be included in the University’s financial statements.

*Land*

**Capitalization: All costs related to acquisition**  
Land includes the amount paid for the land itself and all related acquisition costs.

**Buildings**  
**Capitalization: All costs related to acquisition**  
Buildings include all permanent structures and all fixtures, machinery, and other appurtenances that cannot be readily moved without disrupting the basic building structure or services to the buildings.

**Building Improvements**  
*Capitalization: \$25,000 non-medical, \$15,000 medical*  
Building improvements or betterments are significant alterations or structural changes to plant assets, which increase the usefulness, enhance the efficiency, or prolong the life of property.

**Land Improvements**  
*Capitalization: \$25,000 non-medical, \$15,000 medical*  
Land improvements include streets, pavements, landscaping, utility distribution systems, and parking lots.

**Construction in Progress**  
*Capitalization: \$25,000 non-medical, \$15,000 medical*  
Construction in progress includes all projects for buildings or land improvement construction that are not complete by the end of the fiscal year.

**Leased Equipment**  
*Capitalization: \$25,000*  
Leased equipment includes all equipment that is not permanently affixed to buildings, has a useful life greater than two years, and has a unit cost of \$25,000 or more and is acquired through a leasing arrangement. Leased equipment that is predominantly composed of glass, rubber, cloth and equipment held for resale is excluded.

**Capital Equipment**  
*Capitalization: \$5,000*  
Capital equipment includes all equipment that is not permanently affixed to buildings, has a useful life greater than two years, and has a unit cost of \$5,000 or more except for items predominantly composed of glass, rubber, cloth and equipment held for resale.

**Non-Capital Equipment**  
*Capitalization: None*  
Non-capital equipment includes equipment that does not meet capital equipment specifications because its unit cost is less than \$5,000 or because it is predominantly glass, rubber, or cloth is not reported for financial reporting purposes.

Library Books

*Capitalization: Most recent 15 years of costs*

Library books include monographs, bound periodicals, microfilm microfiche, or other library items that are part of a formal catalogued library.

Software

*Capitalization: \$100,000*

Software includes large administrative systems. This also includes significant upgrades of existing software.

## PROCARD RECORD KEEPING SYSTEM:

Each department should assign an individual to be responsible for records retention (hereinafter referred to as the *ProCard* Records Manager).

The cardholder shall maintain adequate documentation to support the legitimate business purpose of all transactions made with the *ProCard*. It is strongly suggested that the cardholder maintain a monthly log of all his/her purchase transactions conducted against the *ProCard*, to better track his/her purchases and available budget. Keep in mind that the charges against the card will not be reflected in the cardholder's budget until 48 hours after the vendor has shipped the goods.

Attached, for the cardholder's use, is the suggested format of such a log.

When the cardholder places an order with a vendor (telephone, mail, in person), s(he) should make a note of the transaction in the log.

Should a department or cardholder elect to deviate from the following procedures, and the Post Audit team discovers that the *ProCard* Records Manager does not have all the applicable cardholder statements and support documentation for each cardholder on file in the manner outlined herein, the Post Audit Team will make appropriate recommendations for disciplinary action, which may include a reduction in cardholder transaction limits or the revocation of all *ProCards* in question.

A. When the goods are received, the cardholder shall:

1. Retrieve the support documentation (sales receipt, cash register receipt, vendor order form, packing list, etc.).
2. Place the support documentation in a file folder, with the log, and maintain it in a safe place.

B. Each month, the cardholder will receive a statement of his/her charges against the *ProCard* from MasterCard, (J.P Morgan Chase). Upon receipt of the cardholder statement, the cardholder shall immediately:

1. Reconcile the statement to the support documentation by comparing the receipts, etc., to the cardholder statement.
  - a. The cardholder shall make note of any discrepancies between what appears on his/her statement and what was actually received. The cardholder should contact the vendor to resolve any outstanding issues (failure to receive goods, fraud, misuse, incorrect amounts, etc.). Most disputes can be resolved directly with the vendor.

- (1) If the cardholder misplaces his/her support documentation (sales receipt, cash register receipt, vendor order form, packing list, etc.), s(he) may contact the vendor to request a copy. Under no circumstances may the cardholder approve a statement without first obtaining all the support documentation that goes with it.
  - (2) If the cardholder is unable to resolve the dispute with the vendor, s(he) shall complete the J.P Morgan Chase Statement of Questioned Item for the UMass *ProCard* form and submit it to the *ProCard* Coordinator, Administrative Services, Foster Administration Building, together with any supporting documentation that might be available. J.P Morgan Chase will charge the cardholder's account \$5 for a copy of any sales draft (receipt) that might be required.
2. Upon completion of reconciliation, the cardholder shall staple the support documentation to the cardholder statement mark the statement “Approved” and sign and date it.
  3. **Additionally, the statement must be reviewed by the cardholder’s supervisor. The supervisor must sign the statement as an indication of review/approval.**
  4. The cardholder shall then submit the signed and reconciled statement it to the ProCard Records Manager.
  5. *Should the cardholder fail to submit the reconciled cardholder statement and support documentation to the Records Manager within 10 calendar days from the statement billing date, the Records Manager shall so inform the Reporting Authority assigned to the cardholder's account for his/her appropriate action. See C. 3, below.*

The cardholder shall keep track of his/her available BBA and may not over-expend his/her budget nor exceed the spending or transaction limitations assigned to the card.

C. The *ProCard* Records Manager shall, at a minimum:

1. Review, briefly, the cardholder statements and support documentation to ensure that they are complete.
2. Maintain the cardholder statements and support documentation in a designated space in a locked steel filing cabinet.
  - a. A file folder will be assigned to each cardholder for each fiscal year, which will be marked as follows:

Fiscal Year -Credit Card Number (last 4 digits only) -Last Name, First Name –  
Speed Type/Account Code -Card Expiration Date

- b. The file folders will be filed by credit card number.
3. Submit a memorandum to the Reporting Authority assigned to the cardholder's account if the cardholder does not submit his/her reconciled statement and support documentation to the *ProCard* Records Manager within 10 calendar days after the statement billing date, or, if the cardholder submits inadequate support documentation. A copy of the memorandum must be submitted to the Controller's Office, Accounts Payable Section, and to the Principal Investigator (if other than the cardholder).
4. Maintain all such records in a manner that allows for their timely retrieval, as required by internal and external auditors, and by the Controller's Office.
5. Retain the records for the current and the previous fiscal year and keep readily available for audit purposes. All other records are to be archived by the department records manager and put in secure storage for an additional five-year period
6. It is strongly recommended that the records manager reconcile to PeopleSoft, on a monthly basis, each cardholder's *ProCard* statement. Reference the PeopleSoft 8.9 job aid, Query Procard Information that is found on the PeopleSoft web site, <http://www.umassd.edu/peoplesoft/>.

FAILURE TO COMPLY WITH THE PROCEDURES OUTLINED HEREIN WILL RESULT IN PENALTIES, WHICH MAY INCLUDE A REDUCTION IN THE CARDHOLDER'S AUTHORIZATION LIMITS OR THE CANCELLATION OF THE PROCARD.

## GLOSSERY OF TERMS:

<b>Account Administrator</b>	The individual who has fiscal responsibility for the account assigned to the Cardholder's Procard
<b>Default Account:</b>	The backup account assigned to each Procard by the Account Administrator's Reporting Authority, which will be charged for any inappropriate transactions made against the Procard that are not involved within the specified time frame
<b>Dovetailing:</b>	The act of making a series of purchases to the same vendor in the same day, the sum total of which exceed \$999, ( <i>or the approved amount</i> ) to circumvent the approved per transaction limit. This is contrary to established Procard policy and is an audit issue.
<b>Findings:</b>	Instances of non-compliance to Procard policy that are documented by the Post Audit Review team against a Cardholder's records.
<b>MCC code (Merchant Category Code):</b>	A code that is assigned to each vendor by the vendor's bank that identifies the general type of product/service that the vendor sells.
<b>Post Audit:</b>	The periodic review of the Cardholder records to further determine the appropriate use of the card and maintenance of records. See Procard Records Management, pages 22-23.
<b>Post Audit Review Team (PART)</b>	The campus team from Fiscal Services who work with departmental staff to insure compliance with the Procard Policy and who perform the post audit review of cardholder activity and records.
<b>Procard Application /Change form:</b>	The form that is completed by the Cardholder, the Account Administrator, and the Reporting Authority to apply for a Procard or to modify an existing application form. The form is executed after the Cardholder has attended the mandatory Procard training.
<b>Procard Cardholder Agreement Form:</b>	The form that is completed by the Cardholder after the Procard Application form has been submitted to the bank for processing and the Procard Manager has received the Procard . The Agreement Form must be signed by the Cardholder and filed with the Procard Manager before the Cardholder can receive his/her Procard.
<b>Procard</b>	The individual in the Purchasing Department who is responsible for

<b>Manager:</b>	overseeing the Procard Program, and to whom Procard problems and questions should be directed.
<b>ProCard Reallocation:</b>	Enables authorized reallocators to move charges from the card account/object code to other valid accounts/object codes within the domain of the reallocator.
<b>Procard Records Manager:</b>	The individual who is responsible for maintaining departmental Cardholder records (monthly statements and purchase documentation).
<b>Reporting Authority:</b>	Usually the individual to whom the Account Administrator reports. The reporting Authority is also the individual with signatory authority for the default account assigned to the Procard.
<b>Transaction:</b>	Each time the Cardholder uses the ProCard that counts as a transaction.
<b>Transaction Limits:</b>	The standard limit that is set on each card is 20 transactions a day, 100 transactions a month, with a total of \$5,000 in transactions a month. The Account Administrator may choose to increase or decrease those figures when the Procard Application form is executed. Each transaction may not exceed \$999 per vendor, per day. The Account Administrator may not increase the \$999 figure. If any of the limits are exceeded, the card will reject at the point of sale.