

Purchasing Card Policy

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Responsible University Officer:

Vice President for Business and Finance

Policy Owner:

Associate Vice President for Accounting
and Business Services

Policy Contacts:

Dennis Miller

POLICY STATEMENT

Under the University's Purchasing Card Program, authorized employees may make business-related credit card purchases on behalf of their departments, subject to the standard transaction limits established for the card. The Purchasing Card represents a timely, cost-effective, and more streamlined payment method since the need to process payment requests and issue checks is eliminated. Employees approved to receive a Purchasing Card must complete cardholder training and are accountable for all purchases made with the card; cardholders may not use the cards for personal or other unauthorized purchases or loan their card to another individual for use.

Departments may establish more restrictive procedures than those set forth in this Policy, if desired.

REASON FOR POLICY

This Policy establishes the standards, internal controls, and safeguards for the administration of the Purchasing Card Program, including the reconciliation of cardholder transactions in the Concur system.

WHO SHOULD READ THIS POLICY

Any employee who makes business purchases using a University Purchasing Card; the members of the Leadership Team, as well as supervisors and Business Managers who supervise an employee issued a Purchasing Card.

POLICY TEXT

The University Purchasing Card is a Visa-brand credit card issued by J.P. Morgan Chase, which is routinely accepted by merchants that accept major credit cards. Purchasing Cards are issued to University employees who are approved by their Business Managers and the Purchasing Card Administrator in the Office of Accounting and Business Services (ABS). All transactions charged to a Purchasing Card must have a University business purpose, must be substantiated, and must be approved by a Business Manager, or his or her designee, in compliance with this Policy and related University policies.

Purchasing Card transactions are billed directly to and paid by the University; an employee is not personally liable for any charges made using the card unless he or she fails to substantiate the charges in accordance with this Policy or otherwise misuses the card. See **Violations**.

Purchasing Card transactions are limited to a standard single transaction limit of \$1,000 and a monthly limit of \$2,500. In addition, the number of transactions that may be made in a single day is limited to twelve (12). Exceptions to the standard transaction limits may be granted by the Purchasing Card Administrator, if approved by an employee's Business Manager. See **Purchasing Card Changes**.

Payment for Services

The Purchasing Card shall not be used for payments made to independent contractors, speakers, entertainers, and other individuals providing similar services to the University.

PROCEDURES

Authorization

General Procedures

Using a Purchasing Card

Payment Requests

Reconciliation Procedures

Documentation

Violations

RELATED INFORMATION

Type	Title
USF	Conflict of Interest Policy
USF	Electronic Communication Policy
USF	Membership Policy
USF	Moving Allowance Policy
USF	Non-Cash Gifts, Awards and Incentives Policy
USF	Procurement Policy
USF	Travel and Entertainment Policy
USF	Vehicular Use Policy

DEFINITIONS

Term	Definition
Billing Cycle	The calendar month (i.e., first day of the month through the last day of the same month) used to capture transactions for billing purposes.
Business Entertainment	Any activity generally considered to provide entertainment, amusement, or recreation, including the furnishing of business meals. The expense must be ordinary, necessary, and reasonable and must be either directly related to or associated with the active conduct of University business. See Travel and Entertainment Policy .
Business Expense	Ordinary, necessary, and reasonable expenses incurred for goods and services in furtherance of the University's educational and research mission.
Business Manager	A University employee, designated by the President, Vice President, Vice Provost, or Dean who is the financial manager for the University account(s) funding a travel or entertainment expense. This may include the President, Vice Presidents, Vice Provosts, or Deans.

Cardholder	A University employee, approved by the President, Vice President, Vice Provost, Dean, or Business Manager who applies for and is issued a University Purchasing Card.
Concur	The University's on-line system for payment requests, expense reimbursements, cash advance requests, and reporting.
Conflict of Interest	A conflict of interest may exist when an employee has financial, personal, or other considerations that may affect or appear to affect his or her professional judgment in decision making on behalf of the University. See Conflict of Interest Policy .
Daily Transaction Number	The number of transactions authorized for a cardholder in a single day. The standard limit is twelve (12) transactions per day.
FOAPAL (or FOAP)	The acronym representing each element of the University's chart of accounts, i.e., Fund, Organization, Account, Program, Activity, and Location.
Merchant Category Code (MCC)	The code assigned to a vendor based on the nature of its business. The MCC is used to allow or disallow transactions at the point of sale based on the code assigned to a particular vendor.
Ordinary, Necessary, and Reasonable Expense	An expense is ordinary if it is normal and customary. An expense is necessary if it is essential to University business. An expense is reasonable if a prudent person would incur the expense in a similar situation.
Per Diem	The daily dollar amounts authorized for the reimbursement of lodging and meals and incidental expenses for individuals traveling on University business. Per diems are authorized only for foreign travel and travel in non-foreign areas outside of the Continental U.S.
Purchasing Card	A bank-issued Visa card with a standard single transaction limit of \$1,000 and a monthly credit limit of \$2,500. This card may be used for small dollar, business-related purchases. Cards may be used for travel and entertainment expenses when authorized by a Business Manager or supervisor.
Purchasing Card Administrator	The University employee in ABS with overall responsibility for the operation of the Purchasing Card Program.

ADDITIONAL CONTACTS

Subject	Contact	Phone	Email
ABS	Neva Nguyen	415.422.2772	nnguyen25@usfca.edu
Disbursement Services	Dennis Miller	415.422.2102	millerd@usfca.edu
Payment Request	Disbursement Services	415.422.2735	ap@usfca.edu
Purchasing Card	Disbursement Services	415.422.5977	pcard@usfca.edu
Administrator Purchasing Services	Janet Teymourtash	415.422.5898	teymourtashj@usfca.edu

FORMS

Form	Use	Location
Purchasing Card or Declining Balance Card Application	Used to apply for a Purchasing Card.	ABS
Cardholder Agreement Form	Used to document cardholder's acceptance of card terms and conditions.	ABS
Change Request for Purchasing Card	Used to request a change in a cardholder's transaction limit(s), MCC assignments, FOAP, etc.	ABS
Missing Receipt Form	Used when the original receipt substantiating a business expense is lost and a duplicate cannot be obtained.	ABS

Payment Request	Used to initiate a payment request in the Concur system.	ABS
Request for Funds Transfer	Used to initiate inter-department transfers of funds.	ABS

RESPONSIBILITIES

Cardholder

- Uses Purchasing Card for business-related expenses in accordance with this Policy and related University policies.
- Secures his or her Purchasing Card and ensures that no other person uses the card.
- Completes **Expense Report**, including proper documentation, and submits it to the Concur system no later than the first business day of the month following the billing month.
- Promptly notifies the bank and his or her Business Manager in the event the card is lost or stolen or misused in any way.
- Completes Purchasing Card training and related training as requested.

Department/Business Manager

- Approves Purchasing Card application for employees authorized to receive a Purchasing Card.
- Approves requests to change spending limits and make other Purchasing Card changes.
- Reviews and approves Expense Reports documenting charges in the Concur system by the third business day of the month following the billing month.
- Ensures all expenses are business-related and in compliance with University policies.
- Periodically reviews transaction limits and makes appropriate change requests.
- Ensures cardholders are in compliance with this Policy and other University policies governing Purchasing Card expenses.
- Promptly notifies the Purchasing Card Administrator when a cardholder is terminated or transfers to another department and takes action to retrieve and destroy the individual's card.

Purchasing Card Administrator (ABS)

- Works with the University's bank to activate Purchasing Cards for employees authorized to receive such cards.
- Conducts cardholder training.
- Processes requests to increase transaction limits and implement other card changes.
- Processes Expense Reports upon receipt of documentation from cardholders.
- Reissues lost or stolen cards; assists in resolution of disputed transactions.
- Restricts, suspends, or terminates cardholder spending privileges, as appropriate.

- Provides cardholders and Business Managers with ad hoc reports to improve internal controls and policy compliance.
- Conducts random reviews to ensure compliance with this Policy and related University policies.

President, Vice Presidents, Vice Provosts, and Deans

- Ensures that cardholders in his or her division are in compliance with this Policy and related University policies.

FREQUENTLY ASKED QUESTIONS

(N/A)

REVISION HISTORY

05/05/2016 - Revised to prohibit the use of the Purchasing Card for independent contractor payments and similar service payments made to individuals.

04/12/2013 - Revised to include the Concur system requirements and make other technical changes and corrections.

08/29/2005 - Revised

03/16/2005 - First publication of Policy

APPENDICES

Appendix A **Unauthorized Purchasing Card Transactions**

PROCEDURES

Authorization
General Procedures
Using a Purchasing Card
Payment Requests
Reconciliation Procedures
Documentation
Violations

AUTHORIZATION

The University Purchasing Card Program is administered by the Office of Accounting and Business Services (ABS). Access to a Purchasing Card and any request to change the spending limits or other restrictions associated with the card must be submitted to the ABS Purchasing Card Administrator for review and approval. Some changes may require approval by the applicable Vice President. See **Purchasing Card Changes**.

GENERAL PROCEDURES

Applying for a Purchasing Card

Employees may apply for a Purchasing Card by submitting a properly approved **Purchasing Card or Declining Balance Card Application** to the Purchasing Card Administrator at **pcard@usfca.edu**.

The application must be completed in its entirety and approved by the employee and his or her Business Manager; incomplete applications will be returned. The employee's Business Manager must also assign the default FOAP number applicable to each cardholder. For cardholders who make purchases under multiple FOAPs, all of the accounts should be included with the application so they will be available for use by the cardholder.

In addition to completing an application, an employee must complete cardholder training **prior** to receiving his or her Purchasing Card. Employees will be notified of training upon completion of their application form. At the conclusion of the training, the employees will execute a Cardholder Agreement Form and receive their Purchasing Cards.

Activating a Purchasing Card

In order to activate a Purchasing Card, cardholders must call the following J.P. Morgan Chase toll-free customer service number included with the cards: 1-800-270-7760. The automated activation line will prompt cardholders for the credit card number, the last four digits of their social security number, and their date of birth.

Canceling a Purchasing Card

If a cardholder's employment with the University ends, the Business Manager must collect the card and immediately notify the Purchasing Card Administrator that the account should be canceled. The Business Manager should then destroy (i.e., shred or cut-up) the card.

Expiration

All Purchasing Cards are issued with an expiration date. J.P. Morgan Chase will automatically send a new Purchasing Card prior to the expiration date. When a new card is received, the employee must activate it as provided above and destroy his or her old card. If a replacement card does not arrive by the expiration date (i.e., the last day of the month indicated on the card), the employee should contact the Purchasing Card Administrator.

Lost or Stolen Cards

If a Purchasing Card is lost or stolen, the cardholder must immediately contact J.P. Morgan Chase at 1-800-270-7760. A bank customer service representative will deactivate the account and issue a new card. The cardholder should then notify his or her Business Manager and the Purchasing Card Administrator via email that the card was lost or stolen. The Administrator will contact the cardholder when the replacement card arrives.

Note: If the cardholder has any automatic payments billed to his or her Purchasing Card, it is the responsibility of the cardholder to contact the vendor and provide it with the new Purchasing Card account number.

USING A PURCHASING CARD

An employee provided with a Purchasing Card is responsible for all purchases made using the card. The cardholder may not share his or her Purchasing Card or number with another person. To safeguard against the unauthorized use of a Purchasing Card, all orders placed using the card should be made only by the cardholder.

Purchasing Cards should be used whenever possible for paying business-related expenses such as conference registrations fees, subscriptions, travel expenses, cell phone bills, and similar expenses. Cardholders should refer to the applicable University policy governing the type of expenses prior to making a purchase. See **Related Information**.

Inter-Department Charges

The Purchasing Card shall not be used to pay any charges for goods or services provided by another University department (except for the University Bookstore or Dining Services, which are managed by third-parties). Inter-department charges should be made by submitting a properly approved **Request for Funds Transfer** form to ABS.

Merchant Category Restrictions

Cardholders may be restricted from purchasing certain items or services (e.g., automotive, furniture, jewelry, etc.). Such restrictions are set by Disbursement Services by assigning specific Merchant Category Codes (MCC) to each cardholder that are appropriate for University business-related expenses. Thus, based on the MCC assignment, certain card purchases may be declined at the point of sale. A list of unauthorized Purchasing Card transactions is included in **Appendix A**.

Splitting a Transaction (Prohibited)

Cardholders shall not “split” the dollar amount of a vendor transaction into multiple transactions in order to circumvent the per-transaction dollar limits. If the cardholder has a business reason for making purchases that exceed the transaction dollar limit, his or her Business Manager may submit a request to the Purchasing Card Administrator to increase the transaction limit(s) authorized for the card. See Purchasing Card Changes (below).

Declines

If a cardholder encounters problems using his or her Purchasing Card or the card is declined, he or she should call J.P. Morgan Chase at 1-800-270-7760 for assistance. Such problems, however, frequently relate to the spending limits or MCC restrictions placed on the card. In those cases, the cardholder may need to submit a change request as provided below.

Purchasing Card Changes

Cardholders who need a change made to their Purchasing Card transactions limits or MCC restrictions should ask their Business Manager to approve a **Change Request for Purchasing Card or Declining Balance Card Application** and submit it to the Purchasing Card Administrator (the same information may also be sent to the Administrator in an email). An increase in the transaction limit(s) may be approved as either a temporary or permanent change. A request to increase the monthly credit limit to \$5,000 or more requires approval by the cardholder’s applicable Vice President. The Change Request form is also used to request a change in an employee’s name or email address and to make FOAP changes.

Improper Use of a Purchasing Card

Employees are responsible for using their Purchasing Card in compliance with this Policy and related University policies. If a cardholder or an approver suspects a card has been misused, he or she should contact the Purchasing Card Administrator immediately. Misuse of a Purchasing Card includes, but is not limited to, the following:

Use of a card by an unauthorized individual.

Purchasing items not authorized under this Policy or a related University policy. See **Appendix A** for a list of prohibited transactions.

Splitting transactions in order to avoid the transaction spending limits.

Failure to provide proper supporting documentation or to timely reconcile charges.

Any misuse of a Purchasing Card may result in an employee’s immediate loss of his or her purchasing privileges and additional sanctions. See **Violations**.

PAYMENT REQUESTS

If a Purchasing Card is not an acceptable form of payment for an expense (e.g., a conference registration fee), the individual, or his or her designee, must initiate a Payment Request through the Concur system. A payment will be issued by Disbursement Services within 10 business days after it receives the properly approved **Payment Request**.

RECONCILIATION PROCEDURES

Reviewing and Editing Transactions--Cardholders

All cardholders are required to review, edit, and reconcile their Purchasing Card charges recorded in the Concur system. This review must be completed by the first business day of the month following the billing cycle month.

The cardholder must create an **Expense Report** in the Concur system by supplying all required information, including, but not limited to, the following:

- Enter all charges for the month and verify that amounts are correct;
- Ensure that the correct FOAP is designated for each transaction;
- Provide a description and quantity of the item(s) purchased (if the item is a business meal or business entertainment expense, the names of the individuals in attendance must be listed); and
- Provide the business purpose for each transaction.

Original receipts supporting each transaction must be scanned or faxed for submission to the Concur system *before* an Expense Report can be submitted.

Disputing a Transaction

Cardholders are responsible for promptly resolving any disputed transactions directly with the merchant. If attempts to resolve the matter with the merchant are unsuccessful, the cardholder should notify ABS regarding the disputed item. ABS will provide further instructions on the steps necessary to formally dispute the transaction.

Approving Transactions—Business Managers

The Business Manager, or his or her designee, must review and approve all Purchasing Card charges appearing on the Expense Report for his or her employees by the third business day following the end of the billing cycle month. Business Managers must review transactions to ensure that:

Charges have been made to the correct FOAP,

Sufficient budgetary funds are available, and

All supporting documentation has been included with the charge, including the business purpose.

Business Managers may delegate the approval of Purchasing Card transactions to another individual in the event the Business Manager is absent. Individuals delegated such authority, however, may not approve their own transactions.

DOCUMENTATION

Cardholders are responsible for providing sufficient documentary evidence to support the business purpose of all charges made using the Purchasing Card. Documentation should be in the form of an original itemized receipt that includes the date of the purchase, vendor name and address, description of item(s), quantity, unit price, sales tax (if applicable), and total cost. A shipping receipt detailing this information is considered an original receipt. If this basic information is not provided, cardholders must obtain the information by contacting the vendor and include it with the **Expense Report**. Additional substantiation requirements apply to entertainment expenses claimed for reimbursement. See **Travel and Entertainment Policy**.

In some circumstances, cardholders may use their Purchasing Card to purchase an item by phone or via the Internet. In those cases, the cardholders should obtain a copy of the receipt by mail or fax or by printing it from his or her web browser.

If an original receipt is lost, and every effort has been made to obtain a copy of the receipt, the cardholder must complete a **Missing Receipt Form**, and submit it with the Expense Report for approval by his or her Business Manager, as provided above.

VIOLATIONS

A violation of any portion of this Policy may result in the restriction, suspension, or termination of the cardholder's right to use the Purchasing Card. Employees may also be subject to disciplinary action, up to and including termination of employment and/or legal action. In addition, the cardholder will be personally liable for any Purchasing Card charges determined not to be for a University business purpose.

Purchasing Card Policy

Appendix A

Unauthorized Purchasing Card Transactions

The following list includes examples of transactions which are not authorized under the Purchasing Card Program. Please note that the list is not exhaustive. Please contact the appropriate policy contact if additional information is required.

- Appliances
- Automotive
- Cash advances or loans
- Certain memberships (See Membership Policy)
- Charitable contributions, except for sympathy gifts
- Chemicals and hazardous materials
- Construction and renovation services
- Copier and fax machines
- Furniture, fixtures, or equipment (See Procurement Policy)
- Legal services
- Medical services
- Medicines and other drugs
- Payments to another University department, except the Bookstore and Dining Services
- Personal purchases of any kind
- Scientific equipment
- Temporary help

The following transactions are not authorized for reimbursement, regardless of the payment method:

- Fines and penalties
 - Fuel for a personally-owned automobile
 - Split transactions
 - Unallowable charges to a contract or grant
 - Vendor payments that would create a conflict of interest for the cardholder
-