



POLICIES

Effective Date: July 1, 2003

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Approved by: James E. K. Hildreth, Ph.D., M.D.
President and Chief Executive Officer

Subject: Division of Finance - Policy on Use of College Credit Card

PURPOSE:

The purpose of this policy is to provide guidelines and establish procedures for employees incurring business expenses on the college's behalf using Corporate Credit Card or Procurement Credit Card. This policy is also developed to ensure that all employees have a clear and consistent understanding of the use of the Corporate Credit Card and Procurement Card.

DEFINITIONS:

Corporate Credit Card: A credit card (currently American Express) issued to eligible employees for use in covering business expenses related to travel and other acceptable business expenses.

Procurement Credit Card: A credit card issued by Bank of America to designated employees that facilitates small dollar purchasing transactions

Cardholder: A Meharry employee who a Department Head or is approved by his/her School of Administrative Division and Department Heads to use the Purchasing Card to execute purchase transactions on behalf of Meharry or an employee assigned a Corporate Credit Card

Supplier: The vendor from whom a cardholder is making a purchase.

PROCEDURES:

Use of the American Express Corporate Card

Corporate Card and Traveler Benefits

The college's corporate card vendor is American Express

Under the terms of the college's agreement with American Express travelers receive the following benefits:

- Travel accident insurance
- Baggage insurance

Twenty-four hour customer service is available by calling 1-800-528-2122.



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An American Express representative will assist you with:

- Monthly statements and balances
- Emergency services
- Billing disputes
- Card member benefits and services

Corporate Card Distribution

By direction of the Audit Committee of the Board of Trustees, corporate card distribution is limited to president, senior vice presidents, vice presidents, deans, and department heads. The Senior Vice President for Finance must approve applications for the issuance of a corporate card.

For College Credit Card information or application instructions please contact the Accounting Department at ext. 6556.

Required Use of Corporate Card

Whenever feasible, travelers must use the corporate card to pay for all:

- air travel,
- lodging,
- Car rental, and
- Meals and entertainment.

The college will absorb annual fees for all corporate cards.

Personal Use of Corporate Card

Corporate cards are intended for business use only. Therefore, personal charges to the card are strictly prohibited. Use of the card for personal transactions could result in suspension or cancellation of charge privileges.

Corporate Card Billing and Payment Responsibility

Employees are responsible for submitting Requests for Disbursement (RFDs) payable to American Express promptly each month (with original receipts and the "Explanation of American Express Card Charges" form). Employees have the option to pay American Express directly.

All corporate card bills are due and payable in full before the next statement closing date.

Extended payments will not be accepted.



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Failure to pay the account promptly will result in:

- Notification(s) sent to employee and
- Suspension or cancellation of charge privileges.

Reporting Lost/Stolen Cards

A lost or stolen corporate card must be reported as soon as it is determined to be missing. To report a lost or stolen card, please call 1-800-528-2122

Emergency Replacement Cards

For an emergency replacement card call 1-800-528-2122.

Cardholder Employee Termination

Upon termination of employment, all corporate cardholders must:

- Cut the corporate card in half and return to the accounting department and
- Promptly reconcile, account for, and pay, any remaining balances prior to receiving final payroll check.

Business Use of Personal Credit Card

Personal charge or credit cards may be used for business purposes only:

- By employees who do not meet the issuance criteria for corporate cards and
- For establishments that do not accept the corporate cards. (A written explanation must be recorded on the expense report form.)

Annual fees are not reimbursable on personal charge or credit cards

Cash Advances

Employees with corporate cards are discouraged from using travel advances to pay for business travel but are allowed up to \$150.00 for incidental expenses.

The amount of cash requested should be the minimum necessary to cover anticipated out-of-pocket expenses not chargeable to the employee's corporate card.

Employees without corporate cards are allowed cash advances to cover all authorized expenses. Separate RFDs should be prepared and attached to the Travel Authorization form, for the hotel, registration fee and the travel advance.

Guest Expenditures



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Card users must provide the following information in order to be reimbursed for guest expenditures:

- Names of individuals present, their titles and college affiliation
- Name and location of where the meal or event took place
- Exact amount and date of the expense
- Specific business topic discussed
- In the case of entertainment events, the specific time the business discussion took place (i.e., before, during or after the event)

Expense Reporting

Documentation Requirements

Regardless of IRS requirements, college policy requires receipts for **all** expenditures.

When a receipt is not available, a full explanation of the expense and the reason for the missing receipt is required. Actual bills/receipts must be submitted whenever possible; photocopies will be acceptable only with a detailed explanation as to why the original is unavailable. Receipts must include the name of the vendor, location, date and dollar amount.

Acceptable Receipts

The following receipts are acceptable:

- Original receipt completed by the vendor
- Customer's copy of charge card slip
- Original phone bill

Unacceptable Receipts

The following receipts are NOT acceptable:

- Restaurant tear tabs, unless accompanied by a full explanation
- Photocopies, unless accompanied by a full explanation

Guidelines for Tips and Gratuities

The college will reimburse reasonable gratuities. Some hotels and restaurants include a gratuity in the price, in which case a tip is not necessary unless the service has been exceptional. Lavish or unreasonable gratuities will not be reimbursed.

Reimbursable Expenses

Cardholders may use the corporate card or procurement card or will be



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reimbursed for the following miscellaneous expenses:

- Air freight for business purposes
- Business office expenses (fax, copy services, etc.)
- Business phone calls (long-distance and cellular)
- Currency conversion fees
- Fare penalty (non-peak ticket for peak travel)
- Faxes
- Food and beverages
- Gasoline
- Gifts, business
- Ground transportation
- Laundry/dry cleaning/suit pressing for trips exceeding seven (7) days
- Overnight delivery/postage
- Parking
- Personal car/leased car mileage
- Room service charges
- Seminar fees
- Subscriptions for office use
- Taxis
- Telegrams/telexes
- Tips
- Tolls

Non-Reimbursable Expenses

College Credit Card users will **NOT** be reimbursed for the following miscellaneous expenses:

- Airline club membership dues
- **Alcoholic** beverages
- Annual fees for personal charge or credit cards
- Baby-sitting
- Barbers and hairdressers
- Car washes
- Catering
- Clothing (i.e., socks, pantyhose)
- Country club dues
- Equipment (including furniture and computers)
- Excess baggage charges
- Expenses for travel companions/family members



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- Expenses related to vacation or personal days while on a business trip
- Golf fees (when not part of customer entertainment)
- Gum, candy or cigarettes
- Health club facilities, saunas, massages
- Helicopter services for airport transfers
- In-flight telephone charges (unless in case of an emergency)
- Laundry/valet services
- Loss/theft of cash advance money
- Loss/theft of personal funds or property
- Lost baggage
- Luggage and briefcases
- Non-business magazines, books, newspapers, subscriptions
- Medical bills incurred during domestic travel
- Mini-bar refreshments
- Movies (hotel in-house movies)
- "No show" charges for hotel or car service
- Optional travel or baggage insurance
- Parking or traffic tickets
- Personal accident insurance
- Personal entertainment, including sports events
- Personal property insurance
- Personal telegrams
- Personal telephone calls in excess of daily limit
- Personal toiletries
- Pet care
- Postcards
- Rental car upgrades
- Repairs due to accidents
- Routine maintenance/tune-ups
- Shoeshine
- Souvenirs/personal gifts
- Spouse/companion travel
- Tobacco products
- Traffic fines
- Transportation to/from office (except for business travel)

Use of the Procurement Card



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Cardholder Eligibility

Criteria to receive a Purchasing Card is as follows:

- Applicant must be an employee of Meharry.
- Each individual Cardholder must sign a Purchasing Card Agreement provided by the Program Administrator (**See Appendix 1**).
- Applicant's request for a Purchasing Card must be approved by his/her Department Head (**see Appendix 5**) and returned to the Program Administrator.
- Employee must attend a training session before receiving their Purchasing Card.

Cardholder Liability

The Procurement Card is a Corporate charge card that **will not** affect the Cardholder's personal credit. However, it is the Cardholder's responsibility to ensure that the card is used within stated guidelines of the Purchasing Card Policies and Procedures Manual. Failure to comply with program guidelines will result in permanent revocation of the card, notification of the situation to management, and further disciplinary measures that may include termination.

Procurement Card Set up

- Meharry employee completes a Meharry Purchasing Card Application (**See Appendix 5**) and submits to his/her Department Head for completion and approval.
- Department Head completes the application by providing the name of the Departmental Liaison and default accounting code to be assigned to the card.
- Department Head completes a Purchase Requisition and indicates the account number to be charged, the amount to be encumbered



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for a fiscal year, payable to Bank of America. All normal required signatures should be obtained on this initial purchase requisition.

- Department Head signature approval on the application delegates transaction authority to the Cardholder
- Approved application is to be sent to the Departmental Liaison who sends to the Program Administrator. The purchase requisition should be sent in with the application.
- Program Administrator reviews the application for completeness and submits application to Bank of America in format approved by Bank of America either by paper or electronically.
- Upon receipt of the Purchasing Card from Bank of America, the Program Administrator will conduct a training session with the Cardholder prior to issuing the card.
- Cardholder signs Cardholder Agreement signifying agreement with the terms of the Purchasing Card program.

Cardholder Account Closure

The Program Administrator is required to close an account if a Cardholder: (a) transfers to a different department, (b) moves to a new job in which a Purchasing Card is not required; (c) terminates employment or (d) or for any of the following reasons:

- The Purchasing Card is used for personal or unauthorized purposes.
- The Purchasing Card is used to purchase alcoholic beverages or any substance, material, or service that violates Meharry's policy, law or regulation pertaining to Meharry.
- The Cardholder allows the card to be used by another individual.
- The Cardholder splits a purchase to circumvent the limitations of the Purchasing Card.



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- The Cardholder uses another Cardholder's card.
- The Cardholder fails to provide receipts for all transactions.
- The Cardholder fails to provide, when requested, information about any specific purchase.
- The Cardholder accepts a cash refund in lieu of credit to the Purchasing Card account.
- The Cardholder does not adhere to Meharry's Policies and Procedures Manual.

Lost, Misplaced Or Stolen Purchasing Cards

Cardholders are required to immediately report any lost or stolen Purchasing Card to Bank of America toll-free at **1-800-538-8788** (24 hours a day, 365 days a year). The Cardholder must also immediately notify his/her Manager and the Program Administrator about the lost or stolen card at the first opportunity during normal business hours.

Recommended Purchases

The following are examples of recommended uses for the Procurement Card:

- Office Supplies
- Research Supplies
- Photo Copying
- Postage
- Small non-capital items (\$1000 or less)

Prohibited Purchases

Do not use the purchasing card to purchase the following items:

- Capital Items, i.e. equipment, furniture (\$1000 or more)
- Personal Transactions
- Massage Parlors



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- Liquor Stores
- Escort Services
- Travel (Air, Hotel)
- Meals

If there are any question as to whether a transaction is allowed or not, the Cardholder should contact the Program Administrator.

Vendor Blocking

Transactions will be blocked at the point-of-sale for the types of suppliers included on the Blocked Merchant Category Classification Code Listing. Changes to the blocking list can be made as demonstrated by business need. A Cardholder should contact the Manager who will need to approve the request before asking the Program Administrator to change the blocking list associated with the Cardholder's profile at Bank of America.

Spending Controls

The Purchasing Card is to be used only for the purchase of goods. Meharry's standard spending parameters for a Purchasing Card are set at \$1,500 per transaction with a maximum of \$5,000 per month per card. The Cardholder's Department Head must approve any exception to these Meharry's standards before requesting the Program Administrator to change the Cardholder's profile at Bank of America.

Erroneous Declines

If the Cardholder feels that a supplier has erroneously declined the Purchasing Card, the Program Administrator should be contacted for assistance. The Program Administrator will contact Bank of America to determine the reason for the decline and will make appropriate changes to the Cardholder profile.

If a purchase is being made outside of normal Meharry's business hours, the employee must find an alternate payment method or terminate the purchase and contact the Program Administrator during normal business hours.

Credits



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Suppliers should issue all credits for returned merchandise or services to the individual Purchasing Card account for any item they have agreed to accept for return. **UNDER NO CIRCUMSTANCES SHOULD A CARDHOLDER ACCEPT CASH IN LIEU OF A CREDIT TO THE PURCHASING CARD ACCOUNT. TO DO SO WOULD CONSTITUTE THE FORFEITURE OF CARD AND THE RIGHT OF TERMINATION.**

Unresolved Disputes And Billing Errors

The Cardholder is responsible for contacting the supplier to resolve any disputed charges or billing errors within 60 days of receiving a statement. If the matter is not resolved with the supplier, the Cardholder should:

1. Contact Bank of America at 1-800-538-8788 directly for assistance.
2. Fax a signed Bank of America Dispute Form (See Appendix 3) to Bank of America at 1-800-253-5846 to document the reason for the dispute.
3. If the dispute is resolved in the Cardholder's favor, a credit in the amount of the disputed transaction will appear on a subsequent Cardholder statement.
4. Contact the Program Administrator for assistance if an acceptable resolution is not obtained.

Security and Storage

Cardholders should always treat their Purchasing Card with at least the same level of care as their own personal credit cards. The card should be maintained in a secure location, and the card account number should be carefully guarded. The only person entitled to use the card is the person whose name appears on the face of the card. The card may not be lent to another person for any reason.

Receipt and Payment of BOA Billing

- At the close of the monthly billing cycle, Bank of America will send a statement of all Cardholder activity to Meharry by the 5th of the Month. The cut-off for the month is the 27th. Each Cardholder will receive a paper statement mailed by Bank of America to the individual and department he/she works in.



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- Cardholder reconciles the statement against accumulated receipts/ packing slips or other supporting documentation and forwards to the Departmental Liaison for review and approval.
- Departmental Liaison reviews Cardholder transactions included in Bank of America's management paper reports and/or electronic reports and ensures that all Cardholders have submitted statements and receipts.
- Departmental Liaison reviews Cardholder statement and receipts for compliance.
- Department head reviews and signs the statement, and sends to Program Administrator by the 10th of the month.
- Program Administrator performs a statistical audit of statements and receipts to monitor compliance with Policy and Procedures. The Program Administrator forwards all statements to Central Storage for a formal periodic audit by Internal Audit.
- The Program Administrator downloads file from InfoSpan for uploading transactions to Accounts Payable.
- All transactions will post to the default cost center and general ledger number associated with the Card.
- Payment is made to Bank of America by the 22nd of the month following the close of the business cycle through an ACH debit from the designated bank account.

Allocation of Purchasing Card Charges to Meharry Departments

A default accounting code will be assigned to each Purchasing Card issued. Bank of America will submit an electronic reporting file to Meharry which will be used to charge all Cardholder transactions to the default accounting code unless adjustments are made as follows:

- Within 5 days of the receipt of the electronic report from Bank of America, the Program Card Administrator will distribute a monthly Departmental report to the Departmental Liaisons for review and confirmation of Cardholder purchases.



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- Upon distribution, Program Card Administrator will notify Departmental Liaisons of the monthly default cut-off date for approvals.
- Departmental Liaisons will approve report in advance of the monthly default cut-off date for approvals established by the Program Card Administrator.
- Departmental Liaisons will assemble and retain Cardholders statements, charge slips and receipts for audit for internal and external auditors. Receipts for purchases must be maintained for 7 years.
- Program Card Administrator will change default code at the request of the Departmental Liaison and then process upload of the departmental charges to accounting for charging individual departments.
- The total amount billed by Bank of America will be charged to the individual departmental accounts and credits for disputed transactions will be posted to departmental accounts when credit appears on the Bank of America billing.
- Program Card Administrator will reconcile the detailed electronic billing statement to amount paid Bank of America.

Exempt Sales Tax Status

Cardholder is responsible for informing vendors that Meharry is "sales tax exempt". The exempt sales tax number is identified on the face of the card. A copy of Meharry's sales tax exempt status and number can be obtained by contacting extension 6339.

SANCTIONS: Failure to comply with this policy may result in disciplinary actions as set forth in College policies and procedures.

REFERENCES:

Entertainment Policy, Travel Policy, Accounts Payable Policy, Meharry Purchasing Manual, Purchasing Card Policies and Procedures

EXHIBITS:

Explanation of American Card Charges



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Request for Disbursement Form (RFD)
Meharry Medical College Credit Card Agreement
Meharry Medical College Procurement Card Agreement
Merchant Category Code Listing