Purchasing CARD PROCEDURES
I. **INTRODUCTION**

The University of San Diego Purchasing Card (“Pcard”) 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 $5,000 or less) can be charged directly to the Pcard. All Pcard purchases are billed centrally to the University and paid to the card sponsor, US Bank.

The Pcard program transfers purchasing authority directly to the cardholder. Rather than requiring a purchase requisition and purchase order, the Pcard enables cardholders to quickly and conveniently purchase low dollar goods and services from any supplier that accepts MasterCard. *The Pcard can only be used for business expenses.*

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 payment requests are not required for qualified Pcard purchases;
- Petty cash funds are not necessary to cover Pcard purchases;
- The number of purchase orders, invoices, payment 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.
II. PURCHASING CARD PROGRAM

A. How it works

The Pcard simplifies the purchasing and payment process by permitting authorized faculty and staff to place orders directly with suppliers using a MasterCard 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 Office of Accounts Payable receives a detailed summary billing each month for all Pcard transactions and pays this bill directly. Cardholders may access the detail of their Pcard transactions 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 Pcard the employee must fill out a Pcard Transaction Log with this information and send it along with all backup documentation to Office of Accounts Payable by the 25th 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 Pcard, 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

Pcards should be used in conjunction with the University’s procurement policies and procedures. For further information about these policies, please contact the Office of Accounts Payable at (619) 260-4732.

C. Eligibility for a Pcard

Only full-time faculty and staff are eligible to receive a Pcard. Students (graduate or undergraduate) are not eligible. It is not necessary for every eligible departmental employee to receive a Pcard — 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 Pcard Application. The application must be approved by the applicant’s supervisor and budget administrator;
- Personally attend a Pcard Orientation Session; and
- Sign a Purchasing Card Cardholder Agreement.

Since the Pcard 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 Purchasing Card Procedures and adhere to all guidelines herein. Cardholders must also have an active sandiego.edu email address.

The Pcard 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: The University Pcard is not a benefit of employment. The University reserves the right to terminate individual Pcard privileges at any time, with or without cause.
D. Applying for a Pcard

Eligible University faculty and staff who would like to apply for a Pcard should complete the Purchasing Card Application (www.sandiego.edu/ap).

E. Cardholder responsibilities

Once approved, the cardholder will receive a Pcard 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 Pcard is paid directly by the University, it is to be used only for University expenses. Use of the Pcard for personal or non-business related expenses is strictly prohibited.

1. On-line charge review at https://access.usbank.com
   Cardholders can register and access on-line information about their Pcard charges at https://access.usbank.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 Pcard, 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 detailed 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. 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 Pcard holders will receive a statement directly from US Bank reflecting all charges for his/her card for that billing cycle. Cardholders are required to reconcile their Pcard MasterCard statement to their verification documents each month using the following procedures:

a. **Match Pcard monthly statement charges to verification documents**

Cardholders will receive a monthly Pcard 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 Pcard reconciliation**

The cardholder must review and reconcile the monthly statement using the Pcard 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 Pcard Transaction Logs must be approved by the supervisor and submitted to Office of Accounts Payable by the 25th of each month (i.e. January reconciliation due by February 25th).

**Pcard Activity and Documentation are subject to audit by the University Auditor or the Office of Accounts Payable at anytime.**

d. **Misuse of Pcard privileges**

The Pcard is to be used for business purposes only; **personal charges of any kind are strictly prohibited.** Improper use of the Pcard may result in disciplinary action up to and including termination of employment. In the event of improper charges to the Pcard, the University will seek restitution from the cardholder. Cardholders may be required to reimburse the University for any amounts spent using the Pcard which violate the provisions of the Purchasing 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 cannot not request reimbursement for transactions placed on Pcards.**

4. **Lost or stolen cards**

Lost or stolen Pcards must be reported **immediately.** The University may be liable for Pcard transactions until a card is reported lost or stolen, so time is of the essence. In such cases, **cardholders must promptly phone US Bank (800) 344-5696.** If cardholders are outside of the United States, call (701) 461-2010 (representatives are available 24 hours a day, 7 days a week). Please also report your lost or stolen Pcard to the Pcard Administrator at (619) 260-2302 or ap@sandiego.edu. Employees may be required to sign an updated Purchasing Card Cardholder Agreement at the time they are issued a new card.

**Note:** It is the responsibility of the cardholder, budget administrator, and/or Supervisor to advise the Corporate Card Administrator of any/all “leave-of-absence” situations. The card must be suspended from use while the cardholder is out of the office during a leave-of-absence.”
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 Pcard 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 Pcard. This monthly review should include the following procedures:
   - Review and sign the monthly Pcard 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 Pcard Transaction Logs are both submitted to Office of Accounts Payable by the 25th 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 Pcard-holding employee, the supervisor must:
   - Immediately notify the Pcard Administrator of the notice of termination;
   - Obtain the Pcard and return it to the Pcard Administrator; and
   - Secure Pcard Transaction Logs from terminated employee to ensure proper record retention.

Note: It is the responsibility of the cardholder, budget administrator, and/or Supervisor to advise the Corporate Card Administrator of any/all “leave-of-absence” situations. The card must be suspended from use while the cardholder is out of the office during a leave-of-absence.”

G. Predetermined transaction limitations

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

- A single purchase limit of $5,000. 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 $10,000;
- 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 Pcard. The University Pcard is intended to be a flexible tool for the departmental procurement of low dollar goods and services. If a Pcard’s monthly spending limit constrains its effectiveness for departmental use, please have the supervisor or budget administrator contact the Pcard Administrator.
H. **Allowable transactions**
Except for certain restricted transactions (see following section), the Pcard 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 Office Depot is the University’s preferred supplier for office supplies. University departments may order supplies from Office Depot over the Internet with a Pcard and have the order delivered to the department usually by the next business day.

I. **Restricted transactions**
In general, the Pcard may not be used for the following purchases:

- Alcoholic beverages
- Animals and animal-related purchases
- 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**
  - $5,000 to be processed by a vendor
- Individually purchased cell phones
- 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 purchasing policies and procedures (i.e., purchase orders must be issued and disbursements must be processed through the Office of Accounts Payable).

Questions regarding restricted transactions should be directed to the Pcard Administrator.
J. Grant and contract expenditures

Grant and contract expenditures can be made with the Pcard, provided those expenditures meet the qualifications for allowable Pcard 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.

Only Pcard 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 Pcard 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 Pcard;
- Identify yourself as a USD employee;
- Identify that you are making a “corporate” Pcard purchase, and that the University directly pays for the purchase;
- Provide the Pcard 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 Pcard. 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 Pcard, 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 US Bank at (800) 344-5696 and describe the nature of the problem, the date, and amount of the transaction. US Bank will work with the supplier to help resolve the dispute. Please note that suppliers are not permitted to bill your Pcard for purchases until the related items have been shipped.

N. Pcard audits

The University Auditor or the Office of Accounts Payable will conduct regular audits of Pcard statements to ensure cardholders and their respective departments adhere to the Purchasing Card Procedures. Exceptions noted during these audits will be communicated to the cardholder; the cardholder’s supervisor; the Pcard 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:

- Pcards are used only by authorized cardholders for allowed University expenses, and are not used for inappropriate expenses
- Pcards 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 Pcard privileges, suspension or termination of employment, and/or legal action in accordance with the terms and conditions of the Purchasing Card Cardholder Agreement.

O. Canceling Pcards

To cancel a Pcard, the cardholder or supervisor should contact the Pcard Administrator. If outside regular business hours, please phone US Bank at (800) 344-5696 (representatives are available 24 hours a day, 7 days a week).

Note: It is the responsibility of the cardholder, budget administrator, and/or Supervisor to advise the Corporate Card Administrator of any/all “leave-of-absence” situations. The card must be suspended from use while the cardholder is out of the office during a leave-of-absence.”
UNIVERSITY OF SAN DIEGO
PURCHASING CARD CARDHOLDER AGREEMENT

I hereby acknowledge receipt of a University of San Diego Purchasing Card. 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 Purchasing 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 US Bank immediately and the Pcard Administrator as soon as possible.

6. I understand the University is liable to US Bank 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 transaction log; submitting the statement and documentation 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 $5,000 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: _________________________

Printed Name: ________________________________________________