

University of La Verne Purchasing Card Policies and Procedures

1. Program Overview

1.1 Introduction

The University of La Verne Procurement Card Program (P-Card Program) is intended to enhance the procurement process by allowing designated individuals to make authorized purchases with a University procurement card, which is a University credit card issued in the name of the individual. The program is administered by Wells Fargo, which is an industry leader in P-Card programs.

1.2 Background and Purpose

Historically, most transactions processed by the Purchasing and Accounts Payable Departments were for amounts less than \$500. However, these transactions still required the normal lead-time in order to have purchase orders issued, products and/or services ordered and ultimately checks cut to pay the vendor. For these purchases, the system was inflexible and inefficient.

The P-Card Program is designed to delegate the authority and ability to purchase these lower dollar items directly to the person and/or department thereby creating flexibility, time savings, and overall process improvement. Furthermore, the P-Card Program provides incentive to the University as Wells Fargo will provide cash rebates to the University based on the volume of card activity. These rebates will help to offset the cost of administering the program.

1.3 Scope

The scope of the program is need based and intended to include all departments, both academic and administrative. The P-Card program administrators and the respective UMC Managers will determine the number of cards to be issued to a department and the individuals to receive a card.

2. Purchasing Card Controls

2.1 Purpose

The purpose of purchasing card controls is to ensure that the P-Card program is functioning in accordance with overall University policies while safeguarding the University's assets, reducing the likelihood of errors and preventing fraudulent activity.

2.2 Roles and Responsibilities

- A. Program Manager (PM)
 - Director of Purchasing and Procurement
 - 1. Manages the P-Card Program
 - 2. Distributes cards
 - 3. Promotes the program and serves as the primary liaison
 - 4. Manages the overall goals of the program
 - 5. Reviews the effectiveness of the program's controls
 - 6. Develops and executes training and support to cardholders, approvers, and management
 - 7. Holds periodic meetings with Wells Fargo to keep abreast of new developments and communicates any issues that may arise
 - 8. Coordinates ongoing technology needs of the University with Wells Fargo and the Finance Systems Manager
 - 9. Works with Senior Management to administer all disciplinary policies for his or her P-Card participants
 - 10. Stays abreast of industry changes, news, best practices and the evolution tools and strategies for program improvements

- B. Program Administrator (PA)
 - 1. Creates new accounts
 - 2. Manages cardholder information such as name, mailing address, and card limits
 - 3. Assists with new cardholder training
 - 4. Processes account maintenance changes, such as Merchant Category Codes ("MCC") restrictions, temporary and/or permanent cardholders' card limits, cancellation of cards, etc.

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- C. Accounts Payable Manager
 1. Processes payments to Wells Fargo
 2. Audits cardholders' supporting documentation to ensure compliance with policies
 3. Reports noncompliant cardholders to the P-Card Program Manager
 4. Prepares data file from Wells Fargo to upload to Banner
 5. Prepares sales tax accrual report
 6. Audits compliance with federal and state tax and reporting regulations

- D. General Accounting (Finance Office)
 1. Creates custom reports, as needed, of P-Card purchasing activity
 2. Uploads bank file and imports it into Banner to post to the general ledger

- E. Departmental UMC Manager
 1. Attends P-Card training
 2. Approves applications of designated cardholders

- F. Departmental Budget Manager (Approver)
 1. Attends P-Card orientation and training sessions
 2. Approves designated cardholders
 3. Approves purchases over \$1000 for designated cardholders
 4. Approves special requests for temporary spending increases
 5. Reviews and approves cardholder purchases
 6. Signs (approves) monthly reports
 7. Work with Program Manager to allocate spending limits within budget for each cardholder
 8. Responsible for ensuring P-Card purchases are within department budget limits
 9. Ensure report and supporting documents are consistent with departmental and University policies and procedures and each transaction complies with propriety and accuracy requirements
 10. Work with reconciler to ensure the P-Card Packet submitted with receipts to the Accounts Payable Department by the end of the designated reporting periods

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11. Maintains a list of authorized P-Card cardholders, signers, approvers for their respective unit
12. Administers disciplinary action for their cardholders as needed which could result in the retrieval of P-Cards and termination of employment
13. Responsible for the collection of P-Cards from cardholders upon transfer, termination, or request as a result of non-compliance. If fraudulent transactions are suspected, contact Wells Fargo Bank, Program Manager, and the Program Administrator

G. Cardholder

1. Attends P-Card orientation and training sessions
2. Signs agreement of understanding/acceptance to abide by the procedures, policies, and regulations of the P-Card program. Provides complete and accurate information on procurement card application
3. Uses P-Card to purchase allowable goods and/or services under the P-Card program policy (see Sections 3.3 and 3.4)
4. Verifies budget availability before making purchases
5. Only charge purchases to FOAPs that is assigned to the cardholder's profile
6. Ensures that purchases are allowable and comply with departmental and University policies and procedures
7. Purchase items at or below fair market price
8. If the procurement is for sponsored funds, ensures compliance with sponsoring agency guidelines
9. Notify Approver and take action as necessary to resolve disputed item(s) within 30 days of transaction date
10. Report immediately any lost or stolen cards to
 - 1) Wells Fargo as noted on back of card, and
 - 2) the P-Card Program Manager
11. If you suspect the monthly statement has fraudulent transactions, contact
 - 1) Wells Fargo, and
 - 2) the P-Card Program Manager
12. Reclassify transactions to appropriate account codes (FOAP) and provide description/justification for each transaction within the Cardholder Review Period
 - Split and reclassify line items that include more than one FOAP

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13. Prepare Month End Statement Packet
14. Ensure transactions are consistent with departmental and University policies and procedures; notify Approver of any discrepancies
15. Notify Approver of verified transaction(s) that are ready for review
16. Acknowledges that stringing purchases in order to circumvent purchase limits is prohibited
17. Obtains detailed receipt(s) from merchant/vendor, retains and submits originals with reconciliation to Accounts Payable with the P-Card Packet (with transaction number written on upper right corner of receipt)
18. Work with Approver to ensure P-Card Packet for billing cycle is submitted with receipts to Accounts Payable Manager on or before 5:00 p.m. the 11th of each month
19. Returns cards upon request due to transfer, termination, or request as a result of noncompliance Please note: If there are no charges to an individual's P-Card within a twelve-month period, the card will be deactivated.

2.3 Issuance of Purchasing Card

- A. Cardholders must attend P-Card training
- B. Cardholders must sign the agreement of understanding/acceptance to abide by the procedures, policies, and regulations of the P-Card program
- C. Cards must be personally picked-up and signed for by the individual whose name is on the card in the Purchasing Department- 2230 1st Street, La Verne.

2.4 Departmental Controls

- A. The University has established standard controls. More restrictive departmental controls may be established; however, the enforcement of these departmental controls remains with the Department.
- B. All departmental controls must be at least as restrictive and consistent with the University standard controls.

2.5 Purchasing Card Limits

- A. Transactional and monthly spending limits are based upon departmental budgets and needs.
- B. Limits are subject to change at any time during the fiscal year to align with available budget balance as determined by the Office of the Chief Financial Officer - Budget Office.

2.6 Purchasing Card Security

- A. Each cardholder is responsible to keep the card secure.
- B. Cardholders may never give the card to another individual to make a purchase at any time.

2.7 Lost, Stolen, or Fraudulent Charges

- A. Cardholders must report lost or stolen cards immediately to Wells Fargo (800) 270-7760 AND to the University of La Verne P-Card Program Manager (909) 448-4542 or ddeacy@laverne.edu.
- B. The cardholder may be held liable for charges until the card is reported as lost or stolen to Wells Fargo.
- C. It is the responsibility of the cardholder to work directly with Wells Fargo to resolve fraudulent charges.

2.8 Cardholder Terminations or Transfers

- A. In the case of a transfer, the departmental budget manager is responsible for ensuring that the Cardholder has returned the P-Card to the P-Card Manager.
- B. In the event of a termination, the departmental manager/supervisor or departmental budget manager must immediately contact the Program Administrator to inactivate the card. Then, collect the P-Card from the terminated employee, cut the card in half through the 16-digit account number and forward it to the Program Manager.

3. Purchasing Card Policies and Procedures

3.1 Responsibility Authority

The authority to set and enforce purchasing card policies and procedures lies with the Office of Financial and Business Services.

3.2 Types of Purchasing Cards

Cards may be requested by an individual but must be approved by the department's UMC Manager.

A. Standard P-Card – Card issued for approved small dollar purchases (See Section 3.3 below) a. Special variation cards may be issued to departments based on specific needs

B. Travel Card – Card issued to individuals used strictly for travel to cover hotel, transportation and meals not covered within the University American Express Business Travel Program (AXO)

a. Special variation card issued to Travel Administrator.

C. Combination Card – Card issued to individuals to use for both small dollar purchases and travel. a. Note- Standard per transaction limits are set at \$1500 for travel mode only, when purchasing goods and services, you may only spend up to your “p-card” limit (usually \$1000).

D. Accounts Payable Card - Card issued to Accounts Payable Manager to pay University invoices.

3.3 Allowable Purchases (Non-Travel)

All purchases must be made in accordance with University policy. All purchases made with the purchasing card must be for expenses associated with official University business. Use of the purchasing card for unauthorized, inappropriate, or personal items may result in consequences as indicated in the University Purchasing Card Policy Manual, Section 4, Liabilities. The University purchasing card may be used for small dollar purchases including:

- A. Office Supplies (unavailable from Staples Advantage)
- B. Miscellaneous supplies
- C. Non-Contracted Services
- D. Individual and institutional memberships
- E. Subscriptions, publications

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- F. Licenses
- G. Interlibrary loans
- H. Postage
- I. Conference registrations

Single transactions over \$5000 must have UMC Manager Approval and budget check.

3.4 Purchasing Cards with Transportation Privileges

Travel Cards or Combination Cards are issued to individuals in positions which include heavy travel schedules. All travel expenses paid by the University Travel or Combination Cards must comply with the University of La Verne Travel Expenditures Policy. Expense Reimbursement/Travel Policy The University Travel Card may be used for charges including:

- A. Airline Tickets
- B. Rail Tickets
- C. Lodging
- D. Airport shuttle services arranged in advance
- E. Rental Cars
- F. Taxis/Ride Share services
- G. Meals – when traveling for official University business within the University Expense Reimbursement/Travel Policy

3.5 Prohibited P-Card Purchases

- A. Personal Purchases
- B. Gift cards for any reason (*)
- C. Cash advances
- D. Alcohol
- E. Gifts of sentiment
- F. Purchases delivered to Non-University addresses (without prior written approval from the Director of Purchasing and Procurement)
- G. Payments and/or Deposits for any service that requires an agreement and/or Risk Management approval (leases/rentals/facility use, any other service, etc.) (*)
- H. Restricted items or services in Policies and Procedures
- I. Purchases that involve signing of an agreement, license or contract (*)

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- J. Construction, renovation, or installation services (*)
- K. Maintenance/Service Agreements requiring signed agreement (*)
- L. Professional and consulting services (*)
- M. Individuals (vendor payments made to owner – not to a business)
- N. Software licensing agreements requiring signatures (*)
- O. Computer hardware (over \$100) (excluding OIT issued cards) (*)
- P. Software (excluding OIT issued cards) (*)
- Q. Personal items or loans
- R. Medical services
- S. Furniture (*)
- T. All items not related to official University business.
- U. Any purchase categories blocked through the purchasing card Merchant Category Codes (MCC)
- V. Any purchases through Ebay or via PayPal.
- W. Amazon Prime (*) May be acquired through the Purchasing Department with proper documentation (approved requisition).

3.6 Required Documentation

A detailed receipt must support each purchase and include the following information:

- A. Supplier Name
- B. Itemized description, quantity, and price of merchandise/service purchased (must include applicable sales tax and shipping charges)
- C. Transaction Amount
- D. Date

3.7 Transactions Requiring Special Documentation or Approval

- A. Dues - Use of University funds for organizational memberships and dues may be permitted for institutional memberships in organizations that provide educational or professional service of value to the institution or to one of its component parts. The purpose of the membership, the complete name of the organization and the name of the member should be clearly described.
- B. Meal purchases covered by the University Travel Expenditure Policy require original detailed receipts of the meal. It is not sufficient to merely provide the credit card copy of the meal. Keep in mind that the meal purchase must comply

with the standard policies governing meals (i.e. no alcoholic beverages, no tips greater than 20%, etc.).

C. Over per item limit transactions- Certain exceptions of occasionally purchasing required items which are over the established per transaction limit may be made with an approved requisition. This requires a temporary increase to the card limit by the Program Manager. Requisitions may be forwarded to Purchasing as an alternate mean to these transactions with an approved requisition.

D. Club Advisors with Club FOAPs- Cardholders who serve as Club Advisors and have Club FOAPs assigned to their profile must confirm that there are funds available to make a purchase before placing an order. If there are insufficient funds in the club's FOAP, the cardholder's department will be responsible for covering the deficit.

E. Grant Funds- Cardholders assigned grant FOAPs must comply with Policies and Procedures outlined in the Office of Research & Sponsored Programs P-Card Policies & Procedures. If unauthorized, over budget, or unallowable purchases made on the P-Card, the cardholder's department will be responsible for covering the charge.

3.8 Transportation

A. Cardholders must provide the business purpose of the trip, which is required for tax purposes. For rental cars include the number of days that the vehicle was rented

B. All charges for transportation must adhere to University Travel Expenditures Policy: Expense Reimbursement/Travel Policy

3.9 Expense Reports

A. Cardholders may submit expense reports for mileage and vendors who do not accept credit cards only. The expense report must indicate the reason the cardholder did not use their P-Card. P-Cards or Requisitions must be used for all other expenses.

3.10 Stringing Purchases

The stringing of purchases with the University purchasing card is prohibited. Stringing is the practice of committing multiple purchasing card transactions to circumvent delegated authority levels, bypass University competitive bidding requirements, or avoid maximum-delegated authority levels.

4. Liabilities

Each level of approver and cardholder has responsibilities that have been outlined in previous sections of this P-Card Policy. It is a requirement of each individual participating in the P-Card Program to take seriously the following responsibilities in order to avoid personal liability for unintended misuse and/or fraud associated with P-Card use.

4.1 Infractions Cardholder/Reconciler

P-Card may be suspended or permanently revoked for non-compliance. Addendum A includes the progressive schedule of disciplinary action. Infractions are tracked on a rolling 12-month schedule. 4.1.1 Monthly Reconciliation Non-Compliance A. Late reports B. Reporting errors C. Reclassification errors D. Supporting Documentation

4.1.2 Policy Infractions

- A. Authorize a charge in excess of transaction or monthly limit(s), or split a purchase in order to circumvent the transaction limit
- B. Accept store credit or cash for returned merchandise. Must return items with a receipt and all credit must be applied back to the P-Card
- C. Knowingly allow another person to use card assigned to you- NO CARD SHARING
- D. Purchase a restricted item on the P-Card
- E. Request reimbursement (expense report) for item purchased on P-Card

4.1.3 Criminal Penalties

Fraudulent use of a P-Card for personal benefit may subject offender to civil and criminal penalties and/or termination of employment for the following infractions:

- A. Misuse or fraudulent requests for expense reimbursement

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- B. Knowingly assisting another in hiding misuse or fraudulent requests for reimbursement
- C. Using P-Card for personal gain
- D. Purchasing items on a P-Card that are not authorized for purchase by such employee
- E. Purchasing items that are not business or job related
- F. Retaining for personal use a rebate, refund, or gift from a vendor, bank or other financial institution resulting from a purchase made with the P-card

5. Purchasing Card Key Contacts

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