

PROCUREMENT CARDS

Section 1

Introduction

1.1 Purpose of procurement card

The Procurement Card (P-Card) is a corporate card issued on behalf of USC by a bank (Issuing Bank). The P-Card is used for buying goods and services for the university. Use of the P-Card eliminates the need for more cumbersome advances, check requests, petty cash, requisitions/purchase orders and is the payment method preferred by many suppliers.

Because the P-Card is a corporate liability card and not a personal liability card, cardholders may not list the P-Card as a line of personal credit on any personal credit application or credit check.

1.2 Proper use and policy compliance

Cardholders may only use the P-Card for university business transactions. Partial business and personal transactions are not permitted. The P-Card may not be used for travel-related purchases. The corporate travel card should be used for university travel- and event-related purchases.

In addition to this P-Card policy, all P-Card transactions must comply with the university's policies and procedures governing expenditures and purchases (www.usc.edu/purchasing/policies). Cardholders who allocate expenses to a sponsored project account must also comply with their respective sponsoring agency's policies. Cardholders who do not comply with university policies and procedures may have their USC cardholder privileges revoked.

The university's policy on misappropriation of university assets (Misappropriation: http://policies.usc.edu/adm_bus_practices.html) is applicable with respect to use of the P-Card. Misuse of the P-Card may result in disciplinary action, up to and including termination of employment.

1.3 Eligibility

P-Card eligibility is based on a departmentally determined business need and is contingent upon receiving the required application approvals (see Section 2.1 *Application/approval, training and pick-up*).

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The P-Card is intended for use only by USC employees on active payroll status. At the department's discretion, and with the approvals identified herein, a P-Card can be issued to a student, provided the student is on university payroll (i.e., teaching assistant, research assistant, etc.). Issuing P-Cards to students should be done only when absolutely essential on a very limited basis. The P-Card may not be issued to non-employees.

Section 2

Application process

2.1 Application/approval, training and pick-up

Prospective cardholders are required to initiate the P-Card application and route it to their supervisor and the division's Senior Business Officer (SBO) for approval. Approved applications are routed to the corporate card program administrator for processing (www.usc.edu/corpcard/contact).

Cardholders receive notification from Corporate Card Services regarding training and pick-up upon receipt of the approved application. Corporate Card Services administers the mandatory online training required for both new and renewal P-Cards. Cardholders are required to successfully complete the training before they may pick up their P-Cards.

2.2 Cardholder agreement

New cardholders are required to complete and sign a cardholder agreement (www.usc.edu/corpcard/forms). If a cardholder does not return the signed agreement to Corporate Card Services within ten (10) business days of card pick-up, the P-Card will be suspended until the signed agreement is received. Only one agreement is required for all P-Cards issued in the employee's name, including replacement or renewal cards. However, when an employee transfers to another department, his/her P-Cards are cancelled and a new application and agreement are required for P-Cards associated with the new department.

Enclosed with the P-Card are the Issuing Bank's Corporate Card Terms and Conditions. This document should be reviewed by the cardholder.

2.3 Card activation

Before using the card, cardholders must call the Issuing Bank at the telephone number on the sticker on the face of the card. If there is an error on the card, contact the Issuing Bank (www.usc.edu/corpcard/issuingbank), which will reissue and resend the corrected card.

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Section 3

Account numbers and reallocation process

3.1 USC account numbers and object codes

Each P-Card is assigned a single USC account number and object code in the application process. Unless changed in the application, the object code defaults to Materials and Supplies (15XXX). Multiple employees may have P-Cards associated with the same USC account number. Conversely, employees with access to more than one USC account may obtain a separate P-Card for each account number. As an alternative to a single employee holding multiple cards, departments can reallocate transactions from the USC account number associated with the P-Card to another account or to multiple USC account numbers via the reallocation process (see Section 3.2 *Reallocation*).

All P-Card charges post directly to the assigned university account number and object code (unless the transaction is reallocated), and appear in the transaction detail of the Account Status Report (ASR) as journal type CDPC (Cash Disbursement Procurement Card). It may take up to thirty days between the date of purchase and ASR posting.

Upon unauthorized account overdraft or account expiration, P-Card charges will be allocated to the applicable dean's or senior vice president's account. P-Cards may be subject to cancellation if account overdraft or expiration becomes routine.

SBOs must approve all requests to change USC account numbers and/or object codes and submit them in writing to the corporate card program administrator (www.usc.edu/corpcard/contact).

3.2 Reallocation

There are two separate five business-day reallocation periods each month (www.usc.edu/corpcard/pcard/info). Authorized individuals can reallocate P-Card charges through the Kuali Financial System (KFS). Access to the general ledger process is obtained through the Comptroller's Office (www.usc.edu/dept/finserv/dirtrng/). Account access within KFS must be approved by the division's SBO (www.usc.edu/corpcard/sbolist).

Charges that are not reallocated in the general ledger or charges that have already posted to the ASR can be moved via a Journal Voucher entry process. P-Card charges can be reallocated only within object code 15XXX.

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Section 4

Renewal cards and card cancellation/suspension

4.1 Renewal cards and renewal training

P-Cards expire every four years; online renewal training is mandatory for each card renewal. If Disbursement Control and Accounts Payable auditors determine that an employee needs additional policy guidance, the cardholder will be required to either repeat the new cardholder online training or attend an in-person training class.

After the cardholder completes the renewal training and approximately two weeks prior to the expiration date, Corporate Card Services will contact the cardholder to coordinate the card's delivery. It is the cardholder's responsibility to complete all required training prior to the card's expiration date.

The Issuing Bank may choose not to renew a P-Card if it shows no transaction activity for eighteen consecutive months, or if the university has found evidence of improper use. If a P-Card is not automatically renewed, the cardholder may contact the corporate card program administrator (www.usc.edu/corpcard/contact), to arrange for its reissue.

4.2 Card cancellation/suspension

A P-Card can be cancelled at any time by the Issuing Bank, USC, or the cardholder. The Issuing Bank may cancel a card if there has been no transaction activity for eighteen consecutive months. SBO must notify the corporate card program administrator when an employee: a) terminates employment with the university; b) transfers to a different department; or c) misuses the P-Card and/or violates university policy (see Section 10.2 *SBO responsibilities*), so that the corporate card program administrator can cancel the employee's P-Card(s). Cardholders transferring departments must reapply for a P-Card within their new department (see Section 2.2 *Cardholder agreement*). Cardholders may cancel any card in their name by contacting the Issuing Bank or the corporate card program administrator.

Because the P-Card is an inventoried item on USC's employee inventory form (www.usc.edu/corpcard/forms), card cancellation should be reported to one of the following university representatives:

- Home Department Coordinator;
- Cardholder's supervisor; or
- Corporate card program administrator.

Cardholders are responsible for shredding cancelled or expired P-Cards.

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Cardholders on extended university leave (i.e., sabbatical or family leave), should notify the corporate card program administrator so that their P-Cards can be suspended until their return to work, or supervisors and SBOs can notify the corporate card program administrator on an employee's behalf. USC will also suspend a P-Card if the cardholder is under investigation for misuse of the P-Card.

4.3 *Reactivating suspended cards*

The corporate card program administrator can reactivate a P-Card suspended during extended leave upon receipt of SBO notification of the employee's return. A P-Card suspended for misuse may be reopened only after the auditors in Disbursement Control and Accounts Payable have determined the cardholder's eligibility for continued P-Card use.

Section 5 **P-Card limits**

5.1 *P-Card limits*

The P-Card has two limits: a billing cycle **credit limit** and a **single purchase limit**. The SBO determines these two limits on the P-Card application.

The **credit limit** determines the maximum amount that can be spent during each monthly billing cycle. Since university policy does not identify a maximum billing cycle credit limit, this limit is determined by the division's SBO.

Since purchases over \$5,000 may be defined as equipment and therefore require bidding per university policy, the maximum **single purchase limit** is \$5,000, including tax and delivery. Information about equipment is provided by Equipment Management (<http://fbs.usc.edu/depts/eqp/>).

Attempting to circumvent the established single purchase limit by splitting transactions is not allowed and may result in deactivation of P-Cards and further disciplinary action.

5.2 *Merchant Category Code (MCC) restrictions*

In addition to the limits described above, the P-Card is subject to certain Merchant Category Code (MCC) restrictions imposed by USC to reduce the potential for misuse and fraud (www.usc.edu/corpcard/policies). For example, transactions for gambling establishments, jewelry stores, and other types of merchants unlikely to provide goods or services with a legitimate business purpose, will not be authorized at point of sale.

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5.3 *Changes to limits after card issuance*

After P-Card issuance, SBOs can change card limits by contacting the corporate card program administrator (www.usc.edu/corpcard/contact) via email. Allow a minimum of one business day for changes to take effect.

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Section 6

Expected use, examples of proper use and restrictions

6.1 Expected use

The table below outlines the levels of P-Card use for purchasing goods and services.

Single transaction amount	Use of P-Card
Less than \$500	Expected
More than \$500 and less than \$5000 (including tax and delivery)	Strongly recommended
\$5000 or more	Not allowed

6.2 Exceptions to expected use

Suppliers that do not accept a P-Card and suppliers that are established for both electronic invoicing and payment are noted accordingly in USC's Purchasing Services vendor database. For these suppliers, a requisition/purchase order can be issued without the need to request an exception. All other requests for exception must be accompanied by the appropriate form (www.usc.edu/corpcard/forms).

6.3 Examples of proper use

The following list provides examples of appropriate business transactions for the P-Card.

- Appliances, hardware, and electronics
- Associations and organizations
- Bakeries and grocery stores
- Books and periodicals
- Business, trade, and vocational schools
- Camera and photography supplies
- Caterers (G/U) (Section 6.4)
- Cell phone/internet service
- Conference registration
- Copy and reproduction
- Computers (hardware and software)
- Department stores
- Equipment repair
- Florists and nurseries (G/U)
- Government agencies
- Lab supplies (medical, dental and hospital)
- Laundry (lab coats, hospital linen and uniforms)
- Office supplies (incl. coffee service)
- Overnight courier service
- Paints and art supplies
- Postage
- Photography
- Schools, colleges, and universities
- Sporting goods
- Subscriptions
- Uniforms (purchase, rental and cleaning)
- Wholesale clubs

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Examples noted as “(G/U)” are typically government unallowable and may not be charged or reallocated to a sponsored project account.

6.4 *Caterers and restaurants*

The corporate travel card is the preferred form of payment for caterers and restaurants. However, the P-Card may be used for charges to caterers and restaurants where the food and beverages are delivered to a business-related event held on campus with SBO approval prior to the event. Cardholders may not use the P-Card for individual meals or for meals at restaurants, hotels, or other food-related establishments.

6.5 *Contract and diverse suppliers*

Contract suppliers are required to accept the P-Card, and cardholders are encouraged to use contract suppliers whenever possible (www.usc.edu/trojanemarket - USC NetID and password required).

Cardholders are encouraged to use diverse suppliers (www.usc.edu/supplierdiversity), whenever possible in order to help USC attain its goal to spend 15% of its procurement dollars with diverse suppliers. Certain federal contracts also have diverse supplier goals.

6.6 *Card restrictions*

The following restrictions apply to the P-Card.

Personal use: Cardholders may use the P-Card for university business transactions only. Partial business and personal transactions are not permitted.

Travel and events: The P-Card may not be used for travel-related purchases. The corporate travel card should be used for these purchases (www.usc.edu/corpcard/travelcard).

Promotional and print: When the P-Card is used to purchase promotional items or printed materials that bear the university’s name, logo, or seal, the purchase must be made in compliance with policies governing proper use of the university’s trademarks (www.usc.edu/purchasing/policies - Supplier Usage Guidelines).

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Section 7

Policy compliance

7.1 Expenditure policies compliance

All P-Card transactions must comply with the university's Expenditure Policies and Procedures (www.usc.edu/corpcard/policies). For example, transactions for gifts, catered meals, office decorations, etc., may not exceed the university's maximum rates.

7.2 Sponsored project policies compliance

Expenses allocated to a sponsored project account must comply with the sponsoring agency's policies. For example, federal and state sponsored-project funded accounts beginning with 5 restrict the purchase of gifts, alcohol, flowers, and decorations. Cardholders should direct questions regarding allowability to the department of Contracts and Grants before incurring the expense (<http://dcg.usc.edu/index.cfm>). If an unrestricted P-Card account is used for government unallowable purchases, Financial Analysis may contact the department to identify unallowable amounts for the purpose of calculating the university's indirect costs.

7.3 Purchasing policies compliance

All P-Card transactions must comply with the university's Purchasing Services policies (www.usc.edu/purchasing/policies). For example, cardholders are not authorized to sign procurement agreements, contracts, etc., regardless of the dollar amount or method of payment. Cardholders should contact Purchasing Services (www.usc.edu/purchasing/contact), to obtain a signature for any procurement agreement.

Additionally, some suppliers are required to have specific types of industry licenses and insurance coverage, depending upon the nature of their services. Cardholders are responsible for ensuring that suppliers performing work for the university have the required licenses and insurances.

Section 8

Disputes, lost or stolen cards, fraudulent charges and declines

8.1 Transaction disputes

Cardholders must dispute any questionable charge appearing on their monthly electronic card statement (eStatement), with the merchant and the Issuing Bank within sixty days of the transaction's posting date (not the billing cycle date shown on the eStatement). After sixty days, cardholders should escalate unresolved disputes either online via the Issuing Bank's portal (www.usc.edu/corpcard/issuingbank), or via telephone.

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During the dispute period, the Issuing Bank will issue a temporary credit for the transaction. If the dispute is resolved in the cardholder's favor, the credit will remain permanently on the eStatement. If the Issuing Bank determines that the transaction is a legitimate charge, the Issuing Bank will reverse the credit and it becomes the cardholder's responsibility to settle the expense.

8.2 *Lost or stolen cards and fraudulent charges*

Cardholders must immediately contact the Issuing Bank's customer service line (www.usc.edu/corpcard/issuingbank), if a P-Card is lost or stolen, or fraudulent activity is detected. Cardholders may be held financially responsible for transactions if fraud is not promptly reported.

8.3 *Replacement cards*

Provided there is a business need, replacement P-Cards can be requested by and rushed to the cardholder. Unless other arrangements are made, replacement cards are delivered to the corporate card program administrator, and cardholders are notified when their replacement card is available for pick-up.

8.4 *Declined transactions*

Common reasons for declined transactions include the following:

- Merchant has incorrect P-Card expiration date;
- The cardholder's eStatement billing address does not match the billing address provided to the merchant;
- The transaction amount exceeds the card's allowable limit (Section 6.1 *Expected use*); and/or the cardholder is attempting to use the P-Card with a high-risk merchant (Section 5.2 *Merchant Category Code restrictions*).

If a cardholder is unclear as to why a P-Card transaction is declined, the cardholder may contact either the Issuing Bank or the corporate cards administrator (www.usc.edu/purchasing/contact) for more information.

Section 9

Cardholder responsibilities

9.1 *Authorized card users*

The cardholder whose name appears on the P-Card is the only individual authorized to use the card. Per USC's agreement with the Issuing Bank, lending or sharing of P-Cards is not allowed. Cardholders are expected to keep their P-Cards in a secure location at all times.

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9.2 *Cardholder profile maintenance*

Cardholders are responsible for maintaining a current billing address, phone number, and email address online via the Issuing Bank's portal (www.usc.edu/corpcard/issuingbank).

9.3 *Avoiding duplicate claims*

Cardholders may not submit duplicate claims for expenses charged to a P-Card, and may not seek a claim for expenses charged to a P-Card from any other source.

9.4 *Submitting monthly electronic statements*

Cardholders are responsible for retaining the receipts for their P-Card purchases and processing their monthly electronic card statements (eStatements) in Kualu (KFS). After the monthly eStatements are uploaded to cardholders' personal accounts in KFS, cardholders are expected to perform the following:

- Review statement transactions, and verify all charges as accurate and legitimate
- Attach legible receipts for all transactions
- Enter a business purpose for each transaction
- Confirm that legible attachments have been uploaded successfully
- Electronically approve the eStatement
- Ensure that the eStatement is approved by the supervisor or SBO (i.e. "reviewer")

Detailed information on KFS can be found at www.usc.edu/kualu.

9.5 *Cardholder cooperation during audits*

The cardholder agreement states that the university has the authority to access transactions posted to the cardholder's account and/or to obtain supporting documentation directly from a merchant/supplier. By signing this agreement (see Section 2.2 *Cardholder agreement*), cardholders agree to cooperate with university officials, and provide any additional information and/or documents requested by auditors (see Section 11 *Liability, misuse and audits*).

Section 10

Supervisor and SBO responsibilities

10.1 Supervisor responsibilities

Supervisors have the following responsibilities:

- Approve or reject online P-Card applications for direct reports

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- Ensure that all subordinate cardholders are uploading acceptable and legible business purposes and receipts
- Electronically approve all subordinate cardholders' electronic card statements (eStatements) through KFS (Section 12 *Statement requirements*)

Supervisors who have not provided adequate oversight of purchases may be subject to disciplinary action.

10.2 SBO responsibilities

Per USC job code 113527 (www.usc.edu/dept/personnel/comp/new.htm), it is the responsibility of SBOs to oversee the P-Card program at the department/unit level. This Procurement Card policy is intended to facilitate the SBO's responsibilities.

With respect to departmental cardholders, SBO responsibilities include:

- Establish and monitor department-level procedures to ensure expenses charged to departmental accounts comply with departmental procedures and the university's Expenditure Policies and Procedures (www.usc.edu/bservices/policies);
- Report changes to the SBO table to the corporate card program administrator (www.usc.edu/corpcard/contact);
- Approve or reject online P-Card applications;
- Review Missing Receipt Declarations (MRDs) (see Section 12.3 *Missing receipts*);
- Approve changes to spending limit and USC account number subsequent to the application process;
- Report a cardholder's termination/departure from the university or department to the corporate card program administrator (see Section 4.2 *Card cancellation/suspension*).

SBOs who do not provide adequate oversight of purchases may be subject to disciplinary action.

10.3 SBO cooperation during audits

All cardholders are subject to audit (see Section 11 *Liability, misuse and audits*). As part of the audit process, an auditor may contact the SBO (or designee) and/or cardholder. SBOs (or designees) are expected to assist in all audits and investigations.

10.4 ASR review

SBOs (or designees) should ensure that university ASRs are carefully reviewed both for reconciliation to P-Card receipts and for authorized use of the P-Card (see Section 3.1 *USC account numbers and object codes*). SBOs may also obtain web access to the

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Issuing Bank's portal to review departmental cardholder transactions by contacting the corporate card program administrator (www.usc.edu/corpcard/contact).

Section 11

Liability, misuse and audits

11.1 Institutional liability

The P-Card is an institutional-liability corporate card. This means that the university pays the cardholder's monthly P-Card statement in full directly to the Issuing Bank. The cardholder does not remit payment to the Issuing Bank and does not process an expense report. However, cardholders are responsible for processing their monthly electronic card statements (eStatements) in KFS (see Section 9.4 *Submitting monthly electronic statements*).

11.2 P-Card misuse

Cardholders who do not comply with all university policies and procedures, including the Misappropriation of University Assets policy (see Section 1.2 *Proper use and policy compliance*), may have their cardholder privileges revoked. Revocation may be extended to all corporate cards in the cardholder's name, including the corporate travel card, and continued misuse of the P-Card may result in disciplinary action, up to and including termination of employment.

11.3 Audit Services and University Hotline

University employees must report known or suspected misappropriations, regardless of magnitude, to their immediate supervisor, manager, department chair or dean. Supervisors, managers, department chairs or deans must then inform Audit Services (213-740-8258). Individuals wishing to report suspected incidents on an anonymous basis may call the Office of Compliance Help and Hotline (213-740-2500).

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Section 12

Statement requirements

12.1 Electronic card statements

Cardholders will receive an email notification when the monthly electronic card statement (eStatement) is loaded into KFS. Cardholders are expected to reconcile and submit their eStatements for approval prior to the close of the next billing cycle (see Section 9.4 *Submitting monthly electronic statements*).

12.2 Receipt requirements

In accordance with the university's Expenditure Policies and Procedures (www.usc.edu/bservices/policies), all P-Card transactions must be supported by a receipt, regardless of amount and source of funds. All receipts require sufficient information to support the transaction. At a minimum, receipts should provide the following content:

- Name of merchant
- Amount of charge
- Transaction details (what was purchased)
- Transaction date
- Tax and delivery charges
- Evidence of card used (i.e. displays last four digits of card number)

Original receipts are preferred. However, the Expenditure Policies and Procedures specify acceptable alternatives to an original receipt. A P-Card eStatement is not considered a receipt.

12.3 Missing receipts

When a receipt cannot be obtained or has been lost and all measures to obtain a copy or fax of the receipt (or other acceptable alternative), have been exhausted, the cardholder must submit a Missing Receipt Declaration (MRD) within KFS. The MRD requires an explanation of why the receipt is missing and a business purpose for the expense. Each expense for which a receipt is missing must be itemized on a separate MRD. Do not bundle multiple expenses that are missing receipts onto a single MRD. The MRD must be reviewed and electronically approved by the SBO. The MRD must be attached and submitted with the P-Card eStatement.

12.4 Business purpose requirements

Each P-Card transaction must be supported by a business purpose in the KFS eStatement. A clear business purpose answers the following questions: who benefits from the transaction, where the purchased item is located (if applicable), and why the transaction

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was necessary. When the type of transaction may inherently imply a business purpose (e.g., toner, paper, pens, letterhead, lab supplies etc.), it is still necessary to provide a business purpose that describes for which location or project within the department the merchandise was purchased. For some sponsored-project accounts, purchases are allowed only if they are solely used for the specific project attached to that account.

12.5 Document retention period

Once approved, the eStatement is stored in the university's data storage network for a minimum of four years. If a P-Card is linked to a sponsored project account, P-Card eStatements will be maintained for four years after final payment or completion of a project audit if started prior to the expiration of the four year period.

Section 13

Overdrawn, frozen, and closed USC account numbers and contract or grant expiration

13.1 Overdrawn, frozen and closed USC account numbers

P-Cards associated with USC account numbers that have insufficient funds will be paid in full by the university and will automatically debit/overdraft the USC account.

P-Cards associated with USC account numbers that are either frozen or closed will be paid in full by the university. However, a representative from Disbursement Control and Accounts Payable will contact the cardholder and request a USC account number correction so that charges can be debited. If an alternative USC account number is not provided within five business days of contact, the charges will be allocated to the applicable dean's or senior vice president's account. P-Cards associated with USC account numbers that are routinely frozen or closed may be cancelled.

13.2 Contract or grant expiration

P-Card orders placed within thirty days of a contract or grant's termination must be made with the understanding that the goods and services will be received before the contract or grant's budget period end date, and that the goods and services will directly benefit the project. To facilitate compliance with this policy, P-Cards associated with a sponsored project account may be closed thirty days before the contract or grant's expiration date. If the contract or grant is extended, the SBO must notify the corporate card program administrator of the new expiration date (www.usc.edu/corpcard/contact), and the administrator will reopen the P-Card.

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Section 14

Billing cycle and sales tax

14.1 Billing cycle

The P-Card billing cycle ends on the tenth of each month. This end date may vary slightly if the tenth falls on a weekend or holiday.

14.2 Sales tax

Since the university is not sales tax exempt, the state Board of Equalization requires the university to pay California sales/use tax on all taxable transactions (i.e. tangible, non-edible items), including transactions incurred with non-California merchants (e.g., Amazon.com). To confirm that sales tax was included in a P-Card transaction (or why it was not included), Disbursement Control and Accounts Payable may ask the cardholder to provide receipts and/or an explanation for verification. For P-Card transactions that should have been charged California sales/use tax at point-of-sale, Disbursement Control and Accounts Payable will accrue sales/use tax using the USC account number associated with the applicable P-Card.

Additional information about sales tax is available on the Disbursement Control and Accounts Payable website (www.usc.edu/dc/salestax).

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