



Procurement Card Policies and Procedures

The Procurement Card is an institutional-liability corporate card used for buying goods and services that cost less than \$5,000 on behalf of the university. The Procurement Card may be used solely for university business transactions.

Travel Management and Corporate Card Services

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Date issued: May 1, 2009

TABLE OF CONTENTS

INTRODUCTION AND PURPOSE	1	SECTION 4	
SECTION 1		EXAMPLES OF PROPER USE / POLICY	
NEW P-CARDS		RESTRICTIONS	
1.1 Eligibility	2	4.1 Expected Use Policy	9
1.2 Applications	2	4.2 Automatic Exceptions to Expected Use Policy	9
1.3 Card Pick-Up	2	4.3 Process for Requesting Exceptions to Expected Use Policy	9
1.4 Training and Card Validity Period	2	4.4 Examples of Proper Use	9
1.5 Cardholder Agreement	3	4.5 Caterers and Restaurants	10
1.6 Activating Card	3	4.6 Contract and Diverse Suppliers	10
1.7 USC Account Numbers	3	4.7 Card Restrictions	10
1.8 Reallocation	4	4.8 Compliance with Expenditure Policies	10
1.9 Changing USC Account Numbers and Object Codes	4	4.9 Compliance with Sponsored Project Policies	10
1.10 Overdraft of Account / Frozen Or Closed Accounts	4	4.10 Compliance with Purchasing Policies	11
SECTION 2		SECTION 5	
RENEWAL CARDS / CARD SUSPENSION AND CANCELLATION		DISPUTES / LOST OR STOLEN CARDS / FAUDULENT CHARGES / DECLINES	
2.1 Renewal Cards and Renewal Training	5	5.1 Transaction Disputes	12
2.2 Cards Not Automatically Renewed	5	5.2 Lost or Stolen Cards and Fraudulent Charges	12
2.3 Card Cancellation by Cardholder	5	5.3 Declined Transactions	12
2.4 Card Cancellation by USC	5	SECTION 6	
2.5 Card Cancellation by Issuing Bank	6	CARDHOLDER RESPONSIBILITIES	
2.6 Card Suspension by USC	6	6.1 Authorized Card Users	13
2.7 Reactivating Suspended Cards	6	6.2 Cardholder Profile Maintenance	13
2.8 Discontinuing use of Card	6	6.3 Avoiding Duplicate Claims	13
SECTION 3		SECTION 7	
CARD CREDIT LIMITS		SUPERVISOR AND SENIOR BUSINESS OFFICER RESPONSIBILITIES	
3.1 Card Credit Limits	7	7.1 Supervisor Responsibilities	14
3.2 High Risk Merchant Category Code Restrictions	7	7.2 Excerpt from Senior Business Officer Job Description	14
3.3 Splitting Transactions	7	7.3 Senior Business Officer Responsibilities	14
3.4 Changes to Default Limits during Application Process	7	7.4 Audits	15
3.5 Changes to Limits after Card Issuance	7	7.5 Account Status Report Review	15
3.6 Billing Cycle Dates	8		

**SECTION 8
LIABILITIES AND CONSEQUENCES OF
MISUSE**

8.1	Institutional Liability	16
8.2	P-Card Misuse	16
8.3	Cooperation during Audit	16
8.4	Audit Services and University Hotline	16

**SECTION 9
RECEIPT AND DOCUMENT RETENTION /
OVERDRAWN, FROZEN, OR CLOSED
USC ACCOUNT NUMBERS / CONTRACT
AND GRANT EXPIRATION DATES**

9.1	Statement Paid by USC	17
9.2	Receipt Requirements	17
9.3	Missing Receipts	17
9.4	Business Purpose Requirements	17
9.5	Statements Requirements	17
9.6	Document Retention Period	18
9.7	Overdrawn, Frozen, and Closed USC Account Numbers	18
9.8	Closure of P-Cards 30 Days before Contract or Grant Expiration	18

**SECTION 10
BILLING CYCLE/ SALES TAX**

10.1	Billing Cycle	19
10.2	Sales Tax	19

APPENDIX

A	References	20
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INTRODUCTION

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 on behalf of 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 of the P-Card's efficiencies, use of the P-Card is expected for purchases less than \$500. Requisitions / purchase orders will be issued for less than \$500 on an exception basis in order to accommodate necessary situations. Use of the P-Card is strongly recommended for purchasing goods and services less than \$5,000 (including taxes and delivery).

USC ACCOUNT NUMBER AND OBJECT CODE ASSOCIATION

Each P-Card has a single, USC account number and object code assigned to it. All charges on the P-Card post directly to the USC account number and object code assigned to it (unless the transaction was reallocated), and appear in the Transaction Detail of the university's Account Status Report (ASR).

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, monthly statements must be signed by the cardholder and co-signed by a departmental reviewer. A receipt and business purpose to support each transaction must be attached to the monthly statement, and retained for a minimum of four (4) years within the department. If a P-Card is linked to a sponsored project account, P-Card statements and support documentation must be maintained for four (4) years after final payment or completion of audit if started prior to the expiration of the four (4) year period.

PROPER USE

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 Travel Card should be used for university travel-and-event related purchases.

In addition to adhering to these Procurement Card Policies and Procedures, all P-Card transactions must be made in compliance with the university's policies and procedures governing expenditures and purchases (Policies: www.usc.edu/pcard). All cardholders who are allocating expenses to a sponsored project account must also be in compliance with their respective sponsoring agency's policies (Appendix A).

Cardholders who do not comply with university policies and procedures may have their USC cardholder privileges revoked (www.usc.edu/policies). The university's policy on Misappropriation of University Assets 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.

All cardholders are subject to audit.

PROCUREMENT CARD POLICIES AND PROCEDURES

SECTION 1 NEW P-CARDS

1.1 ELIGIBILITY

P-Card eligibility is based on a departmentally-determined business need, and is contingent upon receiving application approvals from both the prospective cardholder's:

- Supervisor, and
- Senior Business Officer.

The P-Card is intended for USC employees on active payroll status. At the department's discretion and with the approvals identified above, a P-Card can be issued to a student, provided the student is on payroll (such as a teaching assistant, research assistant, etc.). Extending P-Cards to students should be done on a very limited basis, and only when a P-Card is absolutely essential.

The P-Card may not be extended to non-employees.

1.2 APPLICATIONS

A P-Card application must be initiated by the prospective cardholder online (Application and Instructions: www.usc.edu/pcard). Hardcopy applications cannot be accepted. P-Card applications will route for approval via email, first to the employee's supervisor and second to the department's Senior Business Officer. No signatures are required on the P-Card application as the 'signatures' are obtained electronically. Upon receiving approval from the Senior Business Officer, the application will route to the Corporate Card Program Administrator for processing (Key Contacts: www.usc.edu/pcard).

Note the following points about the cardholder's application:

- There is no annual fee for the P-Card;
- P-Cards are issued based on the university's line of credit; and
- No credit checks are conducted of applicants.

Cardholders may not list the P-Card as a line of personal credit on any personal credit application or credit check.

1.3 CARD PICK-UP

P-Cards are typically received by Travel Management and Corporate Card Services within seven (7) business days after final application approval from the Senior Business Officer. Cardholders will be contacted when the P-Card is available for pick-up, after the mandatory online training has been completed (Section 1.4).

1.4 TRAINING AND CARD VALIDITY PERIOD

P-Card online training is mandatory for all new cardholders. A link to the online training module (approximately 30 minutes long) is sent to each prospective cardholder after the application has been approved by the Senior Business Officer.

P-Cards are valid for four (4) years. Expiration dates are printed on the card.

1.5 CARDHOLDER AGREEMENT

Each new cardholder is required to complete and sign a Cardholder Agreement (Forms and Documents: www.usc.edu/pcard). The Agreement must be signed and returned to Travel Management and Corporate Card Services within ten (10) business days of card pick-up. A cardholder who does not return the Agreement will have his/her P-Card suspended until the Agreement is received. One Agreement applies to all P-Cards issued in the employee's name, including replacement and renewal P-Cards, and P-Cards issued to accommodate multiple USC account numbers. When an employee transfers from one department to another, the employee's P-Card is cancelled, and a new application will be required for P-Cards associated with the new department. Correspondingly, a new Agreement needs to be signed.

Enclosed with the P-Card are the issuing bank's Corporate Card Terms and Conditions. The document should be reviewed by the cardholder.

1.6 ACTIVATING CARD

Upon receipt of the P-Card, cardholders must contact the issuing bank by calling the telephone number provided on the sticker on the face of the card.

For security purposes, the cardholder will be asked to verify some personal information when activating the P-Card. Note: The cardholder's ten (10) digit university ID will serve as the Security Code.

The back of the P-Card should be signed upon receipt. Because the credit card number is printed on the sleeve in which the P-Card is delivered, cardholders should either retain the sleeve in a safe location or shred it.

If a P-Card is received with an error, contact the issuing bank (Key Contacts: www.usc.edu/pcard). The issuing bank will make the corrections and process a new P-Card.

1.7 USC ACCOUNT NUMBERS AND OBJECT CODES

Each P-Card has a single, USC account number and object code assigned to it. The USC account number and object code are assigned in the application process. The object code defaults in the application to 15XXX (Materials and Supplies).

If a department needs to use multiple USC account numbers, departments can either a) reallocate transactions from the USC account number associated with the P-Card to another or to multiple USC accounts numbers via the reallocation process (Section 1.8); or b) obtain multiple P-Cards, one for each university account number. Use of multiple cards is the less desirable alternative.

Helpful Points About USC Account Numbers / Object Codes	
▪	Multiple employees may have P-Cards associated with the same USC account number.
▪	Employees may have more than one P-Card, one for each USC account number.
▪	Sponsored Project Accounts can be assigned to P-Cards, provided that only allowable purchases are made.

All charges on the P-Card post directly to the university account number and object code assigned to it (unless the transaction was reallocated), and appear in the Transaction Detail of the Account Status Report (ASR) as journal type "CDPC" (Cash Disbursement Procurement Card). There can be a lag time of up to thirty (30) days between the time of P-Card purchase and the time of ASR posting.

Online reports are available via two sources: the issuing bank's portal (Helpful Website: www.usc.edu/pcard) or AIS's Budget Administration System (WEBBA) (Appendix A).

1.8 REALLOCATION

Should charges incurred on a P-Card need to be reallocated to different USC account numbers and/or object codes, those with authorized access can reallocate these charges within the General Ledger's reallocation process (GL.GEPROCARD). Access is obtained through the Comptroller's Office ([Appendix A](#)). Charges can be reallocated two times a month, each time for a five (5) business-day period. P-Card charges can be reallocated within object code 15XXX.

Charges that are not reallocated in the General Ledger or charges that have already posted to the Account Status Report (ASR) can be reallocated via a Journal Voucher entry process.

1.9 CHANGING USC ACCOUNT NUMBERS AND OBJECT CODES

After the P-Card has been issued, the Corporate Card Program Administrator needs to be notified of changes to limits, university account numbers/ object codes, etc. The best practice is for SBO's to email the Corporate Card Program Administrator so that the request can be documented in writing (Key Contacts: www.usc.edu/pcard). A minimum of four (4) business days should be allotted to accommodate the change.

SECTION 2 RENEWAL CARDS / CARD CANCELLATION / CARD SUSPENSION

2.1 RENEWAL CARDS AND RENEWAL TRAINING

Approximately one (1) month prior to the P-Card's expiration date (printed on card), a link to a renewal online training module will be sent to the cardholder by Travel Management and Corporate Card Services. Online renewal training is required every four (4) years when the P-Card needs to be renewed, and takes approximately five (5) minutes to complete.

Cardholders who need additional policy guidance (as determined by Disbursement Control and Accounts Payable auditors) will be required to either repeat the new cardholder online training or attend an in-person training class.

After renewal training has been completed and approximately two (2) weeks prior to the expiration date, Travel Management and Corporate Card Services will contact the cardholder to coordinate P-Card pick-up. It is important for cardholders to complete the online training so that the renewed card can be delivered prior to the expiration date.

2.2 CARDS NOT AUTOMATICALLY RENEWED

There are two (2) reasons a P-Card may not be automatically renewed:

- The P-Card has not had any transaction activity for 18 consecutive months;
- The university has found improper use of the P-Card (or Travel Card).

If an employee's P-Card was not automatically renewed and the employee would like to continue as a cardholder, please contact the Corporate Card Program Administrator (Key Contacts: www.usc.edu/pcard).

2.3 CARD CANCELLATION BY CARDHOLDER

Cardholders who want to cancel their P-Cards should contact the issuing bank or the Corporate Card Program Administrator (Key Contacts: www.usc.edu/pcard). Because the P-Card is an inventoried item on USC's Employee Inventory Form (Forms and Documents: www.usc.edu/pcard), card cancellation should be reported to one of the following university representatives:

- Department's Home Department Coordinator;
- Cardholder's Supervisor; or
- Corporate Card Program Administrator.

The cancelled P-Card should be shredded (by employee).

2.4 CARD CANCELLATION BY USC

The P-Card is valid only while the cardholder is a) on active payroll status within the department that approved the original P-Card application, and b) using the P-Card in accordance with university policies. The P-Card will be cancelled and deactivated by USC when the employee a) ends active employment with the university, b) transfers to a different department, or c) misuses the P-Card / violates university policy. Cardholders transferring departments must reapply for a P-Card within their new department.

Because the P-Card is an inventoried item on USC's Employee Inventory Form (Forms and Documents: www.usc.edu/pcard), card cancellation should be reported to one of the following university representatives:

- Department's Home Department Coordinator;
- Cardholder's Supervisor; or
- Corporate Card Program Administrator.

The cancelled P-Card should be shredded (by department).

2.5 CARD CANCELLATION BY ISSUING BANK

The issuing bank may cancel a card due to the following reason:

- The P-Card has not had any transaction activity for 18 consecutive months.

2.6 CARD SUSPENSION BY USC

A P-Card will be suspended by USC due to either of the reasons below. A suspended P-Card can be reactivated, using the same card number, under the circumstances described in Section 2.7.

- Cardholder is on extended leave; or
- Misuse of the P-Card is under investigation by the university.

Note that cardholders on extended university leave, such as on sabbatical or family leave should notify the university's Corporate Card Program Administrator so that the P-Card can be suspended (Key Contacts: www.usc.edu/pcard). Supervisors and SBOs can also notify the Corporate Card Program Administrator on the employee's behalf.

2.7 REACTIVATING SUSPENDED CARDS

A suspended P-Card can be reactivated, using the same card number, when:

- The Senior Business Officer notifies the Corporate Card Program Administrator that the employee has returned from extended leave; or
- The Auditors in Disbursement Control and Accounts Payable have determined the cardholder is eligible to continue using the P-Card.

2.8 DISCONTINUING USE OF CARD

Cardholders shall discontinue using their P-Cards, upon the request of the university or issuing bank or upon leaving the university.

**SECTION 3
CARD CREDIT LIMITS**

3.1 CARD CREDIT LIMITS

Unlike a personal credit card which has only one (1) credit limit and can be used for all purchases, the P-Card has two (2) credit limits. The two (2) credit limits are charted below.

Description of The Two (2) P-Card Credit Limits	
Billing Cycle Credit Limit Default Limit in Application: \$2,500 Maximum Limit: Determined by Department	<p>The billing cycle credit limit determines the total amount allowed to be spent each month on the P-Card.</p> <p>The university does not identify a maximum billing cycle credit limit. The maximum billing cycle credit limit is determined by the Senior Business Officer.</p>
Single Purchase (Transaction) Credit Limit Default Limit in Application: \$2,500 Maximum Limit: \$5,000	<p>The single purchase credit limit establishes the maximum size of a single transaction.</p> <p>The maximum single purchase credit limit is \$5,000, including tax and delivery. Some purchases over \$5,000 are defined as 'Equipment' and therefore require bidding as per university policy. To ensure compliance with Equipment bidding policy, the maximum single purchase credit limit may not exceed \$5,000.</p> <p>Information about Equipment is provided by the department of Equipment Management (<i>Appendix A</i>).</p>

3.2 MERCHANT CATEGORY CODE (MCC) RESTRICTIONS

In addition to the two (2) credit limits charted above, the P-Card is subject to certain Merchant Category Code (MCC) restrictions imposed by USC to reduce the potential for misuse and fraud. For example, the P-Card's MCCs have been turned off for use at gambling establishments, jewelry stores, and other types of merchants that are unlikely to provide goods or services with a legitimate business purpose.

3.3 SPLITTING OF TRANSACTIONS

Transactions may not be split in order to circumvent the established maximum single purchase limit.

3.4 CHANGES TO DEFAULT LIMITS DURING APPLICATION PROCESS

During the online application process, the single purchase credit limit and billing cycle credit limit are assigned the default limit (see chart above). By including instructions in the application's "Comments" section, Supervisors and Senior Business Officers can change the default credit limits, provided the proposed limits do not exceed the maximums.

3.5 CHANGES TO LIMITS AFTER CARD ISSUANCE

After P-Card issuance, credit limits can be changed by Senior Business Officers by contacting the Corporate Card Program Administrator (Key Contacts: www.usc.edu/pcard). Requests should be made via email so that the request can be documented. A minimum of one (1) business day should be allotted for changes to take effect.

SECTION 4

EXPECTED USE / EXAMPLES OF PROPER USE / USE RESTRICTIONS / POLICY COMPLIANCE

4.1 EXPECTED USE POLICY

Using the P-Card is convenient and efficient as it eliminates many costly-to-administer requisitions / purchase orders, check requests, and petty cash transactions. Because of the P-Cards efficiencies, use of the P-Card is expected for purchases less than \$500. Requisitions / purchase orders will be issued on an exception-basis for orders less than \$500 to accommodate necessary situations. Use of the P-Card is strongly recommended for purchasing goods and services less than \$5,000, including taxes and delivery.

Amount of Transaction (Single Purchase)	Policy Regarding Use of P-Card
Less than \$500	Expected
More than \$500 and less than \$5,000	Strongly recommended
\$5,000 or More	Cannot be Used

4.2 AUTOMATIC EXCEPTIONS TO EXPECTED USE POLICY

Suppliers that do not accept a P-Card and suppliers that are established with the university for Electronic Data Interchange (EDI) are noted accordingly in USC's Purchasing Services vendor database. For these suppliers, a requisition / purchase order can automatically be issued without the need to request an exception. (Note: EDI suppliers send the university electronic invoices in exchange for electronic payment. This is a very efficient invoicing and payment system).

4.3 PROCESS FOR REQUESTING EXCEPTIONS TO EXPECTED USE POLICY

Individuals requesting to pay a supplier for an order less than \$500 via a requisition / purchase order can email the applicable buyer in Purchasing Services, add a comment within the requisition process, or submit an Exception Request Form (Forms and Documents: www.usc.edu/pcard). Reasonable exceptions will be accommodated.

4.4 EXAMPLES OF PROPER USE

The following list provides examples of appropriate business transactions for the P-Card. Where noted, the expense is typically government unallowable (G/U) and may not be charged or reallocated to a sponsored project account.

- Appliances, Hardware, and Electronics
- Associations and Organizations
- Bakeries and Grocery Stores
- Books and Periodicals
- Business, Trade, and Vocational Schools
- Camera and Photo Supply
- Caterers / Restaurants (G/U) (Section 4.5)
- Photography and Graphics
- Computers (equip/software/maintenance)
- Conference Registration (no hotel charges)
- Department Stores
- Equipment Repair
- Exterminating Services
- Florists and Nurseries (G/U)
- Government Agencies
- Lab Supplies (medical/dental/hospital)
- Laundry (lab coats/hospital linen/uniforms)
- Office Supplies (incl. coffee supplies)
- Overnight Courier Service
- Paints and Supplies
- Postage
- Copy and Reproduction
- Schools, Colleges, and Universities
- Sporting Goods
- Subscriptions
- Telecommunications
- Uniforms (purchase and cleaning)
- Wholesale Clubs

4.5 CATERERS AND RESTAURANTS

With Senior Business Officer approval, the P-Card can be used with caterers and restaurants provided that the food and beverages are delivered to a business-related event held on-campus. Cardholders may not use the P-Card for individual meals or for meals held at restaurants, hotels, or other food-related establishments. The Travel Card is the preferred form of payment for caterers and restaurants, and therefore has fewer use restrictions.

4.6 CONTRACT AND DIVERSE SUPPLIERS

Contract Suppliers are vendors with which the university has a negotiated agreement that could include price discounts, simplified ordering methods, set delivery arrangements, specialized customer service requirements, and/or efficient billing payment terms. Whenever possible, the P-Card should be used with Contract Suppliers, such as contract computer, office supply, and lab supply companies (Helpful Websites: www.usc.edu/pcard).

Diverse Suppliers are defined as businesses owned and operated by minorities, women, and veterans, and small local businesses in the communities surrounding USC's campuses. USC has a goal to spend 15% of its procurement dollars with Diverse Suppliers. Certain federal contracts also have Diverse Supplier goals. Whenever possible, the P-Card should be used with Diverse Suppliers (Helpful Websites: www.usc.edu/pcard).

4.7 CARD RESTRICTIONS

The following important restrictions apply to the P-Card.

- **PERSONAL USE RESTRICTIONS** – Cardholders may use the P-Card for university business transactions only. Partial business and personal transactions are not permitted.
- **TRAVEL AND EVENT RESTRICTIONS** – The P-Card may not be used for travel-related purchases. For these purchases, the Travel Card should be used (*Appendix A*).

4.8 COMPLIANCE WITH EXPENDITURE POLICIES

All P-Card transactions must be made in compliance with the University's Expenditure Policies and Procedures (Policies: www.usc.edu/pcard).

For example, the P-Card expenditures must comply with the following:

- **MAXIMUM RATES** – Costs for gifts, catered meals, office decorations, etc. may not exceed the university's Maximum Rates (Policies: www.usc.edu/pcard);
- **SUBJECT TO SALES TAX** – USC is not sales tax exempt. P-Card transactions subject to California sales and use taxes that were not charged tax at point-of-sale may be assessed sales tax by Disbursement Control and Accounts Payable using the USC account number associated with the P-Card (Section 10.2).

4.9 COMPLIANCE WITH SPONSORED PROJECT POLICIES

The P-Card may be used on sponsored-project funded accounts. However, cardholders who are allocating expenses to a sponsored project account must be in compliance with their respective sponsoring agency's policies. For example, gifts, alcohol, flowers, and decorations are restricted on federal and state sponsored-project funded accounts (accounts that begin with '5'). Cardholders allocating their P-Card expenses to a sponsored project account should direct questions regarding allowability to the Department of Contracts and Grants before incurring the expense (*Appendix A*).

If government unallowables are purchased on an unrestricted P-Card account, departments may be contacted by Financial Analysis to identify unallowable amounts for the purpose of calculating the university's indirect costs. For example, if a catered event included alcohol and flowers, these amounts may be requested by Financial Analysis (Appendix A).

4.10 COMPLIANCE WITH PURCHASING POLICIES

All P-Card transactions must be in compliance with the University's Purchasing Services Policies and Procedures (Policies: www.usc.edu/pcard). For example, P-Card expenditures must comply with the following:

- **AUTHORIZED AGREEMENT SIGNERS** – Cardholders may not sign procurement agreements (vendor contracts). There is a difference between having the authority to procure (buy) and having the authority to sign an agreement that binds the university. Cardholders needing to obtain a signature for a procurement agreement (software license, service contract, etc.) should contact Purchasing Services, regardless of the agreement's dollar volume (Appendix A).
- **EQUIPMENT RESTRICTIONS** – The P-Card may not be used to purchase items classified as 'Equipment.' The university classifies as 'Equipment' items that have a useful life of more than one year and an acquisition cost, including tax and delivery, of \$5,000 or greater.
- **PROMOTIONAL AND PRINT RESTRICTIONS** – 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.
- **INSURANCE AND LICENSE REQUIREMENTS** – Certain suppliers, such as caterers, are required to have specific types of insurance and industry licenses, given the high-risk nature of their services. Individuals using the P-Card are responsible for ensuring that suppliers performing work for the university have the required licenses and insurances. Contract suppliers that Purchasing Services has pre-qualified should be used whenever possible (Section 4.6).

SECTION 5 DISPUTES / LOST OR STOLEN CARDS / FRAUDULENT CHARGES / DECLINES

5.1 TRANSACTION DISPUTES

It is important to dispute any questionable charge appearing on a P-Card statement with the merchant and with the issuing bank within 60 days of the transaction's posting date (not the date on which the statement is generated at close of billing cycle).

Since many merchants use centralized clearing houses for credit card processing, the name and location of the merchant on the statement may not initially be recognized by the cardholder. Before disputing, the cardholder should check expenditure records carefully to make certain that the charge is indeed an error.

When a dispute is warranted, the best practice is to contact the merchant first and to try to resolve the dispute, as most erroneous charges are for the wrong amount or for duplicate charges with an intended merchant. However, if the erroneous charge is not immediately resolved it is important to subsequently dispute the transaction with the issuing bank within 60 days of the transaction's posting date. The most expeditious method for disputing transactions is online via the issuing bank's portal (Helpful Websites: www.usc.edu/pcard). As an alternative, the issuing bank can be contacted via telephone (Key Contacts: www.usc.edu/pcard).

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 statement. If the transaction is determined by the issuing bank to be a legitimate charge, the credit will be reversed and it will be the cardholder's responsibility to settle the expense.

5.2 LOST OR STOLEN CARDS AND FRAUDULENT CHARGES

If a P-Card is lost or stolen, or fraudulent activity is detected, immediately contact the issuing bank's customer service line (Key Contacts: www.usc.edu/pcard). The cardholder could be held financially liable for transactions if fraud is not promptly reported.

Replacement P-Cards take ten (10) business days to arrive at USC. A replacement P-Card can be rushed with a business reason in two (2) business days for a \$35 fee (G/U). This rush fee will be charged to the applicable P-Card. Note that rush P-Cards are not allowed on a sponsored project account that begins with the number "5."

Unless other arrangements were made, the P-Card will be delivered to the Corporate Card Program Administrator. Cardholders will be notified when the P-Card is available for pick up.

5.3 DECLINED TRANSACTIONS

Common reasons for declined transactions include the following:

- Merchant has incorrect P-Card expiration date;
- The cardholder's statement billing address does not match the billing address provided to the merchant;
- The transaction cost exceeds the card's allowable limit (Section 3.1); and/or
- The P-Card is being used at a high-risk establishment 'turned off' by the university (Section 3.2).

If a P-Card purchase is declined for a reason unclear to the cardholder, the issuing bank's portal can be accessed for decline information (Helpful Websites: www.usc.edu/pcard). As an alternative, the issuing bank can be called for clarification (Key Contacts: www.usc.edu/pcard).

SECTION 6 CARDHOLDER RESPONSIBILITIES

6.1 AUTHORIZED CARD USERS

The only person authorized to use the P-Card is the person to whom the P-Card is issued. Lending or sharing of P-Cards is not allowed, as per USC's agreement with the issuing bank. Cardholders are expected to keep their P-Cards in a secure location at all times.

6.2 CARDHOLDER PROFILE MAINTENANCE

It is the cardholder's responsibility to maintain a current billing address, phone number, and email address with the issuing bank. Profile information can be maintained online via the issuing bank's portal (Helpful Websites: www.usc.edu/pcard).

6.3 AVOIDING DUPLICATE CLAIMS

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

SECTION 7 SUPERVISOR AND SENIOR BUSINESS OFFICER RESPONSIBILITIES

7.1 SUPERVISOR RESPONSIBILITIES

Supervisors have the following responsibilities with respect to direct-reports who have been issued a P-Card:

- Approve or reject online P-Card applications;
- Review (or ensure someone in the department is reviewing) all receipts and statements to confirm business purpose and reasonableness; and
- Sign all statements (Section 9).

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

7.2 EXCERPT FROM SENIOR BUSINESS OFFICER JOB DESCRIPTION

It is the Senior Business Officer's responsibility to oversee the P-Card program at the department / unit level. An excerpt from a typical Senior Business Officer's job description is provided below. These Procurement Card Policies and Procedures are intended to facilitate a Senior Business Officer's responsibilities.

Excerpt from Senior Business Officer Job Description

"The SBO is responsible for determining that strong internal controls are implemented... With respect to procurement, whether by use of Corporate Cards, Paperless Requisitions, Paper Purchase Orders, Internal Requisitions, or USC Debit Card, the SBO should determine that there is an appropriate segregation of duties so that goods or services, which are procured, viewed and reconciled monthly to Account Status Reports by someone other than the individual initiating the transaction and by someone who does not report to the individual initiating the transaction. This reconciliation process must include obtaining and retaining original receipts and or invoices for business-related expenses."

7.3 SENIOR BUSINESS OFFICER RESPONSIBILITIES

Senior Business Officers have the following responsibilities with respect to departmental-staff members who have been issued a P-Card:

- Establish and monitor department-level procedures to ensure that expenses charged to departmental accounts are in compliance with departmental procedures and the university's Expenditure Policies and Procedures (Policies: www.usc.edu/pcard);
- Report changes to the SBO Table to the Corporate Card Program Administrator. SBOs listed in this table are those to whom online P-Card applications route (Forms and Documents: www.usc.edu/pcard);
- Approve or reject online P-Card applications;
- Approve spending limit and USC account number changes subsequent to the application process;
- Report a cardholder's termination / departure from the university or department to the Corporate Card Program Administrator;
- Remove cancelled P-Cards from the university's Employee Inventory Form (Forms and Documents: www.usc.edu/pcard); and
- Assist Disbursement Control and Accounts Payable with any P-Card audits or investigations.

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

7.4 AUDITS

Routine audits of the P-Card are conducted by Disbursement Control and Accounts Payable (*Appendix A*). As part of this routine, an auditor may contact the Senior Business Officer (or designee) and/or cardholder. Assistance from the Senior Business Officer (or designee) will be expected in all audits / investigations.

7.5 ACCOUNT STATUS REPORT REVIEW

Senior Business Officers (or designees) should ensure that university Account Status Reports (ASRs) are carefully reviewed, including for reconciliation to P-Card receipts and for authorized use of the P-Card. Senior Business Officers can also obtain web access to the issuing bank's portal to review departmental cardholder statements. For access, contact the Corporate Card Program Administrator (Key Contacts: www.usc.edu/pcard).

All charges on the P-Card post directly to the university account and object code assigned to it (unless the transaction was reallocated), and appear in the Transaction Detail of the Account Status Report (ASR) as journal type "CDPC" (Cash Disbursement Procurement Card). Upon unauthorized account overdraft or account expiration, P-Card charges will be allocated to the applicable Dean's account and may be subject to card cancellation if account overdraft or expiration becomes routine. Online reports are available via two sources: the issuing bank's website or AIS's Budget Administration System (WEBBA) (*Appendix A*).

SECTION 8 LIABILITIES AND CONSEQUENCES OF MISUSE

8.1 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 retaining receipts and other support documentation as detailed in Section 9.

8.2 P-CARD MISUSE

Cardholders must use their P-Cards according to these and other university policies and procedures. Cardholders who do not comply with these policies and procedures may have their cardholder privileges revoked. This revocation may be extended to include the Travel Card, if the employee also has the Travel Card.

Use of the P-Card in accordance with university policies and procedures includes application of the university's policy on Misappropriation of University Assets (Policies: www.usc.edu/pcard). Misuse of the P-Card may result in disciplinary action, up to and including termination of employment.

8.3 COOPERATION DURING AUDIT

All cardholders have signed an Agreement on which it is stated that the university has the authority to access transactions posted to the cardholder's account and/or to obtain support documents directly from a supplier.

In the event of an audit, cardholders must cooperate with university officials, and provide additional documents to augment information already obtained by auditors from the cardholder's account or from suppliers.

8.4 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 (Appendix A). Individuals wishing to report suspected incidents on an anonymous basis may call the Office of Compliance Help and Hotline (Appendix A).

SECTION 9

RECEIPT AND DOCUMENT RETENTION / OVERDRAWN, FROZEN, OR CLOSED USC ACCOUNT NUMBERS / CONTRACT AND GRANT EXPIRATION DATES

9.1 STATEMENT PAID BY USC

The cardholder does not remit payment to the bank and does not process an expense report. However, at the close of each billing cycle (the 10th of each month), each cardholder must follow the procedures described in this section 9.

9.2 RECEIPT REQUIREMENTS

P-Card transactions must be supported by a receipt according to the university's Expenditure Policies and Procedures (Policies: www.usc.edu/pcard). P-Card transactions must be supported by a receipt for each purchase, regardless of amount and regardless of source of funds. All receipts require sufficient information (merchant name, transaction date, amount, etc.). Original receipts are preferred. The Expenditure Policies and Procedures specify acceptable alternatives to an original receipt. Note that a P-Card statement is not considered a receipt.

9.3 MISSING RECEIPTS

When a receipt cannot be obtained or has been lost and all measures to obtain a copy or fax (or other acceptable alternative) of the receipt have been exhausted, a Missing Receipt Declaration needs to be prepared by the cardholder (Forms and Documents: www.usc.edu/pcard). The declaration requires an explanation of why the receipt is not being submitted and a business purpose for the expense. Each expense for which a receipt is missing must be itemized on a separate Declaration. Do not bundle multiple expenses that are missing receipts onto a single Declaration. The Declaration must be signed by the Senior Business Officer if the missing receipt is more than \$15. The Declaration must be retained with the Procurement Card statement.

9.4 BUSINESS PURPOSE REQUIREMENTS

Each P-Card transaction must be supported by a written business purpose. The business purpose should be printed on the statement or on the receipt. A clear business purpose answers all of the following questions: who benefits from the transaction, what was purchased, where the purchased item will be located (if applicable), when the event took place (if applicable), and why the transaction 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 is being purchased. For some sponsored-project accounts, purchases are only allowed if they are solely used for the specific project attached to that account.

9.5 STATEMENT REQUIREMENTS

Hardcopy P-Card statements are mailed to cardholders at the close of each billing cycle. Cardholders may also download statements at their convenience via the issuing bank's portal (Helpful Websites: www.usc.edu/pcard). Upon receipt or download of the monthly P-Card statement, cardholders should perform the following:

- Review statement transactions, and make certain all charges are accurate and legitimate.
- Attach receipt (Section 9.1).
- Provide written business purpose for each transaction (Section 9.2).
- Sign the statement.
- Have statement, receipts, and written business purpose reviewed and signed by supervisor or Senior Business Officer (i.e. "reviewer").
- Retain signed statement and all support documentation (Section 9.5).

9.6 DOCUMENT RETENTION PERIOD

Retain co-signed statement and all support documentation (receipt and business purpose) within the department for a minimum of four (4) years.

If a P-Card is linked to a sponsored project account, P-Card statements and support documentation must be maintained for four (4) years after final payment or completion of project audit if started prior to the expiration of the four (4) year period.

All P-Card documents are subject to audit by Disbursement Control and Accounts Payable.

9.7 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 no alternative USC account number is provided within five (5) business days of being contacted, P-Card charges will be allocated to the applicable Dean's account. P-Cards associated with USC account numbers that are routinely frozen or closed may be cancelled.

9.8 CLOSURE OF P-CARDS 30 DAYS BEFORE CONTRACT OR GRANT EXPIRATION

P-Card orders placed within thirty (30) 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 will be closed thirty (30) days before the contract or grant's expiration date. If the contract or grant is extended, the Senior Business Officer must notify the Corporate Card Program Administrator of the new expiration date. Upon notification, the P-Card will be reopened for use.

SECTION 10
BILLING CYCLE / STATEMENTS / SALES TAX

10.1 BILLING CYCLE

The P-Card billing cycle ends on the 10th of each month. This end date may vary slightly if the 10th falls on a weekend or holiday.

10.2 SALES TAX

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). Therefore, whenever possible, cardholders should have the supplier include applicable California and Los Angeles sales / use tax.

A representative from Disbursement Control and Accounts Payable will review P-Card transactions for appropriate sales / use tax payment. To confirm that sales tax was included in a P-Card transaction, the cardholder may be asked to fax the receipt to Disbursement Control and Accounts Payable for verification. For P-Card transactions that were not 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. Sales Tax is accrued via a Journal Entry (XX-025P).

Additional information about sales tax is available on the P-Card website (Helpful Websites: www.usc.edu/pcard).

APPENDIX A REFERENCES

The department of Travel Management and Corporate Card Services administers these Procurement Card Policies and Procedures. Information about the department, including contact information, is provided below:

- **TRAVEL MANAGEMENT AND CORPORATE CARD SERVICES**

www.usc.edu/travel and www.usc.edu/pcard

The department of Travel Management and Corporate Card Services, a department within Disbursement Control and Accounts Payable, is responsible for administering both the Procurement Card and Travel Card. The department also negotiates and manages the university's travel-related supplier contracts. Contact Travel Management and Corporate Card Services at: (213) 740-5805.

The following departments are referenced in these Procurement Card Policies and Procedures. Information about the various departments, including contact information, is provided below:

- **AUDIT SERVICES (OFFICE OF)**

The Office of Internal Audit assesses the adequacy and effectiveness of the university's system of internal administrative and account controls, adherence to policies and procedures, compliance with applicable laws and regulations, and the quality of operating performance when compared to established standards. Audit Services must be contacted by university supervisors, managers, department chairs or deans who are aware of, or who suspect, that misappropriations or conflicts of interest have occurred. Contact Audit Services at: (213) 740-8258.

- **COMPLIANCE (OFFICE OF)**

<http://www.usc.edu/admin/compliance/>

The Office of Compliance demonstrates the university's commitment to comply with all applicable laws and regulations, detect and correct compliance violations promptly, and eliminate misconduct and other wrongdoing. Contact the Office of Compliance at: (213) 740-8258. Contact the University Help and Hotline at: (213) 740-2500.

- **CONTRACTS AND GRANTS (DEPARTMENT OF)**

<http://dcg.usc.edu/index.cfm>

The Department of Contracts and Grants (DCG) should be contacted to confirm allowability of expenditures associated with a sponsored project account. Questions regarding government title clauses that may be exempt from sales tax should also be directed to DCG. Contact the Department of Contracts and Grants at: (213) 740-7762 (UPC) or (323) 442-2396 (HSC).

- **COMPTROLLER'S OFFICE AND AIS BUDGET ADMINISTRATION SYSTEM ACCESS (WEBBA)**

<http://www.usc.edu/dept/finseiv/>

The Comptroller's Office is responsible for preparing and making available Procurement Card statements (<http://ais-sap.usc.edu/index-ssl.html> - BA.PROCARD.STMT.R). This statement is available in WEBBA with appropriate system access. The Comptroller's Office also administers the Procurement Card reallocation process (GL.GEPROCARD) and the Journal Voucher Entry process. Contact the Comptroller's Office at: (213) 821-1900.

- **DISBURSEMENT CONTROL AND ACCOUNTS PAYABLE**

www.usc.edu/dc

Disbursement Control and Accounts Payable administers the university's Expenditure Policies and Procedures, Missing Receipt Declaration, Check Requests, invoice payments, sales tax accruals, and corporate card audits. Contact Disbursement Control and Accounts Payable at: (213) 740-9794. Contact the auditing division at: (213) 740-2712.

- **EQUIPMENT MANAGEMENT**

http://www.usc.edu/dept/fin serv/equipment_management/

The Department of Equipment Management is responsible for maintaining inventory records for all university-owned, government-owned, donated, and other sponsor-owned Equipment. Contact Equipment Management at: (213) 821-2880.

- **PURCHASING SERVICES**

www.usc.edu/purchasing

Purchasing Services operates as a centralized resource to ensure that goods and services are procured at the maximum value, in compliance with university and governmental policies, and in accordance with best practices. Purchasing Services maintains a list of Contract Suppliers. Contact Purchasing Services at: (213) 740-9794.

- **SPONSORED PROJECT ACCOUNTING**

<http://www.usc.edu/dept/fin serv/spa/faqs/faq9.htm>

Sponsored Projects Accounting (SPA) oversees post award administration of sponsored research for the university. SPA manages awards for compliance with federal, state, and private agency fiscal and reporting guidelines, university policies and procedures, and generally accepted accounting principles. Contact Sponsored Project Accounting at: (213) 740-5381.

- **SUPPLIER DIVERSITY SERVICES**

www.usc.edu/supplierdiversity

The Department of Supplier Diversity Services assists the university in attaining its diverse supplier goals and is a resource to academic and research units that have sponsored project accounts (funded by federal, state, and local contracts) and need to develop goals to use diverse suppliers for research and service proposals. Contact Supplier Diversity Services at: (213) 740-2281.

- **UNIVERSITY POLICIES**

<http://www.usc.edu/policies>

The university policy web pages are maintained by Administrative Operations, Policy Development and Communication. Individuals seeking interpretation of a particular policy should contact the department noted in that policy. Questions about how to access policies, find answers to particular policy questions, or concerning the protocol for establishing or changing university policy may be directed to Administrative Operations. Contact Administrative Operations at: (213) 821-8129.