

## 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

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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

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Permanent MSUM employees, with a role requiring routine purchasing, can 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, Supervisor, and University Comptroller. Upon arrival of the PCard, cardholders will be sent an email to set up a training session.

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

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#### Card Security

Cardholders are responsible for the security of the card and all transactions made using it. All transactions must be for legitimate business purposes. The card may not be used by another person or personal use. However, with approval (e.g. Spend Authorization), Cardholders may use the card for travel-related expenses on behalf of others.

#### 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.

#### Use of 3<sup>rd</sup> Party Financial Services (e.g., Pay Pal)

The use of a financial service, such as Pay Pal or Venmo, is only authorized as last resort. Alternative options for payment are to go through the purchase order process or to pay out-of-pocket and request reimbursement through a Workday Expense Report.

## Purchasing Card Policies and Procedures

### Training Requirements

The Cardholder will be responsible for completing initial PCard training, along with taking 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](mailto: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 7<sup>th</sup> 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 Workday reconciliation process 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 on 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.

### 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](mailto:purchasingcard@mnstate.edu) to be added to the account.

## Purchasing Card Policies and Procedures

### 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.

## Supervisor and Cost Center Manager Responsibilities

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Supervisor and Cost Center 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.

## Authorized PCard Use

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### *Examples of appropriate purchases:*

- **Travel related expenses** ([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 Workday Spend Authorization
  - Gratuity/tipping for transportation can be no more than 20%.
- **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**
  - Does not include software
- **Gift Cards** (Special Expense form required before purchase)
  - The Special Expense form must include a business purpose, the quantity, and the amount of each gift card
  - Gift cards must be distributed within 30 days of purchase
  - State employees are ineligible to receive gift cards
  - A Gift Reconciliation form is required for all gift card purchases

## Purchasing Card Policies and Procedures

- Gift cards cannot be used to compensate anyone, including students, for services or work
- When submitting an Expense Report for a PCard transaction that includes gift cards, attach the receipt, Special Expense form, and Gift Reconciliation form
- **Promotional Items/Giveaways** (Special Expense form required before purchase)
  - MSUM branded items must be purchased from a licensed vendor
  - The Special Expense form must include a business purpose and a list of items being purchased
  - A Gift Reconciliation form is required for individual items over \$25
  - When submitting an Expense Report for a PCard transaction involving promotional or giveaway items, attach the receipt, Special Expense form, and Gift Reconciliation form (for items valued over \$25)
- **Off Campus repairs/parts/services**

**Note:** Purchases that do not fall within the categories above should not be made using a PCard. Contact Business Services at [purchasingcard@mnstate.edu](mailto:purchasingcard@mnstate.edu) or [BusinessServices@mnstate.edu](mailto:BusinessServices@mnstate.edu) with any questions.

## Prohibited Card Use

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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.

### ***Examples of unauthorized purchases:***

- Alcoholic beverages/tobacco
- Cash or cash advances
- Contributions or donations to individuals or organizations
- Equipment and capital assets
  - All equipment and capital assets need to be purchased through the PO process in order to maintain inventory records
- Expenses for recruiting prospective employees
- Expenses for interview candidates including airfare, hotel, lodging, meals, etc. Interview candidates must be reimbursed for expenses relating to their travel
  - Employee meals with interview candidates is not a reimbursable expense
- Expenses required to be reimbursed as out-of-pocket expenses 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
- 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

## Purchasing Card Policies and Procedures

- Reimbursement through the Workday Expense Report process may be authorized using professional development funds
- Mailing services (UPS, FedEx, etc)
  - Contact MSUM's Post Office for information on making a shipment from campus
- Payments to other MSUM Departments (i.e., Printing Services, 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 (Automatic) payments
- Splitting payments (making multiple small purchases to avoid exceeding an established purchasing limit)
- Technology Purchases (contact [support@mnstate.edu](mailto:support@mnstate.edu) for all technology purchases)
  - Software
    - In order to purchase software with a PCard, please submit the [Software Review Questionnaire](#) to [support@mnstate.edu](mailto:support@mnstate.edu). If no further review is needed, an email showing the approval must be uploaded to the Workday Expense Report 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 a [Workday Expense Report for Out-of-Pocket expenses](#)
- 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
    - 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

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The billing cycle for MSUM's U.S. Bank PCard runs from the 26<sup>th</sup> of one month to the 25<sup>th</sup> of the following month. Cardholders are responsible for [submitting Workday Expense Reports for PCard transactions](#) within 30 days of the purchase. Failure to submit an Expense Report for PCard transactions will result in a violation and penalty to a cardholder's account.

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

Once a transaction is made, it can take 2-5 days to post into your US Bank Access Online account. Then, it may take another 1-2 days to load into Workday. Please see the Business Services webpage for all Workday guides for submitting a Workday Expense Report for PCard transactions.

## Purchasing Card Policies and Procedures

### Penalty for Non-Compliance

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PCard transactions that are posted in Workday during a given month must be submitted on an Expense Report by the 15<sup>th</sup> of the following month.

- *Ex. Transactions posted in Workday from Oct. 1<sup>st</sup>-31<sup>st</sup> must be submitted by Nov. 15<sup>th</sup>.*

Failure to submit transactions by the deadline will result in the following consequences:

Violation	Consequence	Action Required
1	Warning	Cardholders receive one warning per fiscal year.
2	PCard suspended for 30 days	A suspension takes effect immediately. However, the suspension period will not begin until all outstanding Expense Reports are fully approved.
3	PCard suspended for 60 days	
4	PCard cancelled	Outstanding transactions must be submitted and fully approved through the Expense Report process; however, this will not result in the PCard being reactivated.

PCard violations will reset at the beginning of each fiscal year.

### Account Maintenance

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#### 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](mailto: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 new Purchasing Card Application form will need to be submitted to Business Services if there is a need for the card.

### Disputes/Fraud

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The Cardholder is responsible for contacting vendors to resolve erroneous charges, disputed items, or missing credits on their statements. If the transaction is fraudulent, or the vendor does not resolve the issue, the Cardholder must report the disputed transaction to U.S. Bank immediately. Failure to call U.S. Bank Customer Service at (800) 344-5696 within 60 days of the questionable activity may result in the University being unable to receive credit for the transaction.

## Purchasing Card Policies and Procedures

A Cardholder should file a dispute if:

- They did not make a purchase that appears on their statement
- The statement shows duplicate or incorrect charges that the merchant will not correct
- They are billed for merchandise that was never received
- They were not credited for a returned item

Disputed and fraudulent transactions must still be processed in Workday, with all related documentation uploaded to the transaction.

### Declined Cards

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A PCard may be declined for various reasons:

- Incorrect billing address (MSUM's billing address is: 1104 7<sup>th</sup> 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 [purchasingcard@mnstate.edu](mailto:purchasingcard@mnstate.edu) or US Bank Customer Service at (800) 244-5696.

### Athletics PCard Procedures

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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.

## Purchasing Card Policies and Procedures

### Recruiting

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. 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.

If you use a rental vehicle for recruiting trips, you must have a fully approved Spend Authorization completed with the rental vehicle listed as one of the expenses.

If you use your personal vehicle for recruiting, you cannot use your PCard for gas. You must pay out-of-pocket, and then you are reimbursed based on mileage.

### Equipment and supplies

PCards may be used when purchasing uniforms, sports-related equipment costing less than \$5000, and other small supplies. 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.

### Gratuities/Tipping

Reasonable gratuity or tip can be no more than 20%.

### Professional Development travel

- Workday Spend Authorization should be completed and approved before any expenses are incurred.
- Meals and mileage (in a personal vehicle) must be paid out-of-pocket and reimbursed.
- If using all Professional Development funds for a trip, you are authorized to claim up to 1.25 times the maximum allowances for meals. For example, instead of \$11 for breakfast, you can claim \$13.75.