

**LOYOLA MARYMOUNT UNIVERSITY  
 POLICIES & PROCEDURES**

DEPARTMENT: CONTROLLER'S OFFICE	
SUBJECT: UNIVERSITY PURCHASING CARD (P-CARD)POLICY	Page 1 of 9
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**1 Statement of Policy**

This policy outlines the definitions, responsibilities, procedures, and guidelines for the issuance and use of a Loyola Marymount University Purchasing Card.

Cardholders and their supervisors must comply with this policy. Failure to comply with the policy and procedures herein will result in suspension or termination of Purchasing Card privileges and may result in disciplinary action.

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## 2 Definitions

<b>Accountable Plan</b>	A plan under which an employer reimburses an employee for expenses and is not required to report the reimbursement as taxable income to the employee. The employee must document business connection or purpose, substantiate expenses, and return any amount in excess of substantiated expenses to the employer within a reasonable period of time. Accountable Plan is an IRS term.
<b>Approver</b>	The person who is responsible for charges to a particular account. The Department Manager may be or may designate an individual as an Approver.
<b>Business Purpose</b>	Statement of justification that expense is directly connected with the performance of cardholder duties (e.g. recruiting lunch). According to the IRS Accountable plan a valid business purpose must be provided by the cardholder for each transaction or expense. Generic explanations such as "Business Lunch" are not adequate substantiation; the purpose should clearly be one that furthers the interest of the University and enables the approver to understand that that is the case.
<b>Cardholder</b>	A person to whom a University P-Card has been issued. The Cardholder is accountable for all charges made with the P-Card. A Cardholder may or may not be a Reconciler.
<b>Daily Transaction Limit</b>	A daily limitation on the number or transactions in one day (generally 12).
<b>Default Account</b>	The University account number assigned to an individual Cardholder's P-Card. Only one default account can be assigned to any one P-Card and all charges made with the P-Card will be posted into that default account until reallocated.
<b>Department Manager</b>	The person who is responsible for approving spending limits (see 2.7 & 2.8) and assigning the Approver. Generally, this will be the operational department manager (e.g. Registrar, Director of Athletics, Dean).
<b>Monthly Spending Limit</b>	A dollar limitation of purchasing authority assigned to the Cardholder for the total of all charges made during each monthly billing cycle.
<b>Preferred Vendor</b>	A vendor who has offered special pricing or terms to the University.
<b>Program Administrator</b>	University employee responsible for administering the P-Card Program for the University and acting as the main contact between the University and the Bank.
<b>Purchasing Card (P-Card)</b>	A charge card issued to an individual for the purpose of making authorized purchases on the University's behalf. The University will issue payment for charges made with the P-Card.
<b>Rebate</b>	The return of all or part of an amount paid for goods or services.
<b>Reconciler</b>	The person assigned to review a Cardholder's monthly charges and to ensure that charges are supported by proper documentation (see 2.12). A Cardholder may be his or her own Reconciler, and a Reconciler may manage more than one Cardholder's account. A Reconciler may or may not be a Cardholder.
<b>Statement of Account</b>	A listing of all transactions charged to the Cardholder's P-Card account for the monthly billing cycle. Cardholders will print this on-line statement, attach supporting documentation, and submit to reconciler. Cardholders may view their transactions on-line daily.
<b>Support Documentation</b>	A vendor-produced original or non-University document that records the relevant details for each item purchased including quantities, amounts, a description of what was purchased, the total charge amount, and the merchant's name and address (e.g. sales receipt, original invoice, packing slip, credit receipt, etc.).
<b>Transaction/Charge Limit</b>	A dollar limitation of purchasing authority assigned to the Cardholder for each individual charge made with the P-Card.
<b>Travel Expense Report</b>	University's standard form that documents expenses associated with business travel for approval by the employee's supervisor.

## **3 Responsibilities**

### **3.1 Cardholder Responsibilities**

Prior to receiving a P-Card the cardholder must attend a training session and must also read and sign the *LMU Purchasing Card Cardholder Agreement*. Full liability of payment for purchases made with the P-Card rests with the University, however the Cardholder is responsible for all purchases made with their assigned card. In addition, Cardholders must adhere to the following:

1. Cardholders are responsible for obtaining necessary approvals before using the card to purchase goods or services and for following the guidelines for purchasing set forth below.
2. Once a purchase is made, the Cardholder is responsible for confirming goods received match the order, and retaining original documentation with the monthly statement for audit review of statement.
3. Cardholders are responsible for providing documentation or a missing receipt affidavit for each transaction.
4. Cardholders are responsible for reviewing purchases for propriety and accuracy of the General Ledger Account on a monthly basis. Cards will be set up to post charges to default general ledger accounts for a respective department. However, cardholders will have the responsibility to correct or change transaction coding within their department prior to the end of the monthly cycle.
5. Cardholders must enter a valid business purpose for each transaction in accordance with the IRS Accountable Plan.
6. Cardholders are responsible for reviewing their transactions in PaymentNet (bank software) and submitting their statements in a timely manner according to the deadlines established by the Controller's Office.
7. Cardholders are responsible for safeguarding the card as if it were cash and must notify the bank immediately if the card is lost or stolen.
8. Cardholders are responsible for follow-up with the bank and LMU staff to resolve disputed items.

### **3.2 Approver Responsibilities**

1. Approvers are responsible for reviewing purchases for propriety and accuracy.
2. Approvers must login into PaymentNet and approve transactions of their direct reports on a monthly basis by the specified deadlines.
3. Approvers must confirm that appropriate account codes are used.
4. Approvers must insure that the transactions are in compliance with the University's Purchasing & Payments Policy.
5. Charges may be split among several budget accounts within the department or with other departments. Only Cardholders and Approvers will have the authorization to split charges.

6. Approvers are responsible for collecting P-Cards from cardholders who are separating from the University and returning them to the P-Card administrator. The *LMU Purchasing Card Surrender Form* should be completed and signed by the appropriate Budget Manager indicating receipt of the card from the separating Cardholder. Upon a Cardholder's separation from the University, it becomes the Approver's responsibility to maintain the support documentation retained by the Cardholder. See 6.8 for discussion of cardholders who transfer within the University and requirements to update card information.
7. Approvers are responsible to take appropriate action if cardholders do not comply with university timelines or policies

### **3.3 Purchasing Card Program Team Responsibilities**

The Purchasing Card Program Team (PCPT) is responsible for the ongoing maintenance of the program including responsibilities to:

1. Provide training to administrators and cardholders
2. Distribute the cards
3. Interact with the bank to add, change, and delete cardholders
4. Issue and update cardholder policy & procedures
5. Monitor purchases for compliance & propriety
6. Monitor the departmental approval of billing statements
7. Analyze purchase trends
8. Facilitate resolution of disputed charges

The P-Card Program Administrator is the Accounts Payable Supervisor in the Controller's Office.

## **4 P-Card Usage Guidelines**

The P-Card may be used for any purchase in the normal course of business within departmental budget guidelines. Misuse of the P-Card may result in revocation of card privileges, disciplinary action, termination, and/or criminal prosecution.

## **5 P-Card Limits**

P-Card dollar and volume limits are tailored to the Cardholder's expected use of the P-Card. Certain types of vendors and transactions are blocked as it has been determined that they would not apply to the University's operations. Specific P-Card limitations will be explained to each cardholder in the course of cardholder training. Each P-Card will be classified in the system with a pre-assigned template number associated with a common transaction and monthly limit: These classifications are as follows:

1. \$250/transaction, up to \$1,500/month
2. \$1,500/transaction, up to \$20,000/month
3. \$2,500/transaction, up to \$25,000/month

Other classifications may be assigned if the Cardholder's expected use doesn't fit into any of the categories above. These will be analyzed on a case-by-case basis.

## **6 Procedures**

### **6.1 *P-Card Distribution & Activation***

An employee may receive a P-Card upon approval from their Department Head and completion of the *LMU Purchasing Card Application*. The application and approval process can usually be accomplished within 5 business days.

### **6.2 *General Instructions for Cardholders to Make a Purchase***

The P-Card is the preferred payment method that the University. All P-card purchases must be made in accordance with the University's Purchasing & Payments and Travel policies.

### **6.3 *Documentation Requirements***

The department is responsible for maintaining records of every transaction made with the P-Card. These records must be reconciled to the monthly statement each billing cycle (30 days). The following items constitute proper documentation:

1. Original Cashier receipt
2. Invoice issued by Vendor
3. Vendor supplied detailed list of items purchased
4. E-mail orders, acknowledgements or confirmations which include vendor name, transaction date, and detailed list of items purchased, dollar amount for each item and sales tax.

All supporting documentation must be attached to the monthly statement and signed by the Reconciler or Approver.

The statement and supporting documentation must be submitted to P-Card Administrator in the Controller's Office, University Hall Suite 2200 the second week of each month.

#### **6.4 Review of Expenditures/Submission of Statement and Documents**

Each month the Cardholder is responsible for reviewing the expenditures charged to their P-Card. This review occurs on-line and is documented on-line. In accordance with the Accountable Plan, a business purpose must be entered on-line for each transaction and documentation must be submitted in a timely manner. It is best practice to review P-card transactions on a weekly basis. Cardholder and Approver are notified by e-mail that transactions are ready for review and approval. It is required that online review and approval be completed on or before the P-card due dates.

#### **6.5 Disputed Charges**

Any charge that appears on the monthly statement may be disputed if it is an error. If there is a charge that is not recognized or appears to be incorrect, first contact the vendor and try to resolve the dispute. If an agreement cannot be reached, the Cardholder should go to the website ([www.paymentnet.com](http://www.paymentnet.com)) and complete a Disputed Charge form within 60 days of transaction date. The bank will then contact with the vendor and attempt to resolve this dispute within the billing cycle. For fraudulent charges, the bank may require the cardholder to complete an affidavit.

#### **6.6 Returns, Credits, Exchanges & Rebates**

It is the responsibility of the Cardholder to contact the merchant when merchandise purchased with the P-Card is received that is defective or incorrect. The Cardholder must arrange for a return for credit or an exchange.

If a return for credit is made, it is the Cardholder's responsibility to obtain a receipt from the merchant and maintain this credit receipt with the original support documentation for the purchase. The refund must be credited to the same P-Card on which the original purchase was made. It is strictly prohibited for a Cardholder to accept a refund in the form of cash or check.

If an exchange is made, the Cardholder is responsible for returning the merchandise to the merchant and obtaining a replacement. Documentation supporting this exchange should also be maintained with the support documentation for the original purchase.

Cardholders may at times purchase items for which a manufacturer or vendor rebate is available. In this case, it is the responsibility of the department or Cardholder to follow the appropriate procedures to receive the rebate. No Cardholder or University Staff will be allowed to profit personally from a rebate. All rebates must be deposited with the University Cashier crediting the account charged for the original purchase.

It is preferred that rebate checks be payable to the University. If the check is payable to the purchaser, it must be endorsed to the University. Rebates in the form of certificates or gift cards must be returned to the card coordinator to be used for future purchases.

It will be the responsibility of the Approver to review any rebate activity when approving the Cardholders' statements.

### **6.7 *Lost, Stolen or Damaged Cards***

If your P-Card is lost or stolen, notify the bank immediately by calling **1-800-270-7760**. Representatives are available 24 hours a day, 7 days a week. Next, notify the P-Card Program Administrator, Gunita Chopra at extension 87525. Your card will be immediately suspended to protect against unauthorized use and you will be supplied with a new card. If a card is found after being reported lost, the canceled card should be cut in half and both halves forwarded to the Program Administrator. If your P-Card is damaged, notify the program administrator and he or she will arrange to cancel your current card and issue a new card. Canceled cards should be cut in half and forwarded to the Program Administrator.

### **6.8 *Returning the Card Upon Separation from the University***

Prior to separation from the University, cardholders must surrender their P-Card to either their Approver or the Program Administrator. To release the cardholder from responsibility for the card, the Approver must complete the *LMU Purchasing Card Surrender Form*. When someone other than the Approver accepts the P-Card from the separating employee, s/he must complete this form and sign it. The separating employee should be asked to sign this form as well.

Should a cardholder change departments at the University a new application must be submitted with the new information and signed by the new supervisor. Please provide the existing card information on the application.

### **6.9 *California Sales & Use Tax Guidelines***

Although LMU is tax exempt on its income, all purchases made by LMU are subject to sales and use tax. Taxes should be included in the cost of all purchases; if erroneously not included in the purchase total, the tax liability will be calculated, accrued, and charged to the cardholder's general ledger account.

### **6.10 *Personal Charges***

No personal charges are allowed on the P-Card. If you are traveling and plan to incur personal room charges such as a movie, please provide two separate cards to the hotel so that they may be charged correctly. However if a personal charge is inadvertently charged to your card, please reimburse the University as soon as possible. Please deposit the funds with the University Cashier and attach a copy of the deposit slip to your P-Card statement.



### **6.11 Failure to Comply with P-Card Policy**

If a Cardholder fails to submit documentation and/or missing receipt affidavits for each P-Card transaction, the amount of the undocumented transaction(s) will be added to the cardholders W2 at the end of the calendar year unless the Cardholder has reimbursed the University. Purposeful misuse of the P-Card may result in immediate cancellation of P-Card privileges.

## **7 P-Card Travel Benefits**

Under the terms of LMU's agreement with JP Morgan Chase, travelers receive the following benefits:

1. Automatic common carrier baggage reimbursement (coverage level \$1,250); Travelers who charge common carrier passenger fare to the P-Card automatically receive insurance coverage of up to \$1,250 for carry-on luggage and checked baggage;
2. Worldwide automatic travel accident insurance (coverage level: \$500,000); 24-Hour accidental death and dismemberment insurance covers all travelers who charge common carrier transportation to the JP Morgan Chase P-Card. The coverage is up to \$500,000 and supplements the University's business travel coverage;
3. Hotel/motel burglary replacement (coverage level: \$1,000);
4. Emergency evacuation and transportation coverage.

Twenty-four hour customer service is available within the United States at 800.270.7760 for:

1. Reporting lost or stolen cards;
2. Emergency card replacement;
3. Monthly statements and balances;
4. Billing disputes;
5. Card member benefits and services.

P-Card PaymentNet™ provides P-Card members with the following benefits:

1. Access account information 24 hours a day, 7 days a week;
2. Information available to prepare and reconcile expense reports;
3. View U.S. dollar equivalent of unbilled charges made in other currencies;
4. Check your corporate card bill on-line at <https://www.paymentnet.com/Login.asp>;
5. Access the P-Card application online at <http://www.lmu.edu/Asset425.aspx>.