

# UC Davis Policy and Procedure Manual

## Chapter 350, Supplies and Equipment

### Section 22, Purchasing Cards

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Responsible Department: Materiel Management

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#### I. Purpose

This section outlines the policy and procedures governing the use of purchasing cards. The purchasing card is assigned by the bank to the employee, but is issued in the name of and on behalf of the University. Full liability rests with the University for immediate payment of all transactions. Use of the purchasing card must adhere to the policies and procedures herein, as well as Section 350-21. The purchasing card program is not available to UCD Medical Center departments.

Note that the purchasing card is different than the corporate card that is used for travel and entertainment expenses.

#### II. Definitions

- A. Feed Payment Distribution (FPD) document—a system-generated DaFIS document that reports when a purchasing card transaction has taken place and allows for transfer (when necessary) of expenditures to appropriate destination expense accounts. This document is also used to certify that specific conditions have been met.
- B. Source documents—vendor documents, showing itemized costs and descriptions in sufficient detail to substantiate purchasing card transactions. These may include but are not limited to invoices, email order confirmations, printed Internet shopping cart forms, sales receipts, itemized receipts or packing slips with cost shown.

#### III. Policy

- A. Purchasing cards may be issued to designated employees to enable the timely purchase of low value items from vendors, in accordance with existing purchasing authorizations and policies.
- B. Purchasing cards are issued to employees for University business purposes only and must be used in compliance with University procurement policies.
- C. Cardholders and departments shall ensure the appropriateness of purchasing card transactions and compliance with all relevant laws, rules, regulations, terms, conditions, and departmental procedures.

#### IV. Procedures

- A. Obtaining a purchasing card
  - 1. To be eligible for a purchasing card, the designated employee must:
    - a. Be a permanent, limited, or temporary University employee (i.e., active in the payroll system).
    - b. Receive approval of the department head or designee to have a purchasing card.
    - c. Complete the cardholder training at <http://purchasingcard.ucdavis.edu/training.cfm>.
    - d. Read and sign the Purchasing Cardholder Agreement certifying that he or she understands and agrees to the requirements associated with proper use of the purchasing card.
    - e. Complete and submit the purchasing card application at <http://purchasingcard.ucdavis.edu>.

- f. Be familiar with and agree to comply with UCD purchasing policies.
  2. Cardholders are generally limited to one purchasing card.
- B. Use of the purchasing card
1. Allowable purchases
    - a. Merchant categories are automatically restricted to selected vendor types when making a purchase with the purchasing card. Authorized merchant categories are consistent with allowable purchases designated in IV.B.1.b, below.
    - b. The purchasing card may be used to purchase non-restricted, low value goods and services under the departmental purchase delegation (see Section 350-21). Examples of allowable purchases include the following:
      - 1) Open Vendor (OV), Agreement (M3), and Purchasing Blanket (D3) order type purchases of supplies.
      - 2) Utilities (e.g., telephones; Internet services; office bottled water service).
      - 3) Subscriptions, publications, and copyrighted materials (U3 order type purchases).
      - 4) Short-term equipment rental of 31 days or fewer not requiring a signed agreement.
      - 5) Gift cards for staff awards (see Section 380-50).
    - c. The following purchases cannot be made using a purchasing card:
      - 1) Travel-related expenses.
      - 2) Entertainment, including food and catering charges.
      - 3) Items or services for personal use.
      - 4) Restricted items and services, except as allowed by Agreement (D3 and M3 order types) (see open-vendor purchase restrictions in Section 350-21).
      - 5) Inventorial equipment.
      - 6) Cash advances.
      - 7) Department repair orders (see Section 350-21).
  2. Spending limits
    - a. The Director—Materiel Management, in consultation with the Controller, shall determine the preset spending limits for each purchasing card. The cardholder may not exceed the purchasing card spending limits under any circumstances.
    - b. The total cost of a purchase, including shipping, handling, and tax, must be less than the established transaction spending limits.
    - c. Purchases shall not be artificially split to circumvent daily spending limits.
    - d. The account manager may request lower spending limits for a purchasing card during the application process, or by emailing the purchasing card program administrator (purchasingcard@ucdavis.edu) after the card is issued.
  3. The purchasing card shall be used only by the employee to whom the card has been issued. Cards/card numbers shall not be loaned to, assigned to, or transferred to any other person.

## V. Roles and Responsibilities

- A. The cardholder is responsible for:
  1. Maintaining accountability for all activity on the purchasing card.
  2. Using the card only for appropriate University business.

- a. The cardholder shall reimburse the University for any improper charges and fees related to the collection of those charges.
  - b. The cardholder may be subject to disciplinary or legal action for improper use of the purchasing card.
  - c. The cardholder's purchasing card may be suspended or revoked for improper use.
3. Safeguarding the card by keeping it securely in his/her possession, signing the back of the card, and destroying an expired or replaced card.
  4. Safeguarding the card number by ensuring that only the last four digits of the card number appear on any printed document (e.g., packing slip, sales receipt, bank statement).
  5. Reporting a lost or stolen purchasing card to the bank, to the purchasing card program administrator, and to the account manager or designee. Theft of the card shall also be reported to the appropriate law enforcement agency.
  6. Obtaining source documentation for all purchasing card transactions.
  7. Reconciling bank statements against source documents or an optional purchase log on a monthly basis.
  8. Obtaining duplicate copies of source documentation from the vendor or the bank, when necessary.
  9. Collecting and forwarding source documents to the account manager or account delegate within 5 days of merchandise receipt.
  10. Reviewing statements to ensure that proper credit is given for returns, adjustments or erroneous charges.
  11. Immediately attempting to resolve transaction disputes with the vendor, and reporting disputes and unauthorized transactions to the bank and account manager within 60 days of the transaction's cycle close when resolution cannot be reached with the vendor. See the Purchasing Card Web site (<http://purchasingcard.ucdavis.edu>) for specific information on resolving disputes.
  12. Completing initial and annual refresher cardholder training.
  13. Immediately surrendering the purchasing card to the account manager upon leaving the department or university, or at the direction of the bank or the purchasing card program administrator.
  14. Cooperating with bank investigations of suspected fraud or university investigations into alleged improper governmental activities.
- B. The account manager or account delegate is responsible for:
1. Ensuring that expenditures are properly authorized.
  2. Verifying the appropriateness and reasonableness of purchases, both in general terms and with regard to the specific fund used.
  3. Identifying questionable/unallowable expenditures such as travel, entertainment, services, or food supplies not relevant to teaching or research and notifying the purchasing card program administrator of cardholder noncompliance.
  4. Ensuring that source documentation provides sufficient detail to verify all expenditures.
  5. Verifying the transactions of no more than 10 cardholders.
  6. Completing and ensuring that other appropriate persons complete initial and annual

refresher cardholder and reviewer training.

7. Establishing a process that ensures there is evidence that items purchased were properly received.
  8. Verifying or transferring the purchasing card expense in the FPD document within 30 days of receipt of goods or date of the FPD document, whichever is later.
  9. Moving charges from Federal accounts if the source documentation to support the transaction is inadequate.
  10. Ensuring that use-tax accruals for out-of-state vendors do not duplicate state sales tax collected by the vendor at the time of purchase, and completing the Accounts Payable Purchasing Card Duplicate Tax Form ([http://accounting.ucdavis.edu/Forms/AP\\_PurCrdTaxForm.cfm](http://accounting.ucdavis.edu/Forms/AP_PurCrdTaxForm.cfm)) if duplicate sales tax was collected.
  11. Taking or recommending corrective action when purchasing cards have been used inappropriately.
  12. Cooperating with bank investigations of suspected fraud or university investigations into alleged improper governmental activities.
  13. Reporting suspected improper governmental activities to the Locally Designated Official (see Section 380-17) and the purchasing card program administrator.
  14. Immediately notifying the purchasing card program administrator when a cardholder leaves the department or university.
- C. The general ledger reviewer is responsible for:
1. Reviewing purchasing card transactions as part of the required monthly review and certification of the validity of the charges and credits in the General Ledger (see Section 330-11).
  2. Ensuring that the expenditure billed through the purchasing card system was not duplicated on a DaFIS Direct Charge or AP Vendor Invoice Document.
- D. The department head or designee is responsible for:
1. Justifying each requested cardholder's need for the purchasing card by approving the Cardholder Agreement.
  2. Maintaining a list of the names of individual cardholders.
  3. Periodically reviewing the list of cardholders to assure continuing need for the purchasing card.
  4. Ensuring that each cardholder has received a signed copy of the Purchasing Cardholder Agreement and has completed training to use the purchasing authority appropriately.
  5. Ensuring the appropriate separation of duties within the department (see VI, below).
  6. Ensuring that statements and source documents are retained for a period of five years after the year in which the purchase was made, unless the funding source dictates a longer period.
  7. Ensuring employee cooperation with transaction/desk reviews, bank investigations of suspected fraud or university investigations of alleged improper governmental activities..
  8. Reporting suspected improper activities to the Locally Designated Official (see Section 380-17) and the purchasing card program administrator.

A department that does not fulfill its responsibilities under this policy may have its purchasing delegation revoked or all purchasing cards suspended or cancelled.

- E. The purchasing card program administrator is responsible for:
  - 1. The day-to-day management and operation of the purchasing card program and ensuring adherence with program requirements.
  - 2. Overseeing the approval and issuance of new purchasing cards.
  - 3. Enforcing card limits and controls.
  - 4. Monitoring compliance with campus purchasing policy.
  - 5. Acting as liaison between the campus and the issuing bank or the Office of the President.
  - 6. Suspending or cancelling cardholder privileges, or terminating the purchasing card delegation, for any reason.
  - 7. Cooperating with bank investigations of suspected fraud or university investigations into alleged improper governmental activities.
- F. Controls and Accountability, Accounting and Financial Services is responsible for arranging and conducting periodic reviews to ensure appropriate internal control procedures, University purchasing policies, record retention requirements, and cardholder controls are being observed.

#### **VI. Separation of Duties**

- A. Departmental purchasing card roles and duties shall be separated so that one person's work routinely serves as a complementary check on another's work.
- B. No one person shall have complete control of a financial transaction.
- C. Appropriate separation of duties requires a minimum of two people to complete the transaction; best practice requires three people.
  - 1. The cardholder cannot be the account manager.
  - 2. The ledger reviewer must be someone other than the last person who approved the transactions in DaFIS, e.g., FPD documents (see Section 330-11).
  - 3. The account manager and account delegate cannot be subordinate to the cardholder.
- D. Additional information regarding separation of duties is available at <http://purchasingcard.ucdavis.edu/about/duties.cfm>.

#### **VII. Further Information**

Forms and information are available at the purchasing card Web site (<http://purchasingcard.ucdavis.edu>). Questions can be directed to the purchasing card program administrator, (530) 747-3850, [purchasingcard@ucdavis.edu](mailto:purchasingcard@ucdavis.edu).

#### **VIII. References and Related Policies**

- A. UC Business and Finance Bulletins (<http://www.ucop.edu/ucophome/policies/bfb/>):
  - 1. BUS-43, Materiel Management.
  - 2. RMP-2, Records Retention and Disposition: Principles, Processes, and Guidelines.
- B. UC Records Disposition Schedules Manual (<http://www.ucop.edu/recordsretention/>)
- C. UC Davis Policy and Procedure Manual (<http://manuals.ucdavis.edu/PPM/about.htm>):
  - 1. Section 330-11, Departmental Financial Administrative Controls and Separation of Duties.
  - 2. Section 350-21, Departmental Purchase Delegations.

3. Section 380-17, Improper Governmental Activities.
4. Section 380-50, Employee Non-Cash Awards.