

Corporate Credit Card Procedures

These procedures apply to full time University employees who have been issued or are authorized to use a Corporate Credit Card (“Card”). Cardholders should familiarize themselves with these procedures as well as the Corporate Credit Card Policy.

A. Roles and Responsibilities

University employees who have been issued or are authorized to use a Card are required to fulfill the requirements of the following roles and responsibilities, as applicable.

1. Program Administrator Responsibilities
 - a. Assists Approvers with enforcement and interpretation of Corporate Credit Card Policy
 - b. Utilizes Card Expense Management System (CEMS) reporting tools to analyze transactions, activities, and spend trends for policy compliance.
 - c. Provides training, support, and resources for Cardholders and Approvers.
 - d. Sets-up, adds, changes, and deactivates corporate credit card user information and profiles.
 - e. Assists corporate credit card users with system access maintenance and credit card transactional issues.
2. Cardholder Responsibilities
 - a. Accountable for all activity on the Card.
 - b. Use Card only for appropriate University business and in accordance with the Corporate Credit Card Policy; reports to the bank and to Program Administrator any lost or stolen card and/or fraudulent transactions.
 - c. Cardholder acknowledges that:
 - 1) The Card may be suspended or revoked for any reason.
 - 2) The Cardholder will reimburse the University for any improper charges and fees related to the collection of those charges.
 - 3) The Cardholder may be subject to disciplinary or legal action for improper use of the Card.
 - d. Safeguards the Card by keeping it securely in his/her possession, signs the back of the Card, and destroys an expired or replaced card.
 - e. Safeguards the Card number by ensuring only the last four digits of the Card number appear on any printed document (e.g., packing slip, sales receipt, bank statement) and electronic communication.
 - f. Obtains source documentation for all Card transactions. Best practice is to retain source documents as electronic attachments rather than as hard copies, with any confidential information masked.
 - g. Verifies account statements against source documents or an optional purchase log on a monthly basis and verifies proper credit is given for returns, adjustments, or erroneous charges.
 - h. Reconciles account statements and completes General Ledger coding and attaches source documents, if required, by the 15th of each month after

statement closing date.

- i. Completes the required reconciliation steps: a) completed GL number, b) entered transaction description, and c) uploaded and linked receipts if required.
- j. Obtains duplicate copies of source documentation from the vendor when necessary and contacts the Program Administrator when not possible.
- k. Collects and forwards source documents to the Approver to support and justify expenses.
- l. Must not make Card purchases from vendors where the Cardholder has a financial or personal interest.
- m. Must not accept any gift or gratuity from any source when it is offered, or appears to be offered, to influence the Cardholder's decision-making regarding Card purchases.
- n. Upon leaving the department or University, or at the direction of the Program Administrator, destroys the Card and notifies the supervisor so that appropriate action may be taken to close the account or remove the employee as an authorized user.

3. Termination of Employment

Cardholder must return the Card to supervisor at the same time of resignation notice to supervisor. Cardholder must reconcile and document all transactions up to the date of the Cardholder's resignation.

If the Cardholder's employment is terminated by the University, the supervisor must collect the Card from Cardholder at time of termination notice along with all documentation supporting transactions completed by the Cardholder up to the day of termination.

4. Approver Eligibility

An Approver reviewing and approving transactions must:

- a. Be in a position of authority higher than the Cardholder who incurred the transactions, or
- b. Separated from the Cardholder's department and in a position of equal hierarchy to the Cardholder in the University's organizational chart.

5. Approver Responsibilities

- a. Enforces Corporate Credit Card Policy.
- b. Monitors Cardholder's behavior and use of the Card.
- c. Ensures transactions are properly authorized.
- d. Verifies the appropriateness and reasonableness of purchases, both in general terms and regarding the specific fund used.
- e. Verifies and approves the Card expenses in CEMS by the 20th of each month after statement closing date.
- f. Identifies questionable/unallowable transactions such as travel, entertainment, services, or food supplies not relevant to teaching or research and notifies the Program Administrator

- g. Ensures source documentation provides sufficient detail to verify all transactions.
 - h. Rejects all transactions with insufficient source documentation and/or reconciliation information.
 - i. Establishes a process that ensures there is evidence that items purchased were properly received.
 - j. Ensures each Cardholder has received a signed copy of the Corporate Credit Card Cardholder Agreement and completes training to use the purchasing authority appropriately.
 - k. Takes or recommends corrective action when Cards have been used inappropriately.
 - l. Cooperates with bank investigations of suspected fraud or University investigations into suspicious activities.
 - m. Immediately notifies the Program Administrator when a Cardholder leaves the department or University.
6. Use of the Corporate Credit Card
- a. Allowable purchases
 - 1) Official University business and travel expenses.
 - 2) Non-restricted goods and services under the departmental purchase delegation.
 - b. Prohibited purchases
 - 1) Any non-official University business, travel or personal expenses.
 - 2) Any items or services that have restricted commodity codes as noted in Restricted Commodities List or are otherwise restricted by policy.
 - 3) Fines and penalties.

7. Description Requirements for Business Meals' and Events' Transactions

For University business related meals and events that directly benefit attendees, the following information is required in the Transaction Description field in the CEMS:

- a. Event Name, if applicable
- b. Event Description/Function, or Business Purpose for Meal
- c. Event Organizer Department Name
- d. Attendees Details, including Host:
 - 1) Five and fewer - First and last names of attendees to be listed individually
 - 2) Over five - Number of attendees

8. Receipt Requirements

Cardholder has the responsibility to obtain itemized transaction receipts for all expenses \$50 and over and attach in CEMS. Receipts requirements are:

- a. Receipt must be itemized showing goods/services paid for (credit card sales draft showing only the transaction amount is not sufficient)
- b. Receipt must be dated on the same day as transaction date in the CEMS
- c. Receipt must include merchant name and contact information

Note: Departments may set receipt requirements more stringent than outlined in this policy.

It is highly recommended for the Cardholder to submit all receipts, even those that are less than \$50. Approvers have the right to inquire and review receipts for expenses under \$50 in situations they deem appropriate and in cases where the funding source requires such receipts.

The original receipts should be retained for 90 days after the end of the month in which the transaction took place. The CEMS will store the receipt image for 24 months. Departments are responsible for storing receipts, electronically or hardcopies, when receipts are required to be documented for longer than 24 months.

9. Receipt Requirements for Sponsored Research

Receipts for all expenses, regardless of transaction amount, paid through sponsored research grants, Federal or private, must be retained for 7 years.

10. Receipt Requirements for High Risk Payment Processors

Receipts for all expenses, regardless of transaction amount, paid through High Risk Payment Processors must be attached in CEMS. See High Risk Payment Processors section for additional information.

11. Missing Documentation

If an original receipt is missing for Card transactions of \$50 or greater, the Cardholder should request a duplicate receipt from the vendor. In the absence of a duplicate receipt, one of the following alternative documentation methods is acceptable:

- a. Vendor confirmation via email or fax for the item(s) purchased, OR
- b. Packing slip delivered with the item(s)

Alternative documentation must provide sufficient details to:

- a. Enable proper classification of expenses.
- b. Identify unallowable, allocable and reasonable costs for sponsored projects.

Authorization for missing receipts is an exception requiring appropriate approval and a Missing Receipt Form must be completed for each transaction without a receipt or equivalent. Missing Receipt Form for expenses less than \$1,000 must be reviewed and approved by Department Managers. Missing Receipt Form for expenses \$1,000 or greater must be reviewed and approved by Cardholder and appropriate Dean or Vice President. The completed Missing Receipt Form must be uploaded and linked to the appropriate transaction in CEMS system. Cardholders who frequently fail to submit required receipts may lose their card privileges.

Approvers are responsible to ensure that these guidelines are followed consistently. For any specific exceptions or if additional guidance is needed, please contact the

Program Administrator.

12. Audit

The University's auditors, both internal and external, examine Card accounts and usage as part of the auditing process. These auditors and the Program Administrator will be looking for the following:

- a. Retention of proper documentation
- b. Items purchased are not from the Restricted Commodities List
- c. Items purchased are directly for American University
- d. All Corporate Credit Card and Procurement & Contracts Policies are adhered to

The Program Administrator will review the following annually:

- a. Proper approval flow as outlined in Approver Eligibility section.
- b. Responsibilities of Cardholders and Approvers:
 - i. Receipt availability
 - ii. Corporate Credit Card statement review
 - iii. Complete required documentation

13. Sales Tax

Sales tax is not automatically exempt by using the Card. When using the Card, the Cardholder should inform the vendor that the purchase is for official use of American University, and therefore, may not be subject to DC, MD, VA, NJ, or NY state and local sales tax. The certificates are available online at <http://otr.cfo.dc.gov/page/registration-and-exemption-tax-forms>.

Vendors may require the certificate to provide sales tax exemption. Cardholder is responsible to ensure that sales tax is not inappropriately charged to the Card. If sales tax is erroneously charged by the vendor, Cardholders should make every effort to obtain a credit directly from the vendor. Documentation of attempts to obtain credits should be maintained with the transaction documentation. Cardholders should bring sales tax issues to the attention of the Program Administrator at corporatecard@american.edu.

B. Violations of Corporate Credit Card Use

Violations are evaluated on an individual basis. Corrective action is dependent upon the nature and frequency of the violation(s), and in accordance with applicable University policies and procedures. Card use violations may result in the loss of Card privileges and/or disciplinary actions up to and including the termination of employment.

1. Minor Violations

Includes, but not limited to, inadvertently using the wrong card; making a purchase

that is on the unallowable list as noted in Prohibited & Restricted Commodities List, but which is an allowable purchase from University funds. Minor Violations may be re-classified as Major Violations if supervisor, Approver, or Administrator deem fit.

Minor violations will be addressed as follows:

- a. First Offense - The Approver is to address the violation with the Cardholder and provide additional guidance as needed. Actions taken should be documented in writing with a copy sent to the Program Administrator.
- b. Second Offense – The Approver is to notify Program Administrator and Card will be suspended for ninety (90) days.

2. Major Violations

Violations that indicate a willful intent to disregard responsibilities outlined in this documents and Corporate Card Policy by Cardholder. The circumstances of the violations will determine the appropriate action, which may include termination of employment and criminal penalties. When a major violation by Cardholder is suspected, the department supervisor or Approver is to immediately notify the Program Administrator or the Director of Procurement.

Upon notification, the Card will be immediately suspended pending further review by the Program Administrator. Any charges falling outside of legitimate business expenses must be reimbursed to American University by the Cardholder and may result in loss of Card privileges and/or disciplinary actions up to and including the termination of employment.

3. Suspension or Revocation of Corporate Credit Card

American University may terminate the privilege to use a Card at any time for any reason. The Cardholder must return the Card to American University immediately upon request or upon termination of employment. Improper use of the Card may result in disciplinary actions, up to and including termination of employment.

A Card account may be suspended or revoked due to, but not limited to, the reasons listed below:

- a. Cardholder fails to reconcile account statement by the 15th of the month after statement closing date or fails to provide additional information when requested by Approver by the 20th of the month after statement closing date.
 - 1) First Offense – Suspension until reconciliation is completed
 - 2) Second Offense – Suspension for ninety (90) days
 - 3) Third Offense – Permanent revocation
- b. Approver fails to complete approval process by the 20th of the month after statement closing date when Cardholder has completed reconciliation of account statement by deadline.
 - 1) Card for which Approver failed to complete approval process will be suspended until approval is completed
- c. Purchasing items with the Card for personal use without reimbursing the

University.

- 1) Permanent revocation
- d. Failure to return the Card upon request by supervisor, Approver or Program Administrator.
 - 1) Permanent revocation
- e. Failure to report a lost or stolen Card immediately after discovery, or missing document submission due date which led to financial loss by the University
 - 1) Permanent revocation
- f. Failure to sufficiently document transaction(s) made through High Risk Payment Processors.
 - 1) Suspension until sufficient documentation is provided
 - 2) Permanent revocation if sufficient documentation cannot be provided within thirty (30) days of notice

4. Reinstatement of Corporate Credit Card

Suspended Card privileges are reinstated automatically after the completion of the suspension period. Reinstatement of the corporate credit card privilege during the suspension period is prohibited.

Revoked corporate credit card privileges will not be reinstated.