Policy Manual

PURPOSE:

The purpose of this policy is to provide guidance for the purchase of goods and services using the University of Richmond Purchasing Card (P-Card) and to ensure the appropriate use of University resources.

SCOPE:

This policy applies to all employees of the University of Richmond and its affiliates who purchase goods or services on the University’s behalf utilizing a P-Card.

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FIN4301.1 – Definitions

Allocator

The allocator is the P-Card cardholder or the person designated by the P-Card cardholder to manage the P-Card transactional processes. This includes managing transactions within the credit card system, collecting and maintaining receipts, and submitting documentation and allocation of transactions by the deadline. The allocator and cardholder may be the same person.
or two different individuals. For additional information on the financial responsibilities see *FIN-4101, Policy on Use of University Funds and Financial Responsibilities*.

**Allowable Expense**
A necessary, reasonable, and appropriate expense incurred for the primary benefit of the University.

**Appropriate**
Appropriate means an expense is suitable or fitting in the eyes of an objective third party and fulfills a valid business purpose.

**Approver**
The approver is the person responsible for authorizing an individual to receive a P-Card, and in most instances, is the cardholder’s supervisor or department head. The approver is also responsible for reviewing P-Card transactions to ensure they are appropriate and allowable under University policy. The approver approves the monthly P-Card report, which attests that the transactions are appropriate and allowable. For further information on approver responsibilities see *FIN-4101, Policy on Use of University Funds and Financial Responsibilities*.

**Business Purpose**
The business purpose establishes that a particular good, service or activity is necessary to fulfill the mission of the University and primarily benefits the University, not the individual. For an expense to be reimbursed under the University’s accountable plan, or allowable on a P-Card, a legitimate business purpose must be provided.

**Cardholder**
The cardholder is the individual who possesses the P-Card, ensures the card is safeguarded at all times, and ensures the transactions placed on the card are appropriate and allowable under University policy. The cardholder may also be responsible for managing the P-Card transactional process, as the allocator, or may have someone else manage this responsibility.

**Delegate**
Delegate is the person who may approve P-Card transactions and/or reports if the approver is not available. The delegate has the same responsibilities as the approver (See “Approver” definition). For further information about delegate responsibilities, see *FIN-4101 Use of University Funds and Financial Responsibilities*.

**Merchant**
A merchant is a person, business, or company who provides goods or services for sale. The terms “merchant,” “vendor,” or “supplier” may be used interchangeably in this P-Card Policy.

**Merchant Category Codes**
The Merchant Category Code (MCC) is a four-digit number that credit card networks assign to every merchant or business that applies to accept credit cards. The number corresponds to the primary type of business or service the merchant offers. MCCs are assigned by merchant type (e.g., one for office supply stores, one for bookstores, etc.) or by merchant name (e.g., Marriott).
Purchasing Card
The University of Richmond Purchasing Card (P-Card) is a credit card that may be used to make business and travel-related purchases on behalf of the University.

Reasonable Expense
A reasonable expense is ordinary – not lavish or excessive – and reflects a prudent decision to incur the expense on behalf of the University in furtherance of its business.

Receipt
A receipt is a document that substantiates the business transaction and provides proof of payment of that expense. A receipt will typically include the date of transaction, merchant name, list of items purchased or services received, form of payment (cash, check, credit card), and amount paid.

FIN-4301.2 Overview
A University-provided P-Card is a method of payment for certain types of permissible business expenses. Because the P-Card is a method of payment, individuals using a P-Card must adhere to relevant University policies related to the expenditure of institutional funds. Expenses charged to a P-Card must be for a legitimate business purpose, both reasonable and appropriate, and adequately documented. Purchases for personal use may never be placed on a P-Card. As with all expenditures of University funds, employees using a P-Card are expected to safeguard the resources under their control and report any suspected financial misconduct (see FIN-16001 Reporting and Investigating Suspected Financial Fraud, Waste and Abuse).

FIN-4301.3 Types of Cards
The University of Richmond offers four types of P-Cards:

1. Individual P-Card
2. Department P-Card
3. Student Organization Card (SOC)
4. Virtual Card (Single-Use Account)

Regardless of the type of card, the same policies apply.

Only faculty and staff employees, typically individuals who make the majority of departmental purchases for their area or individuals who travel frequently, are eligible to receive a P-Card. Students are not eligible to receive a card.

Individual P-Card
The traditional P-Card is issued in the name of a University employee. The card may be used by or on behalf of only the individual whose name is on the card. It may be used by a proxy making arrangements on behalf of the cardholder (e.g., assistant making travel arrangements). The University issues individual P-Cards at its discretion, based on the business needs of the employee and the University.
Department P-Card
The Department P-Card is a credit card issued in the name of a University department. This card may be shared with other employees within the department; however, the ultimate responsibility of the card belongs with the individual who is listed as the cardholder. To ensure proper internal controls, Department P-Cards will typically be issued to the administrative assistant or another individual who reports to the head of the department, and card transactions will be approved by the supervisor/department head. A supervisor who approves Departmental P-Card transactions may not use the department P-Card for their own travel or business meal expenses. Instead, they may use an individual P-Card or use personal funds and seek reimbursement.

Cardholders who elect to share the card with others must track who has used the card and the purpose. The P-Card Office has created a Department Card Sign Out Log, which may be used to help track and manage the use of the card. Cardholders are encouraged to use this form and maintain it within their office in the event questions arise about purchases made on the card.

Student Organization Card Declining Balance Card
The Student Organization Card (SOC) is similar to the department P-Card in that it is issued in the student organization’s name; however, the SOC is a declining balance card, which has the following characteristics:
- The card is active only for a specified period of time, such as an academic year;
- Once the SOC’s limit has been reached, the card may no longer be used;
- There are more restrictions on the types of goods or services that may be purchased and transaction limits on the SOC compared with other cards.

Additionally, the SOC has the following requirements:
- Although the card is issued in a student organization’s name, an employee within the department overseeing the student organization must be the assigned cardholder.
- The cardholder is responsible for signing out the card to the students, obtaining receipts, and managing all aspects of card usage.
- The cardholder is responsible for ensuring that students using the card understand and comply with University policies on the use of University funds.

Virtual Card (Single-Use Account)
The Single-Use Account is a virtual credit card program used by the Accounts Payable Office for certain invoice payments. It is not for general campus use.

FIN-4301.4 P-Card Limits and Restrictions
Each card has transaction limits and restrictions. These controls include:

1. Single transaction (purchase) limit. Multiple charges, or splitting a transaction to purchase a single item exceeding the purchase limit, are not permitted;
2. Monthly spending limit;
3. Limits on the number of transactions per day;
4. Restricted merchant category codes (MCC).
The P-Card limits and restrictions are based on the needs of the department, the type of P-Card requested, and the University’s Procurement Policy-FIN-4403, and are established by Accounts Payable.

FIN-4301.5 Roles and Responsibilities

Responsibilities of the Cardholder
Cardholders are responsible for:
• Ensuring card expenses are valid, have a legitimate business purpose, are reasonable, and conform to University policy and/or grant restrictions, where relevant;
• Ensuring safekeeping of the card at all times;
• Reporting a lost or stolen card immediately;
• Resolving issues with merchants and disputing erroneous transactions;
• Allocating transactions and providing documentation in accordance with University deadlines, or ensuring that the allocation and documentation has been provided by the Cardholder’s allocator.

The electronic submission of the P-Card report affirms that these responsibilities have been met.

Cardholders may choose to delegate responsibility for P-Card allocation and report preparation in accordance with FIN-4101, Policy on Uses of University Funds and Financial Responsibilities. However, the ultimate responsibility remains with the cardholder for timely submission of required documentation.

Responsibilities of the Approver
Individuals authorized to approve P-Card reports are responsible for:
• Reviewing the expenses;
• Affirming that the expenses were necessary, reasonable, and consistent with University policies and the stated business purpose;
• Ensuring information contained on the report is properly documented and supported by attached receipts;
• Requesting further documentation or explanation for expenses that appear to be excessive or unusual in relation to the nature of the trip, event, or stated business purpose, and ensuring that the explanation(s) for such expenditures are included with the P-Card report;
• Ensuring cardholders submit the P-Card report and approving it by the published deadlines;
• Understanding that while the P-Card Office may review the P-Card report, the primary responsibility for the appropriateness of expenditures rests with the cardholder and the approver.

The electronic approval of the expenses affirms that these responsibilities have been met.

Responsibilities of Supervisors and Cardholders Making P-Card Transactions on Behalf of Others or Making SOC P-Cards Available to Students
Cardholders who make P-Card transactions on behalf of others are responsible for adhering to this and other applicable University policies and making others aware of the policies relevant to their P-Card spending.

Supervisors and cardholders who assist students with SOC P-Cards are responsible for ensuring that individuals making use of a P-Card in their unit are aware of and adhere to this policy and other policies related to the use of University funds.

Responsibilities of the P-Card Office
The P-Card Office is responsible for managing the P-Card program. Its responsibilities include:

- Ensuring information provided for the P-Card transactions is supported by accompanying documentation and/or receipts, which is both complete and in compliance with University policies;
- Reviewing expenses for compliance with University policies, including business purpose and reasonableness of the expense;
- Ensuring that the reports have the appropriate approvals;
- Reporting misuse, abuse, or fraud in accordance with institutional policies;
- Acting as a resource and providing training, as needed, to cardholders, allocators and approvers.

If an approved P-Card report does not meet the compliance criteria listed above, the P-Card Office reserves the right to contact the cardholder or approver, return the request for corrections or additional documentation, and/or request repayment to the University.

Responsibilities of Principal Investigators
In addition to other responsibilities outlined in this policy, grant principal investigators (PI) who are approving or incurring expenses associated with an externally funded grant must adhere to the procurement standards defined in FIN-1204, Grant Procurement. PIs are also responsible for being aware of and complying with any specific requirements related to travel or the purchase of goods or services specified as part of the grant award that differ from the University’s institutional policies. Please contact the Grants Accounting Office for assistance.

Related Policies:
FIN-4200  Travel Policy
FIN-4204  Business Meals and Entertainment
FIN-4403  Procurement Policy
FIN-1100  Policy on Gifts, Prizes and Awards
FIN-4101  Policy on Use of University Funds and Financial Responsibilities
FIN-16001 Reporting and Investigating Suspected Fraud, Waste, and Abuse Policy
FIN 2101  Policy on Provision of Financial Resources to Students
FIN-13101 Sales Tax Exemption
FIN-1204 Grant Procurement
GOV-1005 Policy on Monetary Support and Cash Donations
Policy Background
Original policy developed prior to 2008
Policy revised in 2008
Policy revised in July 2016
Policy revised and approved July 20, 2018
Current policy was reviewed by President’s Cabinet and Academic Deans prior to approval on 6/25/2019.

Policy Contacts
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