Chapter 4: Procurement Cards

This chapter covers Procurement Cards. In this chapter you will learn:

- How to identify Procurement Card purchases on your revenue and expense detail reports.
- Recommended procedures for reconciling Procurement Card expenses.
- How to distinguish between Procurement Card transactions that posted:
  - When the purchases were assigned to a cost object using JP Morgan Chase’s PaymentNet system
  - When the purchases posted to a default account because they were not allocated to the correct cost object or GL account in PaymentNet.

The Procurement Card Program

Overview of Procurement Cards

The Johns Hopkins University Procurement Card Program is designed to provide authorized faculty and staff with a method of paying for small dollar purchases of regularly consumed supplies and services. The University Procurement Card is a MasterCard obtained from JP Morgan Chase.

The program is administered by the University’s Supply Chain Shared Services group. Policies and Procedures regarding use of the PCard can be found on the Supply Chain website at:

http://ssc.jhmi.edu/supplychain/PCard/guide.html

A procurement Cardholder may use the Procurement Card in the same way as a personal credit card to make purchases of supplies or services for University use. Purchases may be made by telephone, mail, or in person with any supplier that accepts MasterCard as a form of payment. Only the person whose name is on the Procurement Card may use it to make purchases. When making a purchase by
Procurement Card, it is not necessary to complete and forward a purchase request to Supply Chain Shared Services. The purchase transaction will be accomplished completely between the Cardholder and the supplier.

To maintain proper documentation, it is recommended that Cardholders compile a log of all transactions as purchases are made, preferably in an electronic document such as an Excel spreadsheet. An example of a Procurement Card Transaction Log can be found at:

http://ssc.jhmi.edu/supplychain/secure/PCard/pcforms.html

The log should include the date of purchase, vendor, amount and cost center/internal order. The log should be kept along with all receipts and packing slips provided by suppliers. Maintaining a log not only aids in reconciliation, but is also helpful to internal and external auditors.

Each month, the Cardholder will be provided with a statement from JP Morgan Chase summarizing all purchases made with the Procurement Card. This information will also be available online in the PaymentNet system.

Each Cardholder has an Approver whose job is to:

- verify charges made with the Procurement Card
- approve charges made with the Procurement Card
- assign charges made with the Procurement Card
As an internal control, the Cardholder and the Approver cannot be the same person. The Approver accesses PaymentNet, and using documentation supplied by the Cardholder, verifies that the charges are valid and assigns each charge to a designated University cost object and general ledger expense item. This process must occur approximately the 25th of each month, otherwise the charge will be automatically moved to a designated non-sponsored default account and general ledger expense account, G/L 632002. Regardless of when the transaction is approved, the transaction will not be expensed in SAP until after the statement’s monthly closing, approximately the 25th of the following month.

Another item to keep in mind is that the transactions are posted to SAP on the approval closing date for the statement period. For example, for statement period April 26th through May 25th, PCard transactions will post to SAP on the approval closing of June 25th. Users will note that closing date for July is pushed up to meet end of fiscal year closing deadlines. For the list of specific monthly closing dates, see the calendar at:

http://ssc.jhmi.edu/supplychain/PCard/calendar.html#calendar

Whether the approver assigns the charge to the correct cost object and general ledger account or the charge is automatically assigned to the default account, the accounting transaction is:

Debit : Expense   (e.g., 632101 Other Research Supplies)
Credit: PCard Clearing Account (201089)

When JP Morgan Chase is paid, the transaction is:

Debit:  PCard Clearing Account (201089)
Credit: Cash

**Recommended Reconciliation Procedures: PCard Statements and PaymentNet**

1. Cardholders should give all receipts, packing slips and other documentation to the approvers on a weekly basis. This should include a transaction log, which identifies the budgets where charges should be allocated.

2. The Approver works in the PaymentNet system to match each transaction to the appropriate documentation and assign the charge to a designated University cost object and general ledger expense item.

3. The Cardholder gives the monthly JP Morgan Chase statement to the Approver, and the Approver should match all transactions with the supporting documentation. Documentation should be attached to the statement.

4. The Approver or the Cardholder should retain the statement and supporting documentation for seven years from the date the final
deliverables are submitted to the Sponsor. Document retention guidelines are discussed in Chapter 2.

5. If the Approver misses the PaymentNet approval window and is no longer able to approve the credit card transactions in PaymentNet, the transaction will post to the designated default account and will be viewable on a monthly non-sponsored detail report. The Approver must still follow the procedures outlined above; additionally, the charges must be moved to the appropriate University cost object via a Non-Payroll Cost Transfer.

6. When allocating and approving PCard transactions in PaymentNet, the Approver may search for transactions by inputting beginning and ending transaction posting dates in an Advanced Query, or allow PaymentNet to default to the last 30 days.

### Reviewing Procurement Card Transactions

**Transactions in SAP - BW Reporting**

Procurement Card transactions are identified in SAP with a 9-digit number beginning with “10.” In this case the FI document number and the reference document number are the same.

Display 4-2 provides an example of a PCard transaction appearing on a sponsored detail report. This transaction was properly assigned to a sponsored cost object and general ledger item by the approver, note the posting to G/L 632101.

![Display 4-2. Procurement Card - Sponsored Revenue and Expense Detail Report](image)

Note that the expenses found in the box in Display 4-2 are examples of procurement card transactions, while the expenses in the oval are examples of Non-Payroll Cost Transfers (Expense Only). Because both types of transactions have FI document numbers that start with a “10”, and the person generating an
Reviewing Procurement Card Transactions

Expense transfer can input text, these transactions can look very similar. To distinguish between the posting types, first, notice that the item text for PCard transactions will have the vendor name listed, while the item text for expense transfers could display anything.

Also note the “Created by” column. Expense transfers will have the JHED ID of the individual that created the transaction while PCard expenses will have SCCONV or FIAUTO (seen in later examples). An additional way to identify these types of transactions clearly, is to add the free characteristic, CO Header Text. Notice the PCard Expenses show the Cardholder’s name in this field, while the Non-Payroll Cost Transfer shows the journal id number.

Display 4-3 is an example of PCard transactions appearing in a non-sponsored detail report where the transactions were properly assigned in the PaymentNet system to the correct non-sponsored cost object and general ledger item. Notice in the report that all of these postings were “Created by” FIAUTO with a Doc Type of YH, meaning the transaction posted using PaymentNet, the PCard interface.

Display 4-3. Procurement Card - Nonsponsored Posting Properly Assigned in PaymentNet System

Display 4-4 provides examples of PCard transactions posting to the default account, 632002, from the PaymentNet system, with additional examples showing charges being moved off the account. As shown in the display, the YH document types posted to the non-sponsored default account, 632002, on 12/26/2011. Notice, again, the “Created by” field shows FIAUTO, which are PCard transactions.

The first two entries are examples of previous postings to the default account that were cleared on 12/9/2011. In these cases, you see the USERID (in this case AWISE6) of the person executing the cost transfer and you see the Doc Type ZG, for Non-Payroll Cost Transfer, rather than the standard Doc Type for PCards, YH.
Transactions in SAP - FB03

If you need additional information on your postings, PCard transactions can be reviewed with transaction code FB03 using the document number from the BW sponsored or nonsponsored report. The following steps will explain how to further research a PCard transaction using FB03.

1. Start by going into FB03 in ECC as shown in Display 4-5.
2. Enter your FI document number and fiscal year and hit enter as shown in Display 4-6.

![Display Document: Initial Screen](image)

**Display 4-6. FB03 - FI Document Number Entry**

3. When the detail for the FI document is displayed as shown in Display 4-7, you can clearly see that the account credited in this transaction is the “PCard Clearing Account.” This means that the charge is in fact a PCard charge. In this example, the clearing account was credited for $-185.00, while the expense posted to Memberships/Dues 640403.

![Display Document: Overview](image)

**Display 4-7. Reviewing PCard Posting Documents in ECC**
4. To display the name of the PCard account holder, click on the “Display document header” icon (Top hat icon). We can see in Display 4-8, that Richard Huganir is the holder of the PCard used in this example.

Display 4-8. Determining the PCard Holder for Specific FI Document Postings

5. It is important to note the “Posting Date” field in FB03 is derived from activity between the bank’s system and SAP. It is not the original posting from the bank statement. The actual bank posting date is the “Value Date” field in FB03. After displaying your document in FB03 you may drill down from a transaction line for additional information.

Display 4-9. Drilldown within the Transaction to Identify the Value Date
The drilldown results will give you even more information. From the display, locate the “Value Date” field. The “Value Date” is the actual bank posting date, 11/7/2011 in this example.

**Recommended Reconciliation Procedures**

**Purchases Properly Assigned to a University Budget in PaymentNet**

**Method #1**

When a posting is identified as a PCard transaction, the reconciler can use FB03 to determine the name of the Cardholder. If the Cardholder is appropriate to the budget charged and the reconciler is confident that the documentation procedures outlined in *Recommended Reconciliation Procedures: PCard Statements and PaymentNet* on page 4-3 have been followed, the reconciler should check off the charge on the BW report. No further documentation is necessary.
Method #2
When a posting is identified as a PCard transaction, the reconciler can match the vendor and charge to the JP Morgan Chase statement and supporting documentation and check off the charge on the BW report.

Purchases Not Assigned to a University Budget in PaymentNet
When PCard transactions have not been allocated to the correct cost object using the PaymentNet system, the expenses will post to the default non-sponsored account (632002). When PCard transactions are posted to the default account, the reconciler must first validate the charges as described under Recommended Reconciliation Procedures: PCard Statements and PaymentNet on page 4-3, accumulate the documenting receipts and packing slips, match them to the charges and then match them to the JP Morgan Chase statement. The charges may be checked off on the BW report after they have been matched. Next, the reconciler must create a “Non-Payroll Cost Transfer” to move the charges to the appropriate University cost object and general ledger expense item. Chapter 11 of this guide has more detailed information about Non-Payroll Cost Transfers.

Additional Resources
Links to other resources you may find helpful:
Sample PCard Expense Log:

http://ssc.jhmi.edu/supplychain/secure/pcard/pcforms.html

Supply Chain Sponsored Shared Services, PCard Information:

http://ssc.jhmi.edu/supplychain/pcard/index.html