

SOUTHWESTERN

LAW SCHOOL Los Angeles, CA

Credit Card Policy for Students

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Related policies: Contract Approval and Signing Authority Policy; Expense Reimbursement Guidelines; Missing/Inadequate Documentation Report Form

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A. Background and Purpose

This Policy applies to all students who are issued a Southwestern corporate credit card (Card) to use in connection with recognized student organizations. Students who are issued a Card should also read and be familiar with the Expense Reimbursement Guidelines.

Southwestern Law School offers eligible students a Card, currently an American Express Corporate Purchasing Card, to pay for certain expenses related to Southwestern-recognized student organizations. Participating in Southwestern’s corporate credit card program is a privilege and convenience that carries responsibilities. Inappropriate use of the Card may result in the loss of that privilege.

Each Card will have a maximum spending limit that will be determined by the Student Affairs Office. Purchases made on the Card will reduce the spending limit until it reaches a balance of zero. Once the balance of the Card reaches zero, student organizations can request an increase in the spending limit by contacting the Student Affairs Office. However, an increase in the spending limit will not be approved by the Student Affairs Office unless the student organization has additional, available funds.

Southwestern may, at any time, suspend or cancel a cardholder’s privileges for any reason, and the cardholder must surrender the Card to the Student Affairs Office upon request. A student’s use of the Card after receiving notice of its cancellation may be considered fraudulent, and Southwestern may take further action against the cardholder as outlined in Section M.

The Card is issued in the student’s name but is considered Southwestern property and must be used with good judgment.

Southwestern recommends that student cardholders use the Card to pay all student organization expenses.

B. Eligibility

The Student Affairs Office will apply for Cards on behalf of recognized student organizations so those organizations are able to spend their allocated budget. For most student organizations, only the Treasurer may receive a Card. The Student Affairs Office reserves the right to grant a Card to student organization Board members other than the Treasurer in some circumstances.

C. Cardholder Responsibilities

The cardholder is accountable for all transactions charged to their Card. The cardholder should make every effort to avoid using the Card for personal charges. If the Card is used for a student’s personal expenses, the student must promptly report the matter to the

Student Affairs Office and reimburse Southwestern by check by the time period set forth in Section H(3) below. In turn, the Student Affairs Office will notify the Accounting Office. Southwestern reserves the right to recover all personal charges from the cardholder. If a pattern of using the Card for personal charges emerges, the cardholder's privileges may be suspended, and the cardholder may be subject to other provisions in Section M below.

The cardholder must review transactions billed to their Card monthly, allocate expenses to appropriate expense accounts, and substantiate all transactions with receipts and other documentation that the Accounting Office might require.

The cardholder is responsible for the Card's use and safekeeping. If the cardholder authorizes another student to use the Card, the cardholder is responsible for all transactions charged to the Card by the cardholder's authorized designee. The Card is valuable property that requires proper treatment by the cardholder to protect it from misuse by unauthorized parties.

D. Allowable Uses

A student may use the Card only to make purchases for legitimate and appropriate business purposes. The cardholder must ensure that a budget exists to support each purchase. A non-exhaustive list of appropriate business-related purchases includes the following:

- Food and non-alcoholic beverages for organization meetings and events;
- Color copies;
- General office supplies;
- Competition and conference registration fees;
- Ground transportation related to competitions and conferences;
- Flights for competitions and conferences;
- Rental fees for linens and tables;
- Sweaters and t-shirts;
- Mailing costs for items related to competitions, conferences, and journals; and
- Printing costs for items related to competitions, conferences, and journals.

E. Inappropriate Uses

The following is a non-exhaustive list of ways the Card should not be used:

- Cash advances, bank checks, traveler's checks, or electronic cash transfers;
- Items or services for personal use;
- Purchases that the cardholder could not otherwise make under Southwestern's Contract Approval and Signing Authority Policy;
- Purchases for meals and incidentals if a per diem was given;
- Alcohol without prior written approval from an authorized Southwestern administrator;

- Subscriptions services without prior approval;
- Items identified as Non-Reimbursable Expenses under Southwestern's Expense Reimbursement Guidelines.

Any expense for which a student cannot provide appropriate substantiation or documentation is considered an inappropriate use of a Card.

F. High-Risk Payment Processors

Southwestern does not encourage the use of high-risk payment processors, such as PayPal and Venmo, which allow electronic fund transfers to private parties (see the Expense Reimbursement Guidelines). In the unusual case, when a Card is used for payment via mobile or online payment processors (such as PayPal, Venmo, etc.), all transactions must be supported with receipts that meet Southwestern's receipt requirements, regardless of the transaction amount. Detailed transaction descriptions must be included with all transactions. Insufficient documentation may result in the suspension of a Card and revocation of Card privileges.

G. Other Policy Violations

Additional Policy violations include, but are not limited to:

- failing to return a Card when reassigned, terminated, or upon request;
- failing to submit properly completed reconciliation statements, with appropriate receipts, in a timely manner; and
- failing to report a lost or stolen credit Card to the Student Affairs Office immediately after discovery.

H. Reconciliation Process

1. Statements

The cardholder is responsible for creating an online account with American Express. Using the online account, the cardholder is responsible for accessing Card statements on a monthly basis from the Card issuer (American Express). If a cardholder encounters a problem, the cardholder should contact the Student Affairs Office for help in obtaining a Card statement.

2. Receipts

The cardholder must save all receipts (both itemized and signed receipts) for all purchases made with the card. The cardholder or another student designated by the cardholder must gather all necessary approvals and receipts related to each Card purchase on the statement. As described in the next subsection, the student performing this task must label all receipts with an accurate description of the expense to ensure proper coding by the Accounting Office. They may use an Excel file to detail all transactions and corresponding GL coding. The Card statement, Excel file, receipts, and approvals (the "credit card package") must be

submitted to the Student Affairs Office. If a receipt is accidentally lost for any expense, the cardholder must complete a Missing/Inadequate Documentation Report Form and submit it with the credit card package.

3. Substantiation and reconciliation

The IRS and Southwestern's external auditors require specific documentation to substantiate business-related expenses. Two requirements are that each receipt is dated and itemized.

For all expenses, substantiation includes verification of the following:

- **What:** description of expense;
- **When:** date the expense was incurred;
- **Where:** location of the expense;
- **Why:** the business purpose of the expense; and
- **Who:** full name of the individual incurring the expense and the full name of each other individual in attendance.

For Southwestern to comply with IRS regulations, the cardholder must substantiate expenses within 60 days of the statement date. Failure to substantiate expenses within 90 days will result in the suspension of Card privileges. Southwestern reserves the right to pursue recovery from the cardholder of any expenses not substantiated within 60 days of the statement date.

In addition to the IRS regulations, Southwestern's Accounting Office and outside auditors require that all Card expenditures be reconciled and submitted with receipts to the Accounting Office no later than the last business day of the month following the statement date. Notwithstanding the prior sentence, all cardholders must reconcile and submit Card expenditures to the Student Affairs Office by the first Friday of the month following the statement date. As set forth in Section H(5) below, if the Student Affairs Office has not submitted the credit card packages to the Accounting Office by the last business day of the month following the statement date, the Accounting Office, with a copy to the Administrative Services Office, may ask the Student Affairs Office to submit the credit card packages immediately with a written explanation for the delay that the Accounting Office can have on file for inspection by the auditors.

4. Disputed transactions

If a student disputes a charge made on the Card while in their possession, the issue must be brought to the Student Affairs Office's attention immediately. All disputed transactions must be resolved by the vendor, Student Affairs Office, and the bank. The cardholder must obtain and file all proof of payment documentation with the Student Affairs Office.

5. Student Affairs Office

After receiving credit card packages from each cardholder, the Student Affairs Office will review for compliance with this Policy and will correct any identified errors. The Student Affairs Office will then submit the credit card packages to the Accounting Office for its review.

I. Extended Absences

If a cardholder takes a leave or otherwise plans to be away from Southwestern for an extended period (e.g., more than 30 days), the student should destroy or return the Card to the Student Affairs Office before they leave.

While the student is on leave or away from Southwestern, another student may prepare the substantiation. The student may briefly contact the student on leave if they have questions or need information. Documentation accompanying the substantiation must include the dates of and an explanation for the cardholder's absence (e.g., "Leave of Absence, 1/1/24-5/31/24").

J. New or Expired Cards

The cardholder is expected to work with the Student Affairs Office to activate the Card and then the cardholder should sign the Card. The Card may be used upon activation. When the current Card has expired or when a new Card is issued to the cardholder, the cardholder must destroy the former Card (cut it into pieces) and discard the pieces.

K. Lost or Stolen Cards

The cardholder immediately must report a lost or stolen Card to the Student Affairs Office. If this initial report is via phone or Zoom, the cardholder should follow up with the Student Affairs Office in writing. The Student Affairs Office will notify the Accounting Office.

L. Separation

If a cardholder leaves Southwestern for any reason, Southwestern will cancel the card. A separating student must return the Card to Southwestern with all other Southwestern property.

M. Consequences for Policy Violations

Violations of this Policy may result in disciplinary action for the cardholder or any other student who violates this Policy. Disciplinary action could include a warning, loss of Card privileges, referral for disciplinary process under the Student Honor Code, suspension, expulsion, and referral to law enforcement. Furthermore, the impacted student organization will lose all access to the Card for the current, and possibly following, school year. Without limiting the foregoing, failing to timely submit a complete and accurate reconciliation three times during any twelve-month period may result in the suspension of a Card and revocation of Card privileges for the student and the student organization.