

UMASS BANK CARD USE STANDARD

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1. INTRODUCTION

The purpose of the University of Massachusetts Bank Card program (the UMass Bank Card respectively) is to offer a payment method for those vendors that do not accept a Purchase Order, a mechanism for emergency purchases, and a payment method in lieu of employee Travel re-imbusement.

Definition: The terms Supervisor and/or Manager are used interchangeably throughout this document. This role is responsible for reviewing cardholder's statements, receipts and must have the ability and responsibility of initiating HR actions if there is misuse of University funds. This person does not necessarily need the title supervisor or manager.

Cardholders and their Supervisors are responsible for the review and compliance with all

- **UMass Policies, Standards, and Procedures including:**
 - Purchasing Policies and Standards
 - UMass Bank Card Standard
 - Travel & Business Expense Policies and Standards
- **Department internal procedures**
- **Funding sponsor requirements**
 - The UMass Bank Card may be used by employees for purchases of non-capital, business related items that are not available through the BuyWays system within the delegated authority limits approved on their account EXCEPT those on the 'unauthorized use of UMass Bank Card' list. BuyWays is the preferred method of Purchasing. Cardholders must follow Commonwealth of Massachusetts laws, University and Funding Sponsor restrictions and requirements.

2. HOW IT WORKS

The UMass Bank Card is a commercial credit card. The card works in much the same way as your personal credit card except the monthly statement amount is paid for by the University. Each card has specific spending limits and card controls:

- # of transactions per day
- # of transactions per month
- single purchase limit amount

- spending limit amount per month
- approved merchant category code (MCC)

Each time a vendor enters the cardholder's card number for a purchase, an electronic process verifies that the purchase is within these limits. All transactions are approved or declined by the vendor based on the verification results. Limits are set at the department level on the Card Application form. The cardholder purchases directly from the vendor, either in person or by phone, mail, on-line or fax. Certain vendors or commodities have been "blocked" from usage in the program. (See Restricted Commodities).

Purchases are charged to the cardholder's department and each cardholder is responsible for downloading, reviewing, reconciling, and submitting their monthly statement to their supervisor for approval and signature within 30 days of the statement issue date.

3. ELIGIBILITY AND HOW TO APPLY FOR A UMASS BANK CARD

A UMass Bank Card may be issued to a University employee who:

- Has a frequent need to make purchases on behalf of their department
- Has the approval from their Department Supervisor or Manager with the authority over the department budget
- Has completed the required UMass Bank Card training

The employee must complete and e-sign the cardholder information section of the UMass Bank Card application form. The application is then forwarded to the cardholder's Supervisor/Manager, who will fill out the necessary information regarding card controls and limits and e-sign the form. If the funding to be assigned to the card is Restricted funds (Grants), the form will also require the e-signature of the Principal Investigator who is responsible for the funds. The completed and e-signed application form is then forwarded to the Bank Card team via DocuSign.

All applicants and their Supervisor/Manager must complete cardholder training prior to receiving their UMass Bank Card.

Once a complete application is submitted to the UMass Bank Card team, the process to receive a card may take 2-4 weeks. The Bank Card team will initiate a new card for

the applicant and the bank will send directly to the cardholder using the business address from their application form. The Bank Card team upon order of the card, will forward to the cardholder the instructions for activating the account, executing the Cardholder Agreement form indicating they have 1) completed and understand the UMass Bank Card training, 2) read and understood all Policies and Standards related to purchasing and UMass Bank Card use, 3) read and understood the obligations included in the Cardholder agreement, and 4) agree to:

- Abide by all University Policies and Standards
- Acceptance of consequences for UMass Bank Card violations

Dollar purchase limits will not be set on the account until the activation steps have been completed.

Any UMass Bank Card with eighteen (18) months of inactivity will be closed by the issuing bank due to risk. Cardholder will need to go through training and reapply in order to receive a replacement card.

UMass Bank Cards are renewed based on the expiration date shown on the card. A renewal card will be sent to the UPST within 30 days of expiration, the UPST will issue a new cardholder agreement and attestation of agreement to Policy and to Bank Card Standard to both the user and supervisor. All expired cards shall be destroyed by the cardholder upon activation of the replacement card.

4. CARDHOLDER RESPONSIBILITIES

UMass Bank Cards are issued for the exclusive use of the specific individuals to whom they have been issued. The cardholder shall not authorize another University employee to use their card.

Allowable charges incurred on the UMass Bank Card are a University liability. It is the cardholder's responsibilities to ensure their UMass Bank Card is safeguarded from loss, theft or misuse. This means the card shall be carried on one's person when use is required and locked in a secure location when not in use.

All incorrect charges or product returns must be resolved promptly with the action taken

recorded on the bank statement or on the transaction receipt. Cardholders shall not receive cash back for returns or exchanges. Returns or exchanges shall be credited to the UMass Bank Card account.

If a problem arises with a transaction that the cardholder is unable to resolve directly with the vendor or if an error appears on your monthly statement, please contact the issuing bank of the UMass Bank Card directly using the phone number on the back of your credit card as soon as possible. Transactions must be disputed within 30 days of the bank statement the transaction appears on in order to protect the University funds.

Cardholders must report a lost or stolen card **immediately** to the issuing bank of the UMass Bank Card and the Bank Card team via email to upst@umassp.edu. Lost/stolen report messages should be marked as 'urgent'.

Cardholders are responsible for submitting all required receipts for all UMass Bank Card purchases. These receipts are to be submitted with the cardholder's monthly reconciliation and will be subject to review and audit. Other supporting documentation may be required depending on the type of transaction. For example, food purchased for University functions, cardholders must follow the campus and University Business / Travel expense policy to report function details. For travel expenses, an approved Travel Authorization Form is necessary for campuses that require it.

If a receipt is lost, the cardholder must make every possible attempt to contact the vendor and obtain a copy. If a copy cannot be obtained, a Missing Receipt Form may be filled out as the absolute last resort. All Missing Receipt Forms must be signed by the cardholder and supervisor. **A Missing Receipt Form is required for each line item for which a corresponding required receipt is missing.** Excessive use (more than 3 in any 12-month period) of the Missing Receipt Form may result in the termination of the cardholder's UMass Bank Card.

Purchases made for the University are exempt from MA state sales tax for goods purchased and shipped to Massachusetts. Forms ST-2 and ST-5 can be found at <https://www.umassp.edu/treasurer/tax-and-compliance> .

When separating from the University or changing departments, cardholders must return their cards to their supervisor/manager and notify the Bank Card Manager by

email to upst@umassp.edu.

5. SUPERVISOR RESPONSIBILITIES

Supervisors are responsible to confirm all transactions are allowable, legitimate business expenses. The supervisor shall also confirm there is no MA state sales tax being charged to the University. When signing the cardholder's monthly card statement, the supervisor is confirming they have performed a thorough review and all transactions are in accordance with the UMass Bank Card Use Standard. Questions on expenses should be discussed with the cardholder prior to the supervisor's approval of the statement. If the supervisor determines the cardholder has misused the UMass Bank Card, the supervisor shall alert the Bank Card team immediately.

The supervisor is responsible to notify the Bank Card team when an account needs to be closed due to the termination or departure of an employee or the decision by the supervisor to revoke card or any other reason.

6. RESTRICTED ITEMS

The following items ***may not be purchased*** using the UMass Bank Card:

- Capital equipment (greater than \$5,000)
- Alcoholic beverages - Please Refer to the Business & Travel Expense Policy and appropriate campus approvals matrix for specific campus allowability (section 1.03)
- Amazon Prime accounts
- Animals
- Any item prohibited by State or University policy
- Item that can be purchased in BuyWays
- Cash advances of any type
- Cell phones and monthly invoices
- Computers
- Construction, renovations and the related materials thereto
- Equipment in excess of \$500

- Flowers - Please Refer to the Business & Travel Expense Policy and appropriate campus approvals matrix for specific campus allowability (section 1.07)
- Upholstered Furniture
- Gasoline for personal vehicle
- Gifts or Awards – Please Refer to the Business & Travel Expense Policy and appropriate campus approvals matrix for specific campus allowability (section 1.07)
- Gift cards – Please Refer to the Business & Travel Expense Policy and appropriate campus approvals matrix for specific campus allowability (section 1.07)
- Insurance
- Lease and lease-purchases
- Moving services
- Personal purchases
- Prescription drugs and controlled substances
- Radioactive and hazardous material
- Rentals (except vehicle rentals for approved travel)
- Service contracts
- Split transactions – transactions over the approved limit on the UMass Card account may not be intentionally ‘split’ to bypass the limit
- UMass Club memberships unless approved by the University President

** Any purchases that may be considered additional compensation per the IRS require additional review*

7. TYPICAL PURCHASES

The following represents common allowable purchases for UMass Bank Cards **when not** available through Buyways or other University contracts:

- Administrative supplies – refer to the Business Expense Policy for additional information
- Airline tickets
- Books
- Conference registrations
- Food for University functions

- Fuel for State car or rental for University business
- Institutional dues and memberships
- Lodging
- Reprints of journal articles
- Vehicle rental for University business

8. FOREIGN EXPENDITURES

The UMass Bank Card may be used for the purchase of goods from foreign merchants or if a faculty/staff member will travel to a foreign country.

Purchases from foreign vendors for software and services outlined below are typically subject to United States taxation;

- Software
- Licenses
- Royalties-This includes the rights to use images, art or text, music or music files, and other intellectual property.
- Web based services, subscriptions, or memberships
- Publishing services if the location of the services is not defined
- Services provided by foreign vendors within the United States. This include conference registration fees paid to international vendors for conferences held within the U.S.

If a UMass Bank Card is used to make purchases of any of the items above and the required 30% tax is not withheld from the payment, it may result in the department having to assume the tax withholding via a tax gross up.

If there are questions on a planned purchase, please send to upst@umassp.edu and the UPST and UMass Treasury Department will assist you.

9. HOW TO ACTIVATE THE CARD

UMass Bank Cards are required to be activated upon receipt by the Cardholder. Cardholders can either call the issuing Bank directly using the number listed on the back

of the card to activate or go online. Cardholders will also need to create a pin number for the chip and pin card. Only a cardholder may retrieve this pin so the pin must be something the cardholder will remember. If the pin is forgotten, the cardholder must call the bank to have it reset.

Cardholders will be sent a Cardholder Agreement form for each card. Card activation will not be completed until the form is e-Signed and returned to the UPST by the cardholder.

10. HOW TO USE THE UMASS BANK CARD

Prior to making a purchase, the cardholder must:

- Be sure that there is sufficient budget available for the purchase
- Verify if the purchase can be made using a BuyWays purchase requisition
- Check the list of restricted items to ensure the purchase is for an allowable item
- Be sure that the total amount of the purchase (including shipping) will not exceed the card's applicable limit
- Always let the vendor know that the cardholder is making a purchase for the University. This will make the vendor aware the purchase is eligible for any applicable discounts.
- Be sure to have any necessary authorization specific to the cardholder's department to make the purchase.

Purchases in person:

- Cardholder shall identify themselves as a UMASS employee making a purchase on a UMass Bank Card
- Verify the price
- Emphasize the tax-exempt status of the University (some vendors may require a copy of tax-exempt form <https://www.umassp.edu/treasurer/tax-and-compliance>). For convenience, the tax-exempt number is on the credit card, however a vendor may require a hard copy of the tax-exempt form.
- Obtain sales receipt or packing slip for UMass Bank Card records
- Attach receipts and invoice to monthly bank statement

Purchases by phone, mail, or fax:

- Cardholder shall identify themselves as a UMASS employee making a purchase on a UMass Bank Card
- Verify the price
- Emphasize tax-exempt status. If the vendor requires proof, send a copy of the University's tax-exempt certificate <https://www.umassp.edu/treasurer/tax-and-compliance>. For convenience, the tax-exempt number is on the credit card, however a vendor may require a hard copy of the tax-exempt form.
- Provide vendor with name, department, phone number, and delivery instructions
- Provide purchase card number and expiration date and CVV security code
- Confirm the total price of the order including shipping charges
- Request that receipts/invoices be sent with the order or sent to your attention
- Obtain name of person taking the order
- Inspect the order when it arrives to verify order accuracy, quality and price
- Attach all receipts to the monthly UMass Bank Card statement

If not evident, the cardholder shall include the business purpose of the purchase on the receipt.

11. SALES TAX EXEMPTION

The University is exempt from paying Massachusetts state sales tax for the purchase of goods delivered or picked up in Massachusetts, and, in most instances, from other states as well. It is the responsibility of the cardholder to ensure that sales tax is not charged when the University is exempt when making a purchase with the UMass Bank Card.

The sales tax exemption number, must be given to the vendor at the time of the transaction to exempt sales tax. Copies of the ST-2 and ST-5 forms can be found at <https://www.umassp.edu/treasurer/tax-and-compliance>. For convenience, the tax-exempt number is printed on the bank card, however a vendor may require the form to be submitted.

If a UMass Bank Card is charged tax, the cardholder is required to request a credit from the vendor as soon as the error is discovered. The cardholder is responsible for the follow-up until the vendor's credit is received.

12. RECEIPTS

Each transaction is required to have a corresponding receipt. The only exception to the receipt requirement would be receipts for travel related items (parking, tolls, taxi, etc...) that are under \$25.00, this is consistent with the Business and Travel Expense Standard. Receipts include the transaction's proof of purchase (charge slips, cash register receipts, invoices, or packing slips that note the price paid). For subscriptions, a copy of the renewal notice or the initial subscription request may be used as a receipt.

Receipts must include the following information:

- Vendor name
- Description of item purchased
- Transaction date
- Transaction total
- Beginning and expiration dates for subscriptions
- Proof that charge was billed to the UMass Bank Card (i.e., last 4 digits of card number)
- If not self-evident, a business purpose for the purchase

For a meal (when allowed on the UMass Bank Card), the receipt that shows the details of the items that were purchased is required, not just the charge receipt showing the total cost. Please refer to the business expense policy for additional information required to support the justification of the expense.

13. RETURNING AN ITEM PURCHASED ON UMASS BANK CARD

Items that are being returned shall be promptly sent back to the vendor to avoid any return time limits. Credit for the return should be applied by the vendor to the credit card used for the purchase. Cash refunds are prohibited however a check reimbursement from the vendor is acceptable in some cases. The check shall be made out to the University of Massachusetts. The cardholder is responsible for ensuring receipt of materials and to follow-up with vendors to resolve any delivery problems, discrepancies or damaged goods.

Verify that the charge for the returned item does not appear on the monthly statement or that an offsetting credit has been posted to the statement.

14. DISPUTING A TRANSACTION

The cardholder is responsible for follow-up with the vendor in the event of erroneous charges, disputed items within 30 days of receiving the bank's cardholder statement. Disputed billing can result from failure to receive goods, misuse, fraud, defective merchandise, duplicated charges, incorrect amounts or unprocessed credits. The vendor should always be contacted first in attempting to resolve disputes. If the issue cannot be resolved, cardholders shall contact the Bank Card team immediately with supporting documentation.

15. RECORD KEEPING

The Cardholder or their designee is responsible for obtaining a printed copy of the statement at the cycle end (typically the 15th of the month) and all receipts, packing slips, credit card slips, and invoices. To obtain the statement, the cardholder or designee must log into the issuing bank's web portal as UMass Bank cards are set-up as paperless. All card statements are required to be signed by the cardholder and their supervisor. All credit cards that have been setup with a restricted fund as the default chartfield must be signed by the PI who is responsible for the funds. Departments must follow their campus grant policies for all charges using grant funds, including obtaining the PI's signature for all restricted fund purchases.

Monthly statements and all required supporting documentation shall be submitted using the BuyWays UMass Bank Card form. All statements are subject to audit.

16. AUDITS

UMass Bank Card expenditures are subject to audit by internal or external auditors. The UMass Bank Card Auditor will review monthly statements to ensure the cardholders and supervisors are following the UMass Bank Card User Guide as required. Any non-compliance noted by the UMass Bank Card Auditor will be recorded in the UMass Bank Card Audit file for the cardholder with repercussions based on the frequency or severity of the non-compliance issue.

17. MISUSE OF THE UMASS BANK CARD

The Board of Trustees has issued a Policy Statement on Fraudulent Financial Activities (Doc. T00051, adopted August 2, 2000) available at:

<https://www.umassp.edu/bot/policies/fraudulent-financial-activities-policy>

Cardholders assume the responsibility for the protection and proper use of the UMass Bank Card.

The following are a few specific examples of “misuse” of the UMass Bank Card:

Examples of personal misuse:

- Purchases made for the sole personal benefit of the employee, whether through a vendor or directly
- Assignment or transfer of an individual’s card to another person
- Use of card to purchase restricted commodities, or for purchases that are inappropriate for the account charged

Examples of administrative misuse:

- Lack of proper and timely reconciliation of the individual cardholder’s account
- Failure to sign and date the UMass Bank Card statement
- Excessive use of the Missing Receipt Form
- Failure to respond to requests for more information on transactions from the UMass Bank Card Manager or UMass Bank Card Auditor
- Failure to monitor and correct budget errors that arise on bank card transactions

UMass Bank Card activity is monitored by the UMass Bank Card team and the UMass Bank Card Auditor.

At times, cardholders may receive communications from the UMass Bank Card team or UMass Bank Card Auditor for clarification or for additional information related to transactions on a cardholder’s UMass Bank Card. The UMass Bank Card team has the duty to report suspected misuse and non-compliance findings to the appropriate campus Controller. The Controller is bound by University policy to escalate the review of the findings to the University Internal Audit department, as appropriate. If the Controller is

the employee involved in the misuse, the UMass Bank Card Manager will report the misuse to the appropriate A&F leader for the campus or the Senior Vice President for Administration and Finance (SVP A&F) if it occurred in the UMass President's Office.

18. CHARTFIELD STRINGS/ACCOUNTS

Use of the UMass Bank Card is restricted to non-appropriated chartfield strings. Purchases against state appropriations are strictly prohibited. Each card is for one account and one chartfield string.

If a chartfield string is over-expended or inactive, the department has 15 days to notify the UMass Bank Card team's inbox at upst@umassp.edu with an alternate funding source. The department is responsible for reallocation of any transactions in budget error due to over-extended or inactive funds.

A reallocation program has been implemented which requires expenditures to be reallocated by department staff. The reallocation of charges is done by departments with the appropriate permissions. Supervisors can request the role of UMass Bank Card Reallocator through their campus security team. Once the user has the correct security role, access to specific card accounts can be requested via email to upst@umassp.edu. The email must include:

- Name
- Emplid
- Last four of the cards they will be reallocating and the name of the cardholders.

19. CANCELLATION/REVOCATION OF CARDS

In the event that it becomes necessary to cancel a UMass Bank Card, the cardholder must surrender the card to the department head who will destroy the card and notify the UMass Bank Card team to close the account immediately.

The department shall provide written notification to the UMass Bank Card team that the card is to be cancelled on a specific date along with an explanation why the card is being cancelled. The UMass Bank Card team will then close the account in the issuing

bank's web portal system.

Reasons for cancellation and revocation include but are not limited to:

- Cardholder is no longer employed by department or University
- Cardholder goes on leave without pay
- Cardholder or department decides to discontinue participation in the program
- Purchasing restricted commodities
- Splitting transactions to avoid the single purchase limit
- Repeated use of the UMass Bank Card when contracted or preferred vendors are available (e.g. Buyways)
- Failure to reconcile individual cardholder account or respond to requests for more information on transactions
- Using UMass Bank Card for purchases for personal use
- Exceeding available budget
- Violation of other University purchase policies and guidelines
- Excessive use of the Missing Receipt Form
- Failure to have sales tax removed promptly
- Issuing bank's mandatory closure of card after eighteen (18) months of inactivity

If a violation is believed to have occurred, a formal warning notification from the UMass Bank Card Manager will be issued. The user must respond with a corrective action within 7 days of receiving the warning. If the corrective action is not deemed appropriate or if the user is in further violation after the warning, the card will be subject to revocation.

20. LOST OR STOLEN CARDS

The cardholder must immediately report a lost or stolen card to the issuing bank. Representatives are available 24 hours a day, 7 days a week.

For any lost or stolen cards, the cardholder must also inform the UMass Bank Card team within 24 hours. Please contact the UMass Bank Card team by emailing upst@umassp.edu directly. If the card has fraudulent charges, the bank will send the cardholder a form to begin a dispute of those charges. If the cardholder does not notify

the bank as soon as possible, the University may be liable for any charges made.

21. TRAVEL RELATED INFORMATION

Please refer to the University Travel & Reimbursement website located at:

<https://www.umassp.edu/upst/travel-expense-program>

**** Personal expenses that appear on an invoice for hotel charges must be paid for with traveler's personal funds at time of check out.***

Using the UMass Bank Card for Travel:

1. If the travel required prior authorization (see UMass Business and Travel Policy), then travel authorization number must be referenced on the bank card statement and receipt.
2. Receipts – Original receipts for UMass Bank Card transactions must be submitted with the UMass Bank Card Bank Statement. The only exception to this is for individual receipts under \$25.00 while on travel status (Parking, Tolls, Taxi, etc...). In order to capture all relevant information associated with a trip, UMass Bank Card users must also scan and attach the UMass Bank Card receipts to the online expense report along with any receipts for reimbursable expenses. In addition, hotel bills, airfare or any other UMass Bank Card charges related to the trip must be entered on the expense report. "Paid via ProCard" must be selected for payment type and "UMass Bank Card" must be selected for billing type. In circumstances where a traveler is inadvertently reimbursed on a UMass Bank Card receipt, the reimbursement must be returned to the University within 30 days of discovering the error.

22. INFORMATION FOR BUSINESS MANAGERS

Each UMass Bank Card is initially set up with a chartfield string and account designated by the department on the UMass Bank Card application form.

Each transaction may be reallocated to different accounts as appropriate for the expense type. For example, a transaction for lab supply would be reallocated to 739600, the appropriate account for the expense type.

Transactions are available for reallocation in Peoplesoft for 30 days. If a transaction has already been final posted (post 30 days), a journal entry will be created to make the transfer.