PROCUREMENT CARD REGULATION

Developed jointly by: Procurement Services and Financial Services
In Collaboration with: Internal Audit Department and Legal Services
Approved by: Vice-Principal – Administration and Finance
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The following Procurement Card Regulation (the Regulation) has been approved and issued under the authority of the McGill University Procurement Policy.

The McGill University Procurement Card (PCard) is a University selected credit card assigned to authorized McGill Employees in order to allow purchasing of goods and services up to specified amounts for approved business purposes. For the purposes of the Regulation, McGill “Employees” collectively refers to Academics, Researchers, and Administrative Staff of the University. The University has implemented the use of the PCard to improve administrative procedures for the University community by streamlining the paperwork process and improving acquisition time for goods and services.

The chip-enabled PCard includes both the Cardholder and McGill University names. The PCard is limited to “Business Use Only” and may not be used for items of a personal nature, for travel and entertainment-related expenses, or certain prohibited card transactions. No individual other than the named, authorized McGill Employee is permitted to use the PCard.

The Cardholder is responsible for ensuring that the PCard is used in accordance with the Procurement Card Regulation and Procedures. The University may cancel the PCard at any time should it have cause to believe that the PCard is not being used in full compliance with the Procurement Card Regulation and Procedures.
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REGULATION

R1. Procurement Card Glossary

Approval
The process whereby the Fund Financial Manager/Principal Investigator (FFM/PI) or the delegate approves the reconciled PCard Transaction. Once approved, the PCard Transaction will then be charged to the appropriate fund.

Approver
A McGill Employee who is authorized to review and approve PCard Transactions charged to funds within their jurisdiction. By default, the Approver is the FFM/PI of fund(s) being charged. In addition, delegate(s) may be specified by the FFM/PI.

Best Business Practices
Are those business management practices that lead to better results and are generally accepted as the industry standards.

Cardholder
A McGill Employee who is authorized by the FFM/PI to receive a PCard for making purchases within pre-set limits. FFM/PI may also be a Cardholder in which case authorization of one-up is required for receiving a PCard.

Card Issuer
Financial (banking) institution that issues the PCard.

Central PCard Administration Team
The Team in Transaction Services (Financial Services) that approves PCard applications, monitors all PCard usage and which may revoke the PCard privilege of Cardholders in the event of misuse.

Cycle Limit
The maximum number of Transactions that may be applied to a Cardholder’s purchasing authority per day. The University standard Cycle Limit is five (5) Transactions per day.

Default FOAPAL
The FOAPAL which is provided by the FFM/PI on the Request for Procurement Card Form. The Central PCard Administration Team will use the Default FOAPAL to distribute any un-reconciled or un-approved charges remaining after the designated reconciliation/approval time limit. Tri-Agency Grants cannot be assigned as the Default FOAPAL.

Delegate
A McGill Employee to whom permanent or temporary proxy is specified by the FFM/PI to perform online approvals up to a certain delegation threshold (maximum dollar value). A Delegate is a McGill Employee involved in the ongoing financial management of the fund(s) with the skill and knowledge necessary for the effective exercise of the authority.
**Departmental PCard Reconciler** *Best Business Practice*
A McGill Employee who has been assigned by the Cardholder to ensure a timely review and reconciliation of PCard transactions.

**Documentation Envelope** *Best Business Practice*
An envelope that is designed for storing monthly PCard supporting documents. The front of this envelope is used as the first page of the Transaction Log. The University highly recommends the use of the Documentation Envelope and the Transaction Log.

**Employees**
Collectively refers to Academics, Researchers, and Administrative Staff of the University.

**Encrypted Web Page**
Sensitive information, generated by Web pages, is secured when traveling over the worldwide web.

**Fund Financial Manager / Principal Investigator (FFM/PI)**
The McGill Employee responsible and accountable for a McGill fund/grant.

**Merchant Category Code (MCC)**
Assigned to a merchant by the Card Issuer, which identifies the primary goods or services provided by the merchant.

**Monthly Limit**
The maximum dollar value of charges that may be applied to a Cardholder’s purchasing authority for the month. The University standard limit is $15,000 per month.

**McGill On-line PCard System (MOPS)**
Developed for the reconciliation and approval of PCard Transactions. MOPS can be accessed via a Minerva menu.

**Procurement Card (PCard)**
A University selected credit card assigned to the authorized McGill Employees for the purpose of purchasing goods and services up to specified amounts for approved business purposes.

**Reconciliation**
The process whereby the Cardholder or the Departmental PCard Reconciler reviews the PCard Transactions and assigns the appropriate FOAPAL(s) on MOPS.

**Transaction**
A charge, credit, correction or other activity processed against any Cardholder PCard account.
Transaction Limit
The maximum allowable dollar limit of $2,500 (including shipping charges, currency exchange and taxes) for each (individual) Transaction (swipe of the PCard).

R2. Cardholder Eligibility
To be eligible for a PCard the applicant must meet the following criteria:

- The applicant must be a McGill Employee;
- If the applicant is an Academic or a Researcher, they must be a FFM/PI with responsibility for a McGill fund/grant;
- The applicant must submit a written application, supported and approved by the FFM/PI of the Default FOAPAL or one-up when the applicant is FFM/PI;
- The applicant must complete the PCard Questionnaire on Procurement Card Regulation and Procedures prior to being issued a PCard;
- If approved, the applicant must sign the Cardholder Agreement in advance of receiving the PCard and in the presence of a Central PCard Administration Team member.

R3. Cardholder Liability
As the PCard is issued to the University for use by authorized McGill Employees, it is a University credit card, which will not affect the Cardholder’s personal credit. However, it is the Cardholder’s responsibility to ensure that the PCard is used only within the stated guidelines of the University Procurement Card Regulation and Procedures. Failure to comply with the Regulation and Procedures will result in revocation of the PCard and may result in disciplinary and other measures taken against the Cardholder. The University will hold the Cardholder fully responsible for all unauthorized purchases and any other fees associated with those purchase(s).

PCards are assigned to a specific individual. They may not be assigned to multiple users. PCards may not be loaned to any other individual. The Cardholder is the only person authorized to use the assigned Pcard. The Cardholder may effect purchases on behalf of other Employees but remains responsible for all Transactions charged to their PCard.

R4. Procurement Card Limits
McGill University PCard limits are set as per the following parameters:

1. **Transaction Limit**: Single Transaction not to exceed $2,500 (including shipping charges, currency exchange and taxes). The Transaction Limit can be decreased; it cannot be increased;
2. **Cycle Limit**: Five (5) Transactions per day. The Cycle Limit can be lowered or raised;
3. **Monthly Limit**: $15,000 total purchases per month.
Note: Adjustment to any of the above parameters is subject to the approval of the FFM/PI (or one-up in case Cardholder is FFM/PI) and the authorized representative of Financial Services.

**It is strictly prohibited to split purchases to circumvent PCard limits.** If the dollar amount of an item exceeds the established PCard limits, a purchase requisition through MMP must be issued to Procurement Services.

R5. **Prohibited PCard Transactions**

PCards may not be used to purchase goods and services for personal use.

In addition, the following goods and services may not be purchased with the PCard:
- Goods and services available from the enabled eCatalog suppliers on MMP;
- Alcoholic beverages;
- Regulated alcohol (Ethanol);
- Controlled goods;
- Laboratory and research animals;
- Printing services relating to the reproduction of multiple copies of copyrighted materials where copyright clearance has not been obtained;
- Inter-departmental services (i.e. Facilities Management work orders, McGill Book Store);
- Salary & salary related charges including temporary help and consulting fees;
- Travel & Entertainment related expenses including conference registration;
- Parts, maintenance services, and fuel for University vehicles (Refer to the University Fleet of Vehicles Program);
- Parking, including McGill University Parking Services.

R6. **Procurement Card Requests**

Any request for a PCard must be submitted by completing the “Request for Procurement Card Form” and signed by the FFM/PI of the Default FOAPAL (or one-up if the requester is FFM/PI). Tri-Agency Grants are not allowed as Default FOAPAL(s).

R7. **Lost or Stolen PCards**

It is the responsibility of the Cardholder to maintain control and security of the PCard. All precautions should be used to maintain confidentiality of all information relating to the PCard, such as the PCard number, card verification value (CVV number on the signature panel), and expiration date.

Fraudulent use of the PCard and lost or stolen PCards must be reported immediately.
R8. Disputes

The Cardholder is responsible for resolving all discrepancies and disputes directly with the supplier. Every effort must be made to resolve disputes within thirty (30) days of the transaction. The Cardholder should allow sufficient time for the supplier to prepare a credit voucher or for the replacement of items.

If the Cardholder is not able to resolve the dispute with the supplier within 30 days, the Cardholder must flag the dispute on MOPS and the Central PCard Administration Team should be contacted to intervene with the Card Issuer on behalf of the Cardholder.

R9. Credits

The supplier must issue a credit to the Cardholder account for any item they have agreed to accept for return or for any agreed upon price adjustment. This credit will appear on MOPS and should be reconciled in the same manner as other Transactions.

R10. Taxes on Purchases

McGill University is required to pay G.S.T. and Q.S.T. in the majority of instances. Depending on the type of supplies and location of the supplier, however, the amount of tax or tax implications may vary.

R11. Supplier Participation

All purchases of less than $2,500 per Transaction (including shipping charges, currency exchange and taxes) except for those listed in section R5. (The Prohibited PCard Transactions) can be processed using the PCard.

Cardholders should contact Procurement Services when encountering suppliers who do not accept the PCard.

R12. Required Documentation and Record Retention

In compliance with McGill University’s Records Retention Schedule, PCard Transaction documents must be retained for a period of 7 (seven) years in the event of an internal or external audit. The FFM/PI is responsible for accumulating and arranging for appropriate secure storage of the Transaction documents during the 7 (seven) year period. FFM/PI may consult the University Archives for advice on complying with the retention requirements, including identifying appropriate storage solutions. For all McGill University PCard Transactions, key documents supporting transactions will include invoices (or packing slips with prices) and PCard vouchers.
R13. Reconciliation and Approval of PCard Transactions

PCard Transactions are downloaded from the Card Issuer’s system to MOPS regularly throughout the week. Once the PCard Transactions are reconciled and approved in MOPS, they are fed into Banner as invoices.

It is the responsibility of the Cardholder or Departmental PCard Reconciler to reconcile PCard Transactions to the appropriate FOAPAL(s) in MOPS by the deadlines established by the Central PCard Administration Team. If not reconciled, the Transactions will be assigned to the Default FOAPAL (using the predetermined account code 700490) and sent for approval.

All Transactions reconciled by the FFM/PI or their Delegate will automatically be considered as approved.

It is the responsibility of the Approver to approve reconciled PCard Transactions to the appropriate FOAPAL by the deadlines established by the Central PCard Administration Team. If not approved, the Transactions will be assigned to the Default FOAPAL (using the predetermined account code 700490).

The Central PCard Administration Team may impose shorter turnaround times for reconciling and approving PCard Transactions during fiscal year-end.

The Cardholder’s PCard may be revoked if there are frequent Transactions posted to the Default FOAPAL.

R14. Audit

PCard Transaction records may be requested at any time for examination by the Central PCard Administration Team, Faculty or Department management personnel, Monitoring and Compliance, Research Financial Management Services (Financial Services) and internal or external auditors.

R15. Areas of Responsibility

R15.1. Card Issuer - is responsible for:
- Establishing PCard accounts;
- Issuing and delivering all PCards to the Central PCard Administration Team;
- Canceling any PCard reported lost or stolen;
- Providing the Transactions to the University for displaying on MOPS;
- Providing customer service assistance;
- Collecting payment from the University for services provided under the PCard program;
- Remitting payment to the University PCard suppliers for the charged Transactions.
R15.2. **Procurement Services** - is responsible for:
- Administering the University’s PCard Agreement with the Card Issuer;
- Reviewing all expenditures to evaluate the effectiveness of the program and identifying any items that could be competitively quoted or bid;
- Arranging for suppliers to be set up as merchants with the Card Issuer.

R15.3. **Central PCard Administration Team** - is responsible for:
- Approving and processing PCard applications;
- Delivering PCards to the applicants, replacing and/or revoking PCards;
- Maintaining the MOPS database;
- Retaining Cardholder agreements;
- Setting deadlines for reconciling and approving PCard transactions;
- Sending monthly reminders regarding reconciliation and approval deadlines;
- Adjusting reconciliation and approval deadlines during fiscal year-end;
- Modifying PCard cycle and monthly limits;
- Facilitating reconciliation of billing disputes once the Cardholder has exhausted all attempts with the supplier;
- Monitoring transactions posted to Default FOAPALs;
- Monitoring for and resolving potential program abuses and misuses.

R15.4. **Procurement Services and Central PCard Administration Team** – are responsible for:
- Developing and enforcing the Procurement Card Regulation, Procedures and PCard Questionnaire;
- Posting PCard related communiqués via the Listserv.

R15.5. **Cardholders who have appointed a Departmental PCard Reconciler (Best Business Practice)** – are responsible for:

R15.5.1. **Cardholder Responsibilities** - is responsible for:
- Completing the PCard Questionnaire;
- Securing the PCard and all information relating to the PCard:
  - Personal Account Number (PAN): the number on the face of the card;
  - Card Verification Value (CVV): the 3 digits on the back of the card;
  - Expiration date;
  - Personal Information Number (PIN): the number entered when making card present purchases (i.e. over the counter).
- Notifying the Central PCard Administration Team or Card Issuer of lost or stolen PCards, as appropriate;
- Initiating every purchase (no card sharing);
- Using the PCard accordance with Procurement Card Regulation and University/Granting Agency Policies/Guidelines;
- Identifying and resolving disputes with suppliers;
• Communicating disputed charges to the Central PCard Administration Team;
• Forwarding receipts to Departmental PCard Reconciler.
• First point of contact in the event of an Internal or External Audit.

R15.6. **Departmental PCard Reconciler Responsibilities** *Best Business Practice* - is responsible for:

- Collecting, organizing and retaining receipts (minimum of 7 years; for grants – receipts must be retained for the duration of the grant);
- Reviewing and validating charges for legitimacy, accuracy of price, quantity received and condition of goods;
- Ensuring all purchases are compliant with the PCard Regulation and University/Granting Agency Policies/Guidelines;
- Identifying and resolving disputes with suppliers;
- Communicating disputed charges to the Central PCard Administration Team;
- Reconciling PCard Transactions to the appropriate FOAPAL(s) in MOPS by the deadlines established by the Central PCard Administration Team;
- Maintaining Transaction Logs;
- First point of contact (along with the Cardholder) in the event of an Internal or External Audit.

R15.7. **Cardholders who are Reconciling their PCard Transactions** *(not the Best Business Practice)* – are responsible for:

R15.7.1. **Cardholder Responsibilities** - is responsible for:

- Completing the PCard Questionnaire;
- Securing the PCard and all information relating to the PCard:
  - Personal Account Number (PAN): the number on the face of the card;
  - Card Verification Value (CVV): the 3 digits on the back of the card;
  - Expiration date;
  - Personal Information Number (PIN): the number entered when making card present purchases (i.e. over the counter);
- Notifying the Central PCard Administration Team or Card Issuer of lost or stolen PCards, as appropriate;
- Initiating every purchase (no card sharing);
- Using the PCard accordance with Procurement Card Regulation and University/Granting Agency Policies/Guidelines;
- Identifying and resolving disputes with suppliers;
- Communicating disputed charges to the Central PCard Administration Team;
- Collecting, organizing and retaining receipts (minimum of 7 years; for grants – receipts must be retained for the duration of the grant);
- First point of contact in the event of an Internal or External Audit.
R15.7.2. **Reconciler Responsibilities** - is responsible for:

- Reviewing and validating charges for legitimacy, accuracy of price, quantity received and condition of goods;
- Ensuring all purchases are compliant with the PCard Regulation and University/Granting Agency Policies/Guidelines;
- Reconciling PCard Transactions to the appropriate FOAPAL(s) in MOPS by the deadlines established by the Central PCard Administration Team;
- Maintaining Transaction Logs.

R15.8. **FFM/PI** – is responsible for:

- Approving requests for PCards defaulting to their fund/grant;
- Approving increases to spending limits;
- Approving PCard Transactions or naming a delegate to approve on their behalf;
- Ensuring financial controls are in place and operating effectively at the local level;
- Reviewing fund/grant financial statements and transactions to ensure that the charges are legitimate, reasonable and appropriate use of the funds/grants in accordance with the PCard Regulation and University/Granting Agency Policies/Guidelines;
- Notifying the Central PCard Administration Team of any change in the Cardholder’s employment status (i.e. employment termination, leaves, transfers, etc.);
- Maintaining their approval delegation records in Minerva.

R15.8.1. **If reconciling PCard transactions then the FFM/PI** - is responsible for:

- Collecting, organizing and retaining receipts (minimum of 7 years; for grants – receipts must be retained for the duration of the grant);
- Reviewing and validating charges for legitimacy, accuracy of price, quantity received and condition of goods;
- Ensuring all purchases are compliant with the PCard Regulation and University/Granting Agency Policies/Guidelines;
- Identifying and resolving disputes with suppliers;
- Communicating disputed charges to the Central PCard Administration Team;
- Reconciling PCard Transactions to the appropriate FOAPAL(s) in MOPS by the deadlines established by the Central PCard Administration Team;
- Maintaining Transaction Logs.

R15.8.2. **If approving PCard transactions then the FFM/PI** - is responsible for:

- Approving reconciled PCard Transactions to the appropriate FOAPAL by the deadlines established by Central PCard Administration Team;
- Review and ensure charges are legitimate, reasonable and an appropriate use of funds;
• Ensure all purchases are compliant with the PCard Regulation and University/Granting Agency Policies/Guidelines.

R15.9. Approvers (FFM/PI or Delegate(s)) – are responsible for:
• Approving reconciled PCard Transactions to the appropriate FOAPAL by the deadlines established by Central PCard Administration Team;
• Reviewing and ensuring charges are legitimate, reasonable and appropriate use of funds;
• Ensuring that ensuring all purchases are compliant with the PCard Regulation and University/Granting Agency Policies/Guidelines;
• Is legitimate, reasonable and an appropriate use of funds.