

# Procurement Card Program Policy & Procedure Manual

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# Procurement Card Program Overview

## Introduction

The San Jose State University Research Foundation (Research Foundation) Procurement Card (P-Card) program is designed to provide a convenient way of making routine purchases. Research Foundation P-Cards are widely accepted Visa cards issued by US Bank. They are corporate liability cards and are intended to be a method of payment for business purchases within the Cardholder's approved credit limit for accounts administered by the Research Foundation. The P-Card program is not intended as an overall replacement or as a means to circumvent purchasing guidelines, requirements, or policies and procedures established by the Research Foundation. If use of the P-Card is not practical, the use of the Research Foundation's existing mechanisms such as purchase orders or direct pay may be utilized.

## Program Administration

General oversight of this program belongs to the Director of Accounting. The Research Foundation Accounts Payable (AP) Department administers the P-Card program and the AP Manager has been designated as the primary P-Card Administrator. The P-Card Administrator cannot delegate or assign these duties to other individuals or departments. Other individuals may be designated as secondary P-Card Administrators with the approval of the Senior Director of Finance and Accounting.

The AP Department is responsible for reporting, coordinating, reconciling, evaluating all aspects of the program, and assisting department staff. The AP Department is also responsible for receiving the remittance packets, performing a monthly reconciliation, and making monthly payments to US Bank. The AP Department in conjunction with the Office of Sponsored Programs (OSP) is responsible for administering Cardholder and Approver P-Card training, distributing P-Cards, assisting project staff, and monitoring the proper use of the P-Card program.

For the purposes of this manual, the title of "Principal Investigator" (PI) will be used to describe the individual who has administrative and fiscal responsibility over the account(s) associated with the P-Card. The title of "Dean" will be used to describe the individual who has supervisory authority over the PI and "project" will be used to describe the requestor's unit or department.

## P-Card Spending Limits

The Cardholder will request a monthly credit limit on the *New Card Application*. The Principal Investigator, Finance Management, and Office of Sponsored Programs (if applicable) review the request and may approve, deny, or assign a different credit limit based on purchasing needs and good business practices. The P-Card single transaction limit is \$4,999.

## Authorized Uses of the P-Card

Cardholders must follow Research Foundation purchasing guidelines. The intent of the P-Card is to obtain goods and services that are needed for use within a project or department in accordance with the *Procurement Card Policy and Procedure Manual*. All P-Card purchases are subject to the limitations in the *Research Foundation Purchasing Policy*, the *Research Foundation Travel Policy*, the restrictions and prohibited items section below, as well as any applicable grant or contract terms and conditions.

**Note:** The P-Card may be used for travel if pre-authorization is obtained as described in the *Research Foundation Travel Policy*.

## Prohibited Items

The P-Card may **NOT** be used for the following:

- Cash advances or cash refunds
- Political contributions
- Donations
- Gifts
- Splitting of purchases to circumvent the dollar limitation

- Firearms/ammunition
- Alcoholic beverages
- Construction or tenant improvements with a cost of \$5,000 or more per item
- Narcotics and other controlled substances
- Advertisement for employee recruitment
- Purchase of any goods, services, gifts, or items of a personal nature or for personal use
- Purchase of equipment with a cost of \$5,000 or more per item
- Consulting Services whether provided by an individual or a consulting firm.
- Contract Agreements. Purchases that require an agreement or contract to be signed must be reviewed and signed by an Officer of the Research Foundation or their designated representative.
- Household appliances and furniture from grant accounts that are not related to research

### **Restricted Items**

The following items require the cardholder obtain approval prior to purchase by using the *P-Card Restricted Purchase Pre-Approval Form*:

- Computers, laptops, iPads, or other computing devices regardless of dollar value
- Animals (Also requires SJSU IACUC approval)
- Hosting
- Cell Phones
- Wireless devices, tablets, accessories
- Gift cards, gift certificates, pre-paid cards, or calling cards: These may be used where a grant allows prepaid cards. Preapproval is required using the approval form mentioned in the note below. The approval may be obtained for the period of the grant and can't exceed \$300 per year for any single recipient. If the total is expected to exceed that amount, then a W9 must be obtained and the cards purchase must go through the normal requisition process. A log must be maintained for any gift card distributions and should be submitted with your receipts package each month. You must use the Gift Card log, instructions on required information are included on the log.
- Meals and light refreshments (Must be allowable with the grant, also requires itemized receipts, and a list of attendees)
- Chemicals or other hazardous substances (Also requires an MSDS be obtained with goods)
- Software Licenses. Other than purchase of off-the shelf software, software licenses must be reviewed and approved by an Officer of the Research Foundation or their designee prior to purchase.

**Note:** The Cardholder may obtain approval from the OSP Grants and Contracts Administrator and P-Card Administrator by email in lieu of using the *P-Card Restricted Purchase Approval Form*. The approval must be submitted along with the remittance packet.

## **P-Card Program Participation Criteria**

### **Measuring P-Card Readiness**

PI's interested in participating in the P-Card program can measure their readiness by reviewing the following requirements.

- Each Cardholder should consider the requirement to spend a minimum of \$4,000 per year.
- The requesting project must have discretionary funds or an operating account and be willing to use it as a backup funding mechanism for inappropriate charges.
- Each PI and Dean should consider that the purchase of a prohibited item, personal item, and contract/grant disallowed item, or a purchase that exceeds budget by the Cardholder will be charged to the PI's discretionary account. If the funds are not first recouped from the Cardholder and funds are not available in a discretionary account then the project Dean's operating account will be charged.
- If requesting a card for expenditures to be charged to a contract or grant; the amount of the contract or grant must be \$50,000 or more, have project duration of at least 6 months, and a budget for supplies.
- P-Card requests for expenditures to be charged solely to a non-sponsored program account that begins with

- either a “3x” or “5x” may be subject to additional requirements.
- The Cardholder must agree to uphold the terms and conditions of the *Cardholder User Agreement* and participate in Cardholder training.
- The Approver must participate in the P-Card Approver training.
- The Cardholder must maintain knowledge of restrictions and limitations required under award specific terms as well as the conditions outlined in the *Procurement Card Policy and Procedure Manual and the Research Foundation Purchasing Policy*.
- Grant, contracts, or programs must be in good financial standing and have no unresolved financial liabilities.

While full liability rests with the Research Foundation for immediate payment to US Bank, the PI and Dean approve the Cardholder authority assigned to each card and are responsible for all purchases. A finding of intentional misuse or abuse of the P-Card may result in immediate revocation of privileges and may include further disciplinary action up to and including termination of employment. Cardholders may also be subject to being held financially liable for unauthorized purchases.

### **Cardholder Qualifications**

To qualify for a P-Card an individual must be an employee of the Research Foundation or SJSU with a reasonable need to routinely procure goods or services related to accounts administered by the Research Foundation. The individual must also be:

- An Authorized Account Signer for the PI as defined on the project signature card *OR*
- Designated by the PI as a Cardholder for accounts under the PI. In these instances, the PI must designate P-Card authority to the Cardholder by signing the *P-Card New Card Application*. In addition, the PI or an Authorized Account Signer must perform the approval process for this Cardholder’s transactions.

### **Approver Qualifications**

The Approver is the PI or Account Signer responsible for oversight of Cardholder activity. The Approver must meet the following criteria:

- Must be a Research Foundation PI who has budget and signature authority on accounts administered by the Research Foundation *OR*
- An Authorized Account Signer for the PI as defined on the project signature card

The Approver must review and sign the Cardholder’s reconciliation and remittance packets.

## **Procedures for Becoming a Cardholder**

### **Obtaining a P-Card**

The PI in conjunction with Finance and the Office of Sponsored Programs (if applicable) will determine which individuals have a reasonable need to routinely procure goods and services and meet qualifications defined in the Participation Criteria section.

Under the direction of the P-Card Administrator, all Cardholders must:

- Complete the *P-Card New Card Application*
- Submit all forms to the applicable OSP Analyst for review
- Complete required training and sign the *Cardholder User Agreement*

The OSP Analyst will forward the approved forms to the P-Card Administrator for review and approval. When approved, the P-Card Administrator will coordinate the training for all Cardholders and Approvers. The P-Card Administrator will also coordinate new card distribution.

### **Distributing P-Cards**

All new P-Cards will be mailed from US Bank directly to the Director of Accounting. The P-Card Administrator will email Cardholders and Approvers when cards are available for pick-up. Cardholders and the Approvers must first complete any requisite training and the Cardholder must show a valid ID in order to gain custody of their assigned P-Card. P-Cards not picked up within 30 days of the date of the email will be terminated unless prior arrangements are made with the P-Card Administrator.

## **Activating the P-Card**

A new or renewed card cannot be used until it is activated by calling the US Bank customer service number appearing on the activation sticker affixed to the card. The card activation process is automated and will prompt the caller for the card account number, billing address, and zip code. When the system prompts for the social security number, the Cardholder should provide their SJSU ID, not their social security number. Please note that the social security number is not needed for card activation. Any card not activated within 30 days will be considered inactive and will be terminated. The US Bank activation number is **1-800-344-5696**.

## **General Instructions for Making Purchases**

### **Determining Need and Budget Availability**

Before executing a purchase transaction with the P-Card, the Cardholder must verify that there are sufficient funds available in the budget or account to cover the purchase and verify that the goods or services to be purchased are allowable under the terms and conditions of the award for contracts or grants, and that purchases are in compliance with the *Research Foundation Procurement Card Policy and Procedure Manual*, and the *Research Foundation Purchasing Policy*. Purchases made within the last 30 days of a sponsored program may be subject to additional review and approval. Check with your OSP Analyst prior to any purchase if there are questions or concerns regarding the budget or allowability of the expenditure.

### **Conflict of Interest**

The Research Foundation is committed to the highest ethical standards and requires that all Cardholders and Approvers avoid any transaction or circumstance that enables, potentially enables, or appears to enable a conflict of interest. P-Card program participants must uphold the *Conflict of Interest Policy* of the Research Foundation which mandates that individuals must avoid making purchases from any vendors where they could personally benefit directly or indirectly.

### **Receiving Goods**

Goods that are ordered using the P-Card by Research Foundation projects occupying space on the SJSU campus should be shipped directly to the SJSU receiving dock at the address listed below:

San Jose State University Central Receiving  
Attn: Cardholder's full name, phone number, building, room number  
129 S. 10th Street  
San Jose, CA 95192

All Research Foundation projects and departments occupying space at any other location are to provide the supplier with detailed information regarding the specific delivery location, Cardholder's name, phone number, etc. Goods must be delivered to an authorized work location and should not be shipped to a personal home or a personal business address.

### **Recording Transactions between Cardholder and Vendor**

Cardholders must inform their vendors that a paid receipt is required. If the vendor requires a company name, the San Jose State University Research Foundation (SJSURF) name should be given. The name of the project given in place of the San Jose State University Research Foundation is not permissible. The project name may be listed as a secondary name.

To complete the transaction, obtain an itemized charge slip, sales receipt, and any other documentation that validates the order and receipt of the item(s). If the purchase is a phone transaction, ask the merchant to fax or email the receipt and include purchase detail, tax rate, shipping etc.

### **Lost or Non-Itemized Receipts**

The Cardholder must complete a *Lost Receipt Form* for each lost invoice, missing or non-itemized receipt, obtain the Approver's signature, attach a copy of the transaction summary from Access Online and submit it with the remittance packet. Written justification for the lost invoice, missing receipt or non-itemized receipt is required on the *Lost Receipt Form*.

## P-Card Reconciliation and Remittance Packet

### P-Card Remittance Packet Submission Guidelines:

Remittance Packets must be submitted to the Research Foundation no later than the 27<sup>th</sup> of each month for all activity that occurred between 23<sup>rd</sup> of the previous month to the 22<sup>nd</sup> of the current month.

**Note:** The remittance transaction dates may vary based on weekend/holidays. Check the remittance calendar for specific dates.

- Cardholders must at a minimum submit remittance packets to the OSP Analyst at least twice per month if applicable. The first submission should cover transactions from the 23<sup>rd</sup> to the 8<sup>th</sup> of the month, and the second submission should cover transactions from the 9<sup>th</sup> to the 22<sup>nd</sup> of the month.
- It is preferable that remittance packets be submitted to the OSP Analyst weekly.
- It is required that remittance packets be submitted to the OSP Analyst weekly if the grant is ending within 30 days or the budget available is less than \$10,000 or less than the card credit limit.

### Cardholder Reconciliation and Remittance

#### The Cardholder will:

1. Log into Access Online and input account numbers, object codes, descriptions, and approve cardholder transactions.
2. Print an account activity report for the timeframe of the remittance
3. Compare itemized receipts to the account activity report and resolve any discrepancies.
4. Forward the remittance packet containing the *Remittance Form*, account activity report, original itemized receipts, proof of receipt, and supporting documentation to the Approver for review.

Please note that if the Cardholder purchases goods from out of state vendors, the Cardholder is responsible for sales tax. If applicable, tax will be added by the AP Department when the transaction is posted to the general ledger.

#### The Approver will:

**Note:** Approvers must review the remittance packet and sign the remittance form but are not required to approve in Access Online unless requested by the department or required by the P-Card Administrator at initial set-up.

1. Log into Access Online and review each Cardholder's transactions.
2. Review all itemized receipts or invoices that are included in the packet from the Cardholder to ensure the transactions are appropriate.
3. Approve the transactions in Access Online and forward the remittance packet to the Research Foundation OSP Analyst.

#### The OSP Grants and Contracts Administrator will:

1. Log into Access Online and review the approved transactions against the supporting documentation in the remittance packet.
2. Review the account activity report to ensure that itemized receipts support the transactions
3. Review the account numbers and object codes entered by the Cardholder for accuracy
4. Review to ensure that the Cardholder is authorized to charge on the accounts entered
5. Review transactions to determine allowability, allocability, budget balance, and whether the purchase of items was within the award period.
6. Review to ensure that prohibited items were not purchased and for proper approval of restricted items
7. Review to ensure that policies and procedures are being followed
8. Complete the review and approve the transactions in Access Online and forward the remittance packet to the Research Foundation AP Technician for review.

**The AP Technician will:**

1. Log into Access Online and review the approved transactions.
2. Verify that the total amount of itemized receipts or invoices match the account activity report from Access Online.
3. Verify that itemized receipts, invoices, packing slips or other proof of receipt of goods support the transactions.
4. Verify that the account numbers and object codes are correct
5. Verify that the Cardholder is authorized to charge to the account numbers entered into Access Online by referencing the *New Card Application* or *P-Card Maintenance Form* information
6. Verify that prohibited items were not purchased.
7. Verify that proper approval was obtained for restricted items.
8. Verify that Research Foundation policies and procedures were followed.
9. Verify that proper sales and use tax has been applied.
10. Review and approve the transactions in Access Online and forward the remittance packet to the AP Manager for review.

After the AP Manager reviews and approves, the transactions are ready to post to the general ledger.

**Monthly Reconciliation**

The billing cycle of US Bank is from the 23rd of the first month to the 22nd of the next month (depending on calendar work days). Monthly statements are available through US Bank Access Online. The accounting department is responsible for ensuring that the remittance packets reconcile to the US Bank monthly statement.

**Fiscal Year End**

The Research Foundation fiscal year begins on 7/1 and ends on 6/30 of the following year. In order to meet fiscal year closing deadlines the P-Card remittance packet will be due by the first week of July in the new fiscal year for the last week of June transactions. Transactions approved by 6/30 will be reflected on your account in the current fiscal year. Any unapproved charges that remain after 6/30 will be accrued as part of the year end closing process.

The P-Card Administrator will send an email to Cardholders, Approvers, and OSP Analysts in June of each year as a reminder to submit a *P-Card Maintenance Form* if Research Foundation account numbers for the Cardholder will change in the next fiscal year.

**Suspension and Revocation of Card****Immediate Revocation**

P-Cards will be immediately terminated and Cardholder privileges immediately revoked under the following circumstances:

- Cardholder allowing other individuals to use the P-Card
- Personal use of the P-Card
- Fraudulent use of the P-Card by the cardholder

**Decreased Spending Limits**

Any cards that have activity that is not allocated and approved in Access Online as of the published deadlines will automatically have their spending limit adjusted to \$0. The limit will be restored when the transactions have been allocated and approved and the remittance packet has been received by the OSP Analyst. Approvers are encouraged to communicate with the P-Card Administrator when there are issues that will prevent final approval of the transactions before the deadline to prevent the spending limit from being dropped to \$0.

**Cardholder and Approver Program Violations**

The following is a list of program violations that will cause a review of the Cardholder and the Approver's readiness to participate in the P-Card program.

- Late or incomplete submission of remittance packets, receipts, and supporting documentation



- Frequent lost or missing receipts
- Late allocations and approvals in Access Online
- Purchase of prohibited items
- Purchase of restricted items without proper approval
- Improper or incorrect allocation of expenses
- Overspending of grants causing fund deficits
- Failure to submit a request for travel approval in advance of using the P-Card for travel-related purchases
- Splitting purchases to circumvent the single transaction limit
- Giving vendors incorrect information resulting in incorrect support documentation such as using the project name as the company name instead of San Jose State University Research Foundation or SJSURF

### **Schedule of Card Revocation for Inappropriate Purchases**

The following schedule will be used for inappropriate Cardholder purchases. Inappropriate purchases include but are not limited to; items disallowed by a contract or grant, exceeding budget, items purchased outside of the grant period, items for personal use, restricted or prohibited items without an approved *P-Card Restricted Purchase Pre-Approval Form*, or a purchase that is in violation of any other Research Foundation policy. Human error and extraordinary circumstances may be taken into consideration when investigating any violation of policy.

**1st Infraction** – The PI and Cardholder will be provided with a notification of infraction and a resolution date. If not resolved by this date the Research Foundation may charge expenses to the PI or Dean’s discretionary funds or the Dean’s operating account and the card limits may be set to \$0 until resolved.

**2nd Infraction** – The PI and Cardholder will be provided with a notification of infraction and a resolution date. If not resolved by this date the Research Foundation may charge expenses to the PI or Dean’s discretionary funds or the Dean’s operating account and the card may be temporarily suspended until resolved. Card limits and spending privileges may be reviewed and adjusted to a more conservative credit limit.

**3rd Infraction** - If the 3rd infraction occurs within 12 months of the 2nd infraction and notification of infraction, the P-Card may be revoked and the Cardholder will not be allowed to participate in the P-Card program. Any outstanding expenses may be charged to the PI or Dean’s discretionary fund(s) or Dean’s operating account.

## **Disputed Transactions and Lost or Stolen P-Cards**

### **Disputed Transactions**

On occasion, items may appear in US Bank Access Online and on the monthly Cardholder statement that are questionable or are not authorized by the Cardholder. The Cardholder is responsible for resolving these items.

### **Lost or Stolen P-Cards**

All cards are the property of the Research Foundation. If a card is lost or stolen or has been compromised as evidenced by an unauthorized or fraudulent activity and identified by review of account activity, please do the following:

1. Immediately notify US Bank at 1-800-344-5696 or [servicepointcps@usbank.com](mailto:servicepointcps@usbank.com) and the P-Card Administrator at [fdn-acctpay-group@sjsu.edu](mailto:fdn-acctpay-group@sjsu.edu).
2. Log into US Bank Access Online to review the account for potential fraudulent activity. Any charges that have been charged on the account before notifying the bank are the liability of the Cardholder, project, or department until resolution is reached with the merchant, merchant’s bank, and the Research Foundation. Take immediate action to report and dispute any unauthorized charges.
3. Failure to take immediate action regarding lost or stolen cards and disputed charges may result in financial liability and losses to the project or department and termination of P-Card privileges.

## **P-Card Maintenance**

### **P-Card Renewal**

New cards are automatically reissued to all active Cardholders in good standing who meet minimum spending thresholds prior to the expiration date. The card expires on the last calendar day of the month listed on the card. A renewal P-Card will be mailed directly to the cardholder. P-Cards are good for a three year period unless the contract or grant has ended, the account has no remaining budget, or the card has been terminated by the P-Card Administrator.

### **Temporary Credit Limit Change**

Cardholders may need to change the single transaction limit or monthly credit limit from the original pre-authorized limits. Requests for changes may be temporary or long term depending on the status of the grant or account activity. Temporary changes are set to expire within a short time frame to mitigate risks of misappropriation of Research Foundation assets. Requests for changes in credit limits must be in writing using the *P-Card Maintenance Form* and approved by the PI and/or Dean when applicable. Additional approval of the Director of Sponsored Programs and Senior Director of Finance and Accounting or designees may also be required. When the appropriate and authorized approvals are obtained, the request must be submitted to the P-Card Administrator for processing.

### **Termination or Cancellation of Card**

A card may be terminated or cancelled when a P-Card is considered inactive, the Cardholder is no longer employed at the Research Foundation or SJSU, or the Cardholder no longer has active awards or funds with available balances. If the Cardholder is leaving the Research Foundation or SJSU employment, the P-Card Administrator should be contacted two weeks prior to the departure date to ensure that all documentation has been collected and that all outstanding charges are allocated to the appropriate accounts. When a Cardholder terminates employment with the Research Foundation or SJSU, the Cardholder has the specific obligations to surrender the assigned P-Card prior to the termination date, turn in receipts, and assign the account information in Access Online. The Principal Investigator is responsible for notification of the resignation or termination to the P-Card Administrator. In cases of involuntary termination the Research Foundation HR department should notify the P-Card Administrator.

### **Changes in Cardholder Status**

As Cardholder information changes, the Cardholder is responsible for contacting the P-Card Administrator in writing using the *P-Card Maintenance Form* to ensure that the most current information is on record such as Research Foundation account numbers for the Cardholder, name change, address change, and phone number change.

### **Review of Inactive P-Card Accounts and Credit Limits**

Periodically, the P-Card Administrator reviews data regarding P-Card account activity and notifies the appropriate PI and Cardholder regarding Cardholder accounts that have not been used during the past six months. Inactive cards may be terminated. The review of inactive P-Card accounts is important to ensure that inactive cards have not been misplaced or exposed to the risk of inappropriate use.

P-Card account credit limits will also be reviewed periodically. Cardholders not demonstrating a need for the approved credit limit may be given a reduced credit limit to reduce Research Foundation financial exposure.

### **Record Retention**

All documents and records are maintained in accordance with Research Foundation records retention requirements. P-Card forms will be retained for three years.