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

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Procedures 7.3.3 Purchasing Cards

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

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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.

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Part 3. Definitions.

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

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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 ~~in-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.

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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.

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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.

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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.

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50 **Part 4. Procedures for Obtaining a Purchasing Card.**

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

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

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

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

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74 **Subpart C. Delegation of Authority.** Each cardholder must be specifically delegated the
75 authority to obligate the issuing college, university or system office to a specified dollar
76 limit of the purchasing card. This delegation must be in writing and must require ongoing
77 compliance with applicable statutes, rules, and board policies. See System Procedure
78 1A.2.2, Delegation of Authority.

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

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

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88 A limited number of designated purchasing card holders at each college, university, or system
89 office may be used to purchase electronic equipment (computers, projectors etc.) with the
90 purchasing card. A documented process must be established for the equipment to be added to
91 the inventory module as required by System Procedure 7.3.6 Part 3, Subpart A.7.

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93 **Part 6. Unauthorized and/or inappropriate card use.** Purchasing cards must not be used to
94 purchase items for personal use or for non-college, non-university or non-system office
95 purposes, even if the cardholder or fleet card user intends to reimburse the college, university or
96 system office.

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

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103 **Subpart A. Prohibited use.** Cards are not to be used for purchases in the following categories:

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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.

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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 canceled and no new card will be issued until the fees and finance charges have been repaid in full.

Subpart E. Returns and exchanges. 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

- 189 purchasing cards must be reported immediately in accordance with college, university or
190 system procedure.
- 191 2. Keep purchasing card in a secure location at all times.
 - 192 3. Do not allow anyone else to use the purchasing card or card account number.
 - 193 4. Obtain and retain ~~original~~ itemized receipts in an acceptable form for goods and services
194 purchased. ~~Itemized receipts are required for all expenses except meals, parking meters,~~
195 ~~driving tolls, and telephone calls or as required in collective bargaining agreements or~~
196 ~~compensation plans.~~ Examples of acceptable forms of itemized receipts include: itemized
197 receipts/order confirmations delivered to the employee electronically, copies, faxes, or
198 original paper receipts. ~~All forms of eCanceled checks and copies of purchasing card bills~~
199 ~~do not substitute for~~ are not acceptable forms of original itemized receipts. A card user may
200 be allowed to file an affidavit in lieu of a receipt if the ~~original~~ receipt is lost or ~~a receipt~~
201 ~~is not obtained.~~ Use of affidavits in lieu of a receipts is discouraged. All credits, including
202 returns, must be documented with itemized receipts referencing the original purchase and
203 purchase date. For internet purchases, the print out of the order confirmation showing the
204 details, the email confirmation, or the shipping document showing what was purchased,
205 the quantity and the price paid all suffice as an acceptable form of an itemized receipt.
 - 206 5. In a timely manner (no more than five days), review individual card monthly
207 statements from the financial institution provider for accuracy and ensuring all
208 transactions posted are legitimate transactions made by the cardholder. Receipts or
209 packing slips and the customer's copy of the charges must be attached to the
210 monthly statement. The authorized user of the purchasing card must sign the
211 statement that the goods or service have been received. ~~A time period of five days~~
212 ~~is considered a timely review and submission.~~
 - 213 4.6. In a timely manner (no more than five days), submit the individual card statement
214 and documentation to the ~~business office~~ employee's supervisor or authorized
215 reviewer for payment processing approval. For fleet cards, complete necessary
216 purchase documentation log or submit receipts in accordance with institutional
217 policy.
 - 218 5.7. Surrender the individual card and corresponding support documentation to the ~~Card~~
219 ~~card Administrator~~ administrator or ~~Coordinator~~ coordinator prior to separation from
220 the college, university or system office or as otherwise requested. For fleet cards,
221 ensure card is returned or stored in accordance with institutional procedure.
 - 222 6.8. Take any other steps necessary to ensure that the purchasing card is used only
223 for authorized purposes.

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

- 229 1. Approving employees for participation in the purchasing card program.
- 230 2. Reviewing purchases to ensure they meet objectives ~~and~~ are within restrictions
231 placed on the card and are deemed necessary.
- 232 3. Reviewing purchases to ensure card has not been used for unauthorized or
233 inappropriate purchases.
- 234 4. Identify and track cash equivalents purchased with purchasing cards. Cash equivalents

- 235 include but are not limited to gift cards, bus passes and parking vouchers.
236 4.5. Responding to any misuse of the card by cardholder.
237 6. Ensuring closure of purchasing card at time of the employee's separation
238 from employment or removal of purchasing card authority.
239 5.7. In a timely manner, submit the individual card statement and documentation
240 with evidence of review to the business office for payment processing. For
241 fleet cards, complete necessary purchase documentation log or submit
242 receipts in accordance with institutional policy.

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

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

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

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

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257 ~~The college, university or system office may, for record storage efficiency, convert the~~
258 ~~purchasing card documents including receipts to other media, including but not limited to~~
259 ~~scanning to an electronic file, magnetic tape or hard drive. Requirements for converted~~
260 ~~documents include:~~

- 261 ~~— If scanned, the resulting stored copy must be in locked format in the software used.~~
262 ~~— The purchasing card logs and the supporting receipts must be converted together and kept~~
263 ~~together for easy reference, segregated by payment cycle.~~
264 ~~— There must be a backup of the converted documents to prevent loss or destruction.~~
265 ~~— The documents must be easily retrieved with short notice and provided for reference,~~
266 ~~inspection, and/or audit.~~

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271 *Date of Adoption: 01/18/02,*

272 *Date of Implementation: 01/18/02,*

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274 *Date & Subject of Revisions:*

275 *8/27/13 - Amended Part 4, subpart C, requires delegation to be in writing. Added language to the*
276 *end of Part 5 that allows a limited number of designated cardholders to purchase electronics.*
277 *Amended Part 6, subpart A7, except at provided in number 5. Language clarification to Part*
278 *6, subpart B. Amended Part 7, subpart B to include authorized reviewers.*

279 *1/25/12 - The Chancellor amends all current system procedures effective February 15, 2012, to*
280 *change the term "Office of the Chancellor" to "system office" or similar term reflecting the*
281 *grammatical context of the sentence.*

282 *12/08/10 - Revised to reduce the number of audit findings related to non compliance with*
283 *system procedure by bringing the procedure in line with business practices preferred by*
284 *campuses while maintaining appropriate controls.*
285 *07/09/09 - Amended Part 7, Number 5, giving a five day time period for review and submission.*
286 *Corrected “Office of the Chancellor” title and spelled out Minnesota State Colleges and*
287 *Universities throughout the procedure.*
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