

**MINNESOTA STATE COLLEGES AND UNIVERSITIES**

**BEMIDJI STATE UNIVERSITY  
&  
NORTHWEST TECHNICAL COLLEGE**

**PURCHASING CARD PROGRAM POLICIES & PROCEDURES**

Last Updated 2/7/12

**Part 1. Authority**

MnSCU System Procedure 7.3.3 provides authority for a college, university or office of the chancellor to establish a purchasing card program for business use only. Each college, university, or office of the chancellor must establish procedures and forms for implementing and monitoring their purchasing card program.

**Part 2. Purpose**

Purchasing cards provide the college, university or Office of the Chancellor 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. Application for Purchasing Card**

Only permanent employees are eligible to apply for and be issued a purchasing card. A Purchasing Card Application Form must be completed by the employee. The address used on the application must be the employee's on-campus mailing address. The application also requires approval from the employee's supervisor and the Director of Procurement & Logistics. 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 purchasing card. This delegation requires the employee's ongoing compliance with applicable statutes, rules and board policies.

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

All cardholders must sign and accept the terms and conditions of the Bemidji State University & Northwest Technical College "Purchasing Card Program Cardholder Agreement."

**Part 5. Purchasing Card Requirements**

Each Purchasing Card 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.

All purchase transactions processed against the Purchasing Card must be made by the employee to whom the card is issued and must be only for legitimate university/college business purposes. **The card cannot be used by another person or for personal use.** The card cannot be transferred from one employee to another.

The Cardholder will be responsible to take the on-line purchasing card training and quiz on an annual basis as long as they have a purchasing card and to score 90% or higher on the quiz each year in order to retain purchasing card

privileges. Failure to take the annual training and quiz, or failure to pass the quiz, will result in the cancellation of the Cardholder's purchasing card.

The Cardholder must request a copy of the vendor's sales receipt or cash register slip if over the counter, or a packing list on shipped orders, as well as the credit card slip. 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.

If order will be shipped, the purchased goods must be delivered directly to the designated receiving location at Bemidji State University or Northwest Technical College. For orders that will be delivered to the BSU campus, a courtesy email to Central Receiving staff (Linda Blight, Randy Johnson, Rita Vincent) with your order information will help them to deliver your order to the correct location.

For orders of equipment, please email the Inventory Coordinator, Dana Danielson, at [dmdanielson@bemidjistate.edu](mailto:dmdanielson@bemidjistate.edu) to get your equipment marked as BSU or NTC property.

Purchases to be charged to IFO Professional Development funds require **advance approval** from Academic Affairs before placing the order. Cardholders must submit evidence of advance approval (whether Academic Affairs approval form or email approval) with their monthly statement, transaction log, and receipts.

The Cardholder must comply with the monthly statement verification and reconciliation process and timelines as described in Part 9 of these procedures.

When making purchases, the Cardholder must inform the vendors of MnSCU's tax exemption status. If tax is charged, the Cardholder is responsible to get a credit from the vendor for the amount of the tax by the next month's statement or reimburse Bemidji State University or Northwest Technical College for the amount of the tax prior to the next month's statement. Failure to do so will be considered a violation of card policies and could result in the suspension and cancellation of the Cardholder's purchasing card.

If an item purchased with a purchasing card is unacceptable or not allowed, arrangements must be made for a return for credit or 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 Office of the Chancellor. If a refund is issued in the form of a check, the check must be payable to the institution.

[MnSCU Exception Note: For any MnSCU cards with broader purchasing authority, the following transactions are taxable and sales tax should be included in the charge transaction at the time of purchase: Meals, travel, lodging (under 30 days), waste collection and disposal services, purchases or leases of motor vehicles are taxable and sales tax should be included in the charge transaction at the time of purchase.]

### **Part 7. Authorized Purchasing Card Use and Spend Categories**

Purchasing cards may be used to purchase eligible products or services required in association with the duties or responsibilities of the cardholder at the college/university. The single transaction limit for general Cardholders is \$3,000. This amount coincides with the purchasing threshold above which two firm written quotes are required. Examples of general merchant categories available to Bemidji State University and Northwest Technical College for legitimate business purposes are listed below.

- Office supply and equipment stores
- Office furniture stores
- Printing vendors
- Maintenance and repair parts stores
- Bookstores (but not MnSCU owned bookstores)
- Discount stores
- Department stores
- Variety stores
- General merchandise

- Food for campus events, with appropriate permissions (see special expense guidelines on website) (not for individuals, see restrictions in Part 8 below)
- Other university, division, or department events pre-approved by the appropriate Vice President
- Subscriptions, subject to the following conditions:
  - The subscription must be mailed to a BSU or NTC worksite. Proof of proper delivery address is required with the receipt documentation submitted with your monthly statement.
  - If IFO professional development funds will be used to pay for the subscription, **PRIOR approval is required from Academic Affairs.**
  - As with subscriptions ordered via purchase order, they must be appropriate to university/college purposes.
  - Failure to comply with any of these subscription requirements could result in the suspension and cancellation of the Cardholder's purchasing card.

### **Part 8. Purchasing Card Restrictions**

The Purchasing Card **may NOT** be used for the following transactions:

- **Pyramiding (multiple transactions with one vendor that in total exceed card limits).**  
**NOTE - If you will be making purchases that in total will exceed \$3,000 from any single vendor in one statement period, you must obtain a minimum of 2 written quotes for each purchase beyond the first \$3,000.00 in spend.**
- Items for non-college, non-university purposes
- Items for personal use (e.g. tissues, aspirin, any over-the-counter medications, lotion, soap, paper plates, disposable utensils)
- Alcoholic beverages
- Cash or cash advances
- Any service that requires a contract
- Contributions to individuals or organizations
- Donations to individuals or organizations
- Drugs or pharmaceutical products
- Entertainment (unless pre-approved for a student group)
- Expenses for recruiting or entertainment of prospective employees
- Food or beverages for individual employees (See travel related expenses below and special expense guidelines on website)
- Gift cards or gift certificates, or gifts to individuals and/or organizations (Exception: Promotional giveaways may be allowed with an approved special expense request. See special expense guidelines on website.)
- Memberships
- Payments to other MnSCU agencies
- Payments to other departments at BSU/NTC (Computer Store, NTC Bookstore, etc.)
- Purchase or removal of hazardous or radioactive materials
- Relocation expenses
- Recreation
- Refunds of revenue
- Registrations for individuals to attend conferences, workshops, seminars, etc. (contact the BSU Travel Office )
- Time payments
- Travel related expenses (contact the BSU Travel Office for expense reimbursement instructions)
- Tuition payments
- Weapons of any kind or explosives

### **Part 9. Purchasing Card Process**

Cardholders must keep a monthly transaction log of their purchases with original receipts attached. The transaction log also provides the opportunity to explain the business purpose of the transaction. A transaction log form is available on the Procurement & Logistics website. A monthly statement of all transactions will be mailed to each Cardholder by the issuing bank. Watch for the statement in your campus mail around the 8<sup>th</sup>-12<sup>th</sup> of each month.

Upon receipt of the statement, the Cardholder must reconcile the statement with their transaction log and original receipts. The Cardholder and his/her Supervisor must sign and date both the statement and transaction log to confirm receipt and approval of all transactions on the statement. The signed statement, transaction log, and original receipts must be submitted to the Purchasing Office within five (5) business days. All purchases will be charged to the cost center indicated by the Cardholder on the transaction log. If no cost center is indicated, it will be charged to the default cost center on the original Cardholder application.

### **Part 10. Discrepancies**

The Cardholder must contact U.S. Bank Customer Service at 1-800-344-5696 if there are discrepancies with any of the charges listed on the statement. The Customer Service Representative (CSR) assists the cardholder in attempting to recognize the transaction prior to initiating the dispute. If the cardholder does not recognize the charge, the CSR conducts a short interview to gather the necessary information and identify the appropriate dispute reason. The cardholder will likely not have to complete any additional paperwork. The CSR will simply use the information gathered over the phone to process the dispute.

If the reason for the cardholder's dispute is one of the following types, the cardholder must contact the merchant prior to initiating the dispute with U.S. Bank:

- ❖ Service/merchandise not received;
- ❖ Paid by other means; and
- ❖ Incorrect amount charged to account.

If any additional information or steps are required, the CSR will inform the cardholder of any action needed, but in many cases, the dispute can be processed and the transaction charged back to the merchant without having to contact the cardholder a second time.

Disputes must be reconciled within fourteen (14) days of the statement date. Final resolution of any dispute must be resolved within sixty (60) days of the statement date. The Cardholder must note any dispute information on the monthly statement turned in to Procurement & Logistics.

### **Part 11. 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 Procurement & Logistics 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 Bemidji State University or Northwest Technical College are unable to collect the amount owed from the cardholder, the applicable cost center will be responsible for the unpaid amount.

### **Part 12. Cardholder Account Maintenance**

Any changes to a Purchasing Card must be requested through the Procurement & Logistics Office. (Note: Supervisory approval may be required for changes.)

### **Part 13. Accountability**

Each Cardholder is responsible for the card issued to him/her. All purchasing card records are audited by the Procurement & Logistics Office upon submission and are subject to annual audit by external auditors like all other MnSCU financial records. The Office of the Legislative Auditor may conduct an audit at any time.

Cardholders that violate any part of these procedures, whether intentional or unintentional, will typically receive a written warning copied to their supervisor and their card status will be placed on probation for a one-year period. A second violation within that one-year probation period will result in the revocation of card privileges and could result in disciplinary action. Once a card has been revoked, the cardholder may apply for a new card after one year. Approval will be subject to review and approval by the Director of Procurement and Logistics and the Vice President

of Finance & Administration. Reissued cards will not have a probationary period and any violation will result in permanent revocation.

#### **Part 14. Supervisor Responsibilities**

Supervisors of cardholders are responsible for reviewing cardholder expenses and ensuring compliance with this procedure and any applicable college/university procedures. Supervisor 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.