

# HOWARD UNIVERSITY POLICY

---

<b>Policy Number:</b>	Series 300: Business and Finance
<b>Policy Title:</b>	300-009 PROCUREMENT – PURCHASE CARD
<b>Responsible Officers:</b>	Chief Financial Officer Delegated to the Chief Procurement Officer
<b>Responsible Offices:</b>	Office of the Director of Procurement and Contracting Office of the Chief Financial Officer and Office of Procurement & Contracting (OPC)
<b>Effective Date:</b>	April 27, 2023 (Interim); July 20, 2023 (Final)

## I. POLICY STATEMENT

The purpose of the Howard University Purchase Card (PCard) Program is to provide Howard University (“University”) employees with an efficient method for making routine purchases valued at \$2,500 or less. The PCard cannot be used to procure goods and services negotiated under the terms of a Master Service Agreement, eMarketplace goods, or any item with a per unit price greater than \$2,500. The PCard Program is not intended to supplant the University’s existing Purchase Order (PO) process. It is intended to enhance the University’s portfolio of procurement methods.

## II. RATIONALE

This policy provides an overview of the PCard program and defines the terms of card usage, including responsibilities and restrictions within the program.

## III. ENTITIES AFFECTED BY THIS POLICY

This policy affects all entities within the University including grant-funded programs. Compliance is mandatory for all PCard holders, department and division heads, and those persons identified as PCard approvers. This policy does not apply to the Howard University Hospital.

## IV. DEFINITIONS

- A. Approver (APP)** – The cost center/budget manager is responsible for reviewing and approving all transactions for financial accounts under their purview.
- B. Asset Tags** – All fixed assets with a useful life of one (1) year or more and a unit value of \$3,000 or more will be tagged and tracked in the University’s Fixed Asset system. Central Receiving will attach a pre-coded tag to each asset identifying it as “Property of Howard University.” Additional items will be tracked for insurance and property management purposes using pre-coded tags.
- C. Capital Assets** – Any property, plant, furniture, equipment, and software that equal or exceeds a unit cost or gift value of \$3,000, with a useful life of more than one (1) year and is not held for resale or investment purposes. Examples of capital assets include

but are not limited to buildings, improvements other than buildings, construction in progress, institutional property/movable equipment such as computer equipment, furniture, office machines, vehicles and scientific equipment, computer software, and library acquisitions.

- D. Cardholder (CH)** – An authorized University employee who makes small purchases (\$2,500 or less) for university business. A Cardholder making a purchase, must ensure there is a legitimate business purpose, uploads PCard receipts and packing slips (where applicable) and validates each transaction.
- E. Controllable Assets** – Assets with a unit value of less than \$3,000 but with a useful life of more than one (1) year are tracked for control purposes. These items are tagged and added to inventory as non-capitalized/controllable assets but are not capitalized in the accounting records. Examples include most desktop computers, laptops, handheld devices, chairs, desks, printers, office machines, etc. These items are expensed and not depreciated for accounting purposes.
- F. Declining Balance Card (DBC)** – A PCard that is specific to grant related purchases where the total credit limit is tied to the grant allocation. Once the funds are expended or the expiration date has been reached, the declining balance PCard is closed.
- G. Library Acquisitions** – Books, films, recordings, periodicals, and software
- H. Merchant Category Codes (MCC)** – Codes assigned by a financial institution to categorize merchants by the type of goods or services it provides (i.e.: Books and Educational Material). Allowable and unallowable codes are determined by the University and govern whether a transaction will be accepted or declined at the point of sale.
- I. Procurement Card (P-card)** – A corporate-liability card issued by the University to qualified employees to use to support Howard business only and in accordance with the PCard policy.
- J. PCard Program Administrator** – Employee within the Office of Procurement and Contracting (OPC) responsible for the administration of the PCard program, including issuance/revocation of cards, addressing PCard related inquiries and conducting post-audit activities to ensure compliance with the program.
- K. PCard Receipt Agreement** – An Agreement signed by the Cardholder acknowledging receipt of the PCard and accepting responsibility to adhere to the Policies and Procedures of the HU PCard Program.
- L. Reconciliation** – A monthly review by the Cardholder, Approver and PCard Program Administrator of transactions, documentation, and the business purpose.
- M. Supporting Documentation** – An itemized vendor receipt, quote, estimate, proposal, order confirmation, invoice, packing slip or any other vendor document that shows the product and/or service description, cost, and proof of delivery (where applicable). Every transaction must have supported documentation and include a description of the business purpose.

## V. PCARD GUIDELINES

### A. General Guidelines

1. Only University employees may be issued cards.
2. Only the department Dean/Division Head, and Budget Manager can authorize employees to receive a PCard.
3. The PCard is used only for purchases related to university business.
4. Tangible purchases made with the PCard must be shipped to Central Receiving at the University. Purchases cannot be shipped to residential addresses.

### B. Budget or Cost Center Manager Responsibilities

1. Responsible for reviewing all PCard documentation, including receipts and business purpose, verifying the PCard is being used in accordance with the PCard Policy.
2. Notify the PCard Program Administrator of any cardholder violations.

### C. Cardholder Responsibilities

The cardholder should sign the back of the card upon receipt of the card. The card and account number should be secured in an accessible location. The PCard is University property and should be treated with the same level of care that you treat your personal credit cards. **DO NOT GIVE YOUR PCARD OR CARD NUMBERS TO OTHERS TO USE.**

Cardholders are responsible for making purchases in accordance with the established University PCard guidelines, completing reconciliations timely, and submitting appropriate supporting documents for each transaction. Original PCard documentation must be retained by the Cardholder in accordance with the **Record Retention and Destruction Policy**.

Cardholders shall deal directly with a supplier when disputing a charge and must notify the PCard Program Administrator. If the issue with a transaction cannot be resolved within seven (7) days, the cardholder must dispute the charge by notifying the bank within sixty (60) days of the purchase date.

### D. Card Administration

The PCard Program Administrator will issue PCards to cardholders that have first obtained approval for a card by their Department/Division Head. The Cardholder must then complete the PCard application form and before the PCard Program Administrator releases the PCard, the cardholder must attend the PCard training and sign the Receipt Agreement.

When a Cardholder terminates employment with the University, transfers to another University Department, or no longer needs the card, a card surrender notice form must be submitted to the PCard Program Administrator to close the account. A department head can also request cancellation of a PCard using the card surrender notice. The card must be returned to OPC, or proof must be shown that the card has been destroyed.

**IMPROPER CHARGES MADE ON THE CARD BELONGING TO A TERMINATED EMPLOYEE WILL RESULT IN REIMBURSEMENT TO**

## **HOWARD UNIVERSITY AND MAY INCLUDE OTHER DISCIPLINARY ACTIONS.**

### **E. PCard Use**

Purchases can only be made by the person to whom the card is issued. Any other use is a violation of University policy, and the person to whom the card is issued, as well as the unauthorized user, may be subject to disciplinary action.

#### **• ALLOWABLE COMMODITIES**

- Books
- Computer Supplies/Peripherals (hard drive, keyboard, mouse, microphone, etc.)
- Conference and Seminar Registration Fees
- Food
- Miscellaneous travel-related costs (e.g. meals, ground transportation, parking, etc.)
- Newspapers, Journals, and Online Advertising Fees
- Office Supplies
- Postage
- Professional Memberships
- Subscriptions
- Software (SaaS License, Support and Maintenance Fees)
- Supplies (Architectural, Art, Audio-Visual, Dental, Laboratory, Medical, Scientific, etc.)

### **F. Regular PCard Capabilities**

- Can be used to purchase Goods, Supplies and Limited Services.
- Cannot be used to purchase Restricted Commodities (*See Section L*).
- Credit Limit refreshes on the first of every month.

### **G. Declining Balance PCard Capabilities**

- Can be used to purchase Goods and Supplies
- Cannot be used to purchase Restricted Commodities (*See Section L*)
- Credit Limit does not refresh, decreases to a zero balance.
- Request for additional credit must be submitted on a Transfer of Funds (TFF) request form and approved by the grants assigned grant analyst.

### **H. Purchase Card Transaction Expense Allocation**

All transactions must be allocated to the appropriate Workday Worktag approved on the PCard application form.

Cardholders, Cost Center, and Budget Managers can view but cannot reallocate transactions, this function must be completed in Workday.

### **I. Purchase Authorization Limits**

Purchase Authorization Limits are initially set up during the application process. They can be increased/decreased, permanently or temporarily, with approval from the department budget manager and OPC.

All transactions are approved or declined instantaneously based on the following PCard authorization criteria:

- **Monthly Credit Limit:**
  - Regular PCard - \$5,000
  - DBC PCard – determined by the grant award.
- **Single Transaction Limit:**
  - Regular PCard - \$2,500
  - DBC PCard - \$5,000
- **No Daily Limit**

#### **J. Split Transactions**

Splitting a transaction to circumvent the Procurement Process and the Single Transaction Limit is a violation of the Procurement Policy and may result in the loss of PCard privileges and additional penalties.

#### **K. Prohibited Card Use**

It is inappropriate to use the card in a way that indicates waste, fraud, abuse, and mismanagement, as defined below:

1. **Waste:** The intentional and unintentional use of a purchase card to buy goods and services not needed to support the University's programmatic functions.
2. **Fraud:** Any felonious act of corruption using a PCard or attempts to cheat the University or corrupt University employees, committed either by an employee or by merchants (vendors).
3. **Abuse:** The intentional or unintentional use of the PCard to circumvent compliance with participation requirements and to steal, damage, or otherwise collude in causing the University to suffer a liability because of one's actions related to the activities of the PCard program.
4. **Mismanagement:** Malfeasance by any program participant, including the failure to apply good management principles and practices, conflicts of interest, and actions taken that would foster violations of law, rules, or regulations governing PCard program participation.

#### **L. Restricted Commodities**

- Alcoholic Beverages
- Animals
- Annual Contract Maintenance Agreements
- Audio Visual Equipment such as televisions and projectors (Controllable Assets)
- Automotive Gasoline – except for departments with leased vehicles
- Bus Services
- Capital Purchases over \$3,000 (Capital Assets)
- Cash advances, cashback on purchases, cash refunds on returns
- Cell Phones, cell phone enabled devices and monthly related charges
- Charitable Contributions
- Controllable Assets (Assets that have a unit value of less than \$3,000, but with a useful life of more than one (1) year.

- Construction/Construction Related Services
- Consulting Services
- Controlled Substances (except for authorized research use)
- Entertainment (movie tickets, sports events, etc.)
- Furniture
- Gift Cards and Gift Certificates
- Independent Contractors
- Insurance
- iTunes and E-book Downloads
- Leases or other contractual agreements
- MetroCards
- Moving Relocations
- Online auction vendors (i.e.: eBay, Craigslist)
- Parking Tickets – except for departments with leased vehicles
- Personal Items
- Personal Services (temporary agencies, attorneys, consultants, medical services, human subjects, honoraria)
- Prescription Drugs (except for authorized research use)
- Promotional Items with University Logo or Trademark or any branded materials not purchased through an approved Licensed vendor
- Professional Services
- Radioactive and Hazardous Materials (except for authorized research use and with approval from EH&S, whenever applicable)
- Travel and Travel-Related Expenses (airline, car rental, lodging, shuttle buses, etc.). However, under special circumstances, at the request of a Cabinet member and with the approval of the CFO and/or the CPO, travel may be temporarily allowed to be charged to the PCard.

#### **M. Blocked Merchant Category Code**

**N.** Some Merchant Category Codes (MCCs) have been “blocked” such as hotels, automobile rental agencies and share ride services. If a cardholder attempts to purchase services from one of these MCCs, the transaction will be declined and disciplinary sanctions may be applied against the PCard holder.

#### **O. Personal Purchases**

Personal purchases are strictly prohibited. Purchases must be solely for the use and benefit of the University. Accidental/Incidental use of the PCard must be reimbursed to the University by the cardholder.

Any use of the PCard for personal purchases will be subject to the sanctions identified in the PCard Policy. Sanctions include repayment of inappropriate purchases, termination of employment, criminal prosecution, and any collection costs or attorneys’ fees incurred as a result.

## **VI. TAX EXEMPTION**

It is the cardholder's responsibility as an agent of the University to ensure the proper use of the University's sales tax-exempt registration numbers and ensure the University is not charged sales tax whenever applicable.

A supplier may request a tax exemption certificate from the University when a PCard is used as a form of payment. In this instance, the cardholder should fax or email the supplier a copy of the appropriate tax exemption certificate. If sales tax was paid because the tax-exempt form was not presented/provided during the transaction, the cardholder must contact the merchant and make a reasonable effort to recover the tax that was paid in error.

### **A. District of Columbia (DC) Tax Exemption Certificate**

The District of Columbia (DC) tax certificate is used for all goods being delivered to DC or picked up in DC (regardless of where the vendor is located).

### **B. Maryland or Virginia Tax Exemption Certificate**

The Maryland or Virginia certificates are used when an item is being picked up at a Maryland or Virginia location or the delivery is being made to a Maryland or Virginia location. The vendor may also request a copy of the DC certificate when the delivery is made to Maryland or Virginia (This is because the University has a billing address in DC and a delivery address in Maryland or Virginia). Each tax-exempt certificate has a one-year, two-year or life date, the cardholder must take note of the expiration date to ensure validity. If a tax-exempt certificate is required, the cardholder must contact OPC.

## **VII. PCARD TRANSACTION RECONCILIATION**

PCard transactions must be reconciled by the 15<sup>th</sup> of the following month. Cardholders are responsible for reconciling each transaction in JP Morgan's (PaymentNet) system. Cardholders must upload all supporting documentation (receipts, quotes and packing slips) prior to the submission to the Approver.

The Cardholder and Approver should review each transaction to ensure compliance with the following requirements:

- A.** All transactions follow the University Finance and PCard policies; and
- B.** All purchases must have a valid University business purpose; and
- C.** All required receipts and supporting documentation are attached; and
- D.** Meets all grant and regulatory requirements (if the purchase is allocated to a grant or federally funded account).

## **VIII. DOCUMENTATION OF PCARD TRANSACTIONS**

Cardholders are responsible for providing sufficient documentation for all transactions on their card. There must be supporting documentation and a business purpose for each transaction. All receipts/invoices must provide line-item description and pricing of each individual item purchased and the total price for the transaction that correctly matches the PCard transaction. Packing slips must be uploaded to show proof of delivery (where applicable) to the University.

**A. Business Purpose**

1. Details of the items purchased (i.e.: supplies needed for the lab),
2. Business Purpose (i.e.: supplies required to conduct research for my grant),

**B. Itemized Receipt**

1. Purchase Date
2. Vendor Name
3. Item Description
4. Quantity
5. Unit Price
6. Total charge

**IX. AUDIT OF PCARD TRANSACTIONS**

Post Audit of all PCard transactions are done on a quarterly basis. The post audit process has been established to prevent financial loss and minimize risk to the University and ensure all schools/departments comply with University policy.

**X. PCARD MISUSE AND ADMINISTRATIVE VIOLATIONS**

Misuse of the PCard and/or violation of the PCard Policy, intentional or fraudulent misuse, will result in disciplinary action.

Unauthorized or inappropriate use of the PCard will result in revocation of PCard privileges and additional disciplinary actions, including repayment of unauthorized or inappropriate purchases, termination of employment, criminal prosecution, and any collection costs or attorneys' fees incurred as a result thereof.

Examples of misuse and policy violations include, but are not limited to:

**A. Administrative Violations**

1. Failure to obtain and maintain supporting documentation for all card transactions.
2. Failure to reconcile transactions by the 15<sup>th</sup> of the following month.
3. Signing off on transactions without proper review.
4. Lack of timely and proper reconciliation of posted transactions.

**B. Misuse**

1. Purchase of restricted commodities.
2. Use of card by anyone other than the cardholder.
3. Splitting of purchases or services over multiple transactions to circumvent the procurement process.

**C. Intentional or Fraudulent Misuse**

1. Submitting false or altered documents to justify PCard transactions,
2. Falsely claiming personal purchases as legitimate University expenses.
3. Knowingly using the PCard for expenses that do not adhere to the procurement guidelines.



## XI. CORRECTIVE ACTIONS

Failure to use the PCard in compliance with University policy can result in suspension or revocation of the PCard and possible disciplinary action as described in the following charts.

### ADMINISTRATIVE VIOLATION

	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense
<b>Corrective Action</b>	First warning email sent to the Cardholder and Approver.	Second warning email and reduction of credit limit for \$1 for three months	Suspension of Pcard privileges for 6 months
<b>Next Steps for Cardholder</b>	N/A	Cardholder must attend PCard refresher training	N/A

### PCARD MISUSE

	1 <sup>ST</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense
<b>Corrective Action</b>	First warning email sent to the Cardholder and Approver and reduction of credit limit to \$1 for six months	Revocation of all P card privileges.	N/A
<b>Next Steps for Cardholder</b>	Cardholder must attend PCard refresher training.		N/A

### INTENTIONAL OR FRAUDULENT MISUSE

	1 <sup>st</sup> Offense	2 <sup>nd</sup> Offense	3 <sup>rd</sup> Offense
<b>Corrective Action</b>	Suspension of PCard privileges permanently	N/A	N/A
<b>Next Steps for Cardholder</b>	Cardholder subject to disciplinary action which may include dismissal.	N/A	N/A

## **XII. PAYMENTNET ONLINE SYSTEM**

JP Morgan's PaymentNet is the system of record used to manage the PCard program. Transactions are uploaded to the system daily; this allows for real-time tracking and dispute resolution.

### **A. Lost, Stolen or Compromised Cards**

It is the Cardholder's responsibility to contact JP Morgan and the PCard Program Administrator immediately if their PCard is lost, stolen, or compromised. JP Morgan Customer Service team can be reached at (800) 316-6056, 24 hours a day, 365 days per year. Upon verbal notification, JP Morgan will block the card for further use, close the card and issue a replacement card.

### **B. Disputing a Transaction**

If a supplier has charged the cardholders PCard incorrectly or there is an unrecognizable charge, the cardholder must first try to resolve the issue with the supplier. If a resolution with the supplier is impossible, the cardholder must dispute the transaction in PaymentNet. When JP Morgan has completed their investigation, the cardholder will be notified of the resolution. If the dispute is not settled in favor of the cardholder, the account will be charged for the disputed transaction amount.

## **XIII. KEY CONTACTS**

For questions concerning the administration of the PCard Program, please contact the PCard Administrator at: [pcards@howard.edu](mailto:pcards@howard.edu).

## **XIV. RESOURCES**

Links:

[Howard University Policy Office](#)  
[Record Retention and Destruction Policy](#)

Forms:

1. Transfer of Funds Request Form
2. Lost/ Stolen Card/Compromised Notification Form
3. Card Surrender Notice Form
4. DC Tax Exempt Certificate
5. MD Tax Exempt Certificate
6. VA Tax Exempt Certificate