



Caltech P-Card Policy

Summary

This policy is established to ensure that all purchases made with a P-card are authorized, documented and in compliance with all associated Institute policies, applicable laws, and ethical practices.

This policy provides basic guidance and information for the Institute's Procurement (P-Card) Program. This policy identifies what can be purchased with a P-Card and who can use the P-Card.

Applicability and Authority

This procedure applies to all Caltech departments and supersedes any practices in existence prior to its effective date.

Definitions

- **Account Setup Information:** Specific information required by Bank of America for each Cardholder so that an active account can be established for the Cardholder.
- **Authorizer:** the authorizer is a Caltech Employee (if different than Expense Approver) who may review card applications and determine if the requestor should become a P-Card Cardholder. The Authorizer may determine any spending limitations for the Cardholder based on budgetary constraints, types of commodities required and any other factors.
- **Bank Card Provider:** Bank of America (B of A) supplies the Caltech P-Card.
- **Billing Cycle:** The period of time between billings. Caltech's P-Card cycle starts on the 16th of the month and ends on the 15th of the next month.
- **Capital Equipment:** Equipment exceeding \$5,000 in cost and as described in Caltech restrictions section. The purchase of property items will not be allowed, unless specifically authorized in advance by the Caltech Property and the P-Card Office.
- **Cardholder:** The fully trained, certified and authorized Caltech employee who has been granted the use of a credit card through a written delegation of authority. The P-Card bears the employees name and can be used only by this individual for official purchases in compliance with applicable policies and procedures.
- **Discrepancy:** Issues that need to be resolved with the supplier such as an incomplete shipment, an item that had to be returned, or some other problem.
- **Dispute:** Condition of purchase resulting when bank card purchased items are found defective or faulty and the merchant refuses to replace or correct the problem. A dispute may also arise when

Copyright © California Institute of Technology, 2014. All rights reserved.

the billing information is incorrect or questioned. A credit will be issued to the Cardholder's account for the amount questioned. (See Disputes section for more information)

- **Expense Approver:** The Expense Approver is a Caltech Employee who has knowledge of, and is responsible for the funds being expended. A Cardholder cannot be his/her own Approver, unless he/she is responsible for the accounts being expended. The Expense Approver is responsible for reviewing the Cardholder's card activity to ensure purchases are applied to the appropriate accounts.
- **Merchant Category Code:** Codes developed by and customized to each user's specific requirements that, during the authorization process, will alert the card provider to purchases that shall be prohibited.
- **Merchant Type Code:** Bank of America will categorize each merchant according to the type of business in which the merchant is engaged and the kinds of goods and services provided. Merchants are listed by Standard Industrial Classification (SIC) Code. These codes will be used as an activity type code on an individual's bank card to flag those merchants who provide services that are not authorized for that Cardholder.
- **Monthly Limit:** The spending limit imposed on a Cardholder's cumulative purchases in a given 30 day cycle, starting on the 16th and ending on the 15th of the following month. This limit will be established for each Cardholder as approved by their Approver/Authorizer and the P-Card Administrator.
- **P-Card Administrator:** Serves as the focal point for coordination of the card applications, issuance and destruction of cards, establishment of reports, and administrative training. This individual also serves as the liaison between the reconciliation software, Caltech and the bank. He/she oversees the P-Card Program and establishes guidelines. Requests for changes to dollar limitations or authorized merchant codes can only be submitted to the bank by the P-Card Administrator. The Administrator will also act as the dispute coordinator between the Cardholder and the merchant when a disputed item or invoice cannot be handled by the two parties. The P-Card Administrator shall enforce the provisions of these internal procedures and initiate administrative and disciplinary procedures for misuse of the card as mandated by procedures.
- **Single Purchase limit:** A single purchase dollar limit shall be assigned to each Cardholder. The single purchase limit for a basic card is \$3,500.00. A Division/Department may decide to assign a lower or higher level. A single purchase may include multiple line items and is the total of these items purchased at one time at one supplier location.
- **Statement of Disputed Item:** A form sent by the Cardholder the P-Card Administrator to claim a dispute against the monthly statement for defective or wrong material, unrecognizable charges or other outstanding issues.
- **Tax exemption:** Some P-Card purchases may be exempt from state and local taxes, in accordance with state law for direct government contract purchases. Contact the P-Card Administrator to determine if the purchase is tax exempt.

Policy Details

General Overview

The P-Card Program will allow users to electronically record and pay for low dollar value items. Some typical examples of P-Card acquisitions include books, subscriptions, office supplies, lab supplies and chemicals, and off campus copying services. Many items that are processed today using invoice attached, payment requests, petty cash disbursements and purchase requisitions are candidates for P-Card use. The P-Card will be accepted by merchants who take MasterCard as payment for purchases.

Card Types, Limits and Eligibility for Issuance

Card Type/Purpose	Limits	Eligibility Criteria
Basic Chip/Pin P-Card (goods and services only) Issued to cardholders for small dollar purchases of goods/services necessary to conduct Institute business	\$3,500/transaction \$15,000/cycle	<ul style="list-style-type: none">• Issued to a Caltech employee• Must attend training• Turn in paperwork which includes approver information
Chip/Pin Card with Travel Issued to cardholders that travel to foreign locations for the procurement of goods/services and travel expenses.	\$5,000/transaction \$20,000/cycle	<ul style="list-style-type: none">• Issued to a Caltech employee• Must attend training• Must travel to foreign destinations• Turn in paperwork which includes expense approver information
Declining Balance Card A card issued to a department with a pre-set spend limit allowing students, staff and non-Caltech employees to make purchases with a credit card tied to a cardholder.	Based upon the needs of the department. Card may be issued to an individual or group.	<ul style="list-style-type: none">• Issued to a Caltech cardholder• Card is established under the profile of an existing cardholder (Declining Balance Card Sponsor)• Declining Balance Card Sponsor must have an approver authorizing this card.

Procurement Card Eligibility

To become a cardholder you must be an employee (either part time or full time) of the Institute and be a person who makes purchases on behalf of the division/department. A cardholder must have prior approval from their division/department or supervisor before obtaining a P-Card. Visiting Associates are not eligible to receive a P-Card.

Procurement Card Restrictions

Item	Explanation
Animals	Per Federal and State Law, all animal purchases must be processed through OLAR.
Caltech SmartCash	Caltech SmartCash purchases are prohibited.
*Capitalized Equipment	Capital equipment is considered to be any Caltech owned equipment with a unit cost of \$5,000 or more and, with a useful life of 2 years or more OR any government owned equipment regardless of cost.
Controlled Substances	Per Federal and State Law, controlled substances must be logged and checked by a control point within Caltech. The Purchase order process ensures these checks occur.
Gift Cards	Payroll will be notified of all gift card purchases given to Caltech personnel. Per IRS Publication 15-B: Cash and cash equivalent items provided by the employer are included as income.
Leases and Long Term Rentals	Payment via P-Card for short term rentals of space or equipment of less than a year are permitted as long as a formal agreement has been negotiated by a Purchasing Services Representative.
Purchases of Personal Use	These are considered fraudulent transactions. Please contact the P-Card Office right away.
Radioactive materials	Per Federal and State Law, Radioactive material must be logged and checked by a control point within Caltech. The Purchase order process ensures these checks occur.
Single Purchases of Goods exceeding \$3,500	Any purchase of goods or services exceeding \$3,500 should be processed via a Purchase Requisition or with a change limit form . (applies to only basic card limit/profile)
Splitting of charges	Splitting of transactions to circumvent the individual transactions limit is not permitted.
Weapons/Ammunition	Due to registration laws, these should not be purchased via the procurement card.

*Capital Equipment Exemption: All LIGO and IPAC employees are exempt from the capital equipment purchase restriction as listed in the above matrix. LIGO and IPAC employees who wish to procure capital equipment must formally request an increase in their single purchase limit equal to or greater than the total cost of the capital equipment.

- LIGO employees must submit the following documents in [CardQuest](#) in order to purchase equipment: a Procurement justification, GSA screening, and confirmation from a LIGO Property Manager.

P-Card transactions for non-restricted commodities cannot exceed the \$3,500 (including all taxes, delivery, shipping and/or special handling charges) per transaction limit or any lower limits established by the user's authorizer/approver. Applies to only basic card limit/profile. A [change limit form](#) may be submitted to P-Card group. Splitting of transactions to circumvent the individual transactions limit is not permitted.

All purchases must be for the use and benefit of the Institute. No personal purchases are allowed, regardless of intent to reimburse the Institute.

Conduct and Consequences

User conduct

All Purchases made with a P-Card must be for official Institute business only. Personal use is strictly prohibited.

Consequences of Misconduct

P-Card misuse will not be tolerated. Disciplinary action for inappropriate use of the card will be taken. Approvers and Associate Director or Purchasing will be notified immediately if misconduct is suspected.

Intentional personal or fraudulent use of a P-Card will result in immediate revocation of the card and may result in corrective action up to and including termination. In addition, the Institute will seek restitution for any inappropriate charge.

Roles

Cardholder

The cardholder must meet the following criteria:

- Be an employee (either part time or full time) of the California Institute of Technology;
- Be a person who makes purchases on behalf of the division/department.
- Must attend P-Card training read the policy and agree by electronically accepting terms of use.

The cardholder is the only person who may make purchases using his/her purchasing card, as required by law and Caltech policy. The person whose name appears on the card (Cardholder) is responsible for protecting the card and is accountable for all purchases made using the card number. Responsible for verifying the items have been received and inspecting the items for conformance to the order. Responsible for obtaining the required documentation for purposes of justifying the expenditure and reconciling the billing statement.

The Cardholder must sign the Caltech P-Card forms, which specifies that they will protect the card and adhere to proper policies and procedures.

The Cardholder is required to electronically certify that he/she has read and understands the policy and procedures on the appropriate use and handling of the Caltech P-Card Program and agrees to comply with the conditions for P-Card use.

The Cardholder must electronically acknowledge that failure to comply with the policy and procedures may result in the withdrawal of the privilege of using the Caltech P-Card. If the Cardholder commits purposeful

fraudulent or negligent behavior regarding the proper use or protection of the card, it will be considered serious misconduct and may result in disciplinary action.

Prior to reconciliation, the cardholder will verify that all charges are correct, attach receipts, and resolve any problems with the supplier. After reconciliation is complete. The expense report along with all receipts will be electronically routed to an Expense Approver.

Reconciliation Violation

Not performing the prescribed monthly reconciliation by the designated date and time (as noted in the automated messages or company message screen in the [CardQuest](#) system) is a reconciliation violation.

Late reconciliations, not allocating outstanding travel expenses (past 60 days), and not submitting travel reports in a timely manner may result in some or all of the following actions:

- Notice to authorizer
- Retraining
- Suspension of P-Card (until reports are submitted and approved)
- P-Card revocation

Card Security

- The P-Card must always be stored in a secure place.
- Personnel with access to a P-Card or any documentation showing a P-Card account number must protect the card number from fraud or any other inappropriate use.
- All P-Cards should be immediately cancelled if a Cardholder terminates employment, transfers to another department or assumes different duties that do not require use of the P-Card.
- Cardholder must immediately contact issuing bank if a P-Card is lost, stolen or fraudulent activity is detected.
- Cardholder must dispute any questionable charge with the supplier and issuing bank within 30 days of the transaction date. (For complete dispute process please see dispute section.)

Delegate/Cardholder

NOTE: A Cardholder may be the Delegate for his/her own card. A Delegate does not have to be a Cardholder

The Delegate must meet the following criteria:

- Be an employee (either part time or full time) of the California Institute of Technology;
- Have access to a computer that has internet access
- Must attend P-Card training, read the policy and agree to abide by the terms and guidelines by electronically accepting terms of use

The Cardholders/Delegate within each Division/Department are responsible for the integrity and accuracy of their P-Card purchases. The Cardholders/Delegate within each Division/Department are responsible for maintaining adequate records to document what specific goods or services were purchased and the business purpose served by each purchase.

Divisions/Departments may establish their own additional internal control procedures, as they deem appropriate.

The Delegate will be the Cardholder or someone designated by the Cardholder. However, the Delegate may not charge on behalf of the Cardholder.

A designated Delegate may retain the Cardholder's documentation for the purposes of reconciling against the billing statement. He/she will assist the Cardholder in resolution of problems or questions regarding the charges.

The Delegate may submit the expense report with all receipts on behalf of the Cardholder for Approval from the Cardholder's Approver.

Expense Approver

The Approver must meet the following criteria:

- Be an employee (either part time or full time) of the California Institute of Technology;
- Have knowledge of, and responsible for, the accounts used.
- Review all receipts for accuracy and compliance with policy.

The Expense Approver may review card applications and determine if the requestor should become a P-Card Cardholder. The Expense Approver may determine any spending limitations for the Cardholder based on budgetary constraints, types of commodities required and any other factors. He/she will review the report for accuracy of the accounts to which charges are applied. He/she will electronically approve the report, concurring with the accounting distribution.

Please Note: The Expense Approver is also responsible for the proper use of the credit card, to ensure that charges are posted to the appropriate accounts and to maintain proper record keeping for all card transactions.

Authorizer (if different than Expense Approver)

The Authorizer (if different than Expense Approver) may review card applications and determine if the requestor should become a P-Card Cardholder. The Authorizer may determine any spending limitations for the Cardholder based on budgetary constraints, types of commodities required and any other factors.

Program Overview

Each P-Card is issued to a named individual. All transactions are approved or declined at the point of sale instantaneously, based on the limits assigned to the cardholder. These limits may be different for each Cardholder, based on the individual Cardholder's profile. A change limit form is required to be filled out by the Cardholder and authorized by the Approver/Authorizer. Once this is approved by the Purchasing Director or Associate Director, the Cardholder will be notified if the change limit has been approved.

Charges for purchases made with the P-Card will be electronically posted to the on-line reconciliation software, ([CardQuest](#)). Typically, the charges will appear in the system within 3 days of the date of purchase. An "alert" will be sent to the Cardholder or Cardholder's Delegate when a new charge is received from the bank. At any time thereafter, but before the end of the monthly billing cycle, the Cardholder/Delegate can review and distribute charges to the appropriate accounts. Once a month on or near the designated date the transactions need to be submitted and routed to the designated Expense Approver.

Payment to Bank of America for all P-Card transactions is performed electronically once a month.

Transaction and Retention Documentation

For all P-Card transactions, P-Card Office maintains the official record of the transaction. In the event of an audit, P-Card Office will be contacted to provide documentation supporting the business purpose of any P-Card transaction under review.

Transaction

- Transactions must be entered into [CardQuest](#) to capture business purpose and other transaction details.
- An original receipt or equivalent documentation (see acceptable documentation list) is required for any/all transactions. All supporting documentation must be scanned into [CardQuest](#)
- Transactions must be approved by Expense Approver in [CardQuest](#)

Record Retention Documentation

- The transaction receipt (or equivalent documentation) must be scanned with each corresponding transaction into [CardQuest](#). Receipts can be scanned or sent into [CardQuest](#) via:
 - e-mail at receipts@concur.com,
 - using Concur mobile
 - uploading it directly from your desktop to your Receipt Store or clicking and dragging your receipt into your Receipt Store
- All original receipts will need to be sent to P-Card group in a designated envelope. Per FAR Regulation 4.703 and FAR Regulation 4.704.

Acceptable documentation

Item	Explanation
Cashier register receipt	Issued by a store or other vendor showing where a purchase was made and also indicates what was purchased, amount and date.
Computer screen printouts	Print out or screen shot of item(s) purchased from your computer.
Credit Card charge slip	Is a voucher printed after a credit card has been swiped. It indicates the details of the transaction such as the time of the transaction, date and location.
Invoice	Is a document relating to a sale transaction and indicates the products, quantities, and agreed prices for products or services the seller has provided the buyer
Packing slip	Shipping documents that are attached with delivery packages that include details of the package including, quantity, description, and weight of the contents.

Procedures

Application Process

Applying for a P-Card

The Application form (with P-Card Policy Agreement) must be submitted for a credit card. Please see Appendix A for the application forms.

Training

Applicant must complete the required training applicable to P-Card use, prior to the issuance of a P-Card. Please refer to the [CardQuest website](#) for available training sessions or e-mail cardquest@caltech.edu for more information.

Transaction Documentation

Transaction Documentation

It is the Cardholder's responsibility to gather and retain supporting documentation for P-Card purchases. This documentation will take the form of a supplier-produced document that contains detailed information regarding the transaction. This includes cash register receipts, charge slips, packing slips, invoices, and/or computer screen printouts (please see Documentation list).

Bank Statements

Account statements are issued monthly by the bank to the P-Card Manager and Cardholder, when transactions occur within the billing cycle. Statements should be reviewed for transaction accuracy by the Cardholder. There is no need to send these statements to the P-Card Office.

Sales Tax, Use Tax Accruals and Tax Exemption Certificate

Sales Tax

If sales tax was paid to a vendor please indicate this in the sales tax box in the [CardQuest](#) module. Otherwise use tax may be accrued to the transaction.

Use Tax Accruals

If no sales tax is paid use tax will be accrued by the P-Card Administrator. Use Tax is determined by the item purchased and the PTA funding used. If the PTA is a non-taxable account no use tax will be accrued. If the item is non-taxable please tick off the *non-taxable* box in [CardQuest](#).

Request for Tax Exemption Certificate

A supplier may request a tax exemption certificate from the Institute as a result of a P-Card transaction. The following procedure must be followed when a tax exemption certificate is required. Call the P-Card Manager at (626) 395-6273 or e-mail pcardservices@caltech.edu

The Caltech Purchasing Services Department is responsible for authorizing the use of the Institute's Sales and Use Tax Registration Number.

Approval

Transactions must be approved in [CardQuest](#) for appropriateness and policy compliance consistent with the Institute's policies.

Transactions must be approved in [CardQuest](#) within a reasonable amount of time from the designated P-Card reconciliation deadline. If an Expense Approver cannot approve (in a reasonable amount of time) please make arrangements to designate another Expense Approver or contact the P-Card office for alternatives.

Transaction Disputes

A Cardholder may dispute a charge that appears on their monthly billing statement. If there is a charge not recognized by the Cardholder, or if a discrepancy cannot be resolved, the Cardholder must submit a Statement of Disputed Item form along with supporting documentation. Please contact the P-Card Manager at (626) 395-6273 or e-mail pcardservices@caltech.edu to obtain this form. This form and any supporting documentation can be directly faxed to Bank of America.

All questioned items must be communicated to the P-Card Office within 30 days of the purchase. During the investigation, a credit will be issued to the Cardholder's account for the amount questioned. When Bank of America has completed the 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.

The Cardholder can mark a transaction as a disputed item within the software.

Lost, Stolen or Fraudulent Used Cards

It is the Cardholder's responsibility to report the loss of the card immediately to Bank of America, and to the P-Card Office. Bank of America representatives are available 24 hours a day, 7 days a week. When reporting a lost and stolen card, the Cardholder must tell the representative the call is regarding the Caltech P-Card.

Lost and Stolen Card: (800) 305-7735 or (866) 500-8262

After reporting a lost and stolen card to Bank of America, the Cardholder must also immediately report the loss to the P-Card Program Manager, (626) 395-6273 or e-mail pcardservices@caltech.edu

The cardholder is liable for all unauthorized use of the card until Bank of America is notified of the lost card. The liability will not be greater than \$50.

The P-Card Administrator will contact the bank to obtain a replacement card. In case of an emergency situation, a replacement card can be sent within 24 hours.

If spending trends vary from the normal pattern or fraudulent use by a supplier is detected or suspected by the bank, the P-Card account will be immediately blocked from further use.

- The bank will notify the Cardholder or P-Card Office to verify the legitimacy of the transactions.
- The P-Card Office will issue a new card as appropriate

Card Maintenance/Cancellation

Account Changes

Change limit requests – On an approval basis, limits above the card type standards may be considered. A change limit form must be submitted to the P-Card Office which must be completely filled out. Once this form is approved by the Purchasing Director or Associate Director, the Cardholder will be notified if the change limit increase has been approved. A justification form will need to be filled out

System Change Requests

Changes to delegations and approvers can be made in the P-Card Office.

Cancellation

If a department chooses to cancel a card P-Card Services must be immediately notified.

All P-Cards should be immediately cancelled if a Cardholder terminates employment, transfers to another department or assumes different duties that do not require use or management of the P-Card.

If a Cardholder transfers to another department but still would like to use the P-Card please contact P-Card Services so the appropriate paperwork can be filled out.

Exceptions

Any exceptions that require a deviation from this procedure shall be reviewed and approved by the Director of Procurement Services and coordinated with the Procurement and Payment Services business units.