



1 **System Procedure 7.3.3 Purchasing Cards**

2
3 **Part 1. Purpose**

4 Purchasing cards provide the college, university, or system office with a cost-effective,
5 convenient, and streamlined method of purchasing items, thereby reducing the volume of
6 individual vendor payments processed by the institution. Reports on cardholder activity enable
7 the institution to capture information necessary to better manage institutional purchasing
8 activities.

9
10 **Part 2. Definitions**

11
12 **Cardholder**

13 A current state employee, who has been provided an individual card, or use of an institution
14 or fleet card, agrees to adhere to this procedure and any supplementary procedures
15 established by the issuing college, university, or system office.

16
17 **Card administrator or coordinator**

18 The individual within the college, university, or system office who coordinates the
19 Purchasing Card program for the institution and acts as the institution’s intermediary in
20 correspondence with the card issuer.

21
22 **Period of inactivity**

23 The duration during which a purchasing card remains unused. If no transactions occur
24 within a six-month period, the card or account is considered inactive.

25
26 **Purchasing card**

27 One of the following types of cards defined below.

28
29 • **Individual card**

30 A purchasing card in the name of a college, university, or system office and in the
31 name of a state employee for which the institution is liable to the card issuer for all
32 charges made in connection with the purchasing card issued to the named
33 individual.

34 • **Institution Card**

35 A purchasing card also known as a virtual card or ghost account is a type of payment
36 method assigned to a college, university, or system office, used in the context of

37 business purchasing. Unlike a physical purchasing card, an institution card is not a
38 tangible object and exists only as a virtual set of payment credentials.

39 • **Fleet card**

40 A purchasing card designed specifically for colleges, universities, and the system
41 office to operate a fleet of vehicles. Fleet cards are issued in the name of a college,
42 university, or system office assigned to a specific state-owned or -leased vehicle in
43 which the institution/system office is liable to the card issuer for all charges made in
44 connection with the purchasing card.

45

46 **Third party finance servicer transactions**

47 For the purpose of this procedure, one who uses an intermediary financial servicer such as
48 PayPal, Square, or Venmo.

49

50 **Part 3. Procedures for Obtaining a Purchasing Card**

51

52 **Subpart A. Authorized cardholders**

53 A college, university, or system office may establish a purchasing card in the name of the
54 college, university, or system office with a financial institution provider (card issuer) for
55 official college, university, or system office business use only. No retail store or vendor-
56 specific cards are permitted. The college, university, or system office must receive monthly
57 statements from the financial institution provider.

58

59 Contractors, contract employees, and student workers are not eligible to possess individual
60 cards, but they may be authorized to utilize fleet cards.

61

62 Each college, university, or system office using a financial institution provider shall establish
63 procedures and forms for implementing and monitoring a purchasing card program that
64 includes, but is not limited to, the following:

- 65 1. A dollar limitation on the purchasing card;
66 2. A dollar limitation of purchasing authority per assigned cardholder per transaction
67 made with the individual purchasing card;
68 3. A dollar limitation of purchasing authority per assigned cardholder for the total of all
69 charges made during each monthly billing cycle;
70 4. Merchant category blocking.

71

72 **Subpart B. Encumbrance**

73 The financial responsibility of each college, university, and the system office for setting
74 aside funds in advance to cover their purchasing card transactions. It is mandatory to have
75 funds encumbered before making any purchases to ensure sufficient resources are
76 available. Additionally, in the e-procurement system, institutions have the option to allocate
77 funds annually for the purchasing card program.

78

79

80 **Subpart C. Delegation of authority**

81 Each cardholder must be specifically delegated the authority to obligate the issuing college,
82 university, or system office to a specified dollar limit for the purchasing card. This
83 delegation must be in writing and must require ongoing compliance with applicable
84 statutes, rules, and board policies. See System Procedure 1A.2.2 Delegation of Authority.

85
86 **Part 4. Authorized Card Use**

87 Purchasing cards may be used to purchase eligible merchandise or services required in
88 association with the duties or responsibilities of the cardholder or fleet card user at the college,
89 university, or system office. Unauthorized and inappropriate card use is addressed in Part 5 of
90 this procedure.

91
92 A purchase made with a purchasing card may be made in-store, by U.S. mail, or by electronic
93 means such as telephone, fax or internet.

94
95 In adherence to System Procedure 7.3.6 Capital Assets, Part 3, Subpart A.7, a select group of
96 authorized purchasing card holders within each college, university, or system office may utilize
97 their cards for acquiring electronic equipment, such as computers and projectors. However, it is
98 essential to establish a documented process for adding the purchased equipment to the
99 inventory module as mandated by the aforementioned procedure.

100
101 **Part 5. Prohibited Card Use and Expenses Requiring Additional Approvals or Controls**

102 Purchasing cards must not be used to purchase items for personal use or for non-college, non-
103 university, or non-system office purposes, even if the cardholder or fleet card user intends to
104 reimburse the college, university, or system office.

105
106 A cardholder or fleet card user who makes an unauthorized purchase with the purchasing card
107 or uses the purchasing card in an inappropriate manner may be subject to disciplinary action,
108 up to and including termination, as well as revocation of the purchasing card, criminal
109 prosecution, and restitution of the unauthorized use.

110
111 **Subpart A. Prohibited use**

112 Cards must not be used for purchases in the following categories:

- 113 1. Food and beverages for an individual employee
- 114 2. Alcoholic beverages, except for academic course work
- 115 3. Cash or cash advances
- 116 4. Items for personal use
- 117 5. Employee relocation expenses
- 118 6. Expenses required to be reimbursed under System Procedure 5.19.3, Travel
119 Management (including gasoline for personal vehicles)
- 120 7. Sensitive items as defined in System Procedure 7.3.6 Capital Assets, except as
121 provided in Part 4 above
- 122 8. Weapons of any kind

- 123 9. Professional and technical service 1099 reportable expenses, which include but are
124 not limited to, various services such as professional and technical services,
125 maintenance and repair services, trainers, speakers, and entertainers. Additionally,
126 royalties, including those related to software, and notary fees are also considered as
127 1099 reportable expenses.
- 128 10. Purchases from foreign suppliers.
- 129 11. Items for non-college, non-university, non-system office purpose

130
131 **Subpart B. Travel, conferences, meetings, and expenses requiring additional controls**

132 Cardholders may execute purchases listed in this subpart that comply with applicable
133 system procedures and any applicable grant agreement. Cardholders must follow applicable
134 system or institutional policy and procedure requirements for special expenses,
135 conferences, and travel.

- 136 1. Employee travel, conferences, and meetings
 - 137 a) Travel-related expenses by cardholder. An authorized purchasing card may be
138 used for all travel-related expenses of the cardholder except food and
139 beverages. Examples of allowable expenses include: airfare, room, and related
140 taxes, vehicle rental, gasoline for a rented vehicle, and parking while in travel
141 status.
 - 142 b) Travel-related expenses for persons other than cardholder. Authorized
143 cardholders may plan for transportation or lodging for another individual or
144 group of individuals.
 - 145 c) Conference and seminar registration
 - 146 d) Food and nonalcoholic beverages for business meetings. Parameters for food
147 and beverages at business meetings are set out in system procedure 5.20.1
148 Special Expenses and Chancellor / Presidential Expense Allowances.
- 149
150 2. Student activities and athletics
 - 151 a) Food and nonalcoholic beverages for members of athletic teams.
 - 152 b) Food and nonalcoholic beverages for student activities, including travel, in
153 compliance with system and institution procedures.
 - 154 c) Entertainment and recreation. Use of purchasing cards for entertainment and
155 recreation is prohibited except for entertainment and recreation purchases for
156 student and academic activities.
- 157
158 3. Purchases requiring additional controls:
 - 159 a) Third Party financial servicer transactions. The use of a third-party financial
160 servicer, such as PayPal or Venmo, is discouraged and should only be used in
161 cases where it is the only means to make a valid, authorized state business
162 purchase. These purchasing card transactions:
 - 163 i. must be for the exact amount of the purchase price from the vendor,
 - 164 ii. must be for a single purchase and only at the time you make the
165 purchase, and

166 iii. must be documented by a receipt from both the financial servicer and
167 from the merchant providing the product. Both receipts must be kept
168 together and with the purchasing card log.

169 b) Alcoholic beverages used in academic coursework

170 c) Cash equivalents. Cash equivalents include, but are not limited to gift cards,
171 bus passes, and parking vouchers. Such purchases must be pre-approved, and
172 distribution of cash equivalent items must be documented.

173 174 **Subpart C. Gasoline and vehicle-related expense**

175 A fleet card may be used only to pay for vehicle expenses related to the specific state-
176 owned or -leased vehicle to which it is assigned. All merchant types other than service
177 stations must be blocked from card use. No personal use is permitted.

178 Each institution shall establish a control method to track vehicle use and fleet card use.

179 A driver or pilot authorized to use a fleet card is personally liable for any unauthorized
180 use of the fleet card made during the time the driver or pilot is authorized to use the
181 vehicle. Vendor-specific gasoline cards are prohibited. Use of a fleet card program which
182 manages all tax exemptions is encouraged.

183 184 **Subpart D. Late fees and finance charges**

185 Late fees which occur because the cardholder did not submit a monthly statement and
186 required documentation to the business office in a timely manner are the responsibility
187 of the cardholder. The cardholder must reimburse the institution within one billing cycle
188 from the date of the late fee or finance charge. Reimbursement may be made by cash or
189 personal check to the business office. If payment is not received within one billing cycle,
190 the card will be inactivated until the fees and finance charges have been repaid in full.

191 192 **Part 6. Responsibility and Accountability**

193 194 **Subpart A. Purchasing and fleet card users**

195 Each individual cardholder or fleet card user has the following responsibilities:

- 196 1. Safeguard the purchasing card and card account number at all times; lost or stolen
197 purchasing cards must be reported immediately in accordance with college,
198 university, or system procedure.
- 199 2. Keep purchasing card in a secure location at all times.
- 200 3. Do not allow anyone else to use the purchasing card or card account number.
- 201 4. Obtain and retain itemized receipts in an acceptable form for goods and services
202 purchased. Examples of acceptable forms include: itemized receipts and or order
203 confirmations delivered to the employee electronically, copies, faxes, or original
204 paper receipts. Copies of purchasing card bills are not acceptable forms of receipts.
205 A card user may be allowed to file an affidavit in lieu of a receipt if the receipt is lost
206 or not obtained. Use of affidavits in lieu of a receipt is discouraged. All credits,
207 including returns, must be documented with itemized receipts referencing the
208 original purchase and purchase date. For internet purchases, the printout of the

- 209 order confirmation showing the details, the email confirmation, or the shipping
210 document outlining what was purchased, the quantity and the price paid shall
211 suffice as an acceptable form of an itemized receipt.
- 212 5. Review individual card transactions to ensure accuracy, authenticity, and compliance
213 with system, college, and university policies and procedures. Reviews must occur
214 within five days of issuance of the monthly cardholder statement. Proper
215 documentation must be attached to the monthly statement or transaction. The
216 authorized user must sign or electronically approve the goods or service have been
217 received
 - 218 6. Identify potential fraudulent charges (at minimum, monthly, upon review of the
219 cardholder statement) and immediately contact the card issuer per card issuer's
220 instructions. Also notify the supervisor, or card administrator or coordinator of the
221 suspected fraudulent transaction(s).
 - 222 7. Submit the individual card statement and documentation to the employee's
223 supervisor or authorized reviewer for approval. For fleet cards, complete necessary
224 purchase documentation log or submit receipts in accordance with institutional
225 policy.
 - 226 8. Surrender the individual card and corresponding support documentation to the card
227 administrator or coordinator prior to separation from the college, university, or
228 system office or as otherwise requested. For fleet cards, ensure card is returned or
229 stored in accordance with institutional procedure.
 - 230 9. Take any other steps necessary to ensure the purchasing card is used only for
231 authorized purposes.

232
233 **Subpart B. Returns of items and services purchased using a purchasing card (P-Card)**

234 Any items or services purchased using a P-Card that require returning must be credited
235 back to the same P-Card used for the original transaction. Under no circumstances
236 should a return be credited to a different card, cash, check, or any other form of
237 reimbursement unless the vendor insists the refund must be by cash or check. In such
238 cases, the funds must be deposited immediately with the college, university, or system
239 office. If a refund is issued in the form of a check, the check must be payable to the
240 institution.

241
242 In the event of a return, cardholders are responsible for:

- 243 • Returning the item directly to the vendor as per the vendor's return policy.
 - 244 • Ensuring that the credit for the returned item is received and properly applied to
245 the P-Card account.
 - 246 • Retaining all documentation related to the return transaction, including original
247 purchase receipts, return receipts, and credit transaction confirmations.
 - 248 • Reporting the return and the credit in their P-Card transaction log or report, as
249 required by Minnesota State procedures.
- 250

251 Failure to comply may result in revocation of P-Card privileges and possible disciplinary
252 action in accordance with Minnesota State policies and procedures.

253
254 **Subpart C. Supervisors or authorized reviewers**

255 A supervisor or authorized reviewer of a cardholder is responsible for reviewing
256 cardholder expenses and ensuring compliance with this procedure and any applicable
257 college, university, or system office procedures. Duties include:

- 258 1. Approving employees for participation in the purchasing card program.
- 259 2. Reviewing purchases to ensure they meet objectives, are within restrictions
260 placed on the card, and are deemed necessary.
- 261 3. Verifying purchases to prevent unauthorized or inappropriate card usage.
- 262 4. Promptly reporting any suspected fraudulent charges to the card issuer..
- 263 5. Identifying and tracking cash equivalents purchased with purchasing cards, as
264 well as notification regarding any misuse. Cash equivalents include but are not
265 limited to gift cards, bus passes and parking vouchers.
- 266 6. Addressing any misuse of the card by cardholder, including notification to
267 Office of Internal Auditing, as required by Board Policy 1C.2 Fraudulent and
268 Other Dishonest Acts
- 269 7. Ensuring closure of purchasing card at the time of the employee's separation
270 from employment or removal of purchasing card authority
- 271 8. Timely submission of individual card statement and supporting documentation
272 with evidence of review to the business office for payment processing. For
273 fleet cards, complete necessary purchase documentation log or submit
274 receipts in accordance with institutional policy

275
276 **Subpart D. The chief financial officer or designee (employee supervisor)**

277 The chief financial officer or designee at a college, university, or the system office is
278 responsible for reviewing cardholder expenses and ensuring compliance with this
279 procedure and any applicable college, university, or system office procedures. Duties
280 include:

- 281 1. Review submitted statements to ensure accuracy and appropriate approvals,
- 282 2. Identify additions to equipment or inventory records,
- 283 3. Review purchasing card users, at a minimum every six months, to ensure
284 only current employees have purchasing cards, and
- 285 4. Review purchasing card activity, at a minimum every six months, to monitor
286 for periods of inactivity indicating a cardholder no longer needs the card.
287 Freeze or close purchasing accounts as needed.

288
289 **Subpart E. Audit**

290 The college, university, or system office shall establish written procedures to conduct
291 periodic reviews at least annually for proper card use. Purchasing card records are
292 subject to audit from time to time.

294 **Subpart F. Records Retention**
295 Colleges, universities, and the system office must maintain purchasing card records in
296 accordance with record retention schedules and other applicable requirements.

Procedure History

Date of Adoption: January 18, 2002

Date of Implementation: January 18, 2002

Date of Last Review: December 23, 2024

Date & Subject of Amendment:

12/23/24 – Full review. Verified all amendments made in response to audit findings related to monitoring for cardholders no longer with college, university, or system office

3/10/15 – Periodic review completed. Amendments made throughout to reflect changes in MMB guidance regarding allowable receipts; align the procedure with current practices and industry standards relating to third party financiers; to clearly define and delineate between user and supervisor responsibilities; and to include a records retention section.

Additional [HISTORY](#)