

MINNESOTA STATE COLLEGES AND UNIVERSITIES

BEMIDJI STATE UNIVERSITY & NORTHWEST TECHNICAL COLLEGE

PURCHASING CARD PROCEDURES

Last Updated August 8th, 2021

Pursuant to authority delegated and the parameters established in MnSCU System Procedure 7.3.3, Bemidji State University and Northwest Technical College have developed the following purchasing card program procedures. Exceptions to local p-card program procedures may be made via written email instructions from the Vice President of Finance & Administration, Director of Business Services or AP/Purchasing Supervisor as long as the exceptions are within the parameters of MnSCU Board Policies & System Procedures.

PART 1. PURCHASING CARD REQUIREMENTS

Each Purchasing Card will be subject to:

- 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 2. APPLICATION FOR PURCHASING CARD

BSU and NTC employees are eligible to apply for and be issued a purchasing card. They must agree to abide by required procedures established by Bemidji State University, Northwest Technical College, and Minnesota State Colleges and Universities. Contractors, contract employees, temporary faculty and employees, and student workers are ineligible to receive 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 requires approval from the employee's supervisor and the Director of Business Services. 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 3. 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 4. CARDHOLDER RESPONSIBILITIES

Card Security and Transactions. The Cardholder will be responsible for signing the card when it is received, the security of the card, and all transactions made against it. 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 nor for personal use.** The card cannot be transferred from one employee to another.

Training and Quiz Requirements. 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 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.

Proper Documentation of Transactions. The Cardholder must request a copy of the vendor's sales receipt or cash register slip if over the counter, an invoice 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.

Shipping/Delivery. Shipped or delivered orders must be directed to the designated receiving location at Bemidji State University or Northwest Technical College. Please send a courtesy email to Central Receiving staff (Cory Uhlenhopp and James Williams) with your order information to help them deliver your order to the correct location. Orders placed using p-cards cannot be shipped to a home or off-campus address.

Equipment Purchases.

- Purchases of equipment is only allowed if the equipment is under \$1000.00.
- For a definition of sensitive equipment see: Equipment Thresholds see: www.bemidjistate.edu/offices/business-services/inventory/inventory-overview/.

IFO Professional Development Fund Purchases. 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.

Compliance with Monthly Statement Process. The Cardholder must comply with the monthly statement verification and reconciliation process and timelines as described in these procedures.

Tax Exempt Status. 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 remedy will be considered a violation of card policies and could result in the suspension and cancellation of the Cardholder's purchasing card.

MnSCU Exception Note – Taxable Purchases. 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.

Returns and Refunds. 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. The vendor must credit the refund back to the card used to pay for the item(s). A cash or check refund is prohibited unless the vendor insists that a refund must be by cash or check. In such cases, the funds must be deposited immediately in the appropriate college or university account. If a refund is issued in the form of a check, the check must be payable to the institution and deposited in the appropriate college or university account.

Purchases from Foreign/International Vendors. International purchases are restricted. Exceptions will be made only if there is no domestic source for a product that is vital to our needs. If an exception is allowed, a W8-BEN or W8-BENE form is required from the vendor and the Foreign vendor intake form, all of which must be reviewed by MinnState Tax Services to determine if tax must be withheld on the purchase.

PART 5. 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. Examples of general merchant categories available to Bemidji State University and Northwest Technical College for legitimate business purposes are listed below. ***(However, please remember the restriction for the purchase of sensitive equipment or equipment costing \$1,000 or more and the restriction for the purchase of printers and printer/copier supplies. Please also be sure to read the restrictions listed in Part 6.)***

- Bookstores
- Department stores
- Discount stores
- Food for campus events, with appropriate permissions (see special expense guidelines on website) (does not allow meals for employees, see restrictions in Part 6 below)
- General merchandise
- Licenses/License Renewals for individuals
- Maintenance and repair supplies (examples: auto parts, hardware, lumberyards)
- Memberships
- Office supply and equipment stores
 - (Exceptions: sensitive equipment, printers/copiers and related supplies not allowed, equipment over \$1000.00– see Part 6)
- Office furniture stores
 - **A P-Card may not be used if on-campus setup or installation of furniture or equipment is part of the purchase. A contract, purchase order and insurance certificate are then required.**
- Other university, division, or department event expenses pre-approved by the appropriate Vice President
- Printing vendors (examples: letterhead, envelopes, business cards, brochures, and postcards)
- 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 related 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.
- Variety stores
- Travel Expenses 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:
 - 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, baggage fees, room and related taxes, vehicle rental, gasoline for a rented vehicle, and parking while in travel status.
 - Travel-related expenses (for persons other than cardholder). Authorized cards allow for a cardholder to make arrangements for transportation or lodging for another individual or group of individuals such as for student clubs and field trips. Exception: Employees and Students must stay at a licensed lodging facility. Employees cannot use their purchasing card for staying at the house of relative, friend or personally owned property. (This includes Airbnb, VRBO, etc.).
 - Food and nonalcoholic beverages for members of athletic teams.
 - Food and nonalcoholic beverages for student activities, including travel, in compliance with system and institution procedures.
 - 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.
 - Food and nonalcoholic beverages that will be paid for with grant funds if allowed by a grant agreement.
- i. Conference and seminar registration. 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.

- Third Party financial servicer transactions. The use of a third party financial servicer such as PayPal, Venmo, Skrill, Google Pay, Stripe, etc. 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.
- Alcoholic beverages used in academic coursework.
- 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.

PART 6. PURCHASING CARD RESTRICTIONS

Purchasing Cards may **NOT** be used for the following transactions:

- Alcoholic beverages except for academic programs
- Cash or cash advances
- Contracted Services
- Contributions or Donations to individuals or organizations
- Entertainment, unless pre-approved for a student group via special expense approval process
- Expenses for recruiting or entertainment of prospective employees
- Food or beverages for individual employees (See travel related expenses above and special expense guidelines on website)
- Foreign/International Vendors. International purchases are restricted. Exceptions will be made only if there is no domestic source for a product that is vital to our needs. If an exception is allowed, a W8-BEN or W8-BENE form is required from the vendor and the foreign intake form is required, all of which must be reviewed by MIInnState Tax Services to determine if tax must be withheld on the purchase. Gift cards or gift certificates, or gifts to individuals and/or organizations
- Gift cards or gift certificates, or gifts to individuals and/or organizations
 - Exception: Promotional giveaways may be allowed with an approved special expense request. However, gift cards or gift certificates purchased as promotional giveaways must be purchased using a purchase order. See special expense guidelines on website.
- 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)
- Items purchased at Jewelry Stores.
- Pre-paid phones, minutes and phone cards (contact Information Technology for a college or university cell phone www.bemidjistate.edu/offices/its/knowledge-base/approving-ordering-and-using-cellular-services/)
- **Printers, printer/copier supplies (toner, ink and paper)**
 - **(For specialty printer and supplies, seek approval via special expense form.)**
- Purchase or removal of hazardous or radioactive materials
- **Pyramiding (multiple transactions with one vendor that in total exceeds \$10,000 or your available credit limit).**
 - **NOTE - If you will be making purchases that in total will exceed \$10,000 from any single vendor in one statement period, you must obtain a minimum of 2 written quotes for each purchase beyond the first \$10,000.00 in spend, unless you are purchasing goods off a contract available to BSU/NTC.**
 - **If you need to make a purchase in excess of your available credit limit, contact Purchasing for a temporary increase in your credit limit to allow the purchase on a one-time basis.**
- Stacking (using more than 1 employee's p-card to make a purchase in excess of approved purchasing threshold or available credit).
- Relocation expenses

- Refunds of revenue such as tuition, fees, fines, etc.
- **Sensitive items as defined in System Procedure 7.3.6, Capital Assets** (see also: www.bemidjistate.edu/offices/business-services/inventory/inventory-overview/)
- Time payments
- Toner/Ink for printers/copiers (see Managed Print Services information at): <https://www.bemidjistate.edu/offices/its/knowledge-base/ordering-toner-for-printers-and-mfds/>
 - (For specialty printers, seek approval via special expense request form.)
- Tuition payments for employees or students
- Weapons of any kind or explosives
- Any equipment over \$1000.00.

PART 7. PURCHASING CARD PROCESS

Cardholders must upload all receipts and supporting documentation into US Bank Access online and approve and send to their supervisor within 2 business days after the statements become available online. All purchases will be charged to the cost allocation entered into US Bank Access online, if none is provided the default cost center will be used. Supervisors have 2 days after receiving the transactions from the cardholder to approve and send to the Business office for final approval. The cardholder is responsible for following up with their supervisor to assure a timely approval process. Cardholders and supervisors are responsible to ensure that the charges are made to the correct cost center(s) and object code(s).

PART 8. 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.
- Sales tax charged to purchase; 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 9. 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 U.S. Bank and Purchasing 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 is unable to collect the amount owed from the cardholder, the applicable cost center will be responsible for the unpaid amount.

PART 10. CARDHOLDER ACCOUNT MAINTENANCE

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

PART 11. ACCOUNTABILITY

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

Failure to provide requested supporting documentation with the timeframe designated will result in a purchasing violation. Repeated failure to submit documentation on time will result in suspension and/or termination of card privileges.

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.

Each statement period, a random cardholder statement will be selected at BSU and at NTC for audit. Cardholders must comply when their statement is selected and be able to show purchases made or provide evidence/explain how consumable purchases were used.

PART 12. SUPERVISOR RESPONSIBILITIES

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

- Be familiar with Purchasing Card Program Policies & Procedures.
- Annually take online P-Card Training and annually pass P-Card Quiz.
- Approve employees for participation in the purchasing card program.
- Review subordinates' purchases in US Bank Access online.
- Approve subordinates' transactions in US Bank Access Online and forward to Procurement by deadlines.
- Respond to any misuse of p-card by subordinates.
- Ensure closure of purchasing card at time of employee's separation from employment or removal of purchasing card authority.