



## Purchasing Card

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### 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. Only eligible direct University business expenses may be charged to the PCard; personal purchases are strictly prohibited. All PCard transactions must be supported by a detailed business purpose and by original proof of purchase documentation. All transactions must be reviewed 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.

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### 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 rules, and reputational damage to the University. This policy ensures that sufficient controls are in place to mitigate these risks.

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### Who Must Comply

All Harvard University schools, tubs, local units, Affiliate Institutions, Allied Institutions and University-wide Initiatives must comply.

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### Procedures *(see links in Related Policies, Forms and Other Resources section)*

- I. [Applicants](#)
- II. [Cardholders](#)
- III. [Reviewers](#)



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## I. Procedures for Applicants

1. **Confirm eligibility.** With proper approvals, the following individuals are eligible to apply for a Harvard Purchasing Card
  - A. Harvard University employee
  - B. Affiliated hospital employee
  - C. Harvard University graduate student
  - D. Harvard University undergraduate student (requires financial dean approval; student must purchase routinely for the University)
  - E. INELIGIBLE INDIVIDUALS: Monthly External Post-Doctoral Students (MEPs), consultants and other non-employee contractors are not eligible to apply for a PCard.
  
2. **Understand cardholder responsibilities.**
  - A. Read and understand this policy in full.
  - B. Complete the required [online PCard training](#). **Applicants must successfully complete training before a PCard will be issued.**
  - C. Applicants' [PCard Tub Administrators](#) will contact them about any additional local PCard training requirements.
  - D. PCard privileges may be suspended or revoked for misuse or for failing to follow required procedures for [Cardholders](#).
  
3. **Submit an application.**
  - A. Complete and sign a [PCard application form](#).
  - B. Obtain the signature of supervisor on the application form (and financial dean's signature if necessary).
  - C. Submit the completed application form to the appropriate [PCard Tub Administrator](#).
  
4. **Receive the PCard.**
  - A. Receipt of the card will take approximately 7 – 10 business days.
  - B. The PCard Tub Administrator provides cards to applicants after the applicants have completed training.



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## II. Procedures for Cardholders

### 1. Safeguard the PCard.

- A. Protect the PCard from loss and theft.
- B. Don't allow others to use your PCard.
- C. Notify the card provider and relevant PCard Tub Administrator immediately if the PCard is lost or stolen or if fraudulent activity occurs.
- D. Return the PCard and any outstanding receipts to your PCard Tub Administrator if you leave your department or cancel the card for any reason.
- E. Transfer all standing orders/recurring transactions to a replacement PCard account if your card is lost, stolen, or canceled for any reason.

### 2. Make allowed purchases only.

The PCard must be used only for direct University business expenses within pre-approved spending limits.

- A. Allowable expenses:
  - a. Small dollar purchases that can't be made via HCOM
  - b. Taxi, business meals and allowable entertainment expenses within the Boston/Cambridge area only. Travel expenses outside the Boston/Cambridge area should be charged to the corporate card, not the PCard.
  - c. Gasoline for Harvard-owned vehicles only
- B. Prohibited Purchases:
  - a. **Personal purchases**
  - b. Travel and entertainment expenses outside the Boston/Cambridge area
  - c. Gift certificates/gift cards of any amount
  - d. Gifts for employees or students equal to or greater than \$75

### 3. Get and keep receipts for purchases of \$75 or more.

Transactions under \$75 do not require proof-of-purchase documentation UNLESS required by funding agency or by local PCard policy.

- A. The proof-of-purchase document must include the following information:
  - a. Name of merchant
  - b. Location of merchant
  - c. Date of transaction dollar amount
- B. Examples of documentation are below. Originals are strongly preferred, but copies are acceptable if originals are not available.
  - a. Detailed cash or sales receipts
  - b. Packing slips with a dollar amount
  - c. Subscription or dues forms
  - d. Conference registration forms
  - e. Statement-of-work reports from suppliers
  - f. Photocopies of software mail-order forms
- C. For purchases where no receipt is generated (e.g., a recurring subscription expense or other standing order), a copy of the associated monthly cardholder statement and a complete explanation of the expense must be kept according to local procedures.



# HARVARD UNIVERSITY FINANCIAL POLICY

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Date First Effective: 4/1/2010  
Revision Date: 6/30/2013

- D. For purchases where a receipt is issued but then lost: for purchases equal to or greater than \$75, cardholders must complete and submit a [Missing Receipt Affidavit](#).

## 4. Review PCard transactions before sweep.

- A. The PCard weekly sweep usually runs at 3pm on Thursdays; sweep time may change for holidays, etc.
- B. Each week, review all transactions in the PCard settlement system to ensure charges are legitimate.
- C. A detailed business purpose is required for each transaction.
- D. Each business purpose must include:
  - a. **Who** incurred the expense or who benefitted; specific names of individuals/groups are required.
  - b. **What** the expense entailed (e.g., item purchased or activity conducted)
  - c. **Why** this is a Harvard expense (i.e., specific reason, purpose)
  - d. **Where** the event or activity took place (if not apparent in transaction detail or receipts)
  - e. **When** the event or activity occurred (if not apparent in transaction detail or receipts)
  - f. If using a third party payment service, like PayPal, include the ultimate vendor name in the business purpose.
  - g. Examples of acceptable business purposes:
    - 1. Sam Jones and Kris Doe 1.2.2013 lunch at John Harvard's in Cambridge to discuss Oracle project
    - 2. Flowers for Jane Smith retirement gift after 25 years of service 1.1.12
- E. Confirm or correct the general ledger coding of all transactions in the PCard settlement system. When charging against a restricted fund, ensure all charges are consistent with sponsored or donor restrictions.

## 5. Submit required documentation promptly.

- A. Attach the required proof-of-purchase documents to a printout of the weekly PCard Settlement System Report before the transactions are swept.
- B. Forward receipts and settlement report to the local PCard reviewer.



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## III. Procedures for Reviewers

1. **Understand reviewer responsibilities before performing duties.** Reviewers are responsible for verifying that all PCard transactions are legitimate University expenses and for taking action on questionable charges.
  - A. Read and understand this policy.
  - B. Complete the required [online PCard training](#).
  - C. Contact the PCard Tub Administrator to discuss any additional local PCard training and/or policy requirements.
  - D. Note that temporary employees can review but NOT approve PCard charges. Contact UFS for details.
2. **Review PCard transactions before weekly sweep.**
  - A. Verify that each transaction to be swept in the settlement system:
    - a. Is an allowed, legitimate University PCard expense in accordance with this policy;
    - b. Has a complete detailed business purpose entered into system; and
    - c. Has supporting proof-of-purchase documentation from the cardholder.
  - B. Be aware of potential misuse.
    - a. Monitor frequency of [Missing Receipt Affidavits](#) (MRAs) in lieu of receipts.
    - b. Report suspicious activity to the relevant PCard Tub Administrator or tub financial dean's office.
  - C. Confirm that all transactions are charged to the appropriate general ledger accounts and make changes if necessary.
  - D. Mark all transactions as "reviewed" in the PCard settlement system under your name (not the cardholder's name).
3. **Keep required documentation.**
  - A. Reviewers must ensure they have original proof of purchase documentation attached to a printed Settlement System Report.
  - B. Retain this documentation in accordance with Harvard's record-retention policy. Refer to the [Harvard University General Records Schedule](#) for more information.
4. **Address unreviewed charges.** While Harvard requires all PCard transaction be reviewed in the PCard settlement system before being swept, the settlement system cannot 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. These charges must be addressed and documented as soon as possible after the sweep.
  - A. Ensure that any transactions that are swept without review are supported by:
    - a. Detailed business purposes that are written on the printed Settlement System Report; and
    - b. Required documentation, retained in accordance with this policy, in the event of an audit
  - B. Prepare journal vouchers to correct incorrect general ledger coding, if necessary. Detailed notations of coding corrections must be written on the printed Settlement System Report.
  - C. Tubs may revoke PCards from users if transactions are not properly reviewed.
5. **Appoint backup approvers, as appropriate.** Ensure sufficient backups to cover vacations and unexpected absences.



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## Responsibilities and Contacts

**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.

**PCard Tub Administrators** are primarily responsible for establishing a network of PCard reviewers in their areas, for reviewing cardholder applicant qualifications and establishing appropriate spending limits, for monitoring local PCard transaction activity, and for generally ensuring local compliance with this policy and with local PCard policies and procedures. PCard Tub Administrators are the first point of contact for cardholders and reviewers with questions on this policy.

**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 PCard Tub Administrators and working with those administrators to monitor PCard reports and establish local procedures supporting the policy.

**University Financial Services (UFS)**, within the Office of the Controller, is responsible for maintaining the University's PCard policy, 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. **Contact: UFS Customer Service Line: 495-8500; Reimbursements and Card Services Office: <http://vpf-web.harvard.edu/ofs/travel/index.shtml>, or 495-7760.**

**Risk Management and Audit Services (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. **Contact: <http://vpf-web.harvard.edu/rmas/>, or 495-3642.**

**FAD Systems Solutions (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. **Contact: <http://vpf-web.harvard.edu/fss/>**

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## Definitions

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

**Reviewer:** an employee assigned by a PCard Tub 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.

**Settlement System:** Harvard's web-based PCard reconciliation system.

**Sweep:** 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.



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## Related Resources

PCard Training: [http://eureka.harvard.edu/Eureka/course\\_template/course.cfm?CourseID=324](http://eureka.harvard.edu/Eureka/course_template/course.cfm?CourseID=324)).

PCard Application Form: [http://able.harvard.edu/forms/pcard\\_application-Jul08.pdf](http://able.harvard.edu/forms/pcard_application-Jul08.pdf)

Harvard University Credit Card

Services: <http://ufs.fad.creditcardservices.harvard.edu/icb/icb.do?keyword=k80096&tabgroupid=icb.tabgroup126196>

Harvard University General Records Schedule, available at <http://hul.harvard.edu/rmo>

Missing Receipt Affidavit: [http://able.harvard.edu/forms/missing\\_receipt.pdf](http://able.harvard.edu/forms/missing_receipt.pdf)

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## Revision History

6/30/2013: updated format and treatment of Massachusetts meals tax; allows copies, scans or faxes of receipts if originals are not available.

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## Appendices

**Appendix A:** Common PCard Related Situations and Information

**Appendix B:** Quick Reference - Suggested PCard Procedures



Purchasing Card Policy Appendix A – Common PCard Related Situations and Information

1. Lost, Stolen, or Damaged PCards

- a. In the event of a lost or stolen PCard, the cardholder must immediately notify:
i. Citibank Customer Service
ii. The PCard Tub Administrator (a list of administrators is available at http://PCard.fad.harvard.edu/) or PCard reviewer, depending on local procedures
b. A replacement card will be issued to the PCard Tub Administrator in 7-10 business days.
c. A cardholder with a damaged PCard (e.g., a card with a defective magnetic strip) should contact his or her PCard Tub Administrator to request a new card with the same account number as the damaged card.
d. When the new card arrives, the cardholder must destroy the damaged card and discard it.

2. 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. A charge for an item never received
b. A charge for a returned item
c. A charge that includes sales or meals tax
d. 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:

- a. Theft or loss of the physical PCard
b. Theft of the PCard account number

It is sometimes difficult to distinguish between an erroneous charge and a fraudulent charge. If in doubt, the cardholder must immediately contact Citibank Customer Service 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 with 2 columns: Disputing an Erroneous Charge, Reporting a Fraudulent Charge. It details the steps for resolving disputes and reporting fraud, including contacting the merchant, Citibank, and the PCard administrator.



### 3. Sales and Meals Tax

Harvard University is exempt from Massachusetts state sales and meals tax. To avoid paying sales or meals tax when purchasing goods with a PCard, cardholders must:

1. Inform the vendor at the time of purchase that the purchase is for Harvard University business and is exempt from Massachusetts state sales tax
2. Provide vendor with Harvard's tax exempt number (E 042-103-580), which is printed on the front of the PCard
3. Provide a copy of the Harvard's Massachusetts Certificate of Exemption (ST-2) and Sales Tax Exempt Purchaser Certificate (ST-5), if requested.
4. 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)
5. If sales or meals tax is billed to the cardholder's account, departments can ask the vendor to remove the tax. However, note it is at the vendor's discretion to honor or reject Harvard's sales tax exemption.

### 4. Declined PCard Transactions

In the event of a declined transaction, the cardholder must call Citibank Customer Service, to determine the reason for the decline (in some situations, the vendor may be able to determine the reason for the decline, or call Citibank on behalf of the cardholder). Transactions are typically declined for the following reasons:

1. The cardholder's monthly or single-purchase spending limit was exceeded
2. 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). The cardholder will need to use a different mechanism, i.e., HCOM, to make the purchase.

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 Tub Administrator.

### 5. Canceling a PCard

1. In the event that a cardholder terminates employment, or needs to cancel a PCard for any reason, the cardholder must notify the following:
  - a. Citi Customer Service, at 800-270-7760
  - b. Cardholder's PCard Tub Administrator
  - c. Cardholder's PCard reviewer
  - d. Cardholder's PCard Tub Local Administrator
2. Return PCard and any outstanding receipts to relevant PCard Tub Administrator.
3. 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.

### 6. Renewal of an Existing PCard

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

### 7. Requesting Changes to Spending-Limit Levels

A cardholder seeking to increase his or her PCard 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 PCard Tub Administrator. The maximum single-purchase limit allowed on the PCard is \$2,500, though some units may have policies with lower thresholds. Cardholders and supervisors with questions should contact their local administrator.



## 8. Transferring to another Department within Harvard University

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

## 9. Charging to another Unit's Budget

Cross-school charging on the PCard is not allowed. An employee affiliated with more than one school must apply for PCards from each respective school that requires him or her to carry a PCard. (A list of local administrators by tub is available on the PCard iSite.)

## 10. Cardholder Name Change

A PCard holder that has changed his or her name due to change in marital status or for any other reason must contact the PCard Program Administrator via e-mail at [PCard@harvard.edu](mailto:PCard@harvard.edu) and provide the following information:

- a. Former name
- b. New name (exactly as it should appear on the PCard)
- c. Reason for change (e.g., change in marital status)
- d. Harvard department
- e. 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.

## 11. PCard Statement Address Change

A PCard holder that has changed his or her office address location must notify Citi Customer Service, to update his or her PCard monthly statement address. All PCard holders must use a Harvard University office address as a PCard statement address.

## 12. Suppressing Paper Statements

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 Citibank statements, visit the PCard iSite and click on "Online Account Access."

## 13. Extended Absence from Harvard

It is strongly recommended that PCard holders taking an absence from Harvard of six months or more temporarily close the PCard account for the duration of their leave. The PCard account may be re-opened upon the cardholder's return to Harvard. A PCard holder in this situation must contact his or her local administrator for details.

## 14. 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 Tub 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.

## 15. Charges to Sponsored Funds

Business expenses placed on a PCard and charged to sponsored programs must follow the guidelines set forth by this policy plus any additional restrictions imposed by the funding agency. Refer to the terms of a particular grant or contract for specific guidance on allowable expenses. For more information on sponsored programs, visit the "Policies" page of the Office for Sponsored Programs website.

## APPENDIX B: QUICK REFERENCE – SAMPLE TIMELINE FOR PCARD PROCEDURES

The University PCard policy establishes cardholder and Reviewer responsibilities as well as tub and central responsibilities. Failure to follow PCard policy may lead to PCard privileges being revoked.

### What are the key points of the policy?

- PCard holders (or their designee) **must** enter a detailed business purpose for all PCard transactions.
- Someone **other** than the PCard holder must review transactions in the PCard settlement system.
- All PCard holders must take an on-line PCard training course.
- The PCard Tub Administrator must perform a quarterly audit.

### Responsibilities

PCard Holders	PCard Reviewer (Departmental Reviewer)	PCard Tub Administrator
<p><b>Weekly</b> Cardholder or designee reconciles transactions in the PCard system against sales receipts, fills in a detailed business purpose for each transaction, and reviews and changes the general ledger account coding where appropriate.</p> <p><b>Wednesday</b> Cardholder prints a <i>Settlement System Report</i> and forwards it with receipts to their PCard Reviewer. Report and receipts must be received by the Reviewer by end of day Wednesday.</p> <p>An appropriate business purpose contains:</p> <ul style="list-style-type: none"> <li>• <b>Who</b> incurred the expense</li> <li>• <b>What</b> type of event, activity, or purchase</li> <li>• <b>Where</b> the event or activity took place</li> <li>• <b>When</b> the event or activity took place</li> <li>• <b>Why</b> the expense was incurred</li> </ul>	<p><b>Thursday by 12:00</b> PCard Reviewer reviews the Cardholder’s transactions in the PCard system against the sales receipts. The Reviewer edits the business purpose and general ledger account coding as necessary and marks the item as reviewed in the settlement system by Thursday at 12:00.</p> <p>Reviewer forwards <i>Settlement System Report</i> and receipts to the PCard Tub Administrator.</p>	<p><b>Wednesday</b> PCard Tub Administrator sends a reminder to PCard holders and Reviewers to review their PCard.</p> <p><b>Thursday after 12:00</b> PCard Tub Administrator contacts PCard Reviewers regarding any unreviewed PCard transactions.</p> <p>PCard Tub Administrator does a high-level review of business purposes and coding strings to confirm they are in compliance with University policy.</p> <p><b>Quarterly</b> PCard Tub Administrator performs a quarterly audit as required by University policy. PCard Tub Administrator will contact PCard Reviewer to address any outstanding items.</p>

**Questions:** Please contact your PCard Tub Administrator with questions any regarding PCard policy or transactions.