

**Office of the Chancellor
Pennsylvania State System of Higher Education**

**University Operations Procedure/Standard Number 2021-52
Purchasing Card Guiding Principles**

Approved by: _____



Chancellor

Date: 11-1-2021 _____

History: The State System implemented the Purchasing Card program in 2000 to provide flexibility for the universities and the Office of the Chancellor to administer the purchasing card program to meet the university's individual needs. These guiding principles are provided as a framework on use, controls, and administration of the Purchasing Card program.

Revised:

Related Policies, Procedures or Standards: [Expenditures of Public Funds](#)
[Board of Governors Policy 1998-04 Procurement of Goods, Services, Supplies, and Construction](#)

Key Words/Categories:

Additional References:

I. Introduction

The Purchasing Card is a credit card and payment tool issued to authorized personnel for official use only. It may be utilized for purchase and payment of goods, services, and supplies and eliminates the use of requisitions and purchase orders related to those items. The use of purchasing cards is allowable in accordance with Section 514 of the Commonwealth's Procurement Code. Specific expenditure thresholds for Purchasing Cards are set by location Program Administrators but may not exceed \$5,000 or \$10,000 for travel, consistent with the requirements of a supply or service on a no-bid basis for procurements. By using the Purchasing Card Program, the traditional requisition—pricing inquiry—order placement—delivery of goods—invoice—voucher review—payment cycle is greatly reduced. Purchases made from suppliers via the purchasing credit card are required to be reconciled monthly and recorded in SAP.

II. Definitions

Cardholder—an employee who is authorized and issued a Purchasing Card.

Program Administrator—an employee who is responsible for providing oversight and administration of the Purchasing Card program.

Purchasing Card—a credit card and payment tool issued to authorized personnel to purchase goods, services, and supplies for official business use only.

Purchasing Card Violation—misuse of the Purchasing Card and noncompliance with established procedures and policies by the cardholder.

Regional Procurement Office (RPO)—There are two (2) RPOs as part of the Procurement Shared Services organization to serve the Western and Eastern universities.

Official use—use directly and immediately for the benefit of official university activities, events, or operations.

University—includes the State System universities and the Office of the Chancellor.

III. Procedure/Standard

GUIDING PRINCIPLES

Each university should develop internal processes and procedures in accordance with this procedure/standard.

1. ISSUING A PURCHASING CARD

Universities should develop guidelines to determine which employees are authorized to be issued a purchasing card.

- 1.1. Centrally managed cards may be issued to pay for larger purchases such as memberships, subscriptions, and utilities.
- 1.2. Each university shall appoint a Program Administrator to issue new cards and appropriate-use agreements, conduct training, make card limit changes, etc. The Regional Procurement Office (RPO) may provide this function for the university if requested.
- 1.3. The Program Administrator will distribute all new cards and provide this procedure/standard policy and internal procedures developed by the respective university to all new cardholders.

2. PURCHASING CARD USAGE GUIDELINES

- 2.1. The Purchasing Card shall only be used by university employees who have been provided training, a copy of this policy and the respective university internal procedures, and who have signed an employee user agreement, acknowledging terms and conditions and willingness to comply with all provisions therein. No card is issued until training is complete.

- 2.2. Cardholders shall ensure that purchases are within the expenditures of public funds policy (see above) and report any inappropriate purchases immediately to their supervisor and the Program Administrator for further investigation.
- 2.3. Official Use: The card is for “official business use only.” It may be used to acquire and pay for goods and services that will be used directly and immediately for the benefit of official university activities, events, or operations. It may NOT be used for personal use in any manner whatsoever. It may NOT be used to acquire any goods or services for personal use with the intent of reimbursing the university for such purchases.
- 2.4. The Cardholder shall inform the Supplier that the goods are NOT to be taxed.
- 2.5. The items or services that may be procured by using the purchasing card are limited by Section 3.
- 2.6. Whenever a purchasing card purchase is made, documentation shall be retained as proof of the purchase and will be used to verify the purchases during the monthly review.

3. UNAUTHORIZED PURCHASING CARD USE

- 3.1. The purchasing card **SHALL NOT BE USED** for the following:
 - 3.1.1. Personal purchases or use of the card for personal identification. The card shall not be used to authenticate your personal identity for non-university business purposes.
 - 3.1.2. The purchase of items for personal use with the intention of reimbursing the university.
 - 3.1.3. In-person travel expenses including meals, lodging, transportation, etc., unless pre-approved by the university.
 - 3.1.4. Cash advances unless pre-approved by the university.
 - 3.1.5. Restricted items such as alcohol, weapons, drugs [controlled substances], hazardous materials, and other restricted goods and services prohibited by law, policy or regulation.
 - 3.1.6. Use of virtual wallets is discouraged unless it is the only method of payment accepted (i.e. PayPal, Apple Pay, Google Pay, Venmo, etc.).
 - 3.1.7. Payment for a purchase MUST NOT be split into multiple transactions to stay within the cardholder single purchase limit.
- 3.2. Restricted Suppliers: The Program Administrator can identify certain supplier classification exclusions in which certain Merchant Category Codes can be blocked (embedded) in the card. Attempts to make a purchase from a merchant of a “blocked” category will be rejected at the point of sale.

4. GRANTS/SPONSORED RESEARCH CARD USE

- 4.1. Use of the purchasing card for grant programs may require additional approvals and be subject to further university procedures.

5. REVIEW OF MONTHLY STATEMENT

- 5.1. At the end of each [monthly] billing cycle, the Cardholder's statement of account will be available via the purchasing card supplier.
- 5.2. The Cardholder or designated reconciler reconciles each transaction on a monthly basis based on university procedures.
- 5.3. It is the cardholder's responsibility to make sure all transactions meet the specified guidelines and to complete the reconciliation process by the specified due date determined by the university. Failure to comply with this requirement could result in loss of privilege. It is the reviewer's responsibility to make sure each purchase is appropriate and that the reconciliation is submitted on time.

6. CARD SECURITY

- 6.1. The university and/or RPO Program Administrator will establish and follow procedures for card security, cardholder separation, termination, and audits.
- 6.2. In the case of suspected fraud, the Cardholder should notify the purchasing card company and the Program Administrator immediately.

7. PURCHASING CARD VIOLATIONS

Universities shall develop internal procedures to address cardholder violations of established procedures, taking into consideration the type of violation and materiality of the violation. In addition, the violation procedures shall be reviewed by the human resources office to ensure compliance with human resources policies.

Effective Date: Immediately.