

LUTHER COLLEGE

POLICIES AND PROCEDURES

Department:	Financial Services
Subject:	Luther College Commercial (Credit) Cards
Date Issued:	April 2008
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Approved By:	Reviewed by Cabinet, Approved by President, May 5, 2020

I. Policy

A Luther College commercial card may be issued to employees who travel or purchase goods and/or services.

II. Scope

These procedures apply to all employees to whom a college commercial card has been issued.

III. Terms and Definitions

- Cabinet – the executive team made up of the President, Vice Presidents and Assistant to the President.
- Budget center directors (Designated Approver) – the appointed department head or department manager who is responsible for the department's allocated budget. If a cardholder is a budget director, then he/she must have another designated employee approve commercial card transactions.
- Documentation of purchase – an original receipt from the vendor showing an itemized listing of the goods and/or services purchased. For purchases placed by telephone, fax or mail, the cardholder must request an itemized receipt to be included with the merchandise being purchased. For purchases made over the internet, a screen print of the order confirmation is acceptable as documentation. Photocopies of receipts are not acceptable (in order to avoid duplicate reimbursement) nor are summarized receipts showing only the total cost. In most cases, if a receipt is lost, a replacement receipt should be obtained by requesting one from the merchant/vendor.
- Missing Receipt Form – A form that must be filled out and signed by the cardholder and the budget director for each receipt that is lost or cannot be obtained at time of purchase. In most cases, if a receipt is lost, a replacement receipt should be obtained by requesting one from the merchant/vendor.
- Commercial Card – functions the same as a credit card except there are more options for spending controls and online documentation.
- Smart Data Generation 2 (SDG2) – the online system provided by JPMorgan Chase and Mastercard for verifying and reconciling commercial card charges.
- Commercial Card Expense Report – The monthly expense report detailing the account allocations for the transactions in a billing cycle that cardholders will complete and submit to their budget center directors or designated approvers. Commercial card expense reports will consist of an expense report printed from SDG2 and signed by the cardholder and the cardholder's budget center director or designated approver and original, itemized receipts for each transaction.
- Unauthorized charges – charges that have not been approved by a budget center director as appropriate expenses of the College, charges that are for personal expenses, and charges that are not documented via a monthly commercial card expense report.

IV. Procedures and Guidelines

- A. Acquiring a Commercial Card - If an employee, in the course of fulfilling his/her assigned duties, has a need for a College commercial card, then he/she must complete a commercial card application, which can be found on the Office for Financial Services (OFS) website. Commercial card applications require signatures of approval from the prospective cardholder, the appropriate budget director(s), and the appropriate cabinet member. Completed and approved commercial card applications should be forwarded to the OFS for processing.
- B. Commercial Cardholder Agreement - At the time the commercial card is given to the employee, the employee will read and sign the Commercial Cardholder Agreement (see attached). By signing this agreement, the user agrees to use the card in accordance with the terms below. Failure to comply with these terms may result in the revocation of the privilege to use a college commercial card.
- Luther employees must complete commercial card training before receiving a Luther College commercial card.
 - The cardholder is responsible for all transactions charged to his/her card.
 - The cardholder will use the card only for Luther College business purposes. Luther College commercial cards are the property of Luther College. Purchases made with Luther commercial cards must be shipped to a Luther address, and Luther commercial cards are NOT to be used for personal expenditures.
 - Luther College commercial cards are to be used, whenever possible, in lieu of travel advances and purchases with personal funds requiring reimbursement.
 - The cardholder will obtain the appropriate authorization for all purchases. If there is a question as to the appropriateness of an expenditure, a cardholder should obtain appropriate authorization prior to initiating the transaction.
 - The cardholder will keep documentation for each transaction, which he/she will attach to the monthly commercial card expense report and submit to the budget center director/designated approver after reviewing his/her transactions online within five business days of receipt of an end of the billing cycle email from the OFS. **The documentation must be an original, itemized listing of the goods or services purchased, not just a summarized total.**
 - The cardholder will immediately report a stolen or lost card to JPMorgan Chase, 1-800-316-6056, which is staffed 24 hours a day, seven days a week.
- C. Commercial Card Training - Training must be completed prior to issuance of the card to the cardholder. This training will include review of the Commercial Cardholder Agreement, monthly review and reporting of commercial card charges using the SDG2 website, appropriate use of the commercial card, and sales tax exemption procedures.
- D. Cash Advances - Because of the relatively expensive processing fee, all commercial cards are initially set up to not allow cash advances from an ATM or bank.
- In emergency situations and for international academic program travel, a request can be made to the Office for Financial Services to authorize the commercial card cash advance option to be enabled for a limited time. Once travel has been completed, the cash advance option will be removed.
 - Cardholders that receive cash advances must retain their cash advance receipt along with original detailed receipts to document their use of the cash advance. Cash advances in excess of receipts must be refunded in US dollars to the Office for Financial Services.
 - The greater of 2% or \$3.00 will be charged as a transaction fee for each cash advance, in addition to the ATM fee.
 - A pin number is required to use a College commercial card to withdraw cash. The cardholder is responsible for keeping his/her pin number private.

- E. Unauthorized Transactions - Any unauthorized transaction on the card (except when the card is reported as lost or stolen) will be the cardholder's responsibility to reimburse the College within 60 days of the end of the billing cycle.
- Unauthorized transactions include the following: use of the commercial card for personal purchases, use of the card by a suspended or terminated employee, allowing an unauthorized person to use the card, or transactions that lack proper documentation or approval. If there is a question as to the appropriateness of an expenditure, a cardholder should obtain appropriate authorization prior to initiating the transaction.
 - Charges in excess of \$5,000 are not allowable with a College commercial card unless prior approval is obtained from the appropriate cabinet member and the Office for Financial Services. Questions about charges over \$5,000 should be directed to the accountant in the OFS at ext. 1697.
 - By signing the agreement, the cardholder gives authorization to the College to deduct from the cardholder's paycheck the amount of any unauthorized transactions that have not been reimbursed.
 - The use of a college card for an unauthorized transaction may result in the revocation of the privilege to use a college commercial card.
- F. Monthly Commercial Card Review and Approval of Charges by Cardholder - Cardholders are individually responsible for monthly reconciliations of their commercial card transactions on Smart Data OnLine (SDG2), the JPMorgan Chase website. More detailed instructions for this process can be found on the financial services website.
- The website can be found at <https://smartdata.jpmorgan.com/>.
 - This website details transactions during the month and includes transaction date, supplier name, and amount of the transaction. Additional information is included for some vendors, such as airlines.
 - The information must be reviewed for accuracy and any exceptions must be disputed according to the dispute process outlined in Section J later in the policy. The cardholder is responsible for all charges on his/her account summary for each billing cycle. This responsibility includes the resolution of invalid charges.
 - Within five days of receiving an email reminder about the end of a billing cycle, the cardholder must assign account numbers to each charge (there will be a unique set of account numbers for each individual cardholder to choose from), write a description/purpose for each charge, indicate whether or not he/she has an original, itemized receipt for each charge, and click the cardholder reviewed check box for each charge. After completing these steps, the charges will be locked from cardholder editing and ready for budget center director and/or designated approver review and approval.
 - If a cardholder needs to allocate a transaction to an account number that is not available on SDG2, the cardholder's budget director or designated approver should contact the accountant in the Office for Financial Services at ext. 1697.
 - If the cardholder does not have a receipt for a charge, then he/she must contact the vendor and attempt to obtain a copy of the receipt. In most instances, a vendor can easily issue a new receipt. If a cardholder is unable to obtain a receipt after contacting the vendor, then he/she must fill out and sign a missing receipt form. Missing receipt forms also need to be signed by the budget director or designated approver. The OFS will monitor the number of missing receipt forms that cardholders use, and there will be repercussions up to and including the revocation of card privileges for the consistent or excessive use of missing receipt forms.
 - After completing the above steps, the cardholder will print an expense report off of SDG2, sign it, attach it to the original, itemized receipts for the charges, and send it to his/her budget director. If the cardholder is the budget director, then the reviewed transactions should be sent to a designated approver.

- G. Budget Center Director/Designated Approver Review and Approval of Charges – Once the cardholder’s charges are reviewed and allocated to specific account numbers, he/she should send his/her expense report to the appropriate budget center director(s) or designated approver(s).
- Budget directors/approvers are required to review and approve the commercial card expense reports sent by the cardholders that include an expense report printed from SDG2 and original, itemized receipts for all of the transactions. The budget director should review and approve a cardholder’s transactions within five days of receiving the documentation. This approval is an important internal control process, and expense reports should be examined closely for appropriateness.
 - If a cardholder allocates charges to account numbers with different budget center directors, each budget center director should sign the expense report to indicate approval.
 - After review and approval, the budget director should forward the cardholder’s commercial card expense report to the Office for Financial Services for record keeping.
 - The Office for Financial Services keeps commercial card expense reports for seven years.
- H. Sales Tax Exemption – As a non-profit, educational organization, Luther College is exempt from sales tax in the states of Iowa, Florida, Illinois, Minnesota, Missouri, New York, North Dakota, South Dakota, and Wisconsin.
- The State of Iowa does not issue sales tax-exempt identification numbers; instead, a sales tax exemption certificate is required.
 - When you receive a commercial card, you will also receive a wallet sized, laminated sales tax exemption certificate. This certificate should be shown to vendors at point of sale to receive the exemption. The backside of the certificate lists the states in which Luther has tax-exempt status and, if applicable, the tax-exempt numbers for those states.
 - It is the cardholder’s responsibility to ensure that Luther College is not paying sales tax on exempt items. If a cardholder is unsure whether a purchase will be tax-exempt, he/she should contact the Office for Financial Services for clarification.
 - The words “Tax-Exempt” are printed on each commercial card to further identify Luther College as a tax-exempt organization.
 - Cardholders that repeatedly pay Iowa sales tax on tax-exempt purchases could potentially lose the privilege to use a Luther College Commercial Card. Avoiding unnecessary sales tax payments benefits the cardholder’s department because it allows budgeted funds to be available for additional purchases.
- I. Lost/Stolen Cards – Immediately upon discovering that a card has been lost or stolen, a cardholder must report this by phone directly to JPMorgan Chase at phone 1-800-316-6056 and the college card administrator in Office for Financial Services at ext. 2104. If traveling outside of the country, call collect (847) 488-3748. In an emergency, a card can be reissued within two days for a minimal fee to the department. Otherwise the card will be replaced within 10 days, at no cost. Replacement cards will be sent to Financial Services to be picked up by the cardholder. The College could be liable for charges made with a card before it is reported as lost or stolen. Any charge against the card before it has been reported lost or stolen for which the College is liable is the responsibility of the cardholder’s department, which will be appropriately charged.
- J. Disputing a Charge – The cardholder is responsible for disputing invalid charges. The cardholder should first contact the vendor, and if after two weeks the vendor does not correct the inappropriate charge, the cardholder should complete a transaction dispute form on SDG2 and send it to JPMorgan Chase. Transaction dispute forms can be accessed on SDG2 in the transaction detail for the disputed transaction. JPMorgan Chase will further investigate the disputed charge and grant a provisional credit for disputed item during the course of the investigation.

K. Fraud Detection - JPMorgan fraud detection will occasionally question charges made with Luther College commercial cards in foreign countries. If a cardholder is going to use a commercial card while traveling internationally, it is the responsibility of the cardholder to notify JPMorgan Chase at 1-800-316-6056 before using the card.

L. Who to Contact

- To report cards as lost or stolen
 - o JPMorgan Chase – 1-800-316-6056 **AND** accounting clerk – ext. 2104
- To notify JPMorgan chase of international travel
 - o JPMorgan Chase – 1-800-316-6056
- For help with logging onto SDG2
 - o Accounting clerk – ext. 2104
- To request new cards
 - o Accounting clerk – ext. 2104
- To terminate existing cards
 - o Accounting clerk – ext. 2104
- To adjust card spending limits
 - o Accounting clerk – ext. 2104
- To adjust a cardholder's available account numbers
 - o Accountant – ext. 1697 or accounting assistant – ext. 1533
- To receive clarification on tax-exempt questions
 - o Administrative Assistant – ext. 1015 or Accounting Assistant 1533
- To receive instruction on the use of SDG2
 - o Accounting Clerk – ext. 2104 **OR** Accountant – ext. 1697
- To unlock cardholder charges for further adjustments
 - o Accounting Clerk – ext. 2104 **OR** Accountant – ext. 1697

V. Confidentiality

It is critically important that cardholders keep their commercial card and commercial card number secure so unauthorized persons do not use the commercial cards. The Office for Financial Services will keep monthly commercial card reports for a period of seven years.

LUTHER COLLEGE

Commercial Cardholder Agreement

I, _____, accept the Luther College commercial card, number _____, to be used for travel expenses and for departmental purchases. I agree to use this card in accordance with the following terms:

- 1) I have received training on the proper use of Luther College commercial cards.
- 2) I am responsible for all transactions charged to this card.
- 3) I will use this card only for Luther College business purposes.
- 4) I will use this card in lieu of travel advances and purchases with personal funds requiring reimbursement whenever possible.
- 5) I will obtain the appropriate authorization for all purchases. If I have a question about the appropriateness of a charge, I understand that it is my responsibility to obtain appropriate approval before initiating the transaction.
- 6) I will keep documentation for each transaction, which I will attach to my monthly commercial card expense report and submit to my budget center director/designated approver after reviewing my transactions online. I will submit my expense report and attached documentation to my budget center director or designated approver within five business days of receiving the JPMorgan Chase statement. **The documentation must be an original, itemized listing of the goods or services purchased, not just a summarized total.** Any transaction for which documentation is not submitted with the monthly commercial card report will be considered to be an unauthorized transaction. I understand that the amount of unauthorized transactions will be deducted from my next month's paycheck, and that there could be further consequences for the misuse of this card.
- 7) I will immediately report a stolen or lost card to JPMorgan Chase at 1-800-316-6056, which is staffed 24 hours a day, seven days a week.

I understand that my failure to comply with these terms may result in the revocation of my privilege to use a college commercial card. I also understand that if I have an Amazon account, I will comply with the Centralized Amazon Business Procedure document.

Any unauthorized transaction on my card (except when I have reported the card lost or stolen) will be my responsibility to reimburse immediately to the College. By my signature below, I authorize the College to deduct from my paycheck the amount of any unauthorized transaction if I have not otherwise reimbursed the College within 60 days of receiving the statement listing the unauthorized transaction.

Cardholder's Signature

Date