POLICY STATEMENT

Harvard Purchasing Cards (PCards) are University-liability credit cards issued in the names of authorized, trained individuals to purchase certain eligible goods and services in support of Harvard University business, as described in this policy. All PCard transactions must be supported by a detailed business purpose and in most cases by original receipts, and reviewed in the PCard settlement system by a person other than the cardholder. Improper use of the PCard, including use of the PCard for personal purchases, may result in disciplinary action up to and including termination of employment.

REASON FOR POLICY

The PCard’s efficiency and ease of use reduce administrative burdens on the University but also expose the University to risk. Potential risks associated with the PCard program include inappropriate card use, internal and external fraud, inappropriate general-ledger-coding allocation, non-compliance with IRS accountable-plan rules, and reputational damage to the University. This policy reasonably ensures that sufficient controls are in place to mitigate these risks.

WHO MUST COMPLY

All Harvard University schools, tubs, local units, Affiliate Institutions, Allied Institutions, and University-wide Initiatives. Individuals who must follow this policy are all University employees, University students, and affiliated hospital employees.

RESPONSIBILITIES

PCard Holders: PCard holders must read, understand, and follow this policy and accompanying procedures. PCard holders are primarily responsible for purchasing only eligible commodities as described in this document; for obtaining the required supporting documentation; and for ensuring charges to restricted gifts, restricted endowments, and sponsored funds are in accordance with the terms and/or conditions of the fund. Cardholders with questions about whether certain expenditures are allowed on restricted funds must direct questions to their local sponsored administration office or tub financial dean’s office, as appropriate. Cardholders must review transactions weekly, providing a detailed business purpose for each transaction.

PCard Reviewers: PCard reviewers must read, understand, and follow this policy and accompanying procedures. PCard reviewers are primarily responsible for reviewing PCard transactions in the online PCard settlement system and for ensuring the accuracy of the general ledger coding and the detailed business purposes required for each transaction. Reviewers must review and retain original documentation in accordance with this policy while monitoring the use of Missing Receipt Affidavits. When coding to a sponsored or other restricted fund, reviewers must contact their local sponsored administration office or tub financial dean’s office if they are in doubt about whether an expense meets the terms and/or conditions of the fund.

PCard Local Administrators: PCard local administrators must read, understand, and follow this policy and accompanying procedures. Local administrators are primarily responsible for establishing a network of PCard reviewers in their areas, for reviewing cardholder applicant qualifications, for monitoring local PCard transaction activity, and for generally ensuring local compliance with this policy and with local PCard policies and procedures. PCard local administrators are the first point of contact for cardholders and reviewers with questions on this policy, to ensure local administrators are aware of such questions and to ensure consistent guidance is provided within each tub.

Tubs: Tub financial deans or equivalent tub financial officers are responsible for ensuring that local units comply with this policy and the accompanying procedures, principally by appointing local administrators and working with those administrators to monitor PCard reports and establish local procedures supporting the policy. These local procedures include establishing a network of PCard reviewers with PCard settlement system access, and annually reviewing that network for appropriateness of privileges. Local units must also identify individuals who, based on job requirements, have an appropriate business need for a PCard. At their own discretion, tubs may impose greater but not less control than required by this policy.
RESPONSIBILITIES, continued

University Financial Services (UFS): UFS, within the Office of the Controller, is responsible for maintaining the University’s PCard policy. UFS is responsible for performing annual reviews of this PCard policy and accompanying procedures, for developing formal PCard training in conjunction with the Center for Workplace Development, for monitoring PCard program compliance with University policies and IRS regulations, and for supporting PCard local administrative units. UFS is also the business owner of the online PCard settlement system application.

Risk Management and Audit Services (RMAS): RMAS, within the Office of the Vice President for Finance, is responsible for performing departmental audits, which include reviews of PCard transaction data and documentation. RMAS provides PCard compliance evaluations to local units and University Financial Services.

FAD Systems Solutions (FSS): FSS, within the Office of the Vice President for Finance, is responsible for granting access to the PCard settlement system and the related local administration system and central administration system at the request of authorized requesters within University Financial Services.

RELATED POLICIES

Stewardship Responsibility: http://vpf-web.harvard.edu/policydocuments/browsebytopic.do

University-wide Business Expense Policy (includes non-reimbursable expenses): http://vpf-web.harvard.edu/policydocuments/browsebytopic.do

RELATED DOCUMENTS

Procurement and Reimbursement Systems (aka “Summary Overview”): http://vpf-web.harvard.edu/policydocuments/browsebytopic.do


PROCEDURES

Procedures Overview

These Procedures are divided into seven primary sections and various subsections. Click on one of the links below to go directly to a section or subsection. A cardholder (or card applicant) should direct questions to his or her PCard local administrator (a list of local administrators by tub is available on the PCard iSite, at http://pcard.fad.harvard.edu/). A local administrator should direct questions to his or her assigned Customer Relations Cluster within University Financial Services.

Section 1. Primary PCard Procedures and Essential Program Information

- PCard Holder Eligibility Requirements
- Applying for a PCard
- Cardholder Training
- PCards and General Ledger Coding
- Restricted and Prohibited PCard Purchases
- Misuse of the PCard
- PCard Monthly Statements

Section 2. Cardholder Responsibilities

- Cardholder Responsibilities Overview
PROCEDURES, continued

- Obtaining Sales Tax Exemption
- Obtaining Proof-of-Purchase Documentation
- Cardholder Review of PCard Transactions

Section 3. PCard Reviewer Responsibilities
- PCard Reviewer Training
- PCard Reviewer Responsibilities Overview

Section 4. Tub Responsibilities: PCard Local Administration
- Tub Financial Dean’s Office Responsibilities
- Local Administrator Responsibilities

Section 5. UFS Responsibilities: PCard Central Administration

Section 6. Risk Management and Audit Services Responsibilities

Section 7. Other Common PCard-Related Situations and Information
- Lost, Stolen, or Damaged PCards
- Disputing Charges and Reporting Fraudulent Charges
- Declined PCard Transactions
- Canceling a PCard
- Renewal of an Existing PCard
- Requesting Changes to Spending-Limit Levels
- Transferring to another Department within Harvard University
- Charging to another Unit’s Budget
- Name Change
- PCard Statement Address Change (including suppressing paper statements)
- Extended Absence from Harvard
- PCard Used in Error by Cardholder
- Sponsored Programs

Section 1. Primary PCard Procedures and Essential Program Information

- PCard Cardholder Eligibility Requirements

The following individuals are eligible to apply for a Harvard Purchasing Card to make purchases on behalf of the University, provided they have been given authorization by the University supervisor in charge of the budget from which the expenses will be drawn, by the relevant PCard local administrator, and in some instances by the relevant financial dean.

- Harvard University employee
- Affiliated hospital employee
- Harvard University graduate student
- Harvard University undergraduate student (only with financial dean approval; student must purchase routinely for the University)

For more information on PCard eligibility (both card and settlement-system access) please see the “Access to Harvard’s Financial Systems” document, at http://vpf-web.harvard.edu/policydocuments/browsebytopic.do

Note on Post-Doctoral Students, including Monthly External Post-Doctoral Students (MEPs): These individuals are not eligible to apply for a PCard.

- Applying for a PCard
Those eligible to apply for a PCard must:

- read and understand this policy
- complete and sign a PCard application form, available to print out online at [http://able.harvard.edu/documents/search.do](http://able.harvard.edu/documents/search.do)
- obtain the signature of supervisor on the application form (and financial dean’s signature if necessary)
- submit the completed application form to the appropriate local administrator (a list of local administrators can be found at [http://pcard.fad.harvard.edu/](http://pcard.fad.harvard.edu/))

### Assigning PCard Spending Limits

Each PCard issued by the University is assigned a monthly spending limit and a single-purchase spending limit. Initial spending-limit options must be approved by the applicant’s supervisor and by his or her PCard local administrator. Any future spending-limit change requests must be sent by the cardholder’s supervisor via e-mail to the cardholder’s local administrator. In some cases, spending limits can be increased so the cardholder can use the PCard for a previously declined charge. Cardholders should contact the appropriate PCard local administrator with related questions.

### Cardholder Training

All PCard applicants are required to successfully complete online PCard training prior to receiving a PCard (the online training course is available at [http://eureka.harvard.edu/Eureka/course_template/course.cfm?CourseID=324](http://eureka.harvard.edu/Eureka/course_template/course.cfm?CourseID=324)). An applicant’s local administrator will contact the cardholder about any additional local PCard training requirements and when and where to pick up the PCard. Receipt of the card will take approximately three weeks and will be provided to the cardholder by his or her local administrator. Cards will not be issued unless training has been successfully completed.

### PCards and General Ledger Coding

Below is some general information on charging departmental budgets for related PCard transactions. Detailed requirements for reviewing transactions in the PCard settlement system appear in Section 2 (“Cardholder Responsibilities”) and in Section 3 (“PCard Reviewer Responsibilities”) of this policy.

- Each Harvard PCard is assigned exactly one default 33-digit general ledger account code in Harvard’s PCard settlement system
- PCard default account coding is assigned during the card-application process by the cardholder’s department supervisor, in conjunction with the cardholder’s PCard local administrator
- Default PCard account coding must not be a sponsored fund
- PCard transactions are loaded into the PCard settlement system usually within one to three business days after the transaction is made
- Once a transaction is loaded into the settlement system, cardholders and reviewers will normally have a minimum of ten, and a maximum of fourteen, business days to make any necessary changes to the default GL account coding and to enter a detailed business purpose (holidays and fiscal-year end may affect sweep dates)
- A PCard transaction must be assigned an accurate general ledger code before it is swept, based on the nature of the expenditure; a transaction charged to a sponsored or other restricted fund must be in accordance with the terms and/or conditions of the fund
- A PCard transaction is automatically swept from the PCard settlement system to Harvard’s general ledger on its scheduled sweep date, regardless of whether it has been reviewed
- Once a PCard transaction has been swept to the general ledger, adjustments to GL account codes can only be made through journal entries

### Restricted and Prohibited PCard Purchases

**Purchases Allowed with Restrictions.** The following types of purchases are allowed on the PCard:

- Entertainment expenses within the Boston/Cambridge area only
PROCEDURES, continued

- Gasoline for Harvard-owned vehicles only
- Telecommunications services, including cell phone, internet access, and communication packages provided all charges are exclusively (100%) for Harvard business
- Ground transportation, including taxis within the Boston/Cambridge area only

Prohibited Purchases. The following types of purchases are not allowed on the PCard:

- Travel expenses
- Entertainment expenses outside the Boston/Cambridge area
- Gift certificates/gift cards (any amount)
- Gifts equal to or greater than $75
- Rental cars, including Zipcars
- Radioactive materials

In addition to the above prohibited purchases, this policy identifies other improper uses of the PCard. See “Misuse of the PCard,” below.

- Misuse of the PCard

Improper use of the PCard may result in disciplinary action up to and including termination of employment. The cardholder is responsible for the protection and proper use of the PCard. The PCard may only be used by the individual whose name appears on the card.

Misuse includes, but is not limited to, the following:

- Use of the PCard to purchase prohibited commodities. See “Prohibited Purchases,” above
- Purchases made for the sole benefit of the employee (personal purchases)
- Purchases that do not have a valid University business purpose
- Assignment or transfer of an individual PCard to a person other than the cardholder
- Use of a PCard by a suspended or terminated employee
- Lack of proper and timely review of PCard transactions
- Requesting that a vendor split an order over two or more payments to avoid a single-purchase limit
- Failure to provide proof-of-purchase documentation as described in this policy

- PCard Monthly Statements

Cardholders receive a monthly statement from Harvard’s PCard provider, JPMorgan Chase (JPMC). This statement is for informational purposes only. THIS STATEMENT MUST NOT BE PAID. The University pays all PCard charges directly from a central PCard account. More information on monthly statements appears in Section 7 (“Other Common PCard Situations and Information”) of this policy.

Section 2. Cardholder Responsibilities

- Cardholder Responsibilities Overview

All purchases placed on the PCard must be for necessary University business and substantiated by a detailed business purpose and must not be for the convenience or benefit of the cardholder.

PCard holders must:
PROCEDURES, continued

- protect the PCard from loss and theft
- not allow other individuals to make purchases using his or her PCard
- not use the PCard to make any personal purchases
- purchase only eligible commodities
  - typical eligible commodities include:
    - office supplies
    - local (Cambridge/Boston area) business meals
    - books
    - standing office orders like bottled water
    - temporary (or “temp”) staff help
  - see “Restricted and Prohibited PCard Purchases” in Section 1 for information on ineligible commodities
- not use a PCard whenever individual purchases exceed the assigned PCard spending limits
- ensure that all PCard purchases charged to sponsored or other restricted funds are in accordance with the terms and/or conditions of the fund, contacting their local sponsored administration office or tub financial dean’s office if in doubt about whether an expense meets its fund terms
- obtain all required original receipts (see “Obtaining Proof-of-Purchase Documentation” subsection, below)
- not split an order to avoid the single-purchase limit
- not pay Massachusetts state sales tax, or sales tax in certain other states (see “Obtaining Sales Tax Exemption” subsection, below)
- ensure receipt of goods, and contact vendor to resolve any delivery problems, discrepancies, or damaged-merchandise concerns
- review all transactions and provide a detailed business purpose for each (see “Cardholder Review of PCard Transactions” subsection, below)
- notify the card provider and relevant local administrator in the event of a lost or stolen PCard or fraudulent activity
- transfer all standing orders/recurring transactions to a replacement PCard account in the event of a lost or stolen card
- return PCard and any outstanding receipts to relevant local administrator upon termination or upon canceling the card for any reason (such as when transferring to another department)
- cancel all standing orders/recurring transactions with vendors upon card cancellation; if necessary, arrange to transfer payments to another valid payment source, like the PCard of another employee

Obtaining Sales Tax Exemption

Harvard University is exempt from Massachusetts state sales tax. When purchasing goods with a PCard, cardholders must:

- inform the vendor at the time of purchase that the purchase is for Harvard University business and is exempt from Massachusetts state sales tax
- provide vendor with Harvard's tax exempt number (E 042-103-580), which is printed on the front of the PCard
- provide a copy of the Massachusetts tax exempt certificate (ST-2) if requested
- if purchasing goods from other states for use in that state, download the certificate for that state from http://vpf-web.harvard.edu/procurement (the Massachusetts ST-2 and other tax-exemption certificates are also available here; Harvard is not tax-exempt in all states)
- if sales tax is billed incorrectly to the cardholder's account, dispute the sales-tax portion of the charge (see “Disputing Charges and Reporting Fraudulent Charges,” below)

Note on meals tax: Meals tax is distinct from sales tax and should be paid when using a PCard.

Obtaining Proof-of-Purchase Documentation

PCard holders must obtain all original proof-of-purchase documentation from the merchant when making a purchase that is equal to or greater than $75 (including recurring or standing-order purchases). Transactions under $75 do not require original
proof-of-purchase documentation unless required by funding agency or by local PCard policy.

- The original proof-of-purchase document must include the following information:
  - name of merchant
  - location of merchant
  - date of transaction
  - dollar amount
- Examples of original documentation include:
  - detailed cash or sales receipts
  - packing slips with a dollar amount
  - subscription or dues forms
  - conference registration forms
  - statement-of-work reports from suppliers
  - photocopies of software mail-order forms
- For purchases where no receipt is generated (e.g., a recurring subscription expense), cardholders must retain a copy of the associated monthly cardholder statement along with a complete explanation of the expense.
- A Missing Receipt Affidavit (MRA, available at [http://able.harvard.edu/forms/missing_receipt.pdf](http://able.harvard.edu/forms/missing_receipt.pdf)) must be completed for lost receipts equal to or greater than $75 (local PCard policy may require an MRA for lost receipts of any amount).
- Following a purchase, cardholders must promptly submit required proof-of-purchase documentation to the appropriate PCard reviewer.

- **Cardholder Review of PCard Transactions** (see Section 3 for PCard reviewer procedures)

  Each week, PCard holders must:

  - review all PCard transactions, providing detailed business purposes for each, either directly in the PCard settlement system or in writing to his or her designated reviewer; **business purposes must include the following information:**
    - who incurred the expense or who benefits (specific names of individuals or groups are required)
    - what the expense entailed (e.g., item purchased or activity conducted)
    - why this is a Harvard expense (i.e., specific reason, purpose)
    - when the event or activity occurred (if not apparent in transaction detail or receipts)
    - where the event or activity took place (if not apparent in transaction detail or receipts)
  - the following are three **examples of acceptable business purposes**:
    - Toner cartridge for Controller’s Office third floor copier
    - Sam Jones and Kris Doe 1.2.09 lunch at John Harvard’s in Cambridge to discuss Oracle project
    - Flowers for Jane Smith departmental gift for 25 years of service 1.1.10
  - confirm the general ledger coding of all transactions in the PCard settlement system and change if necessary, or provide PCard reviewer with appropriate general ledger coding for all transactions; in some units, the PCard reviewer will be responsible for entering appropriate general ledger coding based on business purposes submitted by cardholders.
  - promptly forward all required proof-of-purchase documents (i.e., receipts) to the relevant PCard reviewer (see the “Obtaining Proof-of-Purchase Documentation” subsection, above, for information on required documents); in most cases, departments will require that the cardholder attach the required receipts to a printout of the weekly PCard settlement system Report

**Note on third-party payment providers:** PCard charges to third-party payment providers (e.g., PayPal) must include all regular components of a legitimate business purpose *as well as the vendor name* if it is not included in the transaction data that appears in the PCard settlement system.

**Section 3. PCard Reviewer Responsibilities**

- **PCard Reviewer Training**
A PCard reviewer must read and understand this policy before performing his or her duties as reviewer. Reviewers are required to successfully complete online PCard training prior to assuming the role of reviewer (the online training course is available at http://eureka.harvard.edu/Eureka/course_template/course.cfm?CourseID=324). A new reviewer should contact his or her PCard local administrator to discuss any additional local PCard training and/or policy requirements.

**PCard Reviewer Responsibilities Overview** (see Section 2 for PCard holder review procedures)

Each week, PCard reviewers must:

- verify that all PCard transactions under review were incurred while conducting University business
- verify that all submitted information and required original proof-of-purchase documentation from cardholders is accurate and in accordance with this policy and any local PCard policies
- ensure that a complete detailed business purpose has been entered in the settlement system, either directly by the cardholder or by the reviewer if the business purpose has been sent by the cardholder via e-mail or other means
- verify that all transactions to be swept are charged to the appropriate general ledger account(s) and make changes if necessary
- ensure that all transactions charged to sponsored or other restricted funds are in accordance with the terms and/or conditions of the fund, contacting their local sponsored administration office or tub financial dean’s office if in doubt about whether an expense meets its fund terms
- ensure that all transactions are marked as “reviewed” in the PCard settlement system under the reviewer’s name (not the cardholder’s name) prior to being swept from the system
- print settlement system Report for charges to be swept (if the Report has not already been printed and submitted by the cardholder) and attach associated required original receipts to keep on file locally
- monitor frequency of Missing Receipt Affidavits (MRAs) in lieu of original receipts and report suspicious activity to the relevant PCard local administrator or tub financial dean’s office
- ensure that any transactions that are swept **without** review are supported by
  - detailed business purposes that are written on the printed settlement system Report
  - required original documentation, retained in accordance with this policy, in the event of an audit
  - correct general ledger coding entries if necessary (general ledger corrections for unreviewed swept charges must be made via manual journal entries); detailed notations of coding corrections must be written on the printed settlement system Report
    - *Note: Per Harvard policy, a PCard transaction must be reviewed in the PCard settlement system before it is swept. However, the settlement system will not prevent an unreviewed PCard transaction from being swept on its scheduled sweep date. It is understood that a very small percentage of unreviewed transactions may sweep each week due to sudden employee absence or other factors.
- retain required original proof-of-purchase documentation locally in accordance with Harvard's record-retention policy (usually for four years), set forth in the Harvard University General Records Schedule, available at http://hul.harvard.edu/rmo
  - original receipts and other supporting documentation must be retained by the department or submitted to the department’s financial dean’s office for retention, depending on local PCard procedures
  - employees with questions should contact their PCard local administrator

**Note on assigning PCard reviewers.** Local administrators are charged with establishing networks of PCard reviewers to ensure that PCard transactions are electronically reviewed in the settlement system by someone other than the cardholder. It is understood, however, that local administrators (two per tub) cannot reasonably be expected to monitor all departments at all times to ensure that sufficient numbers of PCard reviewers are in place. Supervisors and related PCard reviewers must promptly contact their PCard local administrator in the event that there is a dearth of reviewers in their area due to employee terminations, transfers, or for any other reason. A list of local administrators by tub is available on the PCard iSite, at http://pcard.fad.harvard.edu/.
PROCEDURES, continued

Section 4. Tub Responsibilities: PCard Local Administration

- **Tub Financial Dean’s Office Responsibilities**

  **Establishing Local PCard Procedures.** PCard Tub financial deans’ offices must appoint two PCard local administrators to oversee their local PCard program and ensure compliance with this policy. Tub financial deans’ offices must work with their PCard local administrators to establish local PCard policies and procedures. Tubs are responsible for training their administrators on local PCard policies and procedures.

  Local units are allowed a certain amount of discretion when establishing local procedures. For example, one unit might require that all PCard proof-of-purchase documentation and business purposes be sent to the relevant tub financial dean’s office for review and retention, while another unit might require that all PCard proof-of-purchase documentation be retained at the department level by PCard reviewers. In all cases, local procedures must reasonably ensure compliance with this policy. At their own discretion, tubs may impose greater but not less control than required by this policy.

  **Providing Documentation for Audits.** To meet the audit requirements of the University and various government agencies, Risk Management and Audit Services (RMAS) periodically audits departmental PCard activity to verify that items purchased have been received and that PCard policies and procedures are being followed. Tubs must retain supporting proof-of-purchase documentation required by this policy, making the supporting documentation and quarterly local administrative audit compliance reports available for RMAS audits. Quarterly compliance reports should be retained for two years in hard-copy or electronic format to provide evidence of review.

- **Local Administrator Responsibilities**

  A PCard local administrator must read and understand this policy in full before performing his or her duties as administrator. Local administrators also must successfully complete online PCard training prior to assuming the role. PCard local administrators must contact their respective UFS Customer Relations Cluster prior to assuming their role, and prior to leaving their role, to assure clear and consistent communication between UFS and local units.

  PCard local administrators must:

  - assign PCard reviewers to ensure that all PCard transactions are electronically reviewed by someone other than the cardholder prior to being swept and that all documentation is retained in accordance with this policy
    - if a local administrator oversees a department that, due to limited staff or other reasons, is unable to ensure that PCard transactions are electronically reviewed by someone other than the cardholder prior to being swept, then the local administrator must document the department name and the reason(s) that its transactions cannot be independently reviewed, and retain the documentation in the event of an audit
    - in cases where a department cannot ensure independent (non-cardholder) electronic review of transactions prior to sweep, the relevant local administrator must perform monthly reviews of that department’s PCard transaction activity, monitoring for policy compliance
  - create, maintain, and assign PCard security groups within the local administration module of the PCard settlement system
    - security groups are defined by general ledger codes (tubs and orgs)
    - each PCard is assigned exactly one PCard security group, based on the cardholder’s PCard application
    - a cardholder’s security group dictates what general ledger orgs he or she may charge against
    - University Financial Services is available to help local administrators with questions about creating, maintaining, and assigning PCard security groups
  - determine access rights to the PCard settlement system in accordance with local business processes
  - verify that submitted PCard applications are original and complete, enter the information into the settlement system, and retain the original applications
PROcedures, continued

- ensure that all applicants receive requisite PCard training before receiving PCards
- arrange for the cancelation and replacement of lost, damaged, or stolen cards, working with cardholders and University Financial Services
- receive new, renewal, and replacement PCards from University Financial Services and arrange for pick up from, or secure delivery to, cardholders
- run detailed transaction audit compliance reports on a quarterly basis to ensure cardholder and reviewer compliance with this policy; review results with tub financial dean’s office as appropriate (University Financial Services, as well as Risk Management and Audit Services, are available to provide guidance in this area); quarterly reviews should include the following checks:
  - all transactions are reviewed by someone other than the cardholder
  - all transactions have a valid detailed business purpose
    - sorting the report by vendor and general ledger coding, and randomly reviewing transactions for reasonable accuracy of object-code entries
    - sorting the report by vendor and amount, and scanning high-dollar transactions from unusual vendors (e.g. Tiffany & Co.) for reasonableness
- retain first and last page (or all pages) of hard-copy of quarterly transaction audit compliance reports for two years, or retain reports in electronic format for two years, to provide evidence of review
  - initial and date reports (either write directly on retained hard copies or type and save information on electronic reports)
  - retain documentation of any actions taken to resolve compliance issues that were discovered as a result of reviewing the reports
- notify financial dean’s office of cardholder misuse
- suspend or terminate PCard privileges for cardholder misuse as appropriate
- ensure that spending-limit change requests are approved by the cardholders’ supervisors and forward requests to University Financial Services
- ensure that PCards of terminated employees are promptly canceled by notifying designated UFS Customer Relations Cluster
- collect PCards and any outstanding receipts from cardholders upon cardholder termination or when a PCard is canceled for any reason (such as when a cardholder transfers to another department); card cancellation requests must be sent to the administrator’s designated UFS Customer Relations Cluster
- ensure that all standing orders/recurring transactions with vendors have been canceled or transferred to an active PCard account when a PCard is canceled

Section 5. UFS Responsibilities: PCard Central Administration

- UFS Responsibilities Overview

University Financial Services (UFS) is responsible for the central administration of the University’s PCard program, including supporting local PCard administrative units. UFS is also the business owner of the University’s online PCard settlement system application.

UFS must:

- maintain the University’s PCard policy
- annually review PCard policy and procedures to ensure compliance with other University policies and with IRS regulations
- answer policy-related questions from local administrators
- develop and maintain formal PCard training in conjunction with the Center for Workplace Development
**PROCEDURES, continued**

- order new and replacement PCards from the University’s PCard provider, per requests from local administrators
- receive new, renewal, and replacement PCards from the University’s PCard provider, and contact local administrators for pick-up
- adjust PCard spending limits per requests from local administrators
- cancel PCards per requests from local administrators
- grant PCard settlement system access (in conjunction with FAD Systems Solutions) per requests of local administrators and financial deans’ offices
- run regular detailed transaction audit reports to ensure cardholder and reviewer compliance
- ensure payment of the University’s monthly PCard bill
- reconcile Harvard’s general ledger to the monthly statement from the University’s PCard provider
- manage sweeps from the PCard settlement system to Harvard’s general ledger
- manage the University’s PCard contract

**Section 6. Risk Management and Audit Services Responsibilities**

Risk Management and Audit Services (RMAS) is responsible for performing departmental audits, which include reviews of PCard transaction data and documentation. RMAS provides PCard compliance evaluations to local units and University Financial Services.

**Section 7: Other Common PCard-Related Situations and Information**

- **Lost, Stolen, or Damaged PCards**

  In the event of a lost or stolen PCard, the cardholder must immediately notify:

  - JPMorgan Chase Customer Service, at 800-270-7760
  - his or her PCard local administrator (a list of administrators is available at [http://pcard.fad.harvard.edu/](http://pcard.fad.harvard.edu/)) or his or her PCard reviewer if the reviewer is responsible for contacting the local administrator per local procedures

  A replacement card will be issued to the local administrator in 7-10 business days.

  A cardholder with a damaged PCard (e.g., a card with a defective magnetic strip) should contact his or her local administrator to request a new card with the same account number as the damaged card. When the new card arrives, the cardholder must destroy the damaged card and discard it.

- **Disputing Charges and Reporting Fraudulent Charges**

  Disputing an erroneous charge and reporting a fraudulent charge require different actions on the part of the cardholder. Here is the distinction between the two types of charges:

  - **Erroneous charge:** PCard charge from a vendor that is not a result of fraud but that must be disputed; examples include
    - a charge for an item never received
    - a charge for a returned item
    - a charge that includes sales tax
    - a charge mistakenly placed on the account by the vendor
  - **Fraudulent charge:** PCard charge not made by the cardholder, sometimes from an unknown merchant, usually a result of
    - theft of the physical PCard
    - loss of the physical PCard
    - theft of the PCard account number
It is sometimes difficult for a cardholder reviewing transaction activity to distinguish between an erroneous charge and a fraudulent charge. If in doubt, the cardholder must immediately contact JPMorgan Chase (800-270-7760) for guidance.

Below is a grid outlining steps a PCard holder must follow in the event of either an erroneous charge or a fraudulent charge.

<table>
<thead>
<tr>
<th>Disputing an Erroneous Charge (non-fraudulent)</th>
<th>Reporting a Fraudulent Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Step 1</strong>: The cardholder first must contact the merchant to resolve the dispute. If the merchant complies with the cardholder’s request to reverse or modify the charge by the time agreed upon, then no further action is necessary. If the merchant does not comply by the time agreed upon then the cardholder must proceed to step 2.</td>
<td><strong>Step 1</strong>: The cardholder must contact the JPMC Fraud Department immediately, at 866-300-4911.</td>
</tr>
<tr>
<td><strong>Step 2</strong>: If there is no resolution with the merchant, then the cardholder must contact JPMC Customer Service, at 800-270-7760.</td>
<td><strong>Step 2</strong>: The JPMC will provide the cardholder with a fraud affidavit to complete and return (JPMC may request some additional information from the cardholder)</td>
</tr>
<tr>
<td><strong>Step 3</strong>: JPMC will provide the cardholder with a dispute affidavit form.</td>
<td><strong>Step 3</strong>: The cardholder must submit the signed affidavit to JPMC by the deadline specified by JPMC.</td>
</tr>
<tr>
<td><strong>Step 4</strong>: The cardholder must submit the signed dispute affidavit form to JPMC no later than 60 days from the statement date of the disputed charge.</td>
<td><strong>Step 4</strong>: JPMC will close the PCard account, open a new account, and issue a new card.</td>
</tr>
</tbody>
</table>

- **Declined PCard Transactions**

In the event of a declined transaction, the cardholder must call JPMorgan Chase, at 800-270-7760, to determine the reason for the decline (in some situations, the vendor may be able to determine the reason for the decline, or call JPMC on behalf of the cardholder). Transactions are typically declined for the following reasons:

- the cardholder’s monthly or single-purchase spending limit was exceeded
- the vendor is categorized under a Merchant Category Code (MCC)—sometimes called Standard Industry Code (SIC)—that Harvard has blocked to help prevent misuse (e.g., airlines)

In some cases, spending limits may be increased to allow for the previously declined charge. A cardholder with questions should contact his or her PCard local administrator.

- **Canceling a PCard**

In the event that a cardholder terminates employment, or needs to cancel a PCard for any reason, the cardholder must:

- notify the following:
  - JPMorgan Chase Customer Service, at 800-270-7760
  - cardholder’s PCard local administrator
  - cardholder’s PCard reviewer
- return PCard and any outstanding receipts to relevant PCard local administrator
- cancel all standing orders/recurring transactions with vendors; if necessary, arrange to transfer payments to another valid payment source, like the PCard of another employee

- **Renewal of an Existing PCard**
PROCEDURES, continued

- Renewal P Cards are automatically sent to the program administrator in University Financial Services 2-6 weeks prior to the expiration date of the card.
- Renewal P Cards are forwarded to the appropriate local administrator.
- If a P Card has expired and the renewal card has not been received, the cardholder should contact his or her local administrator.

- Requesting Changes to Spending-Limit Levels

A cardholder seeking to increase his or her P Card single-purchase limit and/or monthly purchase limit must obtain approval from his or her supervisor. The supervisor must make the request by e-mail to the appropriate P Card local administrator. The maximum single-purchase limit allowed on the P Card is $2,500, though some units may have policies with lower thresholds. Cardholders and supervisors with questions should contact their local administrator.

- Transferring to another Department within Harvard University

When transferring from one Harvard department to another, a cardholder must cancel the P Card from the originating department and reapply for a different P Card at the new department.

- Charging to another Unit’s Budget

Cross-school charging on the P Card is not allowed. An employee affiliated with more than one school must apply for P Cards from each respective school that requires him or her to carry a P Card. (A list of local administrators by tub is available on the P Card iSite, at http://pcard.fad.harvard.edu/.)

- Name Change

A P Card holder that has changed his or her name due to marriage or for any other reason must contact the P Card Program Administrator via e-mail at pcard@harvard.edu and provide the following information:

- old name
- new name (exactly as it should appear on the P Card)
- reason for change (e.g., marriage)
- Harvard department
- last four (4) digits of Harvard ID number

A card bearing the new name will be issued to the local administrator in 7-10 business days. When the new card arrives, the cardholder must destroy the old card and discard it.

- P Card Statement Address Change (including suppressing paper statements)

A P Card holder that has changed his or her office address location must notify JPMorgan Chase Customer Service, at 800-270-7760, to update his or her P Card monthly statement address. All P Card holders must use a Harvard University office address as a P Card statement address. Those who wish to receive monthly statements electronically may suppress paper statements, which is strongly recommended due to information-security concerns. For more information on receiving electronic JPMC statements, visit the P Card iSite, at http://pcard.fad.harvard.edu/, and click on “Online Account Access.”

- Extended Absence from Harvard

Most P Card holders taking an extended absence from Harvard will choose to temporarily close the P Card account for the duration of the stay. The P Card account may be re-opened upon the cardholder’s return to Harvard. A P Card holder in this
situations must contact his or her local administrator for details.

- **PCard Used in Error by Cardholder**

If a cardholder uses the PCard in error—for instance, makes a personal purchase thinking that he or she has used a personal credit card—the cardholder must immediately contact his or her PCard local administrator. In some cases, the vendor may be able to credit the PCard for the amount charged in error and accept a personal credit card instead. If this is not possible, the cardholder must write a check made payable to Harvard University for the full amount of the charge. A cardholder in this situation must contact his or her local administrator for details on the check process. All charges made in error must contain a detailed explanation in the settlement system, and copies of supporting documentation indicating that the University was reimbursed in full must be retained locally in the event of an audit.

- **Sponsored Programs**

Business expenses placed on a PCard and charged to sponsored programs must follow the guidelines set forth by this policy, unless the funding agency imposes greater restrictions. The terms of a particular grant or contract must be referred to for specific guidance on allowable expenses. For more information on sponsored programs, visit the “Policies” page of the Office for Sponsored Programs website, at [http://vpf-web.harvard.edu/osp/quick_links/policies/](http://vpf-web.harvard.edu/osp/quick_links/policies/)

**FORMS**

- PCard Application Form (contains cardholder agreement): [http://able.harvard.edu/documents/search.do](http://able.harvard.edu/documents/search.do)

**CONTACTS AND SUBJECT MATTER EXPERTS**

Local tub finance offices.

University Financial Services Customer Service Line: 495-8500.


Key subject matter experts who provided input in the development of this policy were PCard local administrators, the Financial Managers Forum, and managers throughout Financial Administration.
DEFINITIONS

**Accountable plan**: An IRS term for a plan under which an employer reimburses an employee for expenses and is not required to report the reimbursement as taxable income to the employee. The employee must document business purpose, substantiate expenses, and return any amount in excess of substantiated expenses to the employer.

**Entertainment expenses**: Entertainment expenses include outings to venues such as nightclubs, theaters, or sporting arenas when a business discussion takes place during, immediately before, or immediately after the event.

**Purchasing Card (PCard)**: A University-liability credit card issued by the University to employees, for payment of high-volume, non-travel-related and non-entertainment-related business purchases.

**Local Administrator**: For the purposes of this policy, a Harvard employee assigned by a tub financial dean’s office to ensure tub compliance with PCard policy. Tubs must have two PCard local administrators at all times.

**Report**: For the purposes of this policy, a printable report in the PCard settlement system that shows transaction information to be swept (or already swept) on a specific date. A report can be run to show transactions of a particular cardholder, of an entire PCard security group, or an entire tub, depending on the user’s settlement-system privileges.

**Reviewer**: For the purposes of this policy, a reviewer is assigned by a PCard local administrator to ensure tub compliance with PCard policy. Reviewers are primarily responsible for ensuring that PCard transactions are properly supported and reviewed in the settlement system by someone other than the cardholder.

**Security Group**: PCard security groups are maintained by PCard local administrators. Each PCard is assigned exactly one security group in the PCard settlement system. A security group determines the Harvard general-ledger coding that a cardholder may charge against.

**Settlement System**: The web-based PCard reconciliation system used by Harvard. The PCard settlement system is part of Harvard’s Oracle financials tools, and allows cardholders and reviewers to enter business purposes for PCard transactions and assign general ledger coding. There are three modules of the settlement system: 1.) the reviewer module, for cardholders and reviewers to review PCard transactions; 2.) the local administration module, for PCard local administrators to enter applications, maintain security groups, and run reports; and 3.) the central administration module, for use by University Financial Services to manage sweeps and otherwise manage the PCard program.

**Sweep**: A PCard sweep is a process that takes transaction information (including business-purpose and account-coding information) from the settlement system and imports it into Harvard’s general ledger. Sweeps are usually run once a week, on Thursdays, though weekly sweep schedules change due to holidays, fiscal-year end, and other factors.

APPENDIX

NA