

Seton Hall University Credit Card Program
Bank of America Merrill Lynch ("BAML") Visa card
Policies and Procedures

1) **Introduction:**

- A. A BAML Visa card provides Seton Hall University users with an alternative payment method when making small purchases as well as the opportunity to streamline procedures for procuring goods and services. The program reduces the volume of accounts payable transactions and the associated administrative costs by eliminating vendor invoices and consolidating multiple vendor payments into one monthly payment to BAML. Vendors are paid directly by BAML.
- B. The program is administered in Procurement. The program administrators are as follows:
 - Pat Cook, Compliance Accountant (the primary program administrator)
 - Martin Koeller, Director of Procurement

2) **Eligibility and Obtaining a Card:**

- A. Any Seton Hall University employee eligible to approve expenditures of \$1,000 or higher (as a Cost Center Manager, Budget Center Manager, or Division Head) is eligible to obtain a BAML Visa card sponsored by the University.
- B. To obtain a card, the applicant must have his/her supervisor fill out, sign and submit to Procurement a BOA Credit Card Request Form (available at: <https://www13.shu.edu/offices/procurement/index.cfm>) with authorization for the applicant to have a card. The requestor must indicate if he/she wants the applicant to have the card for commercial spending only, for travel and entertainment (T&E) spending only or for both. The applicant must complete and sign the Cardholder Agreement form.
- C. Once the e-mail approval authorization has been received in Procurement, the application is submitted to BAML, and the card arrives in Procurement in about a week. Cards are issued with the name of the cardholder and Seton Hall University on it, along with Seton Hall's logo embossed on the front. Procurement arranges a meeting with the applicant that includes card training, policies and procedures review and card distribution.

3) **Credit Card Use:**

- A. Cardholders must use their cards for Seton Hall University business only. The use of the cards for personal expenses is strictly prohibited.
- B. The monthly cycle for cardholder spending is from the first day of the month to the last day of the month.

- C. Cardholders must procure from University preferred vendors whenever possible. As such, all cardholders are strongly encouraged to check the latest list of University preferred vendors by visiting: <https://www13.shu.edu/offices/procurement/index.cfm>.
- D. Cardholders authorized for only commercial spending are blocked from T&E related spending and vice versa.
- E. Generally speaking, Cost Center Managers are authorized to procure goods or services up to \$1,000 per transaction and up to \$10,000 per month. Budget Center Managers are authorized to procure goods or services up to \$2,500 per transaction and up to \$10,000 per month. Division Heads are authorized to procure goods or services up to \$5,000 per transaction and up to \$20,000 per month. Procurement will review the per transaction limit for any cardholder based on written appeal from the cardholder's supervisor. Monthly limits can be raised (or lowered) on a month-by-month basis or permanently.
- F. Cost Center Managers are not allowed to request that any vendor split a transaction so as to keep the order total under their per transaction limit. While not encouraged, Budget Center Managers and Division Heads who, because of circumstances, must split a transaction from a preferred vendor will be allowed to do so. For a Budget Center Manager, the total of all amounts charged for the transaction must not exceed \$10,000.
- G. Purchases of items/services via the card of \$10,000 and above (when allowed) and not made from preferred vendors must have bid information from winning and losing vendors attached to cardholder statements submitted to Procurement as per University bid policy.
- H. Cardholders required to spend grant funds (one or more grants) must request from Procurement a Grant card. No grant spending is permitted on the standard card issued for all other University card transactions. The Grant card is a declining balance card, i.e. once the spending limit of a Grant card is reached, the ability to spend with it terminates. The spending limit of each card will be set by Grant accounting. Any requests to adjust the spending limit of a Grant card must be directed to Grant accounting.
- I. Cardholders must remind vendors that the University is exempt from sales and use tax in various states (contact Procurement for a current list). Cardholders should request from Procurement the appropriate state's exemption certificate so as to avoid paying unnecessary tax on purchases of goods or services.
- J. Cardholders cannot obtain a cash advance using their cards.
- K. Cards cannot be used to purchase services from an individual who is not incorporated and who would normally be issued an IRS Form 1099 at year-end.

- L. Authorized use of cards is limited to the person whose name appears on the face of the card. Cards must not be loaned to another person without express written request and permission from a program administrator in Procurement. The card should be kept in an accessible but secure location. If a card is lost or stolen, the cardholder must immediately notify BAML and Procurement.
- M. Cardholders must retain all documentation pertaining to their purchases. When the vendor delivers the order, documentation of the purchase (such as a sales receipt or packing slip) should accompany the order. This documentation must be kept on file by the cardholder for reconciliation to their monthly statement and submittal to Procurement as described below.

4) Cardholder Responsibilities:

- A. Each cardholder is responsible for retaining documentation of monthly purchases and returns. This documentation should be used to reconcile to cardholder spending activity on the BAML Works (“Works”) website. It must be attached to the cardholder's Transaction Allocation Report, which will serve as the statement, and may be printed off the BAML website after the last day of the cycle. It must be signed and submitted to Procurement by the 10th of the next month for auditing. Each cardholder must print their Transaction Allocation Report at the close of each monthly cycle. It should be reviewed to ensure the necessary IRS business purpose is present for all T & E transactions and that all receipts are attached. Supervisor T & E signature approval must be obtained and the entire package must be sent to Procurement by the 10th of the next month. If a cardholder has erroneously omitted the IRS business purpose of a transaction and the transaction has been posted to the University’s financial system, no further change can be made. In this case, the cardholder must manually write the IRS business purpose of the transaction on the Transaction Allocation Report.
- B. Cardholders with a Grant card must submit their signed paperwork to Grants Accounting in Bayley Hall (rather than to Procurement) by the 5th of the next month. After reviewing it, Grants will then forward their paperwork to Procurement by the 10th of the month. Grants cardholders are also reminded that they can only use their cards to purchase merchandise allowable under the terms of their respective grants.
- C. Cardholders have access to the BAML Works website via a user ID and password. Each cardholder is responsible for reviewing all charges, in the Works website, according to University policy and procedure.
- D. In BAML Works, cardholder transactions have a University Banner Index Code (financial system account number) assigned to them by default in a drop-down box. In addition, a second drop-down box assigns a University financial system Banner Account

Code to the transaction based on the merchant's industry category code. All cardholders must review both the Index and Account Codes for accuracy. If the cardholder has the authorization to charge spending to other accounts, the Banner Index drop-down box contains more than just the default account number. The Account Code drop-down box contains the University's spending codes to allow the cardholder to make a change to a more appropriate code, based on the transaction.

- E. In addition, while reviewing transactions in Works, cardholders must document the IRS business purpose of T&E transactions.
- F. Once the process in D and E above is complete, cardholders must click OK, then click “save” and then close the box for each transaction in order to have it posted to the University's financial system. If there are no changes or a business purpose needed for a transaction, put a check mark in the first left hand box, click on “sign off” and then click “close”. **All charges, reviewed or not, will be posted individually to the University's financial system once a month. If a transaction is not reviewed, it will be automatically posted to your default Index Code and Account Code. For a Grant cardholder, a grant that is not reviewed will be posted to the department's Operating Index Code.** If this review is not done, cardholders are sent e-mail reminders, by Procurement, to review their transactions. **PLEASE NOTE: any cardholder who does not review his/her transactions, by the end of each cycle, will not receive a replenishment of their monthly limit spending allotment and might not be able to use their credit card until their transactions are reviewed.**
- G. It is the cardholder's responsibility to have their supervisor email Procurement to request an additional Banner Index Code(s) be made available in their drop-down box. In addition, the cardholder must contact Procurement to eliminate Banner Index Codes from their drop-down box, especially when the cardholder is no longer authorized to charge spending to specific account numbers.
- H. As previously stated, all card charges will be posted to the University's financial system once a month. Such postings are on an item by item basis. Information posted will include the vendor name, amount, posting date and cardholder name, along with an indication that it is a "BAML" charge.
- I. Card charges that have been reviewed but not yet posted to the University's financial system can still be viewed for purposes of changing the Index Code and/or Account Code (using the appropriate drop-down boxes), or for purposes of completing the IRS business purpose of T&E transactions. Any changes/additions made must be saved again by clicking "Save." However, once reviewed transactions have been posted to the University's financial system, no further changes are possible in Works.

- J. Duplicate or erroneous charges showing up on any cardholder's transaction activity should be resolved directly with the vendor in question. If not resolved within the same month, the cardholder must review and post the charge to their designated Banner Index Code (getting overcharged for one month). The cardholder then should work with the vendor (or BAML and/or Procurement, if necessary) to have a credit issued in the following month, which would then be reviewed and approved by the cardholder to the same Banner Index Code previously overcharged.
- K. In addition to the aforementioned Transaction Allocation Report, cardholders are able to view other detail and summary reports in Works that reflect their spending by transaction and by vendor. These reports should be viewed by the cardholder for informational purposes and for accuracy periodically. Report queries can be run by the cardholder to show activity over various periods of time. Supervisors with cards can view hierarchy reports that reflect their spending, along with the spending of all those who report to them either directly or indirectly.

5) Payment to Bank of America Merrill Lynch (BAML) Visa:

- A. The University monthly pays BAML a consolidated total of all cardholder charges during the monthly cycle (from the first day of the month to the last day of the month). Cardholders do not directly pay BAML for any monthly charges.

6) Program Administrator Responsibilities:

- A. Issues, cancels, and distributes all University cards. Serves as the liaison between Seton Hall University and BAML.
- B. Performs all card program maintenance, including maintaining financial system accounts by cardholder, adjusting spending limits, maintaining the system hierarchy, etc.
- C. Performs all cardholder training.
- D. Provides cardholders with e-mail communications related to program policies and procedures. Also assists cardholders with disputed billing issues.
- E. Monitors cardholder compliance to plan policies and procedures.

7) Audit Review of Cardholder Activity:

- A. All cardholder activity is subject to audit review by program administrators, the University's internal and external auditors, or, in the event of an IRS audit, an IRS field agent. It is therefore essential that all University policies and procedures indicated above are adhered to by each cardholder.

8) Compliance Program:

- A. Procurement will maintain card program policy and procedure compliance history for all cardholders and will notify cardholders of violations. Uncorrected and/or continual violations will result in communications to a cardholder's supervisor and eventual spending limit reductions or card revocation. T&E reporting violations could, in accordance with IRS rulings, lead to the assessment of taxable income to the cardholder, if such expenses are not submitted with a properly documented IRS business purpose.
- B. In the event that any cardholder uses the card to make a fraudulent purchase, card privileges will immediately be revoked and a determination as to whether taxable income should be assessed will be made. In addition, the incident will be reported to Human Resources, Security, Internal Audit and Legal Counsel, along with the cardholder's supervisor. A decision will be made by management regarding whether termination of employment is warranted.

9) Card Cancellation Procedures:

- A. In the event that a cardholder's card must be cancelled due to change or termination of employment, the cardholder or his/her supervisor must notify a program administrator in Procurement. The cardholder or supervisor should submit his/her card to Procurement for destruction. Procurement should be notified of any need to cancel a card with as much notification as possible so as to aid in the prevention of potential fraudulent use of the card prior to cancellation.

11/21/16