



PROCUREMENT CARD PROCEDURES

www.sandiego.edu/administration/financeadmin/accounting/procard

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**UNIVERSITY OF SAN DIEGO
PROCUREMENT CARD PROCEDURES**

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I. INTRODUCTION

The University of San Diego Procurement Card ("Procard") is designed to provide an efficient way to process low dollar orders of University business-related goods and services. Qualified departmental purchases within a predetermined purchase limit (of \$1,000 or less) can be charged directly to the Procard. All Procard purchases are billed centrally to the University and paid to the card sponsor, American Express.

The Procard program transfers purchasing authority directly to the cardholder. Rather than requiring a purchase requisition and purchase order, the Procard enables cardholders to quickly and conveniently purchase low dollar goods and services from any supplier that accepts American Express. *The Procard can only be used for business expenses.* Since Procard charges are paid directly by the University, no reimbursement to the cardholder is required.

This program provides many benefits to departments and the University, for example:

- Cardholders can obtain goods and services quickly and efficiently by dealing directly with suppliers;
- Cardholders need not use personal funds for purchases;
- Purchase requisitions or check requests are not required for qualified Procard purchases;
- Petty cash funds are not necessary to cover Procard purchases;
- The number of purchase orders, invoices, check requests, and checks processed are significantly reduced on a University-wide basis; and
- Faculty and staff can better focus on value-added activities for the University.

If you have questions regarding these Procedures or the Procard program in general, please contact the Procard Administrator at (619) 260-4683 or at procard@sandiego.edu

II. PROCUREMENT CARD PROGRAM

A. How it works

The Procard simplifies the purchasing and payment process by permitting authorized faculty and staff to place orders directly with suppliers using an American Express Corporate Purchasing card. Cardholders do not receive supplier invoices and they are not required to process the payment at a later date. Instead, the University's Procurement Office receives a detailed summary billing each month for all Procard transactions and pays this bill directly. Cardholders may access the detail of their Procard charges on-line.

Cardholders are responsible for verifying the accuracy of the charges; classifying the charges with the appropriate POETS code; keeping original documentation supporting the purchase; and recording the related business purpose of the expenditures.

Each month there is activity on the Procard the employee must fill out a Procard Transaction Log with this information and send it and all backup documentation to Procurement Services by the 20th of the month. The cardholder must also retain a copy of all statements and backup documentation for a period of 3 years for audit and other purposes.

By using the Procard, the cardholder avoids many of the administrative procedures usually required with departmental purchases: purchase requisitions, purchase orders, invoices, receiving reports, and/or check requests.

B. General guidelines

Procards should be used in conjunction with the University's procurement policies and procedures. For further information about these policies, please contact the Procurement Office at (619) 260-4782, or www.sandiego.edu/administration/financeadmin/procurement.

C. Eligibility for a Procard

Only **full-time** faculty and staff are eligible to receive a Procard. *Students (graduate or undergraduate) are not eligible.* It is not necessary for every eligible departmental employee to receive a Procard — typically, the individual receiving the card should be the individual making the majority of departmental purchases. To obtain a card, an individual must:

- Complete the Procard Application. The application must be approved by the applicant's supervisor and budget administrator;
- Personally attend a Procard Orientation Session; and
- Sign a Procurement Card Cardholder Agreement.

Since the Procard is an institutional program, approval is not contingent on, nor will it impact, the cardholder's personal credit history.

The cardholder is required to read these *Procurement Card Procedures* and adhere to all guidelines herein. Cardholders must also have an active sandiego.edu email address.

The Procard may only be used by the individual whose name appears on the card. Cards and card numbers must be safeguarded against use by unauthorized individuals within or outside the University.

Note: A University Procard is not a benefit of employment. The University reserves the right to terminate individual Procard privileges at any time, with or without cause.

D. Applying for a Procard

Eligible University faculty and staff who would like to apply for a Procard should complete the Procurement Card Application on page 12. The form is also available from www.sandiego.edu/administration/financeadmin/accounting/procard.

E. Cardholder responsibilities

Once approved, the cardholder will receive a Procard assigned to him/her and the card will be associated with a default POETS code. The cardholder is responsible for the propriety of all charges made to the card and may not assign a card or card number to an unauthorized person.

Note: Since the Procard is paid directly by the University, it is to be used only for University expenses. Use of the Procard for personal or non-business related expenses is strictly prohibited.

1. *On-line charge review at www.americanexpress.com*
Cardholders can register and access on-line information about their Procard charges at www.americanexpress.com. This website provides cardholders the ability to monitor card activity, review available spending limits, access the detail of certain purchases, and dispute unauthorized charges. These activities are available anytime and anywhere you have an internet connection.

2. *Purchase documentation*
Using the Procard, cardholders have the authority to directly purchase specific goods and services on behalf of University units. However, this privilege also carries the responsibility to consistently maintain adequate documentation for all transactions on the card. The documentation should include an original receipt and any other supplemental documentation that supports the following: 1) the description of goods or services purchased; 2) the supplier name; 3) the date of the transaction; 4) the price; 5) the quantity of the goods or services ordered; 6) the attestation of the receipt of the goods or services; and 7) the University business purpose of the charge. On-line receipts are acceptable provided they reflect the method and proof of payment in addition to the above requirements.

Some suppliers may not provide itemized detail (descriptions, quantities, unit prices) on their sales receipts. In such cases the cardholder must obtain documentation of this detail through order forms and/or packing slips. Again, this itemized documentation should include descriptions, quantities and, if possible, unit prices.

Third-party verification documents (see examples below) should be retained and stored with the backup documentation.

Examples of appropriate third-party verification documents are:

- Detailed sales receipts;
- Confirming order forms or applications;
- Service reports when service is provided by a supplier; and/or
- Detailed packing slips.

Complete, original documentation should be included—copies are generally not acceptable. However, should a copy be the only documentation available, this fact must be documented and approved by the cardholder's supervisor. If the original documentation or copy is not available, cardholders must complete a Missing Receipt Declaration on page 14. Due to IRS regulations regarding the substantiation of business expenses, Missing Receipt Declarations should be used only on rare occasions.

3. *Monthly reconciliation*

Each month, all Procard holders will receive a statement directly from American Express reflecting all charges for his/her card for that billing cycle. Cardholders are required to reconcile their Procard American Express statement to their verification documents each month using the following procedures:

- a. Match Procard monthly statement charges to verification documents
Cardholders will receive a monthly Procard account statement by the end of each month. Each purchase listed on the statement must be supported by the applicable verification documents to ensure all charges are appropriate. Complete a Missing Receipt Declaration for any missing receipts. Again, documentation must support the business purpose of the transactions. ***If the business purpose may not be easily determined from the verification documents, a brief written explanation must be manually written on the verification documents.***
- b. Complete the Procard reconciliation
The cardholder must review and reconcile the monthly statement using the Procard Transaction Log. The transaction log, including the monthly statement, verification documents, and completed reconciliation, must be submitted to the cardholder's supervisor for review and approval promptly after receiving the statement and reconciling it.
- c. Submit Transaction Log, Statement & Backup Documentation
All POETS coded Amex Transaction Logs must be approved by the supervisor and submitted to Procurement Services by the 20th of each month.

Procard Activity and Documentation are subject to audit by the University Auditor or the Office of the Controller at anytime.

New Cardholders: Completed and approved Procard Transaction Logs should be sent to the Procard Administrator at Hughes 335 for the **first three months of activity after card issuance**. Following this period, the Transaction Logs will be submitted directly to Procurement Services.

*Please note while you are not required to send Procard Reconciliation Envelopes to the Procard Administrator beyond the first three months, you are required to complete the review/reconciliation steps outlined in a. through c. above, for **each** month there is activity on your Procard and submit your completed transaction log and backup documentation to Procurement.*

- d. Misuse of Procard privileges
The Procard is to be used for business purposes only; **personal charges of any kind are strictly prohibited**. Improper use of the Procard may result in disciplinary action up to and including termination of employment. In the event of improper charges to the Procard, the University will seek restitution from the cardholder. Cardholders may be required to reimburse the University for any amounts spent using the Procard which violate the provisions of the Procurement Card Procedures. Repayment may include deductions from wages or other amounts payable to the cardholder or may require other steps necessary to permit the University to collect any amounts owed by the cardholder.

Cardholders should not request reimbursement for transactions placed on Procards.

4. *Lost or stolen cards*
 Lost or stolen Procards must be reported **immediately**. The University may be liable for Procard transactions until a card is reported lost or stolen, so time is of the essence. In such cases, **cardholders must promptly phone American Express (800) 492-4920**. If cardholders are outside of the United States, call (336) 393-1111 (representatives are available 24 hours a day, 7 days a week). Please also report your lost or stolen Procard to the Procard Administrator at (619) 260-4683 or procard@sandiego.edu. Employees are required to sign an updated Procurement Card Cardholder Agreement at the time they are issued a new card.

F. Responsibilities of supervisor

Although the cardholder has purchase authority on the assigned POETS code, the supervisor retains responsibility over the budgeted funds. In order to ensure proper oversight over University funds, supervisors of Procard holders must:

1. *Review and approve purchase documentation*
 As discussed above, the cardholder's supervisor must review and approve the monthly reconciliation and supporting purchase documentation for each Procard. This monthly review should include the following procedures:
 - Review and sign the monthly Procard Transaction Log within one week of receipt from cardholder. Promptly investigate any unexplained, unusual, or significant items;
 - Ensure the monthly statement and all appropriate supporting documentation (as discussed above) is included ; and
 - Ensure completed Procard Transaction Logs are both submitted to Procurement Services by the 20th of the month while also ensuring that a copy is properly filed in the department and maintained on file for **three** complete fiscal years (or longer, if required by a federal grant or contract).

2. *Report termination of cardholders*
 Upon the notice of termination of a Procard-holding employee, the supervisor must:
 - Immediately notify the Procard Administrator of the notice of termination;
 - Obtain the Procard and return it to the Procard Administrator; and
 - Secure Procard Transaction Logs from terminated employee to ensure proper record retention.

G. Predetermined transaction limitations

In order to prevent misuse of the Procard, each card has transaction limits. These controls generally include:

- A single purchase limit of \$1,000. *Multiple charges and/or "splitting" a transaction to purchase items exceeding the purchase limit are strictly prohibited and may result in loss of card privileges;*
- Monthly spending limit of \$5,000;
- Restricted merchant codes and other restricted transactions. (See Restricted Transactions below).

When a supplier processes a transaction, the transaction is approved or declined based on the above criteria associated with that Procard. The University Procard is intended to be a flexible tool for the departmental procurement of low dollar goods and services. If a Procard's monthly spending limit constrains its effectiveness for departmental use, please

have the supervisor or budget administrator contact the Procard Administrator at procard@sandiego.edu.

H. **Allowable transactions**

Except for certain restricted transactions (see following section), the Procard may be used for all departmental purchases, within the card's limits. Typical uses of the card include the purchase of office supplies, and low dollar services and office equipment.

USD has entered into an agreement whereby Corporate Express is the University's preferred supplier for office supplies. University departments may order supplies from Corporate Express over the Internet with a Procard and have the order delivered to the department usually by the next business day. Contact the Procurement Office at (619) 260-4782 to set up a Web account to purchase from Corporate Express.

I. **Restricted transactions**

In general, the Procard may **not** be used for the following purchases:

- Alcoholic beverages
- Animals and animal-related purchases
- Any internal university purchases (i.e., Bookstore, Campus Card, etc)
- Cash advances/travelers checks
- Catering services (where a signed contract is required)
- Computers and printers
- Conference and seminar registration fees
- Furniture and furnishings
- Gasoline
- Gift certificates (except for nominal amounts within the University's gift policy)
- **Multiple charges or "split" purchases that enable transactions in excess of \$1,000 to be processed by a vendor**
- Office snacks, decorations and plants
- Personal expenses, goods, and services
- Prescription drugs and controlled substances
- Printing
- Radioactive and hazardous materials/chemicals
- Store memberships
- Telecommunications services, including cell phones and related monthly charges
- **Travel and entertainment**, including but not limited to
 - Airlines
 - Auto rentals
 - Hotels/meeting rooms
 - Meals/restaurants
 - Trains
 - Theaters, clubs
- Weapons and ammunition

Where appropriate, restricted items should be purchased in accordance with established procurement policies and procedures (i.e., purchase orders must be issued and disbursements must be processed through the Procurement Office).

Questions regarding restricted transactions should be directed to the Procard Administrator at (619) 260-4683 or procard@sandiego.edu.

J. Grant and contract expenditures

Grant and contract expenditures can be made with the Procard, provided those expenditures meet the qualifications for allowable Procard purchases. Such purchases are also limited to those costs that can be identified with a particular sponsored project and meet the specified criteria for direct costs:

- Reasonable and necessary for the performance of the project;
- Allocable to the project;
- Consistently treated in like circumstances as a direct charge to a project; and
- Allowable under OMB CIRCULAR A-21 (www.whitehouse.gov/omb/circulars/a021/a021.html).

Grant and contract expenditures must also comply with University policies — even if such policies are more restrictive.

Only Procard purchases that comply with award guidelines can be charged to a grant or contract. When an expenditure is not allocable to the grant or contract, such expenditure should be charged to an unrestricted source.

K. Placing an order

The Procard may be used to purchase goods or services via phone, mail, the Internet, or at the supplier's place of business. When placing an order, please:

- Provide your name as listed on the Procard;
- Identify yourself as a USD employee;
- Identify that you are making a "corporate" Procard purchase, and that the University directly pays for the purchase;
- Provide the Procard number and expiration date; and
- If applicable, provide your campus delivery address.

Occasionally, someone other than the cardholder may pick up an order. If the supplier asks this individual to sign the credit card receipt, he/she should sign and write "received by" on the receipt.

L. Use Tax

Definition: A use tax is levied in the United States upon otherwise "tax free" tangible property by a resident of the assessing state for use, storage or consumption of goods in that state, regardless of where the purchase took place. Typical purchases that require payment of use tax include those done while traveling (for things carried or sent home), through mail order, or purchases via telephone or internet.

Therefore when making purchases as described above in a state other than California the cardholder must also place the use tax amount on the transaction log and the department will be charged for the tax on that item even if the invoice does not include such tax. USD is responsible for paying the use tax on all items purchased in such a manner as described above.

M. Disputing a transaction

The cardholder is responsible for transactions charged to his/her Procard. Therefore, the cardholder must ensure receipt of goods and services and resolve any delivery problems, discrepancies, or damaged goods with the supplier. Returns should be made directly to the supplier according to supplier requirements. The cardholder is responsible for ensuring that proper credit is posted for any returned items.

If the cardholder encounters erroneous charges, disputed items, unprocessed returns (credits), etc. on their Procard, **it is the cardholder's responsibility to resolve the problem with the supplier**. If the cardholder is unable to reach agreement with the supplier, they should contact American Express at (800) 492-4920 and describe the nature of the problem, the date, and amount of the transaction. American Express will work with the supplier to help resolve the dispute. *Please note that suppliers are not permitted to bill your Procard for purchases until the related items have been shipped.*

N. Procard audits

The University Auditor or the Controller's Office will conduct regular audits of Procard statements to ensure cardholders and their respective departments adhere to the Procurement Card Procedures. Exceptions noted during these audits will be communicated to the cardholder; the cardholder's supervisor; the Procard Administrator; and other University personnel, as appropriate, up to and including the Audit Sub-Committee of the Board of Trustees. These audits will assess adherence to University policies and procedures and will specifically examine whether:

- Procards are used only by authorized cardholders for allowed University expenses, and are not used for inappropriate expenses
- Procards are not used for *"splitting" a transaction to purchase items exceeding designated purchase limits;*
- Documentation for all charges is appropriate and complete—especially the documentation of a business purpose;
- Charges are directed to appropriate Oracle POETS codes;
- Account statements are reconciled in a timely manner;
- Account statements are reviewed and approved in a timely manner; and
- Documentation is appropriately retained.

Failure to adhere to University policies and procedures may result in disciplinary measures including suspension or termination of Procard privileges, suspension or termination of employment, and/or legal action in accordance with the terms and conditions of the Procurement Card Cardholder Agreement.

Special audits for new cardholders

New Procard users are required to send their completed Procard Transaction Logs and backup documentation to the Procard Administrator, Hughes Administration Center, Room 335, for **the first three months of card use**. Following the three month trial, the Cardholder must submit the Procard Transaction Logs and backup documentation directly to Procurement by the 20th of the month.

Remember that Procard Transaction Logs must be completed monthly, even after the initial three month trial ends.

O. Canceling Procards

To cancel a Procard, the cardholder or supervisor should contact the Procard Administrator at (619) 260-4683 or procard@sandiego.edu. If outside regular business hours, please phone American Express at **(800) 492-4920** (representatives are available 24 hours a day, 7 days a week).

III. PROCARD FORMS

The following forms are associated with the University of San Diego Procard program:

- *Procurement Card Application*
- *Procurement Card Cardholder Agreement*
- *Missing Receipt Declaration*

**UNIVERSITY OF SAN DIEGO
PROCUREMENT CARD APPLICATION**

Use this form to apply for a card

The USD Procurement Card ("Procard") program enables cardholders to quickly and conveniently purchase business-related goods and services directly from suppliers that accept American Express. Use of the Procard requires the cardholder and his/her supervisor to assume responsibility for obtaining and retaining appropriate receipts and documentation. Please refer to the PROCUREMENT CARD PROCEDURES at www.sandiego.edu/administration/financeadmin/accounting/procard for a complete description of cardholder and supervisor responsibilities as well as other important program guidelines.

Send the completed Procard Application to: Procard Administrator, Hughes Administration Center, Room 335

Applicant Information

_____	_____	_____
Applicant/Cardholder Name	sandiego.edu Email Address	Campus Phone
_____	_____	_____
Applicant/Cardholder Department	Department Location	Campus Phone
_____	_____	_____
Supervisor Name*	sandiego.edu Email Address	Campus Phone

*See PROCUREMENT CARD PROCEDURES for specific responsibilities of the cardholder's supervisor.

Default Oracle POETS Code

_____	_____	
Project	Organization	
_____	_____	_____
Expenditure Type	Task	Source

_____	_____
Applicant/Cardholder Signature	Date
_____	_____
Budget Administrator Signature (if different from Supervisor)	Date

For Office Use Only: Issuance ____ ____ Date Issued _____ _____ Card Number

Supervisor's Agreement:

As the supervisor of this applicant/cardholder, I confirm that I have read the Procurement Card Procedures thoroughly and will comply with the "Responsibilities of Supervisor" as outlined in the procedures.

_____	_____
Supervisor Signature	Date

PROCUREMENT CARD CARDHOLDER AGREEMENT
(To be completed when the Procard is received by the Cardholder)

I hereby acknowledge receipt of a University of San Diego Procurement Card, card number _____.

As a cardholder, I understand and agree that use of the card is subject to the terms and conditions of this Agreement and the provisions of the Procurement Card Procedures ("Procedures"), and as those Procedures may be subsequently revised.

1. I am being entrusted with a purchasing credit card and will be making financial commitments on behalf of the University of San Diego ("University"). I will strive to obtain the best value for the University when using this card.
2. I acknowledge receipt of the Procedures and confirm that I have read them thoroughly and will comply with their terms and requirements. I understand that my use of the card is contingent upon my compliance with the terms of the Procedures, which may be changed from time-to-time at the sole discretion of the University.
3. I acknowledge that it is my responsibility to be familiar and to comply with all applicable procedures at the University that govern my use of the card.
4. I understand and agree that my use of the card is not a benefit of employment, and my permission to use the card can be rescinded or cancelled by the University at any time and for any reason in the University's sole and complete discretion.
5. If the University terminates my right to use this card, I agree to return the card to the University immediately upon request or upon notice of termination of my employment (including retirement). Should I change departments, I must return the card and apply for a new card. If my card is lost or stolen, I must notify American Express immediately and the Procard Administrator as soon as possible.
6. I understand the University is liable to American Express for all charges placed on my card, therefore, I will only use this card for approved and qualified purchases in accordance with current policies and the Procedures. I will not use the card for personal purchases either for myself or for others.
7. I understand that misuse of my card, including using the card for non-business transactions or failing to adhere to University policies or the Procedures, may result in disciplinary measures including suspension or termination of card privileges, suspension or termination of my employment, and/or legal action in accordance with the terms and conditions of this agreement.
8. Should I fail to use the card properly, I understand that I may be required to reimburse the University for purchases in violation of University policies or the Procedures. I acknowledge and agree that to the extent permitted by applicable law, the University, during the course of my employment, may withhold from my wages or salary any amounts owed for failing to reimburse the University. I further acknowledge and agree that to the extent permitted by applicable law, if my employment is terminated for any reason, the University may withhold from my final wages or salary any amounts owed for failing to reimburse the University. If the University engages a collection agency or initiates legal proceedings to recover amounts owed by me under this Agreement, I agree to pay all fees incurred by the University in such activities or proceedings.
9. I understand that I am responsible for protecting this card that is issued in my name and will not allow any unauthorized people, within or outside the University, to use it.
10. I acknowledge that I am required to consistently maintain the specific documentation outlined in the Procedures for all transactions placed on my card. I further acknowledge that I am required to consistently and promptly complete the monthly reconciliation process as outlined in the Procedures, including matching my monthly card statement to the documentation; logging my transactions on the monthly envelopes; inserting the statement and documentation inside the monthly envelopes obtained from the Procard Administrator; submitting the envelopes to my supervisor for written approval within two weeks of month end; and retaining the envelopes and documentation for three complete fiscal years, unless a longer retention period is specified by a grant or contract.
11. I understand the University will audit the use of this card and, accordingly, will audit my compliance to the Procedures. I agree to comply with auditor requests and promptly furnish information to the auditor as required.
12. I understand that I cannot use the card for the purchase of computers; printers; furniture and furnishings; travel and entertainment; and any other restricted transactions listed in the Procedures. I understand that multiple charges or "splitting" purchases to enable transactions over \$1,000 to be processed on my card is strictly prohibited. I further understand that I am not entitled to any reimbursement for transactions placed on my card.

Cardholder Signature: _____

Date: _____

Print Name: _____

UNIVERSITY OF SAN DIEGO
MISSING RECEIPT DECLARATION

When a receipt is lost or otherwise unavailable and all measures to obtain a copy have been exhausted, this Missing Receipt Declaration should be completed. It should be signed by the employee and the employee's supervisor and submitted with the employee's reimbursement request, unless the transaction was placed on an employee's Procard. In the case of a Procard transaction, the Missing Receipt Declaration should be retained by the cardholder with all other receipts and documentation in a monthly Procard Reconciliation Envelope.

Note: A Missing Receipt Declaration is not required for tips.

I am missing a receipt for: _____
Description of Transaction

I incurred this expense at: _____ **On:** _____
Supplier Name Date

Expense amount: _____

The receipt was (check applicable):

Lost Never Received Other _____

The form of payment I used (check applicable):

Procard T&E Card Personal Credit Card

Check Cash Other _____

Business Purpose of Transaction:

Persons Involved (if expense is related to travel or entertainment):

I understand that a Missing Receipt Declaration should be used on rare occasions and may not be used on a routine basis. I further understand that excessive use of a Missing Receipt Declaration may revoke the privilege of providing a declaration in lieu of a receipt.

I certify that the amount shown is the amount I actually paid; that I have not and will not submit a duplicate claim; and that I have not and will not seek a claim for these expenses from any other University source.

Employee Signature

Supervisor Signature

Employee Name Printed

Supervisor Name Printed

Date

Date