



SAN DIEGO STATE  
UNIVERSITY

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**Research Foundation**

# **Procurement Card Program Policy and Procedure Manual**

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# Procurement Card (PCard) Overview

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## I. Procurement Card (PCard) Overview

### A. Introduction

San Diego State University Research Foundation (SDSURF) utilizes the Procurement Credit Card (PCard) to facilitate project needs by allowing Principal Investigators (PIs), Project Directors (PDs), and other designated staff to effectively control, monitor, and reduce the waiting time for small purchases.

The PCard provides employees with an effective tool to purchase and pay for routine, low dollar cost products and services normally dealt with by the processing of low value purchase orders, requests for miscellaneous expense reimbursements, and petty cash transactions.

The program is meant to be a supplement to purchasing methods already in place, and is not intended as an overall replacement or as a means to circumvent purchasing guidelines and requirements.

The PCard is a MasterCard Corporate Purchasing Card, issued by JPMorgan Chase Bank (JPMC). Though it resembles and works like a personal bank card, there are significant differences: a) it is a “charge” or corporate “purchasing” card rather than a “credit “card, b) SDSURF will remit payment to JPMC on behalf of the cardholders and then charge the cardholder’s designated funds for all transactions, and c) it is assigned by JPMC to the employee but is issued in the name of and on behalf of SDSURF.

### B. Procurement Card Program Policy and Procedure Manual (PCard Manual) Purpose

This manual explains policies, procedures, and best practices relative to the PCard program. The manual informs everyone involved in the procurement process of their responsibility to establish and maintain proper internal controls ensuring responsible procurement. Everyone involved with use, administration, and oversight of the PCard program is responsible for ensuring that periodic updates to the PCard Manual are reviewed.

### C. How the PCard Works

Because the PCard is a MasterCard charge card, it is universally accepted. Like all bankcards, the PCard can either be swiped at the supplier’s site or used to place orders over the telephone by giving the account number to the supplier. The PCard may also be used for mail orders and over the Internet.

When a purchase is made with the PCard, suppliers do not need to issue invoices and periodic statements. JPMC “bills” SDSURF electronically for the net amount of all authorized transactions processed during a given period. SDSURF validates the data received from the bank’s electronic billing, and issues payment to the bank via electronic funds transfer then charges the cardholders designated funds for each transaction.

# Procurement Card (PCard) Overview

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Statements are generated monthly for each cardholder who has had account activity, distributed for review, and validated by appropriate personnel through the web-based PaymentNet system.

Validation of purchases is accomplished by matching itemized receipts and packing slip records with each transaction, or by establishing other methods to ensure adequate internal controls as discussed in section VII "Accountability and Internal Controls".

## D. PCard Control Features

Spending limits have been preset on all PCard accounts as a mechanism to safeguard the cardholder as well as the PCard program.

- Per transaction spending limit is generally set at \$1,000 including tax, freight, handling charges
- Monthly spending limit is generally set at \$5,000

Exceptions to the spending limit may be allowed depending upon individual cardholder and department needs. See section **XI.B. Cardholder Account Maintenance** for instructions to request a change in credit limit. In addition, to spending limits, travel and hosting related merchants have been blocked to ensure prohibited charges are not made.

## E. Characteristics of the PCard

SDSURF's PCard resembles other MasterCard products by displaying the universally recognized MasterCard logo. It also displays the SDSURF logo and the name "Purchasing" on its face. An account number represents all information to identify the cardholder and SDSURF to the bank. The cardholder name and expiration date are also displayed.

## F. Benefits of the PCard

Using the PCard benefits SDSURF, cardholders, and suppliers as follows:

- Ability to obtain goods and services faster and easier
- Reduced need to use personal funds and obtain reimbursements
- Immediate payment to suppliers/vendors
- No invoices to process
- Convenient, secure, and flexible
- Universal acceptance by suppliers who accept MasterCard
- Built in controls prohibit certain "restricted" purchases
- Automatic recording of all purchases made by cardholder
- Automatic reminders for deadlines
- Designated PCard administrator to address individual cardholder issues and requests

## Procurement Card (PCard) Overview

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### G. Compliance with Policy; Violations and Consequences

Violations to any policy regarding the purchase of goods or services will be investigated and may result in one or more of the following actions:

- Written warning
- Mandatory attendance at additional training classes
- Revocation of PCard privileges
- Disciplinary action
- Termination and/or criminal prosecution

Human error and extraordinary circumstances may be taken into consideration when investigating any violation of policy.

The Procurement Program Administrator (PPA) has the authority to investigate and to determine whether a violation of procurement policy has occurred, and to recommend actions that may be taken as a result of such determinations. SDSURF will consider the facts and circumstances of each incident, and will take action as deemed appropriate, and as permitted by applicable law and/or SDSURF policy.

Policy violations include but are not limited to:

- Purchase of items for personal use
- Purchase of items defined in Restrictions and Limitations
- Use of the PCard for purchases of more than the preset spending limit by splitting the purchase into more than one transaction
- Failure to return the PCard when reassigned, terminated, or upon request
- Failure to turn in packing slips and receipts to PPA for the purpose of reconciliation

### H. PCard Versus other Procurement Methods

To facilitate the acquisition of products and services in the most responsible and efficient means possible, SDSURF uses a variety of procurement methods including:

- Purchase orders
- Personal expense reimbursements
- Departmental/project charge-backs, petty cash

The PCard program is designed to compliment these methods and must not be used to intentionally circumvent or avoid use of the correct method. Please contact Foundation Business Services at (619) 594-6891 and your call will be directed to the appropriate party for resolution of questions regarding:

- Use of a particular supplier
- Execution of supplier contracts
- Anticipated frequent use of PCard with the same supplier

## **Procurement Card (PCard) Overview**

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- Multiple purchases of the same item that may be eligible for bulk discounts

# Responsibilities and Determination of Readiness

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## II. Responsibilities and Determination of Readiness

### A. How to Measure PCard Readiness Checklist

PI/PD's and Department Managers interested in participating in the PCard program can measure their readiness by examining the following required qualifications:

- Ensuring commitment and support to the PCard Program
- Designing and following a process with internal controls
- Participating in cardholder training
- Knowing restrictions and limitations
- Meet the qualifications as discussed in sections **II.B**, **II.C**, and **II.D**

Once it is determined that you are ready, obtain and complete a PCard Application, then forward the completed application to your SR Administrator.

### B. Cardholder Qualifications and Responsibilities

While full liability rests with SDSURF for immediate payment, the PI/PD designating cardholder authority assigned to each card is responsible for all purchases. Intentional misuse/abuse of the PCard may result in immediate revocation of privileges, and may include further disciplinary action up to and including termination of employment. Cardholder may also be financially liable for unauthorized purchases.

#### ***Cardholders must meet the following qualifications:***

- Must be an employee of SDSU or SDSURF who has a logical need to routinely procure goods and or services related to grants and projects administered by SDSURF **AND** one of the following:
  - Be an authorized signer for **ALL** projects under the PI/PDs Org code as defined on the project signature card(s) **OR**
  - Be designated by the PI/PD as a cardholder for **ALL** projects under the PI/PDs Org code. In these cases, the PI/PD must designate PCard authority to the cardholder by signing the application as the approving official. In addition, the PI/PD (or authorized signer) must perform the online approval process for this cardholder's PCard transactions
- Must have an e-mail address, web access, access to a computer with Adobe Acrobat Reader and print capabilities
- Projects must be in good financial standing with no audit investigations and no unresolved financial liabilities

#### ***Cardholder Responsibilities***

- Security and safekeeping of the physical PCard, account number and expiration date. The card should be safeguarded as if it were cash, checks, or the cardholder's personal bankcard.

## Responsibilities and Determination of Readiness

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- Securing confidentiality of cardholder information and PaymentNet id and password.
- Immediately contacting JPMC, either directly or through the PPA, in the event the PCard is lost or stolen, or possible fraudulent misuse (Refer to “Lost or Stolen Cards” procedures in section **IX** in this manual)
- Understanding and keeping current on all PCard policies and procedures by:
  - Reviewing Procurement Card Program Policy and Procedure Manual
  - Attending PCard training
  - Working with the PPA to establish and follow internal business controls to ensure proper record keeping, reconciliation, and validation of expenditures
- Reviewing appropriateness and budget availability prior to executing transactions
- Complying with all “Restrictions and Limitations” listed in section **III** in this manual
- Retaining original, itemized receipts for each transaction
- Obtaining and retaining records of warranty
- Reviewing each transaction in PaymentNet for validity and assigning the appropriate fund information
- Reconciling itemized receipts to the monthly statement
- Preparing the monthly reconciliation packet and forwarding to the Approving Official within published deadlines

All PCard cardholders are reminded that the PCard is merely a tool to purchase goods and services; it does not alleviate the need for responsible, ethical, and reasonable procurement practices for determining what is purchased, from whom, and at what price.

### **C. Approving Official (AO) Qualifications and Responsibilities**

The AO is the SDSU or SDSURF employee responsible for oversight of cardholder activity.

#### ***The AO must meet the following criteria:***

- Must be an SDSU or SDSURF PI/PD who has budget and signature authority on projects administered by SDSURF **OR**
- Must be an SDSU or SDSURF employee with budget and signature authority on active orgs and funds **AND** obtain written approval and documentation signed by PI/PD.
- Must have an e-mail address, web access, access to a computer with Adobe Acrobat Reader and print capabilities

**Note:** In some instances, the cardholder and approving official may be the same. This may occur when the cardholder meets the requirements described above for the Cardholder and AO.

## Responsibilities and Determination of Readiness

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### ***AO responsibilities***

- Securing confidentiality of cardholder information and PaymentNet user id and password
- Reviewing all cardholder charges to ensure charges are appropriate and that no prohibited items have been purchased
- Ensuring that the cardholder has performed the PaymentNet on-line review process within the established time frame and assigned the appropriate fund information
- Verifying that all charges are backed by the appropriate supporting documentation
- Forwarding the completed and approved Monthly Reconciliation Packet to the PPA within published deadlines.

### **D. Principal Investigator's (PIs)/ Project Director's (PDs) Responsibilities**

The PI/PD is the designated individual responsible for the programmatic and financial oversight of the funds. The PI/PD has responsibility for complying with the financial and administrative policies of their projects and is therefore required to approve all requests for PCards associated with any of their funds.

In the event that a cardholder terminates, the PI/PD has the ultimate responsibility for notifying the PPA in order to cancel the card if it hasn't already been canceled.

### ***PI/PD Responsibilities***

- Oversight of program participants when authority has been delegated
- Reviewing and approving all requests to establish new cardholders or Approving Officials
- Monitoring PCard activity on designated funds via PI Profile on a regular basis and reporting any suspected misuse or fraud to the Procurement Program Administrator
- Timely notification of employment terminations

### **E. Sponsored Research Administration Administrator (SR administrator) Responsibilities**

The SR administrator establishes and monitors sponsored research funds and provides support to the PI/PDs associated with those funds.

### **SR Administrator Responsibilities**

Reviewing and approving cardholder applications and correspondence

- Assisting cardholders with questions about allowability of expenditures
- Reviewing and approving specific expenditures for allowability
- Notifying the PPA of any disallowable or suspected fraudulent activity

### **F. Procurement Program Administrator (PPA) Responsibilities**

The PPA is responsible for overseeing the daily operations of the PCard program ensuring that it operates smoothly and effectively. The PPA coordinates information between JPMC, SDSURF, and program participants.

## Responsibilities and Determination of Readiness

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### ***PPA Responsibilities***

- Processing new PCard Applications and cardholder maintenance requests
- Providing training and orientation to cardholders and AO's
- Providing support and guidance to cardholders
- Distributing the initial cards
- Collecting, reconciling, and auditing Remittance Packets
- Issuing and maintaining cardholder guidelines
- Maintaining PaymentNet information
- Monitoring purchases for compliance with policy and procedures and reporting abuses, in conjunction with the SR administrator
- Monitoring for fraud and misuse
- Ensuring compliance with published deadlines
- Ensuring internal controls are designed and followed
- Providing updated information and news to cardholder and administrators
- Distributing email reminders to cardholders
- Being knowledgeable about accounting issues, including the application of CA sales and use tax.
- Serving as the liaison between the cardholder and JPMC to assist and resolve PCard and PaymentNet related issues
- Evaluating the PCard program by accumulating, reporting and analyzing PCard usage and trends, as well as overall program evaluation

The PPA can be contacted by e-mail at [smackell@foundation.sdsu.edu](mailto:smackell@foundation.sdsu.edu) or by voicemail at 619.594.5622.

### **G. Conflict of Interest**

All individuals purchasing goods and services on behalf of their departments/projects have a primary responsibility to avoid conflicts of interest. A conflict of interest exists if certain outside business or other interest may adversely affect motivation or performance. The test criteria for determining a conflict of interest include not only whether an individual is actually improperly influenced but also whether the situation lends itself to improper influencing. Even with a conscientious person, a conflicting interest may unconsciously influence, and the mere existence of that interest may cause the propriety of acts to be questioned.

Purchases may not be made from companies where PI/PDs, project staff, and other SDSU and SDSURF employees, or near relatives of same, have an economic interest. Such purchases may have at least the appearance of wrongdoing and should therefore be avoided. SDSURF's purchasing staff may make random checks of company ownership to ensure that integrity is maintained in all purchasing practices.

## Restrictions and Limitations

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### III. Restrictions and Limitations

#### A. PCard Prohibited Purchases

Items, which are prohibited, have blocked Merchant Category Codes to ensure prohibited charges are not made.

The PCard may NOT be used in the procurement of the following items:

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>• Items unallowable or excluded from the project budget</li><li>• Cash advances or cash refunds</li><li>• Political contributions</li><li>• Donations or gifts</li><li>• Animals</li><li>• Splitting of purchases to circumvent the dollar limitation</li><li>• Firearms</li><li>• Travel (lodging, transportation, meals)</li><li>• Hosting (food, alcohol, beverages)</li><li>• Purchases on behalf of other projects or department(s)</li></ul> | <ul style="list-style-type: none"><li>• Items considered to be “fixed assets” and require inventory tags (i.e. furniture and equipment)</li><li>• Leases, contracts, long-term maintenance agreements, ongoing services</li><li>• Phone services (cell, pagers)</li><li>• Public works projects (contractual)</li><li>• Services performed by an individual</li><li>• Narcotics and other controlled substances</li><li>• Software licenses</li><li>• Employee recruitment</li><li>• Hazardous materials</li><li>• Items of personal benefit</li></ul> |
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# Procedures for Becoming a Cardholder

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## IV. Procedures for Becoming a Cardholder

### A. Obtaining a PCard

The PI/PD will determine which employee(s) have a logical need to routinely procure goods and services AND meets the qualifications defined in section **II.B** "Cardholder Qualifications and Responsibilities".

***Under the direction of the PPA, all cardholders must:***

- Complete the **PCard Program New Card Application**
- Obtain PI/PD and AO signatures
- Retain a copy of the completed agreement and application form
- Submit all forms to the applicable SR administrator (Project Staff) or Department Director (Central Staff) to obtain approval
- The SR administrator will submit all necessary forms to the PPA who will coordinate orientation, training, and new card distribution for all cardholders
- Complete required training and sign Cardholder Acknowledgement Form.

### B. Training

#### **Training for PCard Cardholders**

All cardholders and AO's are required to attend PCard program participant training, prior to receiving their card. The PPA will coordinate a time and place for training cardholders. New cards will be distributed at the completion of the training session.

## Distribution and Activation of PCards

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### V. Distribution and Activation of PCards

#### A. Distribution of the PCard

New PCards will be mailed from JPMC directly to the PCard administrator. The PCard administrator will distribute the cards to cardholders upon completion of the required training.

Once a cardholder receives their PCard, they are responsible for securing it just as they would personal credit cards, bankcards, cash, and checks.

#### B. Activation of the PCard

A new or renewed card cannot be used until it is activated by calling the JPMC 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 and the security information that is unique to the cardholder (e.g., social security number, date of birth and/or mother's maiden name) The phone number for card activation is **(800) 270-7760**.

# General Instructions for Making Purchases

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## VI. General Instructions for Making Purchases

### A. Determining Need and Budget Availability

Before executing a purchase transaction with the PCard, the cardholder must:

- Verify that the items/services to be purchased are allowable within the guidelines of the award document. Obtaining prior approval may be necessary depending upon the nature of the purchase. Check with your SR administrator prior to any purchase if there are questions or concerns regarding the allowability of the expenditure.
- Verify that there are sufficient funds available in the fund budget to cover the purchase.

**Note:** Consider other PCard transactions made, but not yet reflected in PI Profile. Access PI Profile to verify the availability of funds if in doubt. If you do not have access to PI Profile, contact your AO or SR administrator for budget information.

- Verify that the transaction is within the purchasing guidelines in the Procurement Card Program Policy and Procedure Manual and use of the PCard is appropriate.

### B. Campus Shipping Address – Receiving Goods

Goods that are ordered using the PCard by projects and departments occupying space on the SDSU campus or SDSURF space at Sky Park, Alvarado Road, and Camino del Rio North, should be shipped directly to SDSURF's receiving dock at the address listed below:

#### **FOUNDATION RECEIVING**

**Attn: Cardholder's full name, phone number, building, and room number**

4283 El Cajon Blvd.

San Diego, CA 92105

Instruct the supplier to write the complete shipping address on the packing slip or box. This will enable the shipping company (UPS, FedEx, Airborne, etc.) to deliver to the correct address. If the supplier indicates that they do not have enough room to include all the personal information for the cardholder, make sure that the name (at the very least) is included on the packing slip or box.

All 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.

## General Instructions for Making Purchases

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Please note that packages with incorrect or missing shipping information may be delayed or possibly returned to supplier. Spend time with your supplier to make sure that they have all shipping information correctly recorded.

### C. Recording Transactions between Cardholder and Supplier

Before completing communication with the supplier, make sure that all the information needed has been provided and that the supplier confirms that the card data has been accepted through their automated register terminal. Inform all vendors that an invoice is NOT required since the purchase was satisfied by the use of the PCard procurement tool. In fact, submission of an invoice to SDSURF may cause a duplicate payment to the supplier.

To complete the transaction, obtain an itemized charge slip, sales receipt, packing slip, and any other documentation that validates the order and/or receipt of the item(s). If the purchase is a phone transaction, ask the merchant if tax is included and at what rate, and annotate for PPA's record.

Cardholders must follow all internal processes, as described in the Procurement Card Program Policy and Procedure Manual regarding handling of supplier receipts, packing slips, and confirmation documents to ensure accurate and timely transaction reconciliation and validation.

### D. Use of PCard over the Internet

The PCard can be used for purchasing goods via the Internet. When using the PCard for internet purchases, cardholders should ensure that the site is secure (look for the secure site symbol or messages) and that the appropriate documentation (in lieu of a standard receipt) is obtained to validate the transaction at the time of order. Most internet orders provide electronic order confirmations. This should be printed and submitted as part of the remittance packet.

### E. Use of the PCard for Telephone Orders

The PCard can be used for purchasing goods over the telephone. Cardholders should ensure that the appropriate receipt is obtained (preferably via facsimile) to validate and support the transaction. If documentation is not received in a timely fashion, the cardholder must follow up with the merchant to obtain the receipt.

### F. Lost or Non-Itemized Receipts

#### ***Lost Receipts***

If the cardholder has lost receipts and/or lost invoices and a duplicate cannot be obtained from the merchant, the cardholder must complete the **Lost/Non-Itemized Receipt Form** and attach it to the **Cardholder Monthly Statement** and submit with the Monthly Remittance Packet (see section **VII.C** for details). A written justification for not having a receipt is required as part of the Lost/Non-Itemized Receipt Form.

## General Instructions for Making Purchases

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**Note:** Excessive lost receipts may result in loss of PCard privileges.

### ***Non-Itemized Receipts***

If the cardholder cannot obtain an itemized receipt from the merchant, the cardholder must complete the **Lost/Non-Itemized Receipt Form** and attach it to the original merchant receipt and submit with the Monthly Remittance Packet (see section **VII.C** for details). Itemized receipts must include the description of the item(s) purchased, quantity purchased, price per item, applicable sales tax and any shipping and handling charged. A written justification for not having an itemized receipt is required as part of the Lost/Non Itemized Receipt Form.

### **G. Obtain and Retain Records of Warranty**

The cardholder must maintain custody of any warranty records for goods or services, which were obtained and paid for with the PCard.

### **H. Purchases Declined at the Point of Sale**

Although the supplier may accept the card for use, the purchase may be declined at the point of sale. The following are possible reasons for a decline:

- The transaction amount exceeds set limit
- The transaction amount exceeds the remaining available balance of total monthly spending limit
- The Merchant Category Code (MCC) is restricted. SDSURF has restricted all suppliers for specifically prohibited transactions including liquor stores, airlines, rental car agencies, hotels, restaurants, and ATM's by the use of the MCC which is a business classification identifier set by the banking industry. Transactions outside the established parameters will automatically be declined at the point of sale
- Cardholder has not activated a newly assigned or renewed card. Refer to section **V.B** in this manual titled "Activation of the PCard"
- The card has expired or has been terminated
- The cardholder or the merchant transposed the card account number during the exchange of information. All cardholders should ensure that the merchant has received the correct number for the correct PCard to minimize the occurrence of this type of decline at the point of sale
- The merchant enters an incorrect expiration date

Cardholders may contact the PPA at (619) 594-5622 to determine the reason a purchase was declined at the point of sale. These mechanisms for declining transactions are meant to protect the cardholder, the merchant, and SDSURF. Please be patient should this occur until the reason for the decline can be determined. On occasion, temporary overrides of merchant codes may be necessary. See section **XI.C Cardholder Account Maintenance** for procedures regarding overrides.

## VII. Accountability and Internal Controls

### A. PaymentNet

PaymentNet is the database of record for all PCard transactions. Access to PaymentNet is password-restricted to ensure safekeeping of information. Cardholder and Manager hierarchies are maintained in PaymentNet to ensure proper segregation of the review and approval process. The ability to post fund information to transactions is maintained and monitored in PaymentNet.

PaymentNet, JPMC's web-based program provides cardholders and AOs a convenient method of querying information and transaction detail for purchasing activity on each PCard, allocating transactions to one or more funds, and accessing monthly statements on the first working day of each new month. Transactions generally appear in PaymentNet within approximately 24 hours after processing by the bank.

### B. Monthly Remittance Packet

Each month after the cardholder and AO review and approve transactions on PaymentNet, a remittance packet must be prepared and forwarded to the PPA for review and audit within the designated time requirements as outlined in section XI, "PCard Monthly Processing Deadlines". The packets are relied upon to ensure complete transaction information is retained. The packet will include:

- A completed and signed **PCard Program Remittance Form**
- Monthly electronic **Cardholder Statement**
- Itemized receipts and documentation supporting each transaction

### C. Internal Controls and Accountability

To ensure the continued success of the PCard program, audits of a Cardholder's remittance packet will occur. The primary purpose for the audits is to ensure that the correct information is being captured and retained; that the PCard is being used for allowable transactions; and that program policies and procedures are in place and being followed.

#### ***Audits performed upon receipt of remittance packet***

- Review of all remittance forms for proper signatures
- Review of statements to ensure itemized receipts support transaction
- Review of transactions for appropriateness and allowability
- Review of transactions for proper justification regarding the nature of the purchase.

### D. Suspension and Revocation of Card

The following circumstances may result in suspension or revocation of the PCard:

## Accountability and Internal Controls

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- **Cardholder does not perform on-line review process in PaymentNet within specified timeframe.**  
PCards will be suspended for future spending if cardholder transactions have not been reviewed on PaymentNet within deadlines specified in section **XI** “PCard Monthly Processing Deadlines”.
- **Approving Official does not approve transactions within specified timeframe.**  
PCards may be suspended from future spending if AO does not approve cardholder transactions within deadlines specified in section **XI** “PCard Monthly Processing Deadlines”
- **Non-submission or late submission of monthly statements and corresponding receipts.**  
PCards will be suspended if the PPA does not receive monthly PCard packets within deadlines specified in section **XI** “PCard Monthly Processing Deadlines”.

If the cardholder or AO anticipates any circumstance, which may result in the packets not being submitted by the deadlines specified in section **XI** “PCard Monthly Processing Deadlines”; it is the responsibility of the cardholder and/or AO to contact the PPA **IN ADVANCE** to inform her of this exception.

**NOTE: Contacting the PPA does not guarantee exemption of this policy.**

- **Fraudulent or personal use** may result in immediate revocation of PCard.

### **E. Validation and Reconciliation of Transactions**

The cardholder and AO are responsible for reconciliation, record keeping, and validation of expenditures for all PCard transactions. Appropriate internal controls must be followed. Periodic statements listing all PCard transactions are available via the web based PaymentNet.

Cardholders and AOs will be trained regarding the use of PaymentNet prior to receiving a card. Please contact the PPA if assistance is required.

### **F. Office of Record**

PPA is responsible “office of record” for all PCard activity.

# Unauthorized Use, Security and Protection

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## VIII. Unauthorized Use, Security and Protection

### A. Misuse/Abuse

Please refer to section **I.G** “Compliance with Policy; Violations and Consequences” in this manual for policy regarding misuse and abuse of PCard privileges.

### B. Security and Protection

A PCard should always be treated with the same care as personal credit cards, bankcards, cash, and checks. Keep your card in an accessible, but secure location.

The cardholder will be the only person using the card so it need only be accessible to the cardholder. Protect the card from use by any person other than the cardholder either on a business or personal basis. If the card is either lost or stolen or used by a person other than the authorized cardholder, immediately report such action by following instructions in section **IX** “Lost or Stolen PCards, Fraudulent and Disputed Transactions” in this manual.

### C. Safeguard PCard Account Number Carefully

Safeguard the card account number carefully! Do not post it at your desk or write it in your day planner. Do not give the card account number to a vendor for use on a standing or blanket basis. This practice is susceptible to actions by employees of merchants gaining access to the number for fraudulent use. Remember that the account number can be used just like the card itself. If the card is either stolen or misused resulting in unidentifiable transactions, which are reported on periodic printed or web based statements, immediately report such action by following instructions in section **IX** “Lost or stolen PCards, Fraudulent and Disputed Transactions” in this manual.

### D. Lending or Sharing PCard is Strictly Prohibited!

The only person entitled to use a PCard is the person whose name appears on the face of the card. Do not lend your card to another person for any reason. Card assignment to a single, named employee of SDSU or SDSURF ensures proper internal controls. If the cardholder is going to be absent from the office for an extended period, the PI/PD or Department Director may request a new card be issued and another person trained as backup. During an absence of the cardholder, a department can use alternative procurement methods (i.e., purchase orders) for procurement of goods or services.

# Lost or Stolen PCards, Fraudulent & Disputed Transactions

## IX. Lost or Stolen PCards, Fraudulent & Disputed Transactions

### A. Lost or Stolen PCards

SDSURF is not responsible for any charges made with either a PCard or PCard account number that is lost by the cardholder or stolen from the cardholder after JPMC is notified that the card has been lost or stolen. Any charge that may have been expensed on the card before notification is made to JPMC is the liability of the project until resolution is reached with the merchant, the merchant's bank, and SDSURF.

In order to limit potential risk to the projects, action must be taken immediately to report lost or stolen cards. Prompt action must be taken to resolve any unauthorized or unidentifiable charges against any SDSURF fund to ensure resolution. Failure to take immediate action regarding disputed charges may cause termination of cardholder privileges. It is imperative that the cardholder takes immediate action by following these steps:

- **Contact JPMorgan Chase**

Contact JPMC immediately for cancellation of card account whether the card is lost or stolen. JPMC representatives are available 24 hours a day, 7 days a week by calling (800) 270-7760. When reporting a lost or stolen card, the caller should advise the customer service representative the call is regarding a "Purchasing Card". The cardholder is required to provide the PCard account number, cardholder name, cardholder SSN, date of birth and/or cardholder's mother's maiden name in order to identify the caller.

- **Notify AO and PPA of Cancelled Account**

After the lost or stolen card is reported to JPMC the cardholder notifies the AO and the PPA to begin the card replacement process.

A **Cardholder Account Maintenance Request** form must be completed indicating card cancellation due to a lost/stolen card and then forwarded to the AO and SR administrator for signature, before forwarding to the PPA.

The PPA orders a replacement card and notifies the cardholder when the replacement card is available for pick-up.

### B. Unidentifiable and Fraudulent Charges

Unidentifiable and fraudulent charges are charges that result from the unauthorized use of the card account number by a party who gains access to the card account number or establishes a counterfeit representation of a card account.

## **Lost or Stolen PCards, Fraudulent & Disputed Transactions**

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SDSURF is not responsible for charges that result from the unauthorized use of a PCard account number after JPMC is notified that the card has been fraudulently used as determined by periodic review of the cardholder statement.

Any charges that may have been expended on the card before notification to JPMC will be the liability of the project until it is resolved between the merchant, the merchant's bank, JPMC, and SDSURF.

It is prudent to process a dispute online in PaymentNet if there is any question regarding possible unauthorized action resulting from a lost or stolen card, even if it turns out that the initial determination was incorrect.

Charges that result from the possible fraudulent use of a PCard account number, which are not detected until the departmental verification of the transactions has been performed by the periodic review of the cardholder statements must be acted upon immediately as soon as the charge is discovered. Prompt action must be taken to resolve any unauthorized or unidentifiable charges against any SDSURF PCard to ensure resolution. Failure to take immediate action regarding disputed charges may cause termination of cardholder privileges. It is imperative that the cardholder, AO, or PPA takes immediate action by following these steps:

- **Contact JPMorgan Chase**

Contact the bank immediately for cancellation of the card account after identifying suspect transactions by periodic review of cardholder statements. JPMC representatives are available 24 hours a day, 7 days a week by calling 1-800-270-7760. When reporting the apparent unidentifiable charge(s), the caller should advise the customer service representative the call is regarding a "Purchasing Card". The cardholder is required to provide the PCard account number, cardholder name, cardholder SSN, date of birth and/or mother's maiden name.

- **Notify PPA of Canceled Account**

After contacting JPMC to cancel the account, the cardholder must process a **Cardholder Account Maintenance Request** form reflecting account termination and state the reason for termination. This form should be forwarded to the AO and SR administrator for signature, before forwarding to the PPA.

### **C. Disputed Transactions**

On occasion, items may appear in PaymentNet and on the monthly cardholder statement that are questionable or not authorized by the cardholder. The cardholder is responsible for resolving these items.

A dispute exists when:

- A merchant will not accept returned items for credit

## **Lost or Stolen PCards, Fraudulent & Disputed Transactions**

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- Duplicate or erroneous charges exist for which the merchant will not provide credit
- Charges appear on the cardholder statement that are questionable or unauthorized. (See section **IX** “Unidentifiable and Fraudulent Charges” of this manual)

### **Items Billed Incorrectly**

Contact the merchant directly to resolve the problem. If resolution is not reached, the cardholder may dispute the item in PaymentNet within five (5) working days from the receipt of the electronic statement using the procedures documented below.

### **Defective Merchandise**

If items purchased with the PCard are found to be defective, the cardholder is responsible for returning the item(s) to the merchant for replacement or to receive a credit. Credit receipts received from the merchant must be kept until the credit transaction appears on the **Cardholder Statement**. Credit receipts must be attached to the Cardholder Statement.

If the merchant refuses to replace the defective item, then the purchase is considered to be “in-dispute” and must be handled as a disputed item. Dispute the transaction in PaymentNet using the procedures documented in the **Procurement Card Program Training and Reference Guide**.

### X. Returns and Credits

#### Returns and Credits

In most instances, merchants cooperate with the buyer in the event that the goods purchased need to be returned for exchange, replacement or credit. The cardholder should contact the supplier to make the arrangements if a purchase return is required.

A copy of the shipping documentation must be kept with the transaction file in the event that further follow-up is required. Once the return is authorized and received by the supplier a credit is issued and appears on a subsequent statement.

# Cardholder Account Maintenance

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## XI. Cardholder Account Maintenance

### A. Card Renewal

New cards are automatically reissued to all active cardholders prior to the expiration date. The card expires on the last calendar day of the month listed on the card. Generally, PCards are good for a three-year period. A renewal PCard is mailed directly to the PPA for pick up by the cardholder. The cardholder is required to turn in the expired card prior to receiving the new card.

If a cardholder does not receive a card before the current one expires, contact the PPA for assistance. Cardholders are responsible for activating renewal cards. Refer to card activation instructions that are affixed to the new PCard in section **V.B** "Activation of the PCard".

### B. Credit Limit Change

Cardholders may need to change the single purchase limit or monthly credit limit from the original pre-set limit. Requests for changes may be temporary or permanent. Temporary changes are set to expire within a short time frame, usually 24 hours, to mitigate risks of misappropriation of SDSURF assets. Requests for changes in credit limits must be in writing and be approved by the Director of Sponsored Research Administration or designee. Once the appropriate and authorized approvals are obtained, the request is submitted to the PPA for processing.

### C. Merchant Category Code (MCC) Overrides

On occasion, a cardholder may have a need to request a one-time override of a merchant code in order to make a valid, necessary purchase for their project needs. Any request for an override must be in writing and approved by the cardholder's approving official and the SR administrator. Upon approval, the PPA contacts the bank to issue the override. Overrides are temporary and are reset once the purchase transaction is complete.

### D. Replacement of Worn-out/Defective Cards

To replace a PCard card that is worn out or defective, the cardholder must contact the PPA to request a replacement card. The PPA notifies the cardholder when the replacement card is available for pick-up

### E. Termination-Cancellation of Card

A card may be terminated or cancelled when a) the cardholder no longer uses the card, b) the cardholder is no longer employed at SDSU or SDSURF, or c) it may be necessary to halt all purchases on a fund that is either no longer valid or is inactive.

To close a cardholder account, contact the PPA. If the cardholder is leaving SDSU or SDSURF employment, the PPA should be contacted two weeks prior to departure to ensure all documentation has been collected and all outstanding

## Cardholder Account Maintenance

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charges allocated to the appropriate funds. When a cardholder terminates employment with SDSURF or SDSU, the cardholder has the specific obligation to surrender the assigned PCard prior to the employee termination date, turning in receipts, and assigning the fund information in PaymentNet. The PI/PD, or Department Director (Central Staff) is responsible for notification of the resignation or termination to the PPA.

### **F. Changes in Cardholder Status**

As cardholder information changes, the cardholder is responsible for contacting the PPA in writing to ensure that the most current information is on record (i.e., name change, address change, phone number change).

### **G. Review of Inactive PCard Accounts**

Periodically, the PPA reviews data regarding PCard account activity and notifies the appropriate PI/PD or cardholder regarding cardholder accounts that have not been used during the past six months. The review of inactive PCard accounts is important to ensure that inactive cards have not either been misplaced or exposed to the risk of inappropriate use.

## PCard Monthly Processing Deadlines

### XII. PCard Monthly Processing Deadlines

<b>PCard Monthly Processing Deadlines</b>		
<b>Working Day</b>	<b>Responsibility</b>	<b>Task/Process</b>
1 <sup>st</sup>	Cardholder	<ul style="list-style-type: none"> <li>◆ Print Electronic Statement from PaymentNet</li> </ul>
1 <sup>st</sup> -5 <sup>th</sup>	Cardholder	<ul style="list-style-type: none"> <li>◆ Reconcile all itemized receipts to statement</li> <li>◆ Allocate accounting codes to transactions in PaymentNet</li> <li>◆ Print and sign remittance form</li> <li>◆ Attach remittance form to statement and itemized receipts</li> <li>◆ Forward remittance packet to AO</li> </ul>
6 <sup>th</sup> -10 <sup>th</sup>	Approving Official	<ul style="list-style-type: none"> <li>◆ Review cardholder packets</li> <li>◆ Approve transactions on-line in PaymentNet</li> <li>◆ Sign Remittance form</li> <li>◆ Forward documentation to PCard Administrator</li> </ul>
11 <sup>th</sup>	PPA	<ul style="list-style-type: none"> <li>◆ PCard Administrator downloads file from PaymentNet for edit processing</li> <li>◆ Downloaded transactions no longer available for updates in PaymentNet.</li> </ul>
15 <sup>th</sup>	PPA	<ul style="list-style-type: none"> <li>◆ Transactions posted to Banner Finance.</li> </ul>
17 <sup>th</sup>	Cardholder and Approving Official	<ul style="list-style-type: none"> <li>◆ Transactions available for review in PI Profile</li> </ul>
15 <sup>th</sup> – EOM	PPA/SRA	<ul style="list-style-type: none"> <li>◆ Remittance packets reviewed for completion, allowability</li> <li>◆ Follow-up with cardholder, AO, or SRA</li> </ul>
EOM	PPA	<ul style="list-style-type: none"> <li>◆ PCard Administrator suspends PCard account if cardholder remittance packet has not been received</li> </ul>

**Note:** June/July deadlines will be accelerated to accommodate fiscal year end closing. These deadlines will be published annually in May.