



CALTECH P-CARD POLICY & PROCEDURES

SCOPE

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

APPLICABILITY AND AUTHORITY

This policy and procedures apply to all Caltech departments and supersedes any practices in existence prior to its effective date.

DEFINITIONS

Account Setup Information

Specific information required by the Bank Card Provider for each Cardholder so that an active account can be established for the Cardholder.

Authorizer

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

The bank that administers Caltech's P-Card program and supplies its P-Cards.

Billing Cycle

The period 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 Caltech Property Services and the P-Card Office.

Cardholder

The fully trained, certified, and authorized Caltech employee or student who has been granted the use of a credit card through a written delegation of authority. The P-Card bears the employee's name and can be used only by this individual for official Caltech purchases in compliance with applicable policies and procedures.

CardQuest

Caltech's cloud-based travel and expense management system where Cardholders and Delegates create and submit expense reports and manage credit card transactions and receipts.

Delegate

Prepares expense reports on behalf of someone else. A Cardholder may have more than one Delegate.

Discrepancy

Issues that need to be resolved with the merchant such as an incomplete shipment, an item that had to be returned, or some other problem.

Dispute

Condition of purchase resulting when P-Card purchased items are found defective or faulty and the merchant refuses to replace or correct the problem. A dispute may also arise when 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 or is responsible for the funds being expended. A Cardholder cannot be his/her own Expense Approver. 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 Bank Card Provider to purchases that shall be prohibited.

Merchant Type Code

The Bank Card Provider 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 P- 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 Expense 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 CardQuest, Caltech, and the Bank Card Provider. 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 Card Provider 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 merchant location.

Statement of Disputed Item (Online)

Disputes against the monthly statement for defective or wrong material, unrecognizable charges, or other outstanding issues, may be disputed through the Bank Card Provider's online application. Please contact a P-Card Administrator for assistance.

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 purchase requisitions, payment requests, petty cash disbursements, and spot buy purchase requisitions are candidates for P-Card use. The P-Card will be accepted by merchants who take Visa 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/student• Must attend training• Submit application which includes Expense Approver information |
| Chip/Pin Card with Travel Issued to Cardholders that travel 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/student• Must attend training• Submit application which includes Expense Approver information |

| Card Type/Purpose | Limits | Eligibility Criteria |
|--|--|---|
| Declining Balance Card (students only) A card issued with a pre-set spend limit allowing students to make purchases. The purchases will be reconciled by a Delegate. | Based upon the needs of the Division/Department. | <ul style="list-style-type: none"> • Issued to a Caltech student • Must have a Delegate • Submit application which includes Expense Approver information |
| Low Limit Card A card issued to an individual or Division/Department with a low monthly limit. Department cards will be tied to an existing Cardholder. | Based upon the needs of the Division/Department. | <ul style="list-style-type: none"> • Issued to an individual or Division/Department • Submit application which includes Expense Approver information |

Procurement Card Eligibility

To become a Cardholder, you must be an employee (either part time or full time) of the Institute or a student 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, External Affiliates, Volunteers, and Guests cannot receive a P-Card.

Procurement Card Restrictions

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

The following is a list of items that are either not permitted on the P-Card or have some 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 any Caltech owned equipment with a unit cost of \$5,000 or more and with a useful life of 1 year 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 |

| Item | Explanation |
|---|---|
| Donations | Donations cannot be submitted on a P-Card. Donations must first be approved by the Division Chair and Controller and if approved must be submitted on a Payment Request |
| Gift Cards & Tangible Gifts | The Payroll Office will be notified of all gift card and tangible gift purchases given to Caltech students and employees. Per IRS Publication 15-B: Cash and cash equivalent items provided by the employer are included as income. Gift cards and tangible gift purchases must be reconciled as <i>Other Gift Awards</i> |
| Leases and Long-Term Rentals | Payment via P-Card for short term rentals of space or equipment of less than a year are permitted if a formal agreement has been negotiated by a Purchasing Services representative |
| Purchases of Personal Use | These are considered fraudulent transactions and are not permitted. Please contact the P-Card Office immediately for reconciliation/reimbursement instructions |
| 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 |
| Supplier Contracts/Terms & Conditions/ Quotes Associated with P-Card Transactions | Any supplier contract, terms & conditions, or quote, which will involve future P-Card transactions, must first be reviewed, and signed by a Purchasing Agent/Contracting Officer. A cardholder does not have delegated authority to sign these documents |
| **Justification for purchases over \$10,000 | Any purchase of goods exceeding \$10,000 requires either a Procurement Summary Justification or a Competitive bid to be attached. This is in adherence to Caltech's Purchasing Goods and Services Policy 2.5 |
| Splitting of charges | Splitting transactions on one or multiple cards to circumvent the single purchase limit assigned to the individual card |
| Person to Person Payment Apps | Person to person payments via apps such as Venmo, Zelle, Apple Pay, Square, Google Pay, etc. are prohibited |
| Sole Proprietor/ Independent Contractors | The P-Card cannot be used to pay Independent Contractors and Sole Proprietors. Transactions must be processed on a purchase order and vetted by a Purchasing Agent/Contracting Officer Please contact the Purchasing Buyers Team for more information: purchasingbuyersgroup@caltech.edu |
| Relocation and Moving Expenses | Employee relocations are income tax reportable and may be subject to reporting by Payroll. As such, payments made to a 3 rd party moving company must be approved by HR and be submitted on a Payment Request |
| Weapons/Ammunition | Due to registration laws, these should not be purchased via a P-Card |
| Hardware, software, and services developed by Kaspersky Lab or other covered entities | Reference FAR 52.204-23 and https://researchcompliance.caltech.edu/export/national-defense-authorization-act-ndaa-section-889 |

| | |
|---|--|
| Telecommunications or video surveillance equipment, system, service, or component thereof produced or provided by companies proscribed by Section 889 of the <i>John S. McCain National Defense Authorization Act</i> | Reference FAR 52.204-24, 25 & 26 and https://researchcompliance.caltech.edu/export/national-defense-authorization-act-ndaa-section-889 |
| TikTok social networking service or any successor application or service developed or provided by Byte Dance Limited or any entity owned by them | Reference FAR 52.204-27 and https://researchcompliance.caltech.edu/export/national-defense-authorization-act-ndaa-section-889 |
| Fuel for personal vehicles | Fuel purchases for personal vehicles is prohibited. Only mileage for the distance driven can be claimed on a mileage report. |

*Capital Equipment Exemption: 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 to purchase equipment: Procurement justification, GSA screening, and confirmation from a LIGO Property Manager.

**Transactions over \$10,000 require either a Procurement Summary Justification or a Competitive Bid in addition to the supporting documentation. The following purchases are exempt: catering services, meetings & conferences, and utilities.

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. Expense Approvers and Associate Director or Purchasing will be notified immediately, by the P-Card Office, 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

A Cardholder must meet the following criteria:

- Be an employee (either part time or full time) or a student at the California Institute of Technology.
- Be a person who makes purchases on behalf of the Division/Department.
- Must attend P-Card training, read, and agree to abide by this policy and procedures, and submit forms 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.
- Verifying the items have been received and inspecting the items for conformance to the order.
- Obtaining the required documentation for purposes of justifying the expenditure and reconciling the billing statement.
- Reconciling transactions by submitting expense reports within CardQuest. *

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

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

The Cardholder acknowledges that failure to comply with this 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, receipts are attached, and resolve any problems with the merchant. After reconciliation is complete, the expense report, along with all receipts, will be electronically routed to an Expense Approver.

*Exception: If a Cardholder is a faculty member, he/she may delegate the right to “submit” (certify via an electronic agreement) expense reports to a named individual. Please contact the P-Card office for the certification form.

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 Goods & Services expenses and Travel expenses (past 60 days), and not submitting CardQuest 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 the Bank Card Provider if a P-Card is lost, stolen, or fraudulent activity is detected.
- Cardholder must dispute any questionable charge with the merchant and Bank Card Provider within 60 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.
- Must attend P-Card training, read, and agree to abide by this policy and procedures.

The Cardholders/Delegates 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.

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 (electronic). He/she will assist the Cardholder in resolution of problems or questions regarding the charges.

Expense Approver

The Expense 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 receipts for accuracy and compliance with this policy and procedures.

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

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 Expense Approver/Authorizer. Once this is approved by the Procurement Director or Purchasing 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 Card Provider. 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 the Bank Card Provider 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, the P-Card Office may 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.
- A missing receipt form may be submitted in lieu of misplaced documentation. Only 4 missing receipt forms can be submitted within a six-month period.
- Transactions must be approved by Expense Approver in CardQuest

Record Retention Documentation

- The merchant 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 the Concur mobile app
 - uploading them directly from the Cardholder's desktop to their Receipt Store or by clicking and dragging receipts into the Receipt Store
- All original **paper** 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 merchant showing where a purchase was made and also indicates what was purchased, amount, and date. |
| Computer screen printouts | Print out or screen shot from a computer of item(s) purchased. |
| Credit Card charge slip | 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 | Document relating to a sale transaction and indicates the products, quantities, and agreed prices for products or services the merchant has provided the buyer |
| Packing slip | Shipping documents that are attached with delivery packages that include details of the package including, quantity, description, weight, and sufficient cost data of the contents. |
| Foreign receipt addendum | This addendum must be completed if the P-Card receipt/invoice is in a foreign language and the vendor was unable to provide an English translated version. Due to audit and policy compliance requirements, all purchasing card supporting documentation must be legible |

PROCEDURES

Application Process

Applying for a P-Card

A Request for P-Card (with P-Card Policy Agreement) must be submitted for a credit card.

Training

Applicant must complete the required training applicable to P-Card use, prior to the issuance of a P-Card. Please refer to the Procurement website for available training sessions or e-mail pcardservices@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 merchant-produced document that contains detailed information regarding the transaction. This includes cash register receipts, charge slips, packing slips, invoices, and/or computer screen printouts (see Acceptable Documentation list).

Bank Statements

Account statements are generated 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. Statements can only be accessed electronically via the Bank Card Provider's online application.

Sales Tax, Use Tax Accruals and Tax Exemption Certificate

Sales Tax

If sales tax was paid to a merchant, the Cardholder/Delegate must indicate this in the sales tax box in the CardQuest system. 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 PTA is a federal award and is non-taxable, please check off the *non-taxable* box in CardQuest.

Request for Tax Exemption Certificate

A merchant may request a tax exemption certificate from the Institute because 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) 395-6257 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 may dispute the transaction via the Bank Card Provider's online application or may contact the P-Card Office for assistance.

All questioned items must be communicated to the P-Card Office within 60 days of the purchase. During the investigation, a provisional credit will be issued to the Cardholder's account for the amount questioned. When the Bank Card Provider 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 CardQuest.

Lost, Stolen or Fraudulent Used Cards

It is the Cardholder's responsibility to report the loss of the card immediately to the Bank Card Provider and to the P-Card Office. Bank Card Provider 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. The Cardholder will receive a Statement of Fraud form which must be signed and returned to the Bank Card Provider. If the signed Statement of Fraud is not received by the Bank Card Provider, the charges will be rebilled to the account.

Cardholders have 60 days to report fraudulent charges.

REPORT LOST OR STOLEN CARD TO: (800) 344-5696

After reporting a lost or stolen card to the Bank Card Provider, the Cardholder must also immediately report the loss to the P-Card Program Manager, (626) 395-6257 or e-mail pcardservices@caltech.edu

The Cardholder is liable for all unauthorized use of the card until the Bank Card Provider is notified of the lost or stolen card. The liability will not be greater than \$50.

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

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

- The Bank Card Provider will notify the Cardholder or P-Card Office to verify the legitimacy of the transaction.
- 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 completed change limit form must be submitted to the P-Card Office. Once this form is approved by the Procurement Director or Purchasing Services Associate Director, the Cardholder will be notified that the change limit increase has been approved.

Purging of Accounts

P-Card Services will purge card accounts without activity for 18 months. A P-Card Administrator will notify the cardholder after the card has been cancelled. Purging of accounts is done to mitigate the risk of fraud associated with an open card without usage for an extended period.

System Change Requests

Changes to delegations and Expense Approvers can be made by 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 policy and procedures shall be reviewed and approved by the Director of Procurement Services and coordinated with the Procurement business units.