



# UNIVERSITY OF RICHMOND

## Policy Manual

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<b>Policy #:</b>	FIN-4301	<b>Policy Title:</b>	Purchasing Card Policy
<b>Effective:</b>	01/06/2020	<b>Responsible Office:</b>	Office of Strategic Sourcing and Payments
<b>Date Approved:</b>	01/02/2020	<b>Approval:</b>	Executive Vice President and Chief Operating Officer
<b>Replaces Policy Dated:</b>	07/01/2019	<b>Responsible University Official:</b>	Director, Strategic Sourcing and Payments

### **PURPOSE:**

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

### **SCOPE:**

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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 PCard.

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### ***FIN-4301.1 – Definitions***

#### Allocator

The allocator is the PCard cardholder or the person designated by the PCard cardholder to manage the PCard 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*.

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## 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 PCard, and in most instances, is the cardholder's supervisor or department head. The approver is also responsible for reviewing PCard transactions to ensure they are appropriate and allowable under University policy. The approver approves the monthly PCard 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 PCard, a legitimate business purpose must be provided.

## Cardholder

The cardholder is the individual who possesses the PCard, 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 PCard transactional process, as the allocator, or may have someone else manage this responsibility.

## Delegate

Delegate is the person who may approve PCard 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 PCard 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).

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## Purchasing Card

The University of Richmond Purchasing Card (PCard) 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 PCard is a method of payment for certain types of permissible business expenses. Because the PCard is a method of payment, individuals using a PCard must adhere to relevant University policies related to the expenditure of institutional funds. Expenses charged to a PCard must be for a legitimate business purpose, both reasonable and appropriate, and adequately documented. Purchases for personal use may never be placed on a PCard. As with all expenditures of University funds, employees using a PCard 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*). And as with all expenditures of University funds, employees using a PCard are also expected to avoid situations in which their relationships with other employees or with outside entities could create an actual, apparent or potential conflict of interest (see *GOV-1000 Conflict of Interest*).

## ***FIN-4301.3 Types of Cards***

The University of Richmond offers four types of PCards:

1. Individual PCard
2. Department PCard
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 makes the majority of departmental purchases for their area or individuals who travel frequently, are eligible to receive a PCard. Students are not eligible to receive a card.

## Individual PCard

The traditional PCard 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

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University issues individual PCards at its discretion, based on the business needs of the employee and the University.

## Department PCard

The Department PCard 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 PCards 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 PCard transactions may not use the department PCard for their own travel or business meal expenses. Instead, they may use an individual PCard 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 PCard 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 PCard 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 PCard 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;

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## 4. Restricted merchant category codes (MCC).

The PCard limits and restrictions are based on the needs of the department, the type of PCard requested, and the University's [\*FIN-4403, Procurement Policy\*](#), 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 PCard report affirms that these responsibilities have been met.

Cardholders may choose to delegate responsibility for PCard 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 PCard 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 PCard report;
- Ensuring cardholders submit the PCard report and approving it by the published deadlines;
- Understanding that while the PCard Office may review the PCard 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 PCard Transactions on Behalf of Others or Making SOC PCards Available to Students

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Cardholders who make PCard 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 PCard spending.

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

## Responsibilities of the PCard Office

The PCard Office is responsible for managing the PCard program. Its responsibilities include:

- Ensuring information provided for the PCard 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 PCard report does not meet the compliance criteria listed above, the PCard 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:

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*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-1000* Conflict of Interest

*GOV-1005* Policy on Monetary Support and Cash Donations

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## Policy Background

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Original policy developed prior to 2008

Policy revised in 2008

Policy revised in July 2016

Policy revised and approved July 20, 2018

Policy was revised and reviewed by President's Cabinet and Academic Deans prior to approval on 6/25/2019.

Non-substantive revisions made in January 2020 to include references to additional relevant policy.

## Policy Contacts

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