

Purchasing Card Policies and Procedures

Minnesota State University Moorhead (MSUM) has developed the following purchasing card program policies and procedures established by [Minnesota State Procedure 7.3.3 Purchasing Cards](#).

Purpose

Purchasing cards (PCards) provide the university with a cost-effective, convenient, and streamlined method of purchasing items, thereby reducing the volume of individual payments processed by the university to vendors. In addition, reports on cardholder activity provide the university the information necessary to better manage university purchasing activities.

Procedures for Obtaining a Purchasing Card

Permanent MSUM employees, with a role requiring routine purchasing, are eligible to apply for and be issued a PCard.

To request a PCard, the [Purchasing Card Application form](#) must be completed by the employee. The application requires signatures from the Cardholder, Approval Manager, and University Comptroller. Upon arrival of the PCard, cardholders will be sent a training checklist to complete within 30 days of picking up their PCard. When training is completed, their PCard will be authorized to use.

Each PCard will be subject to:

- A dollar limitation on the purchasing card
 - Both single purchase and monthly limits will be set
 - To request an increase, temporarily or permanently, it will need to be approved by the cardholder's Approval Manager.
- Merchant category blocking

A Delegation of Authority form signed by the President is also required to specifically delegate authority to the employee to obligate the college/university to the specific dollar limit of the PCard. This delegation requires the employee's ongoing compliance with applicable statutes, rules, and board policies.

Cardholder Responsibilities

Card Security

The Cardholder will be responsible for the security of the card, and all transactions made against it. All purchase transactions processed must be only for legitimate business purposes. The card cannot be used by another person nor for personal use. Authorized cardholders i.e., OAS staff or supervisors, may arrange travel related expenses with an approved Travel Authorization, and complete authorized purchases on another's behalf.

Employee Benefits Prohibited

The acceptance of items or any other benefit, including, but not limited to, customer loyalty points, rewards, free items, or gift cards is prohibited. (See [System Procedure 1C.0.1 Employee Code of Conduct](#).) A violation of this requirement may lead to consequences including, but not limited to, discipline or discharge.

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Use of 3rd Party Financial Services (e.g., Pay Pal)

The use of a financial service, such as Pay Pal, is discouraged and should only be used in cases where it is the only means to make a valid, authorized state business purchase. Every effort should be made to make purchases by other means before resorting to using a financial service. Financial services such as Pay Pal must not be used in the following circumstances:

- If the vendor accepts an MSUM purchasing card
- If the vendor will accept a state purchase order

Training Requirements

The Cardholder and the Approval Manager will be responsible to complete initial PCard training and take a refresher training on an annual basis as long as they have a PCard. PCards will not be issued until training is complete. Failure to take the annual training will result in the cancellation of the Cardholder's PCard.

Documentation Requirements

The Cardholder must obtain itemized receipts for goods and services purchased. An itemized receipt includes the vendor's name, transaction date, itemized description of the purchase(s), and transaction total. All credits must have a receipt showing the credit, along with the original receipt.

Under limited circumstances, an employee may be allowed to file an affidavit in lieu of a receipt. Contact purchasingcard@mnstate.edu to begin the Affidavit process. Excessive use of affidavits may result in loss of purchasing card privileges.

Shipping/Delivery

Shipped or delivered orders must be directed to the designated area of the cardholder (building, room #) or the MSUM Post office address: MSUM, 1104 7th Ave. S., Moorhead, MN 56563. Items cannot be shipped or delivered to personal addresses.

Professional Institutional Accounts Required for Order Placement

When a vendor requires an account to be created for order placement, a professional institutional account must be set up. Orders must **not** be made using personal accounts.

- Professional institutional accounts must have a unique username and password which are separate from any existing personal accounts.
- Professional institutional accounts must list MSUM as to bill-to and ship-to address.

Compliance with Monthly Process

The Cardholder must comply with the monthly reconciliation process and timelines described in these policies and procedures.

Tax Exempt Status

MSUM is exempt from sales tax in MN and ND for all purchases outside of prepared food, lodging, car rentals, and airfare. It is the Cardholders responsibility to inform the vendor of our tax status. Our tax-exempt number is listed each individual PCard. If tax is charged, and should not have been, the Cardholder is responsible to get a credit from the vendor or the cardholder will be responsible to pay the amount back to the University. Our Certificates of Exemption can be found on the [Business Services Forms](#) webpage.

If a cardholder continues to have transactions with sales tax, their account will receive a consequence for non-compliance.

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Tax Exempt Accounts

- Local Businesses- Costco, Menards, Walmart, Sam's Club, etc.
There are businesses in the area that require a different process when making business-related, tax-exempt purchases. Please refer to the [Purchasing Card Information](#) webpage for the most current list of businesses, and the instructions on how to navigate their tax-exempt procedures.
- Amazon Business
MSUM has an Amazon Business account that is available for tax-exempt business-related purchases. Cardholders are **required to use their PCard** to make purchases on this account. Email purchasingcard@mnstate.edu to be added to the account.
- Innovative and Office Depot
MSUM has tax-exempt accounts with Innovative Supplies and Office Depot. Employees can request a website log in where they can place orders and the company will direct bill our accounts payable team (No PCard needed). Email purchasingcard@mnstate.edu to be added to the account(s).

Returns and Refunds

Items must be returned for credit or exchanged whenever feasible. In-store credit or credit issued to a store account is not allowed. A cash refund or check is prohibited unless the vendor insists that a refund must be by cash or check. In such cases, the funds must be deposited immediately in the appropriate university account. Checks must be payable to the institution.

Software Review Process

A [Software Review Questionnaire](#) is required prior to purchasing software agreements. The questionnaire includes a risk assessment of software when it is intended to be used within MSUM, MinnState, or the State of Minnesota. Signing an agreement for software without proper review may open a Cardholder up to personal liability, which includes click-through agreements.

Approval Manager Responsibilities

Approval Managers are responsible for reviewing cardholder expenses and ensuring compliance with these PCard policies and procedures. Approval Manager duties include:

- Approving employees for participation in the purchasing card program.
- Reviewing purchases to ensure they meet objectives and are within restrictions placed on the card.
- Reviewing purchases to ensure card has not been used for unauthorized or inappropriate purchases.
- Responding to any misuse of the card by the cardholder.
- Ensuring closure of purchasing card at time of employee's separation from employment or removal of purchasing card authority.
- Completing the Annual Review of their cardholder accounts by using the recommended guidelines to close PCards or change authorization limits on accounts.

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Authorized PCard Use

Reminder: It is the responsibility of the cardholder to be aware of all purchasing guidelines.

Examples of appropriate purchases:

- Travel related expense approved for PCard use: [MSUM's Travel Management & Business Expenses](#)
 - Airfare, Lodging, Registration/Conference Fees, Baggage, Parking, Ground Transportation
 - Enterprise/National rental car
 - MinnState has a contract with Enterprise/National that includes full insurance coverage
 - Justification for a rental car must be listed on a [Travel Authorization](#)
- Job postings
- General office supplies
 - Not allowed: High theft/sensitive equipment, printers/copiers, and related supplies
- Student Engagement/Programming needs (Special Expense Form required)
 - Educational events with a specific learning outcome for the students involved
- 1-year Subscriptions/Professional Memberships
 - This does not include software
- Promotional Items/Giveaways
 - MSUM branded items must be purchased from a licensed vendor
 - A Special Expense form is required, and must include a list of items, where they will be given out, and to whom
 - Gift Reconciliation form may be required:
 - Individual items over \$25 require the form
 - Individual items under \$25 do not require the form
 - Gift cards (of any amount) require a Gift Reconciliation form to be completed
- Off Campus repairs/parts/services

Items that fall outside of the categories above should not be put on a PCard. Another option for purchasing is to go through the PO process in MarketPlace.

Prohibited Card Use

PCards must not be used for personal or non-university related purchases. Unauthorized purchases or use of the card in an inappropriate manner may subject the cardholder to disciplinary action, up to and including termination, criminal prosecution, and restitution of the unauthorized use.

Reminder: It is the responsibility of the cardholder to be aware of all purchasing guidelines.

Examples of unauthorized purchases:

- Alcoholic beverages/tobacco
- Cash or cash advances
- Contributions or donations to individuals or organizations
- Equipment and capital asset
 - All equipment and capital assets need to be purchased through the MarketPlace PO process in order to maintain inventory records
- Expenses for recruiting prospective employees

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- Expenses required to be reimbursed through an [Employee Expense Report](#) under [System Procedure 5.19.3, Travel Management](#) (i.e., food, mileage)
- Facility rental (i.e., park shelters, restaurant rooms, conference/banquet halls, athletic facilities)
 - A Facility Use contract is required when renting a space
- Fuel for personally owned vehicles
- Furniture- requires a PO
 - If a furniture purchase includes or requires the vendor to assemble, install, or physical modify state property or facilities, then a contract is required
- Gift cards, gift certificates, or gifts to individuals and/or organizations
 - These items are only authorized after you have an approved Special Expense form and a Gift Reconciliation form must be completed when the items are distributed
- Cards (e.g., thank you cards, greeting cards, graduation cards)
 - MSUM branded note cards are acquired through Marketing
- Items for personal use which includes but is not limited to:
 - Facial tissues, fans, frames, heaters, decorative items, appliances, coffee, lotion, soap, paper plates, disposable utensils, flowers
- Job-related licensure and license renewals
 - Reimbursement through the Employee Expense Report process may be authorized using professional development funds
- Mailing services (UPS, FedEx, etc)
 - Contact MSUM's Post Office for more information on making a shipment from campus
- Payments to other MSUM Departments (i.e., Printing Services, Bookstore, etc.)
- Payments for services to businesses, individuals, employees, or students for any reason (including, but not limited to consulting services, honorarium payments, set-up services, event services, creative work)
- Personal memberships in social, non-professional organizations
- Recurring payments
 - Automatic payments are not authorized on a PCard
- Splitting payments (making multiple small purchases to avoid exceeding an established purchasing limit)
- Technology Purchases (contact support@mnstate.edu for all technology purchases)
 - Software
 - If software needed is not available through IT, and the software does not require a contract, it may be purchased with a PCard. In order to purchase software with a PCard, please submit the [Software Review Questionnaire](#) to support@mnstate.edu. If no further review is needed, an email showing the approval must be uploaded to US Bank with the receipt.
 - Computers, tablets, mobile devices
 - Audio/Visual devices, TVs, monitors, smartboards, or projectors
 - Printers/Copiers/Toner/Ink
- Tuition Expenses- specifically at higher education institutions
 - If this is an authorized expense, this must be submitted for reimbursement through an Employee Expense Report
- Travel-related expenses not reimbursable which includes but is not limited to:
 - Travel/Baggage insurance, excessive baggage, bundling, seating upgrades, lodging at a personally owned property
 - REMINDER: MSUM's [Student & Employee Travel Lodging Policy](#) does not allow employees to share lodging with students.
 - Vehicle rental insurance within the United States

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- If Enterprise or National is not available, use of another vendor requires the employee to purchase liability and physical damage coverage offered by the rental company
- Weapons of any kind or explosives

Reconciliation process

The billing cycle for MSUM's U.S. Bank PCard runs from the 26th of one month to the 25th of the following month. Cardholders are responsible for completing the electronic reconciliation process. Failure to complete the electronic reconciliation process by the established deadlines will result in suspension of cardholder privileges. Reconciliation deadlines are as follows:

- Cardholders have until the 5th of the next month to approve their transactions.
- Approval Managers have until the 15th of that month to Final Approve Cardholder transactions.

For example, if the billing cycle is from January 26th to February 25th, cardholders have until March 5th to approve their transactions, and Approval Managers have until March 15th to Final Approve transactions.

Best practice is to review and approve transactions on a weekly basis. Weekly review would also catch and resolve fraudulent activity as soon as possible.

Once a transaction is posted to the cardholder's U.S. Bank's Access Online account, the cardholder will need to log into Access Online, go to Transaction Management, and then Transaction List. On the Transaction List page, Cardholder's should open the Billing Cycle drop down to "All" to ensure all transactions are reviewed and approved. For each transaction, the cost center and object code can be reallocated, if needed. Enter a description for the charge. Itemized receipts and all necessary documentation associated to the purchase need to be uploaded with each transaction. Lastly, each box can be checked, and the Cardholder can approve the transaction(s) to their Approval Manager.

Review the PCard electronic reconciliation process outlined in the [Cardholder Monthly Quickstep Guide](#), which includes step-by-step instructions.

Consequences for Non-Compliance

Failure by either the cardholder or the approver to comply with established purchasing card policies and procedures will result in a consequence to the cardholder's account. Offenses are tracked on a fiscal year cycle.

- Warning- Cardholders are given one warning per fiscal year for non-compliance. Purchasing card accounts must be brought into compliance by the specified deadline in the emailed notification or an additional consequence will be issued.
- 1st offense- PCard will be suspended immediately. Once the transaction(s) comply, the PCard will remain suspended for one full billing cycle.
- 2nd offense- PCard will be suspended immediately. Once the transaction(s) comply, the PCard will remain suspended for six full billing cycles.
- 3rd offense- PCard will be revoked and will not be reissued.

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Account Maintenance

PCard limit increase requests

When a limit increase is needed, an email should be initiated from the cardholder to their Approval Manager with their limit request. The Approval Manager will then need to forward their approval to purchasingcard@mnstate.edu providing the increased amount and timeframe of their approval.

Automatic Card renewal

A PCard is active through the month it is set to expire. New PCards will be mailed directly to Business Services during the month the card expires. The Program Administrator will contact the cardholder to let them know it is ready to be picked up. When you receive your new card, the old card should be cut up and securely disposed of.

Card Cancellation Due to Inactivity

PCards are automatically cancelled after 12 months of inactivity. A card cancelled due to inactivity cannot be reactivated, and a new Purchasing Card Application form will need to be submitted to Business Services.

Disputes/Fraud

A Cardholder is responsible for following up with a vendor regarding erroneous charges, disputed items, or missing credits on their statements. If the transaction is fraudulent, or there is no resolution with the vendor, disputed items must be reported to U.S. Bank immediately. If you fail to call U.S. Bank Customer Service at (800) 344-5696 within 60 days of the questionable activity, the University may not be able to receive credit for the transaction.

A Cardholder should file a dispute when they:

- Did not make a purchase that appears on their statement
- Have duplicate or incorrect charges that the merchant will not credit
- Are billed for merchandise that they never received
- Are not credited for a return

Disputed and fraudulent transactions must still be approved in their U.S. Bank Access Online Account:

- Cardholders do not need to upload documents to the transaction
- An example description should say, "Fraud-working with U.S. Bank"

Declined Cards

A PCard may be declined for various reasons:

- Incorrect billing address (MSUM's billing address is: 1104 7th Ave. S., Moorhead, MN 56563)
- the purchase amount exceeds one of your account limits
- the purchase is being flagged as fraudulent
- the PCard is inactive
- the account number is transposed during the sales transaction

If you need assistance with a declined card, contact MSUM's PCard Administrator at purchasingcard@mnstate.edu or US Bank Customer Service at (800) 244-5696.

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Athletics PCard Procedures

In addition to the procedures set forth for cardholders, special conditions apply to athletic teams and recruiting expenses to provide efficiency, ease of accountability, and to maintain and support MSUM's membership to the NCAA.

Team travel

PCards may be used for team travel expenses including but not limited to transportation, lodging, meals, entry fees when in travel status.

Programming

All team building and/or activities must be pre-approved through a Special Expense form prior to incurring expenses. Activities such as concerts, movies/theatre (with no relation with athletics), amusement parks, etc., are considered entertainment and are not authorized. Other activities could be denied due to the risk assessment (i.e. horseback riding, zip-lining, etc.).

Occasional Meals

Occasional meals can be provided to student athletes if they are pre-approved through a Special Expense form.

Recruiting

Purchasing cards may be used to incur recruiting expenses as follows:

- a. Off campus recruiting trips (meals, lodging, transportation, registration fee, etc.).
- b. Local Official/Unofficial visit expenses, including meals for the recruit and their family.
- c. State employees are allowed to charge their meal on a PCard if a Recruiting Special Expense form has been approved.

****A Recruiting Special Expense form must be uploaded to each recruiting meal transaction. Receipts for meals must list the first name and last name of people who ate.**

Equipment and supplies

PCards may be used when purchasing team uniforms, sports-related equipment costing less than \$5000, and other small supplies. Team practice apparel and any coaching apparel must be pre-approved through a Special Expense form.

Example: A team would like to purchase the following items:

- Uniforms- \$3000
- Coaching apparel- \$250
- Practice apparel- \$1000

A Special Expense form must be completed for only the coaching and practice apparel for \$1,250. The breakdown of these expenses must be listed on the form, along with the coaches' names and roster of who will be receiving the practice apparel.