

Purchasing Cards

Authority This Guide Memo is under the authority of the Provost, and the Vice President for Business Affairs and Chief Financial Officer.

Summary This Guide Memo contains policies on use of Purchasing Cards for purchases of goods or services made directly by departments. Purchasing Cards are a tool for individuals making purchases on behalf of the University for which Stanford is financially liable. There are two types of Purchasing Cards: an individual Purchasing Card and a Department Purchasing Card. The individual Purchasing Card is issued to specific person. The Department Purchasing Card is issued to a department and assigned to a custodian. The policies are the same for both types of Purchasing Cards, unless specifically noted. Section headings are:

1. AUTHORITY TO PURCHASE
2. CRITERIA FOR USE
3. RESPONSIBILITIES
4. ALTERNATIVES TO USE OF THE PURCHASING CARD

1. AUTHORITY TO PURCHASE

- a. **Delegation of Authority** – The Chief Purchasing Officer delegates to University departments signature authorization for ordering supplies and services (except for transactions noted in 2.b below) directly from vendors with a Purchasing Card when the total cost of the purchase is less than \$2,500, subject to the limitations contained in this Guide Memo. A department may delegate such authority to those persons authorized to approve departmental expenditures in accordance with Guide Memo 36, Authorizing Expenditures, <http://adminguide.stanford.edu/36.pdf>, or to a selected subsection of that group.
- b. **Department Responsibility** – With this delegation of authority comes the responsibility for departments to observe all University policies and procedures related to purchases, and to observe all government laws and regulations (state and federal) that apply to the commercial transactions placed via the Purchasing Card. It is also the responsibility of each department to retain all receipts and to be able to provide receipts for purchasing card transactions when requested to do so.
- c. **Audit** – All Stanford transactions, including those using this procedure, are subject to review by Controller's Office as well as internal and external auditors for compliance with sound business practices, institutional policies and procedures, and any applicable laws and regulations.
- d. **Assistance** – The Purchasing Card Administrator is available to consult with departments on the application process, training, and use of the Purchasing Card. For more information, contact the Purchasing Card Administrator at 736-0354 or see the Purchasing Card web site at http://financialgateway.stanford.edu/staff/buypaying/about_PCard.html.

2. CRITERIA FOR USE

- a. **Basic Criteria** – Stanford faculty, staff and student employees are eligible to obtain a Purchasing Card or Departmental Purchasing Card provided that:
 - They have support and approval of their supervisor and department finance/budget officer
 - They complete a brief training session
 - They follow the Purchasing Card Program policies and procedures (see the Purchasing Card web site at http://financialgateway.stanford.edu/staff/buypaying/about_PCard.html)
 - They follow additional guidelines, if any, as defined and supported by their School or local business unit

- b. **Uses Not Allowed** – Because of tax reporting, inventory, and regulatory requirements, and to simplify reconciliation, the Purchasing Card is NOT to be used in the following circumstances:
- **Personal Expenses:** Personal expenses are purchases that are not made on behalf of the University or for use by the University. These are considered fraudulent transactions. Purchases must be for the use and benefit of Stanford University, regardless of intent to reimburse Stanford. 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.
 - **Fabrications:** A fabrication is a unique item which cannot be acquired off-the-shelf, has a useful life of more than one year, and is made of components which cumulatively cost \$5,000 or more. The components of an item reported as a fabrication should not be acquired with a Purchasing Card.
NOTE: Putting together a computer system does not meet the definition of a fabrication since a computer system is not unique.
 - **Hazardous Materials:** Hazardous materials may include chemicals, compressed gases, radioactive materials, nucleotides, peptides, growth media, controlled substances, restriction enzymes, or biological organisms, as defined by federal, state, and University regulations.
 - **Travel:** Travel expenses include airline tickets, hotel costs, car rentals, meals, and telephone usage while traveling. Continue to use travel cards for these expenses. For more information, see Guide Memo 36.7, Travel Expenses, at http://adminguide.stanford.edu/36_7.pdf.
 - **Student Conference Registration**
 - **Cash Advances**
 - **Laboratory Animals:** For more information, contact Comparative Medicine at 3-3876.
 - **Any Purchase Over \$2,500,** unless specifically authorized by the Associate Controller for School and Department Operations.

3. RESPONSIBILITIES

- a. **Cardholder Responsibilities** – Purchasing Card cardholders act as purchasing agents of Stanford University and are issued a Card associated with their department. Cardholders should not lend or share their Card. They must keep their Card secure and the Card number confidential. A detailed description of all cardholder responsibilities is available at http://financialgateway.stanford.edu/staff/buypaying/about_PCard.html
- b. **Verifier Responsibilities** – Purchasing Card verifiers have the responsibility to review each transaction, include a complete and accurate business purpose, include an appropriate account to be charged, complete all required verification fields, and route to an appropriate approver(s) in a timely manner. Cardholders may verify their own transactions but must route transactions to an approver who has authority over the account charged, does not report directly or indirectly to the cardholder, and is not the beneficiary of the transaction. A detailed description of all verifier responsibilities is available at http://financialgateway.stanford.edu/staff/buypaying/about_PCard.html
- c. **Custodian Responsibilities** – Departmental Purchasing Cards are issued to a department and assigned to a custodian. The custodian must also be the verifier for Departmental Purchasing Card transactions. Both the custodian and a back-up custodian must be identified on the card application. Custodians control the distribution of the Card to designated individuals, track the use and location of the Card, and must ensure that the Card is kept secure. A custodian may not be the approver and must route all transactions to someone with financial authority over the account charged, who does not report to the individual who made the purchase or on whose behalf the purchase was made (beneficiary). A detailed description of all custodian responsibilities is available at http://financialgateway.stanford.edu/staff/buypaying/about_PCard.html.

- d. **Approver Responsibilities** – Purchasing Card approvers have the responsibility to examine transactions to ensure that charges are appropriate and comply with university policies and purchasing card policies. Transactions should be approved in a timely manner. An approver may not be the verifier, and cannot report to the individual who made the purchase or be the beneficiary of the purchase/transaction. NOTE: Approvers should not be an attendee at a business meal for which they are approving. A detailed description of approver responsibilities is available at http://financialgateway.stanford.edu/staff/buypaying/quick_steps/approve_pcard_verifi.html.
- e. **School and Department Management Responsibilities** – Managers have the responsibility of approving who can be a cardholder, verifier, and/or custodian. Furthermore, managers are responsible for disseminating local business rules and monitoring Purchasing Card transactions to ensure compliance with the Purchasing Card Program policies and any local business rules. Additional information regarding School and Department management responsibilities and tools for monitoring Purchasing Card transactions is available at http://financialgateway.stanford.edu/staff/buypaying/about_PCard.html.
- f. **Controller's Office Responsibilities** – To supplement (but not replace) the University officer's basic review responsibility, the Controller's Office reviews Purchasing Card and Department Purchasing Card transactions on a sample basis. If incorrect or improper charges are found, the Controller's Office directs the person responsible for the expenditures to correct the error. If necessary, the Controller's Office may correct the department's error and will provide the department with a copy of the accounting entry. If excessive or repeated errors occur, additional training may be required or the card may be revoked.

4. ALTERNATIVES TO THE PURCHASING CARD

- a. **Campus Wide Agreements (CWA)** – Goods or services ordered from a CWA vendor may offer price and delivery advantages over using other outside vendors. Selected vendors enter into these agreements to provide a specific commodity group such as office supplies, lab supplies, computer software and supplies, and mailing services.
- b. **Rapid Purchase Orders** – Departments may choose to place a Rapid Purchase Order (RPO) directly with a vendor. For more information, see Guide Memo 54.4, Rapid Purchase Orders, at http://adminguide.stanford.edu/54_4.pdf.
- c. **Standard Purchase Requisitions** – Departments may choose to submit a Standard Purchase Requisition to the Purchasing Department instead of using a Purchasing Card.