

# UC Davis Policy and Procedure Manual

## Chapter 350, Supplies and Equipment

### Section 22, Purchasing Cards

Date: 8/23/15

Supersedes: 11/21/07

Responsible Department: Accounting and Financial Services

Source Document: Business and Finance Bulletin BUS-43, Part 8, Procurement Card Program

---

#### I. Purpose

This section provides 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 350-10.

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

#### II. Definitions

- A. Procurement card document (PCDO) document—a financial system-generated 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, and 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 (less than \$5,000) 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, UC policies, and departmental procedures.
- D. A department that does not fulfill its responsibilities under this policy may have its purchasing delegation revoked, or may have all purchasing cards suspended or cancelled.

#### 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. Complete the online purchasing card application.
    - e. 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.

- f. Be familiar with and agree to comply with UCD purchasing policies.
- g. Submit the agreement and Purchasing Card request number to the account manager.

2. The account manager completes the second part of the purchasing card application and submits the Purchasing Card Cardholder Agreement form.

3. 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 most non-restricted, low-value goods and services under the departmental purchase delegation (see [Section 350-10](#)).

- 1) Purchases must be limited to materials and supplies not available either through campus stores or through local or Strategic Sourcing Agreement; however, purchases of items available from these sources can be obtained from other sources if operational need dictates.
- 2) See the Allowable Use page of the purchasing card website for examples of allowable purchases.

c. The following purchases cannot be made using a purchasing card:

- 1) Travel-related expenses.
- 2) Entertainment, including food and catering charges.
- 3) Any items or services that have non-restricted commodity codes, but are identified in the [Excluded Items](#) list or are otherwise restricted by policy.
- 4) Additional unallowable items listed on the Allowable Use page of the purchasing card website.

2. Spending limits

a. The Director—Contracting Services, in consultation with the Controller, determines 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 no more than the established transaction spending limits.

c. Purchases must not be artificially split to circumvent daily spending limits.

d. The account manager may request changes or exceptions to the spending limits for a purchasing card during the application process, or by emailing the purchasing card program administrator ([purchasingcard@ucdavis.edu](mailto:purchasingcard@ucdavis.edu)) after the card is issued.

3. The purchasing card can be used only by the employee to whom the card has been issued. Cards and card numbers must not be loaned to, assigned to, or transferred to any other person.

**V. Roles and Responsibilities**

- A. The cardholder:
1. Is accountable for all activity on the purchasing card.
  2. Uses the card only for appropriate University business.
    - a. The cardholder will 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. Safeguards the card by keeping it securely in his/her possession, signs the back of the card, and destroys an expired or replaced card.
  4. Safeguards 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. Reports a lost or stolen purchasing card to the bank, and to the account manager (or designee). Theft of the card also must be reported to the appropriate law enforcement agency.
  6. Obtains source documentation for all purchasing card transactions. A best practice is to retain source documents as electronic attachments to the PCDO rather than as hard copies, with any confidential information masked.
  7. Reconciles bank statements against source documents or an optional purchase log on a monthly basis and verifies proper credit is given for returns, adjustments, or erroneous charges.
  8. Obtains duplicate copies of source documentation from the vendor when necessary, and contacts the purchasing card program when not possible.
  9. Collects and forwards source documents to the account manager or account delegate to adequately support the department review process.
  10. Immediately attempts to resolve transaction disputes with the vendor, and reports 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 [Cardholder Resources](#) on the Purchasing Card website for specific information on resolving disputes).
  11. Completes initial and annual refresher cardholder training.
  12. Upon leaving the department or university, or at the direction of the purchasing card program administrator, destroys the purchasing card and notifies the account manager.
  13. Cooperates with bank investigations of suspected fraud or university investigations into alleged improper governmental activities. Failure to comply with bank requests to complete the Fraud Affidavit will result in reversal or denial of credits for fraudulent purchases.
- B. The account manager or account delegate:
1. Ensures that each cardholder has received a signed copy of the Purchasing Cardholder Agreement and completes training to use the purchasing authority appropriately.
  2. Ensures that expenditures are properly authorized.
  3. Verifies the appropriateness and reasonableness of purchases, both in general terms and with regard to the specific fund used.

4. Identifies questionable/unallowable expenditures such as travel, entertainment, services, or food supplies not relevant to teaching or research and notifies the purchasing card program administrator of cardholder noncompliance.
  5. Ensures that source documentation provides sufficient detail to verify all expenditures.
  6. Verifies the transactions of no more than 10 cardholders.
  7. Completes and ensures that other appropriate persons complete initial and annual refresher cardholder and reviewer training.
  8. Establishes a process that ensures there is evidence that items purchased were properly received.
  9. Verifies or transfers the purchasing card expense in the PCDO document within 30 days of receipt of goods or date of the PCDO document, whichever is later.
  10. Moves charges from Federal accounts if the source documentation to support the transaction is inadequate. A card cannot have a federally funded account as the default account unless all planned expenses on that card are intended for and acceptable to the federally funded project.
  11. Ensures 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 completes 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.
  12. Takes or recommends corrective action when purchasing cards have been used inappropriately.
  13. Cooperates with bank investigations of suspected fraud or university investigations into alleged improper governmental activities.
  14. Reports suspected improper governmental activities to the Locally Designated Official (see [Section 380-17](#)) and the purchasing card program administrator.
  15. Immediately notifies the purchasing card program administrator when a cardholder leaves the department or university.
- C. The general ledger reviewer examines purchasing card transactions as part of the required monthly review and certification of the validity of the charges and credits in the General Ledger for compliance with [Section 330-11](#).
- D. The department head or designee:
1. Justifies each requested cardholder's need for the purchasing card by approving the Cardholder Agreement.
  2. Periodically reviews a list of their cardholders to assure continuing need for the purchasing card.
  3. Ensures the appropriate separation of duties within the department (see VI, below).
  4. Ensures 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.
  5. Ensures employee cooperation with purchasing program transaction reviews, bank investigations of suspected fraud or university investigations of alleged improper governmental activities.

6. Reports suspected improper activities to the Locally Designated Official (see [Section 380-17](#)) and the purchasing card program administrator.
- E. The purchasing card program administrator:
  1. Manages the day-to-day operation of the purchasing card program and ensures adherence with program requirements.
  2. Oversees the approval and issuance of new purchasing cards.
  3. Enforces card limits and controls.
  4. Monitors compliance with campus purchasing policy.
  5. Acts as liaison between the campus and the issuing bank or the Office of the President.
  6. Suspends or cancels cardholder privileges, or terminates the purchasing card delegation, for any reason.
  7. Cooperates with bank investigations of suspected fraud or university investigations into alleged improper governmental activities.
- F. Contracting Services conducts periodic reviews to ensure compliance with appropriate internal control procedures, University purchasing policies, record retention requirements, and cardholder controls.

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

- A. Departmental purchasing card roles and duties must be separated so that one person's work routinely serves as a complementary check on another's work.
- B. No one person is allowed to 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 or the delegate for the PCDO document.
  2. The ledger reviewer must be someone other than the last person who approved the transactions in the University's financial system, e.g., PCDO 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**

Additional information and forms are available at the purchasing card website (<http://purchasingcard.ucdavis.edu>). Questions can be directed to [purchasingcard@ucdavis.edu](mailto:purchasingcard@ucdavis.edu); (530) 754-1361.

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

- A. UC Office of the President, 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.
  3. Records Disposition Schedules Manual (<http://www.ucop.edu/recordsretention/>).

- B. 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 350-10, Procurement.
  3. Section 380-17, Improper Governmental Activities.