



## **PURCHASING CARD POLICIES AND PROCEDURES**

### **Part 1. Authority**

<https://www.minnstate.edu/board/procedure/703p3.html> provides authority for a college, university or system office to establish a credit card program for business use only. Each college, university, or system office using a Purchasing Credit Card Program must establish procedures and forms for implementing and monitoring the program.

### **Part 2. Purpose**

The purpose of the Purchasing Credit Card Program is to provide an alternative form for purchasing necessary business commodities easier and faster. The program will also shorten the approval process and reduce time and paperwork for processing of high volume small dollar amount purchases.

The program should eliminate many typical purchasing steps such as preparing a requisition, preparing a purchase order, matching a packing slip to a purchase order, matching an invoice with purchasing requisitions, individual payments of invoices, etc.

### **Part 3. Application for a Purchasing Card**

A completed Purchasing Card application is required for each Cardholder. Supervisor approval is required in the application for a purchasing card. The address used on the Cardholder application for the Employee will always be their Southwest Minnesota State University mailing address.

### **Part 4. Purchasing Card Program Cardholder Agreement**

All cardholders must sign and accept the terms and conditions of Southwest Minnesota State University's "Purchasing Card Program Cardholder Agreement." Cardholders must also complete a "Delegation of Authority" in order to authorize their use of the Purchasing Card.

### **Part 5. Purchasing Card Requirements**

The Purchasing Card will be customized to each Cardholder's needs and will include:

- A dollar limitation on the card
- A dollar limitation of purchasing authority per transaction
- A dollar limitation of purchasing authority for the total of all charges made during each monthly billing cycle
- Merchant category blocking

### **Part 6. Cardholder's Responsibilities**

The Cardholder will be responsible for signing the card when it is received, the security of the card, and all transactions made against it. Purchases made against the card will be considered to have been made by the Cardholder.

The Cardholder must request a copy of the vendor's itemized sales receipt/invoice or cash register slip if over the counter for verification of purchase. The Cardholder's individual purchasing card number and his/her name must be given for all orders processed and specific delivery instructions must be provided to the vendor. **The purchased goods must be delivered directly to a Southwest Minnesota State University location ONLY.** All transactions processed against the Purchasing Card must be made by the employee to whom the card is issued. **The card cannot be used by another person or for personal use.** The card cannot be transferred from one employee to another.

#### **Part 7. Sales Tax**

SMSU is exempt from sales tax. The cardholder must inform the vendor of Minnesota State's tax exemption status. The tax-exempt ID number is printed on your card. If the vendor charges sales tax and will not refund the amount back to your card, **YOU ARE RESPONSIBLE FOR PAYING THE SALES TAX WHEN TURNING IN YOUR REPORT. If this is not done your purchasing card will be suspended until the tax is paid and the reinstatement form is completed. If cardholder continues to have transactions with Sales Tax the card will be suspended.**

Purchases of lodging (under 30 days), waste collection and disposal services, or purchases or leases of motor vehicles are taxable and sales tax should be included in the charge transaction at the time of purchase if a purchase card is used.

#### **Part 8. Allocation and Report Deadline the 8<sup>th</sup> of each month**

The billing cycle ends on the 8th of each month. Each Cardholder will be responsible for going on-line during the month to review, approve and reallocate their charge. In no case may the individual make payment to the credit card company. Southwest Minnesota State University Business Office is responsible for making payment of all purchases and will process the charge against the cardholders cost center.

All purchase transactions must be recorded on the Cardholder Activity Report each month. The report will be signed to verify the transactions were made by the Cardholder and the Cardholder's supervisor or authorized reviewer has reviewed and approved these purchases. It is the cardholder's responsibility to send the completed report to Business Services. Original detail receipts, invoices, etc. must be attached to the Cardholder Activity Report and submitted to the Business Office **by the 15th of each month. Failure to submit the required documentation by the 15th of each month will result in suspension of the card (except when in travel status and the Purchasing Account Clerk has been informed of travel status).**

#### **Part 9. Purchasing Card Spending Categories**

Purchasing card spending categories will be individualized to meet the needs of the employee. With proper approval, a Cardholder may be authorized to charge in such merchant categories as

- Hotels and motels
- Airlines
- Car Rental
- Other travel agencies
- Auto parking lots
- Taxis and buses
- Discount stores

- Fuel for rented vehicles only
- Informational retrieval services
- Bookstores
- Office stationary supplies
- Photocopy and photos
- Advertising

### **Part 10. Purchasing Card Restrictions**

The Purchasing Card **CANNOT** be used for the following transactions (prohibited by Minnesota State System Procedure 7.3.3, Credit Cards):

- **Items for personal use**
- **Any transactions that have a Contract or an Agreement**
- **Services or Maintenance cannot be paid with a Purchasing Card or Prepayment**
- **Items for non-college, non-university purposes**
- **Any and all computer or electronic related items – The State ONLY allows IT departments to make these authorized purchases**
- **Gift Cards, Cash or Cash Advances**
- **Food and beverages for individual employee (Authorized cards may allow for food and non-alcoholic beverages for business-related meetings in compliance with system procedures and after obtaining approval for special expenses)**
- **Alcoholic beverages**
- **Weapons of any kind or explosives**
- **Employee relocation expenses**
- **Travel related expenses for food and beverage (to be reimbursed using Employee Expense Report form).**

The purchasing card can be used for the following transactions only when the Student/Team Travel Form has been completed and authorized by the Purchasing Account Clerk or Director of Business Services:

- Food and nonalcoholic beverages for members of athletic teams, organized student group.
- Food and nonalcoholic beverages that will be paid for with grant funds if allowed by a grant agreement.

### **Part 11. Accountability**

Each Cardholder is responsible for the card issued to him/her. All purchasing card records are subject to being audited without notification to the cardholder. **Established procedures for using the purchasing card must be followed. Failure to do so may result in the loss of privileges or other disciplinary actions.**

The purchasing card is the property of Southwest Minnesota State University and is not to be used for personal transactions under any circumstances regardless of reimbursement to the University. Using the card for personal use will automatically revoke the card privilege and subject the employee to disciplinary action, including reimbursement of all personal charges. **All charges that are not authorized and approved by the University will be the responsibility of the employee to whom the card is issued.** The employee, by statute, will reimburse the State of Minnesota at Southwest Minnesota State University for all incurred charges and any fees related to the collection of those charges.

**A cardholder who makes an unauthorized purchase with the card or uses the card in an inappropriate manner will have their card revoked and may be subject to disciplinary action.**

**If the cardholder is unsure whether a purchase can be processed with the card, please call Holly Lichtsinn at ext. 6905. Do not charge and inquire after the purchase. You may risk having your card suspended and be required to return the item purchased.**

### **Part 12. Failure to Comply with Policies & Procedures**

**There is a zero tolerance policy for failure to comply with the purchasing card procedures.** Violations of purchasing card policies and procedures will result in suspension of the card.

#### **Suspension & Reinstatement Procedure**

**1<sup>st</sup> Non-Compliance:** – (1) Card is suspended - The Purchasing Account Clerk will fill out the Suspension/Reinstatement form with explanation for suspension. All missing items have to be personally turned into the Purchasing Clerk/Buyer. (2) Suspension/Reinstatement form will need to be signed & dated by the cardholder, supervisor and the Purchasing Clerk/Buyer. After 1 & 2 above are completed the Purchasing Clerk will reinstate the Purchasing card.

**2<sup>nd</sup> Non-Compliance:** – (1) Card is suspended for 30 days - The Purchasing Account Clerk will fill out the Suspension/Reinstatement form with explanation for suspension. All missing items have to be personally turned into the Purchasing Clerk/Buyer. (2) Suspension/Reinstatement form will need to be signed & dated by the cardholder, supervisor and the Purchasing Clerk/Buyer. After 1 & 2 above are completed the Purchasing Card will remain suspended for 30 days before reinstatement.

**3<sup>rd</sup> Non-Compliance:** - (1) Card is suspended for 60 days - The Purchasing Account Clerk will fill out the Suspension/Reinstatement form with explanation for suspension. All missing items have to be personally turned into the Purchasing Clerk/Buyer. (2) Suspension/Reinstatement form will need to be signed & dated by the cardholder, supervisor and the Purchasing Clerk/Buyer. After 1 & 2 above are completed the Purchasing Card will remain suspended for 60 days before reinstatement.

### **Part 13. Discrepancies**

The Cardholder shall notify US Bank and the Purchasing Account Clerk in Business Services if there are any discrepancies with any of the charges listed on the statement. The Cardholder will work with US Bank and or vendor to settle any billing discrepancies, charges or fraudulent charges. Any incorrect charges should be credited back to the credit card along with a receipt of the credit.

### **Part 14. Lost, Stolen or Unauthorized Use**

The Cardholder is responsible for the security of his/her card and any purchase made on the card. The Cardholder must immediately notify the credit card company and the Purchasing Account Clerk in Business Services if the card is lost, stolen or in the hands of an unauthorized person. Pertinent information regarding the lost or stolen card or improper use must be provided. The Cardholder will make a reasonable attempt to recover the card from an unauthorized person. The card will be voided as quickly as possible. However, the cardholder has primary responsibility for any unauthorized purchases made by the cardholder or any other person. If Southwest

Minnesota State University is unable to collect the amount owed from the cardholder, the applicable cost center will be responsible for the unpaid amount.

#### **Part 15. Cardholder Account Maintenance**

Any changes to the Purchasing Card can be made via an e-mail request to Holly Lichtsinn, Purchasing Account Clerk.

#### **Part 16. What if the Cardholder Leaves the University?**

When cardholders leave (sabbatical, medical, termination) the University they must return the purchasing card to the Purchasing Department. If the cardholder will be returning, the card will be filed until they return. If the cardholder is not returning, cut the card in half prior to sending it to Purchasing. Returned purchasing cards are not reissued to other employees for use. Do not allow anyone else to use the card.

*Related Documents:*

<https://www.minnstate.edu/board/procedure/703p3.html>

<https://www.minnstate.edu/board/procedure/520p1.html>

<https://www.minnstate.edu/board/procedure/514p5.html>

<https://www.minnstate.edu/board/procedure/519p3.html>

[https://www.smsu.edu/resources/webspaces/administration/businessservices/Travel/req%20for%20approval%20of%20special%20expenses\\_2013.pdf](https://www.smsu.edu/resources/webspaces/administration/businessservices/Travel/req%20for%20approval%20of%20special%20expenses_2013.pdf)