

Purchasing Cards

- Authority** Approved by the Provost and the Vice President for Business Affairs and Chief Financial Officer.
- Summary** This Guide Memo contains policies on use of Purchasing Cards to purchase 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 a 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) directly from vendors with a Purchasing Card when the total cost of the purchase is less than \$4,999.99 subject to the limitations contained in this Guide Memo. [Note: The item cost **includes** tax, shipping, handling and installation, if applicable. Together the item and all taxes, etc. cannot exceed \$4,999.99.] A department may delegate such authority to those persons authorized to approve departmental expenditures in accordance with [Guide Memo 36](#), Authorizing Expenditures, or to a selected subsection of that group.
- b. **Department Responsibility** — This delegation of authority comes with 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.
- c. **Audit** — All Stanford transactions, including those using this procedure, are subject to review by the 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 [Buying and Paying Support Center](#) (BPSC) at (650) 723-BPSC (2772) is available to consult with departments on the application process, training, and use of the Purchasing Card. For more information, see the Purchasing Card website at http://fingate.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 they:
 - Have support and approval of their supervisor and department finance/budget officer
 - Complete a brief training session
 - Follow the Purchasing Card Program policies and procedures (see the Purchasing Card web site at http://fingate.stanford.edu/staff/buypaying/about_PCard.html)
 - 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 **cannot** be used in the following circumstances:
 - **Personal Expenses:** Personal expenses and purchases that are not made on behalf of the University or for use by the University are not permitted. These may be considered fraudulent transactions. Purchases must be for the use and benefit of Stanford University, regardless of intent to reimburse Stanford. If any Stanford user associated with the purchase commits purposeful fraudulent or other inappropriate behavior regarding the proper use of the requisitioning and purchasing process, it will be considered serious misconduct and will result in disciplinary action.
 - **Fabrications:** A fabrication is a unique item that cannot be acquired off-the-shelf, has a useful life of more than one year, and is made of components that cumulatively cost \$5,000 or more. Do not use the Purchasing Card to acquire components of an item regarded as a fabrication. *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.
 - **Student Conference Registration**
 - **Cash Advances**
 - **Laboratory Animals:** For more information, call Comparative Medicine at 3-3876.
 - **Any Purchase Over \$4,999.99**, unless specifically authorized by the Associate Controller for School and Department Operations. [Note: The item cost **includes** tax, shipping, handling and installation, if applicable.]

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://fingate.stanford.edu/staff/buypaying/about_PCard.html

- b. Verifier Responsibilities** — Purchasing Card verifiers have the responsibility to review each transaction in the PCard module, including a complete and accurate business purpose, ~~include~~ an appropriate account to be charged, completion of all required verification fields, and route to an appropriate approver(s) as soon as practicable within 60 days of the transaction.

Purchases of \$75 or more require transmission of an electronic image of receipt with the PCard module transaction. Retention of receipts after successful transmission of electronic image is at the discretion of the department.

Failure to complete verification and approvals within 60 days of transactions may result in card suspension and/or expenditures reported as taxable income to the card user or the cardholder. 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://fingate.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 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 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://fingate.stanford.edu/staff/buypaying/about_PCard.html

Charges incurred on a Department Purchasing Card are not disputable with JPMorgan. Consequently, the Department is ultimately liable for any fraudulent and erroneous charges not resolved directly with the merchant.

- 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. In addition to reviewing transaction details in the PCard module, approvers must review the electronic image of receipts for purchases of \$75 or more, and investigate cases where receipts are not available. Transactions should be approved in a timely manner; failure to complete approvals within 60 days of transaction may result in card suspension and/or expenditures being reported as taxable income to the card user or cardholder. 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://fingate.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://fingate.stanford.edu/staff/buypaying/about_PCard.html.

- f. **Strategic Purchasing & Payment Services Responsibilities** — To supplement (but not replace) the University officer's basic review responsibility, Strategic Purchasing & Payment Services reviews Purchasing Card and Department Purchasing Card transactions on a sample basis. If Strategic Purchasing & Payment Services finds incorrect or improper charges, they direct the person responsible for the expenditures to correct the error. If necessary, Strategic Purchasing & Payment Services 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 revoked.

4. ALTERNATIVES TO THE PURCHASING CARD

Several methods are used to purchase items. In order to choose the most effective and cost-efficient purchasing method, please refer to the decision tree at http://fingate.stanford.edu/staff/buypaying/determine_purchase.html.