



Minnesota State Colleges and Universities System Procedures Chapter 7 – General Finance Provisions

Procedure 7.3.3 Purchasing Cards

Part 1. Authority. Board Policy 7.1, Authority, delegates to the chancellor authority to develop procedures and guidelines to implement Board policies.

Part 2. Purpose. Purchasing cards provide the college, university or system office with a cost-effective, convenient and streamlined method of purchasing items, thereby reducing the volume of individual vendor payments processed by the institution. Reports on cardholder activity enable the institution to capture information necessary to better manage institutional purchasing activities.

Part 3. Definitions

Subpart A. Purchasing Card. Purchasing card means either an individual card or fleet card, as defined below.

1. **Individual card.** An individual purchasing card is a card in the name of a college, university or system office and in the name of a state employee for which the institution is liable to the card issuer for all charges made in connection with the purchasing card issued to the named individual.
2. **Fleet card.** Fleet card means a purchasing card in the name of a college, university or system office assigned to a specific state-owned or -leased vehicle in which the institution is liable to the card issuer for all charges made in connection with the purchasing card. A fleet card may be used for appropriate purchases by any individual authorized to use the vehicle to which the card is assigned. Vendor-specific gasoline cards are prohibited. Use of a fleet card program that manages all tax exemptions is encouraged.

Subpart B. Cardholder. Cardholder means a state employee who is issued an individual card and agrees to abide by this procedure and any additional procedures established by the issuing college, university or system office. Contractors, contract employees, and student workers are ineligible to be cardholders but may be authorized to use fleet cards.

Subpart C. Card administrator or coordinator. The individual within the college, university or system office who coordinates the Purchasing Card program for the institution and acts as the institution's intermediary in correspondence with the card issuer.

Subpart D. Third party finance servicer transactions. A third party finance servicer transaction, for purpose of this procedure, is defined as one that uses an intermediary financial servicer such as Paypal, eBay or Amazon Marketplace.

Part 4. Procedures for Obtaining a Purchasing Card.

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

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

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

Subpart B. Encumbrance. Each college, university and the system office is responsible for encumbering the funds for its purchasing card purchases. Funds must be encumbered prior to incurring the obligation; an institution may annually encumber funds for the purchasing card program.

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

Part 5. Authorized Card Use. Purchasing cards may be used to purchase eligible merchandise or services required in association with the duties or responsibilities of the cardholder or fleet card user at the college, university or system office. Unauthorized and inappropriate card use is addressed in Part 6 of this procedure.

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

A limited number of designated purchasing card holders at each college, university, or system office may be used to purchase electronic equipment (computers, projectors etc.) with the purchasing card.

A documented process must be established for the equipment to be added to the inventory module as required by System Procedure 7.3.6 Part 3, Subpart A.7.

Part 6. Unauthorized and/or Inappropriate Card Use

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

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

Subpart A. Prohibited use. Cards must not be used for purchases in the following categories:

1. Food and beverages for an individual employee;
2. Alcoholic beverages except for academic course work;
3. Cash or cash advances;
4. Items for personal use;
5. Employee relocation expenses;
6. Expenses required to be reimbursed under System Procedure 5.19.3, Travel Management (including gasoline for personal vehicles);
7. Sensitive items as defined in System Procedure 7.3.6, Capital Assets (including weapons of any kind) except as provided in Part 5 above; or
8. Items for non-college, non-university, non-system office purposes.

Subpart B. Use allowed only when specifically authorized. Specifically authorized and designated cardholders may execute purchases listed in this subpart that comply with applicable system procedures, and any applicable grant agreement. Where required by applicable system or institution policies and procedures, prior approval must be granted before executing the purchase.

1. Travel-related expenses (by cardholder). An authorized card may be used for all travel-related expenses of the cardholder except food and beverages. Examples of allowable expenses include: airfare, room and related taxes, vehicle rental, gasoline for a rented vehicle and parking while in travel status.
2. Travel-related expenses (for persons other than cardholder). Authorized cards may allow for a cardholder to make arrangements for transportation or lodging for another individual or group of individuals.

3. Food and nonalcoholic beverages for members of athletic teams.
4. Food and nonalcoholic beverages for student activities, including travel, in compliance with system and institution procedures.
5. Food and nonalcoholic beverages for business meetings. Parameters for food and beverages at business meetings are set out in System Procedure 5.20.1, Part 2, subd. C, paragraphs (1), (2), (4), (5), (6), (7), Special Expenses.
6. Food and nonalcoholic beverages that will be paid for with grant funds if allowed by a grant agreement.
7. Conference and seminar registration.
8. Entertainment and recreation. Use of purchasing cards for entertainment and recreation is prohibited except that authorized cards may allow for entertainment and recreation purchases for
 - i. student activities that will be paid for with student activity funds;
 - ii. activities that will be paid for with grant funds as authorized by the grant agreement; or
 - iii. academic activities that will be paid for with course fees.
9. Third Party financial servicer transactions. The use of a third party financial servicer is discouraged and should only be used in cases where it is the only means to make a valid authorized state business purchase. These purchasing card transactions
 - i. must be for the exact amount of the purchase price from the vendor.
 - ii. must be for a single purchase and only at the time you make the purchase.
 - iii. must be documented by a receipt from both the financial servicer and from the merchant providing the product. Both receipts must be kept together and with the purchasing card log.
10. Alcoholic beverages used in academic coursework.
11. Cash equivalents. Cash equivalents purchased with purchasing cards include but are not limited to gift cards, bus passes and parking vouchers. Such purchases must be pre-approved and distribution of cash equivalent items must be documented.

Subpart C. Gasoline and vehicle-related expense. A fleet card may be used only to pay for vehicle expense related to the specific state-owned or -leased vehicle to which it is assigned. All merchant types other than service stations must be blocked from card usage. No personal use is permitted.

Each institution shall establish a control method to track vehicle use and fleet card use. A driver or pilot authorized to use a fleet card is personally liable for any unauthorized use of the fleet card made during the time the driver or pilot is authorized to use the vehicle.

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

Subpart E. Returns and exchanges. If any item purchased with a purchasing card is unacceptable or not allowable, arrangements must be made for a return for credit or an exchange whenever feasible. 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 with the college, university or system office. If a refund is issued in the form of a check, the check must be payable to the institution.

Part 7. Responsibility and Accountability

Subpart A. Cardholders and fleet card users. Each individual cardholder or fleet card user has the following responsibilities:

1. Safeguard the purchasing card and card account number at all times; lost or stolen purchasing cards must be reported immediately in accordance with college, university or system procedure.
2. Keep purchasing card in a secure location at all times.
3. Do not allow anyone else to use the purchasing card or card account number.
4. Obtain and retain itemized receipts in an acceptable form for goods and services purchased. Examples of acceptable forms include: itemized receipts/order confirmations delivered to the employee electronically, copies, faxes, or original paper receipts. Copies of purchasing card bills are not acceptable forms of receipts. A card user may be allowed to file an affidavit in lieu of a receipt if the receipt is lost or not obtained. Use of affidavits in lieu of a receipt is discouraged. All credits, including returns, must be documented with itemized receipts referencing the original purchase and purchase date. For internet purchases, the print out of the order confirmation showing the details, the email confirmation, or the shipping document showing what was purchased, the quantity and the price paid shall suffice as an acceptable form of an itemized receipt.
5. Review individual card transactions to ensure accuracy, authenticity and compliance with system and college or university policies and procedures. Reviews must occur within five days of issuance of the monthly cardholder statement. Proper documentation must

- be attached to the monthly statement or transaction. The authorized user must sign or electronically approve that the goods or service have been received.
6. Submit the individual card statement and documentation to the employee's supervisor or authorized reviewer for approval. For fleet cards, complete necessary purchase documentation log or submit receipts in accordance with institutional policy.
 7. Surrender the individual card and corresponding support documentation to the Card Administrator or Coordinator prior to separation from the college, university or system office or as otherwise requested. For fleet cards, ensure card is returned or stored in accordance with institutional procedure.
 8. Take any other steps necessary to ensure that the purchasing card is used only for authorized purposes.

Subpart B. Supervisors or Authorized Reviewers. A supervisor or authorized reviewer of a cardholder is responsible for reviewing cardholder expenses and ensuring compliance with this procedure and any applicable college, university or system office procedures. Duties include:

1. Approving employees for participation in the purchasing card program.
2. Reviewing purchases to ensure they meet objectives, are within restrictions placed on the card and are deemed necessary.
3. Reviewing purchases to ensure card has not been used for unauthorized or inappropriate purchases.
4. Identify and track cash equivalents purchased with purchasing cards. Cash equivalents include but are not limited to gift cards, bus passes and parking vouchers.
5. Responding to any misuse of the card by cardholder.
6. Ensuring closure of purchasing card at the time of the employee's separation from employment or removal of purchasing card authority.
7. In a timely manner, submit the individual card statement and documentation with evidence of review to the business office for payment processing. For fleet cards, complete necessary purchase documentation log or submit receipts in accordance with institutional policy.

Subpart C. Business Office. The business office at a college, university or system office is responsible for reviewing cardholder expenses and ensuring compliance with this procedure and any applicable college, university or system office procedures. Duties include:

1. Review submitted statements to ensure accuracy and appropriate approvals.
2. Identify additions to equipment that requires inventory controls.

Subpart D. Audit. The college, university or system office shall conduct periodic reviews for proper card use. Purchasing card records are subject to audit from time to time.

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

Date of Adoption: 01/18/02,

Date of Implementation: 01/18/02,

Date & Subject of Revisions:

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.

8/27/13 - Amended Part 4, subpart C, requires delegation to be in writing. Added language to the end of Part 5 that allows a limited number of designated cardholders to purchase electronics. Amended Part 6, subpart A7, except as provided in number 5. Language clarification to Part 6, subpart B. Amended Part 7, subpart B to include authorized reviewers.

1/25/12 - The Chancellor amends all current system procedures effective February 15, 2012, to change the term "Office of the Chancellor" to "system office" or similar term reflecting the grammatical context of the sentence.

12/08/10 - Revised to reduce the number of audit findings related to non compliance with system procedure by bringing the procedure in line with business practices preferred by campuses while maintaining appropriate controls.

07/09/09 - Amended Part 7, Number 5, giving a five day time period for review and submission. Corrected "Office of the Chancellor" title and spelled out Minnesota State Colleges and Universities throughout the procedure.