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I. Introduction

This Policy & Procedure covers the use and administration of the Royal Bank VISA Purchasing Card Program by Cape Breton University. The program provides for a simplified means of purchasing miscellaneous goods and services by participating employees in any department. The program consists of VISA charge accounts issued in the name of participating employees and Cape Breton University. Charges to these VISA accounts are a liability of Cape Breton University and not the individual account holders.

If you have any questions regarding the program please feel free to contact:

Cavelle Young	-	Purchase Card Co-Ordinator (563-1103)
Glenn MacDonald	-	Plan Administrator (563-1346)
Gordon MacInnis	-	V.P. Finance and Operations (563-1128)

1. Purpose

The Purchasing Card Program is intended to streamline and simplify Cape Breton University's procedure of purchasing miscellaneous goods and services under a prescribed dollar-limit from suppliers who accept payment by VISA. Benefits of this program include:

- Simplified procedures for requisitioners
- Opportunities for requisitioners to expedite receipt of goods and services
- Reduced costs and effort on non-value added activities in Purchasing and the Finance Office
- Expedited payment for suppliers and enhanced supplier relations

The Purchasing Card Program is not intended to avoid or bypass other appropriate purchasing and payment procedures. Instead, it is intended to provide flexibility and autonomy to cardholders while complementing current existing purchasing and payment guidelines. Unlike personal charge cards, the Purchasing Card Program incorporates controls over certain types of expenditures. These controls ensure that the program can be used only with specific types of suppliers and within specific dollar limits.

Cardholders are required to use the Purchasing Card responsibly and carefully. Although the Purchasing Card and related accounts are issued in an individual's name, the charges incurred are the liability of Cape Breton University. Use of the Purchasing Card Program can eliminate the need for personal fund expenditures, petty cash or reimbursements.

The Budget Manager must approve purchases made at the end of each billing period.

Complete listings of valid and prohibited purchase categories are included in this document. The card can only be used for valid expenditures under the prescribed transaction limit for

each card. The prescribed transaction limit is set by Cape Breton University Policy in coordination with the Finance Office. The VISA Purchasing Card itself incorporates controls over specific types of expenditures, suppliers and transactions, and total dollar limits.

2. **Scope**

This Cape Breton University Policy and Procedure applies to the VISA Purchasing Card Program and all Cape Breton University employees participating in the Purchasing Card Program.

3. **Definitions**

Purchasing Card: A VISA charge card issued to an employee participating in the Purchasing Card Program.

Purchase Card Co-ordinator: An individual person in the Finance Office who is responsible for the review and approval of requests generated for Purchasing Cards, and the general administration of the program.

Cardholder: A designated participant in the Purchasing Card Program who holds a VISA charge card issued under the program.

Manager: Budget Unit Head of either an academic or non-academic unit.

Card Issuing Bank: For purposes of this Policy and Procedure:
Canadian VISA Purchasing Card Program
Royal Bank of Canada
200 Bay Street, Royal Bank Plaza, 14th Floor, South Tower
Toronto, Ontario M5J 2J5
Attention: Manager, Corporate Card Service
Fax: 416-974-2249

Royal Bank Customer Service & Support
Royal Bank of Canada, 320 Front Street West
Toronto, Ontario M5V 3C8

Customer Service:
Toll Free: 1-800-588-8065
(8:00 am - 8:00 pm, Mon-Fri)
Fax: 1-416-974-4711

Lost/Stolen Card Reporting and Card Activation
Toll Free: 1-800-588-8065 (24 hours a day)

II. Procedures

1. Procedure for Card Issuance

Employees requesting a Purchasing Card must complete the VISA Purchasing Card Program Application Form (Attachment 2) and submit it to the Purchase Card Co-ordinator.

PLEASE NOTE: The application form must be signed by the Approving Manager in the space provided on the form. This is the individual with signing authority for the account to which purchases will be charged. (i.e. Budget Manager, Dean, Director)

Purchase Card Applications for research and certain project accounts (Fund 40's) require the approval of the Dean of Research and the Manager, Financial Compliance & Ancillary Operations.

Once the card is received a Card Holders Acknowledgement and Agreement Form (Attachment 1) must be signed.

By signing the Cardholder Agreement the employee and manager acknowledge their understanding of the terms and conditions, and regulations regarding use of the Purchasing Card account as defined in this Policy and Procedure. The Purchasing Card account may only be used by the individual in whose name the account is issued.

The Purchase Card co-ordinator will arrange for issuance of cards as required.

The Purchasing Card account will be issued in the name of both Cape Breton University and the individual designated to be the cardholder. Valid charges to the card are a liability of Cape Breton University and not the cardholder.

Each card is assigned an individual prescribed transaction limit determined by Cape Breton University policy, and an individual monthly credit limit. The monthly limit cannot be exceeded in any 30 day statement cycle period. If either of the individual transaction limit or monthly credit limit is exceeded by a transaction, the transaction will be refused by VISA. A request for a change to the limit on any account must be made by completing the Change of Limit Form. (Attachment 8) If approved the Purchase Card Co-ordinator will submit the request to the Royal Bank Commercial Card Centre.

The statement cycle period ends, and a new period begins, on the 6th of each month (or on the next business day if the 6th is on a weekend or holiday). The balance on each card account is reset to zero on the 7th of each month.

The Purchasing Card is the property of Cape Breton University. Cardholders are responsible for the security of the plastic card(s) issued to them and for the validity of all transactions on

the card(s)/account(s). Cardholders must sign the back of their card(s) and keep them secured.

2. Procedure for Card Cancellation

When a cardholder no longer requires use of a card, or terminates employment with the University, the cardholder will immediately notify the Purchase Card Co-ordinator.

The Purchase Card Co-ordinator will immediately notify the Royal Bank Commercial Card Centre by telephone and in writing. The card will be delivered to the Purchase Card Co-ordinator who will destroy it.

3. Procedure for Purchasing Card Use (Also see Attachment 6)

Each cardholder's Purchasing Card(s) has a unique VISA account number. It is linked to the cardholder's department number.

To make a purchase using the Purchasing Card, a cardholder simply follows these general procedures. The same basic procedures are followed for mail, phone and internet order purchases, although the supplier may request additional information such as the cardholder's billing address.

Regulations require that merchandise be shipped and received before a card purchase can be processed. Of course, if a partial shipment is made, billing for only that portion of the shipment may be processed. **Cardholders should advise their suppliers that full billing cannot occur until full shipment is made.** This may prevent subsequent billing problems and disputes.

The Purchasing Card may only be used for valid categories of goods and services. Further, **the card may not be used for any purchase with a total value exceeding the individual transaction limit including all sales taxes and other charges such as postage, courier, freight, installation and handling.** Assuming that the transaction limit was \$1,000 this means that the cost of the goods or services could not exceed \$869.57 + HST \$130.43. **Under no circumstances will a transaction be "split" into two or more transactions to bypass the single transaction dollar limit. Duty & Taxes are also applicable on all foreign shipments.**

It is recommended that cardholders maintain a **Monthly Transaction Log** of purchases (Attachment 3) made with the Purchasing Card. A complete entry must be made for each transaction.

The Purchasing Card transaction log (see attached sample) becomes an ongoing record of information about the transactions made on your card. This type of form is simple and easy to use and will require a minimum amount of time to maintain.

Individual receipts typically itemize merchandise purchased. The transaction log allows management to review the types of goods and services purchased on the card and where the card is being used. It also provides a record of activity so that you will be able to reconcile your Monthly Reconciliation Statement. In addition, the receipts retained in conjunction with the log provide the documentation necessary should there be a sales tax audit.

You must always obtain a receipt that breaks down the taxes and discloses the vendor's HST/GST registration number when using the Purchasing Card. This is not an extraordinary requirement, you already do this to be reimbursed. Examples include sales slips, cash register receipts, invoices, order forms, and receiving reports. Charge slips that do not itemize are inadequate documentation in themselves. On the transaction log, record the date of the transaction, the name of the merchant, the merchandise purchased, the dollar value of the sale, and GST/HST. A separate line item is required for each item purchased. Indicate if the order was placed via phone, mail or in person.

This transaction log is the record you will use to reconcile your monthly reconciliation statement with the receipts.

Cardholders contact suppliers directly, arranging the purchase and delivery to the required location. The supplier must be instructed to include an original VISA receipt in addition to a packing slip and whatever other documentation the requisitioner requires. After a purchase is made the cardholder enters the required information on the Monthly Transaction Log.

When the goods/services are received, the cardholder must verify that the information on the VISA receipt matches the record on the monthly transaction log, write the item number from the log on the receipt and, if necessary, write a description of the goods/services on the receipt. Enter the date that the goods were received on the Monthly Transaction Log. The VISA receipt must be retained with the Monthly Transaction Log.

Some suppliers and some categories of suppliers are excluded from the VISA Purchasing Card Program. VISA transactions at excluded suppliers may be automatically declined by VISA at the time the card or card number is presented. If there is any question about why the transaction was declined, the cardholder should contact the Royal Bank Commercial Card Centre at 1-800-588-8065. If the supplier was improperly excluded, contact the Purchase Card Co-ordinator.

Some suppliers who do not currently accept VISA may indicate a willingness to do so if they can be set up as a VISA Merchant by a VISA bank. In such a case, the cardholder should complete a Supplier Setup Questionnaire (Attachment 5). This should be submitted to the Purchase Card Co-ordinator, who will forward it to the bank.

4. Procedure for Dispute Resolution

Every month cardholders will receive a detailed VISA activity statement from the Finance Office. Procedures for verification and reconciliation of the statement are provided for under the Accounting section of this document.

In the event that an item on the activity statement does not correlate with the monthly activity log, the cardholder must immediately contact the supplier and try to resolve the difference. If a credit is required, and the supplier agrees to credit the cardholder account, the cardholder should record the credit in the current month activity log (i.e. in the month that the credit is being issued).

If the supplier declines to issue a credit to the account, the cardholder should immediately notify the Royal Bank Commercial Card Centre of any unauthorized charges at 1-800-588-8065 and confirm the notification by facsimile using the Cardholder Dispute Form (Attachment 4).

Disputed charges must be identified and notified to the bank within 30 days of the date of the activity statement. **The Purchase Card Co-ordinator must be copied on all correspondence with the bank.**

In the event the supplier is incorrect on the statement, call 1-800-588-8065 and notify the Royal Bank of the error. Give the Royal Bank the correct Supplier information and make any adjustments to your statement. Note on your log reconciliation the changes for the Purchase Card Co-ordinator's files.

5. Procedure for Lost or Stolen Cards

If a card is lost or stolen, contact the bank's **customer service number at 1-800-588-8065** immediately. Advise the Purchase Card Co-ordinator in writing as soon as the bank has been notified.

Each cardholder is responsible for the security of their card and the verification of all transactions on the card. Cardholders must ensure that all cards in their possession are signed and secured.

6. Accounting

Accounts Payable will receive a central billing statement from the issuing bank and will be responsible for paying the VISA Account. Statements are cut-off on the 6th of each month. If the 6th falls on a weekend or holiday, the statement is cut-off the next business day after the 6th.

Each cardholder will receive a detailed activity statement directly from the Finance Office. Like the central billing received by Accounts Payable, the activity statement is cut-off on the 6th of each month. The cardholder will verify the completeness and accuracy of the statement as follows:

- Verify the Monthly Transaction Log to the VISA statement
- Ensure that you have a transaction slip (receipt) for each item which appears on the statement
- Ensure that a description of the goods/services appears on each transaction slip (receipt)
- Attach the Monthly Transaction Log and all transaction slips (receipts) to the statement
- Ensure that the Monthly Transaction Log has been signed by the manager
- For research accounts, the manager is the Research Office Dean or Manager.
- Retain photocopies of the statement and monthly log per departmental requirements
- Indicate items to be charged to an accounting code other than the Purchase Card default

It is the responsibility of the Cardholder to obtain the appropriate receipt.

The activity statement, balanced to the Monthly Transaction Log and all attachments must be returned to the Purchase Card Co-ordinator by the 7th business day after receipt. **Please note: Statements that are two months late will result in suspension/cancellation of your card.**

The Finance Office will retain the original statements, Monthly Transaction Logs and charge slips.

7. Audit

The Finance Office reserves the right to conduct audits, as required, to ensure that card use complies with this Policy & Procedure and to gather data on how, where and for what purposes cards are used.

8. Purchase Categories

Valid Purchases

- Office supplies
- Consumable supplies
- Lab supplies
- Minor equipment

- Books and subscriptions
- Meetings and seminars (on site), excluding travel
- Professional association and organization dues
- Minor computer hardware and accessories

Prohibited Purchases

- Any purchase over the prescribed transaction limit or multiple transactions to avoid this limit
- Cash Advances
- Travel, meal, and entertainment expenses including airfare, hotels, taxi fare
- Rental equipment
- Capital equipment
- Office furniture
- Books for Students
- Gift Certificates (unless prior approval is given by the Finance Office)
- Consulting and contract services
- Personal expenses
- Hazardous materials
- Any product or service considered to be inappropriate use of University funds
- Donations
- Expenditures deemed ineligible by funding agencies for purchases on research or project accounts.

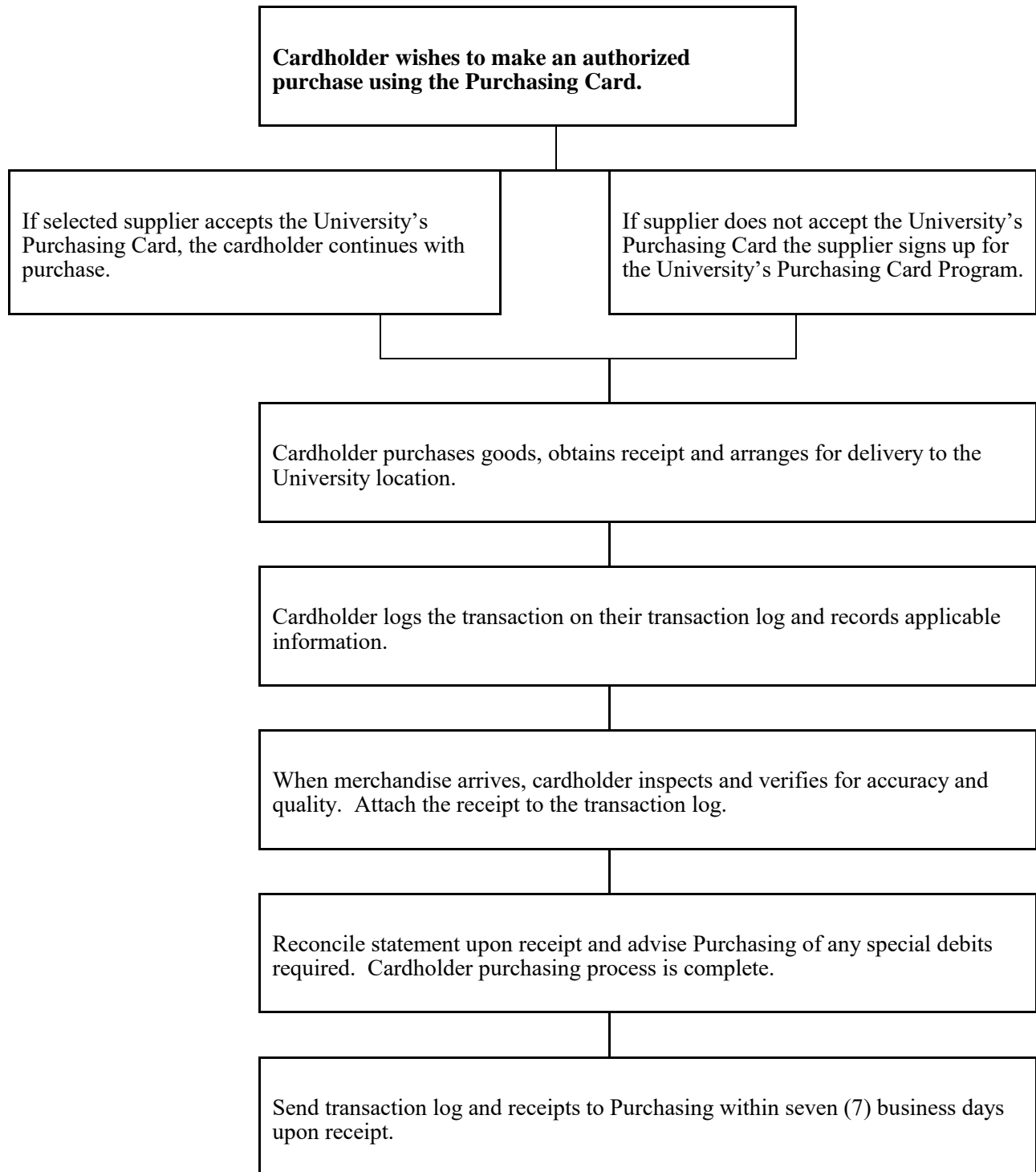
Other specific items as agreed by Purchasing and the Manager

Using a card improperly, whether for prohibited, personal or unauthorized purchases is considered misappropriation of Cape Breton University funds.

This will result in loss of card privileges and may result in disciplinary action as per pertinent collective agreement.

PURCHASING CARD PROCESS

Use of the Purchasing Card is easy and straightforward. Illustrated below are the standard procedures for a typical Purchasing Card purchase.



PURCHASING CARD SUPPLIER QUESTIONNAIRE

Supplier Information:

Date: _____

Please check any of the following which apply.

_____ We currently accept Visa.

_____ We do not currently accept Visa.

_____ We would like to receive Visa Merchant Enrollment Information.

_____ We will consider accepting Visa some time in the future.

_____ We are not interested in accepting Visa.

_____ We do not understand how accepting Visa could benefit our business, please have a Royal Bank representative contact us.

Business Information:

Business Name: _____

Business Address:

City, Prov., Postal Code: _____

Contact Name: _____ Contact Title: _____

Contact Phone: _____ Contact Fax: _____

Return Instructions:

Cape Breton University
Finance Office
P.O. Box 5300, Sydney, N.S. B1P 6L2

Purchasing Card Questions and Answers

Who is the Purchase Card Co-ordinator?

The Purchase Card Co-ordinator is currently Cavelle Young in the Finance Office. She may be reached by phone at 563-1103 or by fax at 562-8124.

How does someone obtain a Purchasing Card?

Complete a Visa Purchasing Card Program Application form (Attachment 2) and obtain approval from your supervisor. Research and certain project accounts require the approval of the Dean of Research and the Manager, Financial Compliance & Ancillary Operations. Completed forms are then forwarded to the Purchase Card Co-ordinator for processing.

What if I'm transferred to another location?

The Purchase Card is returned to the Purchase Card Co-ordinator. A new application must be completed and submitted.

What is the Finance Office's role?

The Finance Office is responsible for the administration of the Purchasing Card Program. However, the Finance Office's involvement is limited to policy and procedures and periodic verification/audit and process control.

How do I use the card?

The Purchasing Card functions just like a typical charge card with certain limitations on transactions. When you present the card, the supplier requests authorization through the Purchasing Card network. If your purchase is within the Purchase Card's limits, you will receive the goods and sign for the purchase. In return you should obtain a detailed receipt of the items purchased and tax paid.

Can I use the Purchase Card over the telephone or internet?

Yes, just as you might use your personal charge card. The supplier will ask for your card number and expiration date of the card. Make sure to record your transaction in your transaction log. You should instruct the supplier to provide you with a detailed receipt showing purchases and sales tax.

What limits are placed on each Purchasing Card?

Standard limits include:

- A maximum dollar amount per transaction
- Blocked use of certain non-business related establishments

What if I'm declined authorization?

Contact the Purchase Card Co-ordinator or Customer Service representative immediately.

What should I do with receipts?

Save them! They are very important. You will need the receipts to reconcile your monthly reconciliation statement and the Finance Office requires them in order to obtain tax rebates. Receipts are also required for audit purposes and by funding agencies.

How does a Supplier get paid?

The supplier will be paid by the Royal Bank.

Do I pay the Purchasing Card Statement?

No, the Finance Office will pay the total bill centrally. You won't need to use your own personal funds, petty cash or a purchase requisition. However, your GL account will be debited. You will need to save your receipts to verify the charges on your statement.

How do I reconcile a Monthly Reconciliation Statement?

You will receive a monthly reconciliation statement listing suppliers and purchases. Using your transaction log plus detailed receipts, verify that the statement charges match your purchase records. Any disputes will be handled after payment with credits or debits issued the next month.

What if there is an incorrect charge on the statement?

If you have a problem with the statement, identify the problem and try to resolve it directly with the supplier. If the supplier refuses to issue credit or otherwise fails to resolve the problem, contact the Royal Bank Customer Service representative.

What if there is an unauthorized charge on my statement?

Notify the Royal Bank immediately. If the charge appears to be fraudulent, the account will be closed and a new account will be opened.

What if I lose a receipt?

A detailed receipt is important because it serves as proof of purchase. It is also proof of tax payment made on purchases and required for audit purposes and by funding agencies. If a receipt is misplaced, contact the vendor to obtain in duplicate. Note on the duplicate slip that the original was misplaced. If impossible, note the misplacement on your monthly reconciliation statement and transaction log.

How does the cost get into the accounting system?

All purchases made on your card will be charged to the accounting code specified on your VISA Purchasing Card Program Application Form.

What if I want to charge to a different accounting code?

Only one accounting code per card is possible. Upon receipt of your monthly reconciliation statement, you may indicate any account you would like debited for each specific item purchased (appropriate signatures must be obtained if charging outside your department). The statement, complete with the specified accounting information, can be sent to the Purchasing Card Co-ordinator who will debit the account(s) indicated for the specific amount. (See section 6 – Accounting)

What if my card is lost or stolen?

Contact the Purchase Card Co-ordinator immediately! Next call Customer Service at the Royal Bank. Prompt action will reduce liability for fraudulent charges.

Will my purchases be checked?

YES! Monthly reconciliation statements are subject to reviews by the Finance Office or other external audits to verify compliance, therefore, it is important to maintain your log and retain all receipts.