

PayPal Desktop Aid

Purpose:

This document is intended to provide clarification on common questions about the allowability of PayPal payments via the University issued PCards. While this document will focus on PayPal, a similar approach should be taken with regard to other payment processing tools such as Square.

Allowability:

In many cases it is allowable to use the University issued PCard to pay merchants via PayPal. However, all purchases must comply with all aspects of the PCard [User's Guide](#) and any other relevant UMB Policies/Procedures. Using PayPal to circumvent restrictions/procedures may result in loss of PCard privileges or other disciplinary action.

Audit Scrutiny/Documentation:

Itemized documentation is required for every PCard transaction (see User's Guide Section 5.2). PayPal payments are commonly viewed as inherently risky by auditors and are frequently selected for review. Therefore, it is good business practice to take extra effort ensuring PayPal payments are well supported. Verify that there is a clear description of goods or services and include supplemental documents/narratives as necessary. Both the cardholder and reviewer are expected to be able to explain what was purchased and why if questioned.

Pre-Purchase Assessment Questions

WHO is being paid?

If the payment is to a vendor who is providing goods or services to UMB it may be appropriate to use PayPal. It generally would not be appropriate to issue a payment to or on behalf of a UMB employee for any reason. Be cognizant of conflicts of interest, real or perceived (i.e., consider whether an auditor might interpret the vendor selection as favoritism). When making payments to individuals consider whether the payment reflects an employment relationship). If you are not sure whether an employee relationship might exist, contact HR for guidance.

WHY is the payment being made?

If the expense is for an allowable business purpose it may be appropriate to use Paypal. Review User's Guide Section 3.5 to ensure that the expense category is not blocked or prohibited. Consider whether the expense category is handled through another payment mechanism (e.g., payments for the purpose of expense reimbursement, employee relocation expenses, honorariums, stipends, study participant payments or other payments in lieu of giftcards). These types of payments may not be made via PCard.

HOW is the payment being initiated?

If a cardholder wishes to make an otherwise allowable business purchase, it is permissible to use PayPal to check out on the merchant's website. If a cardholder has received an itemized invoice for an otherwise allowable business expense, it is permissible for that invoice to be paid via PayPal. Payments may never be made using the "sending to a friend" payment feature or similar personal payment mechanism.

When in doubt, ask!

Direct questions to the [PCard Administrator](#) or [Management Advisory Services](#)