



PURCHASING CARD

Purchasing Department – Accounts Payable

POLICY AND PROCEDURES

MANUAL

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OVERVIEW

The purchasing card allows a cardholder the authority and capability purchase low dollar value items directly, enabling the cardholder to purchase faster and easier than before. The program is to be used to purchase most low dollar value items under \$5,000. The card can be used anywhere VISA is accepted. The cardholder can order in person, over the phone and on the web.

It is not necessary for the cardholder to create a purchase order request in PCS when the purchasing card is used.

When items are purchased with the card, a pending transaction is processed. The transaction is automatically approved for payment when items have been shipped or picked up. This eliminates the need for the vendor to invoice and reduces invoice discrepancies.

The cardholder is responsible for obtaining the original itemized receipts at the point of sale, indicating each item purchased. These receipts should be matched to each transaction on the bi-weekly cardholders Summary Statement, and submitted to Accounts Payable in Business Services. *It is advised that an internal procedure be set up by each department to assure the purchasing card policies are followed.*

All purchases on the card are required to follow St. Cloud State University purchasing policies & procedures. Minnesota State Colleges and Universities System policies & procedures are specifically mandated but not limited to Minnesota Statutes 471.345, 16A and 43A. 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.

HOW TO OBTAIN A PURCHASING CARD

The employee must complete the *Request for Purchasing Card Set-Up* form (attachment) to obtain the necessary approval. The completed form is submitted to the Purchasing Department – AS 122. The form will be reviewed and employee status will be verified. The set-up information will be submitted to the card company for approval. The card will be sent to the Purchasing Department for distribution. The employee will be required to attend a training session prior to receiving the card.

BLOCKED VENDORS

The purchasing cards have been encoded to block out certain vendors that do not fall within the purchasing card mission. The purchasing card will be declined by a vendor if the vendor has been blocked or if the credit limit on the card has been exceeded. If the cardholder is certain neither situation applies, please contact the Purchasing Department, Program Administrator, ext. 8-4001.

GUIDELINES FOR CARD USE

The purchasing card is to be used to purchase most low dollar items under \$5,000. To ensure the program is utilized to its potential and to streamline normal day-to-day transactions, any purchase that requires additional documentation or approvals will not be allowed on the card.

Examples of items that cannot be purchased on the card:

- Airlines
- Retreats
- Parking Tickets
- Refreshments, catering
- Recruiting expenses for faculty & students
- Anything that requires a Special Expense form
- Anything that requires a Certificate of Insurance
- Professional/Technical Contracts
- Travel – includes registration fees
- Parking Tickets
- Travel Agencies
- Hotels
- Resorts
- Food
- Restaurants

Additionally, there are purchases that are NOT allowed by MN Statutes, Minnesota State Colleges and Universities policy and St. Cloud State University policy.

Types of purchases NOT allowed:

- Personal memberships in social, non-professional organizations
- Items for personal use – all clothing, fans, heaters, microwaves, air-conditioners, coffee makers, artwork, pictures, frames, decorative items of any sort (dept. or office, etc.), facial tissues, flowers, awards, gifts and plaques for employees, volunteers or University supporters.
- Alcohol/Tobacco
- Political contributions or events
- Charitable contributions or events
- Weapons/Ammunition

Vendors are blocked by a merchant code; however, commodities are not. Just because the card is accepted does not make it an authorized purchase.

The purchasing card is the property of St. Cloud 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 and/or termination of the employee. 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 St. Cloud 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, including termination of employment and criminal prosecution.

If the cardholder is unsure whether a purchase can be processed with the card, please call the Purchasing Card Administrator, ext. 8-4001. Do not charge and inquire after the purchase. You may risk having your card deactivated and be required to return the item purchased.

GENERAL INSTRUCTIONS

Any establishment that accepts Visa can accept the Purchasing Card. Most cards are created with a \$5,000 daily limit and a maximum of \$10,000 per month limit. Please keep in mind the following:

- All purchases must follow the St. Cloud State University Purchasing Policies and Procedures. Violation will result in revocation of the card. All transactions are audited for compliance.
- The cardholder is responsible for the safe keeping of the card and the resulting transactions on the card.
- If you have more than one card be sure you are using the correct card. This will prevent charging the wrong account for your purchase.

Step 1 Determine if the transaction value is greater than \$5,000.

If over \$5,000, process a purchase order request through PCS following the usual purchasing procedures.

If under \$5,000, go to step 2

Step 2 Using the card for Purchases

- Know where you want the package shipped. You can have it delivered to your department or through central receiving.
- Give the vendor the purchasing card number and expiration date, or present the card.
- Identify your purchase as *tax- exempt*. The tax- exempt number is on the card but the exemption is not automatically processed. Be sure to double check your itemized receipt at the point of sale to make sure tax was not applied.
- Ask the supplier to print the “cardholder’s name/VISA” where they would normally print the purchase order number on the invoice/packing slip and on the package.
- If the material will be shipped or delivered, be sure the delivery instructions are clear and require the supplier to enclose a copy of the receipt with each shipment along with your name/VISA clearly marked.

- If the material will be picked up, obtain the itemized receipt indicating the purchase price. Again, be sure to double check your itemized receipt at the time of purchase to make sure tax was not applied.
- Put original itemized receipts in the transaction/log envelope. Affidavits will not be accepted as this is the only document for auditing.

Step 3 Bi-weekly Reconciliation

A bi-weekly activity statement for each purchasing card is e-mailed to the cardholder. The statement will show all transactions posted to the account. A summary statement is sent to Accounts Payable for payment processing.

It is the responsibility of the employee cardholder to verify the correctness of the billing by performing the following reconciliation:

- Print your bi-weekly activity statement from your e-mail.
- Verify that all items included on the bi-weekly activity statement are correct. Compare your individual receipts to the bi-weekly statement. Make sure your itemized receipt **MATCHES** the amount on your statement. It is your responsibility to get the correct receipt from the vendor. Make sure all returns/credits and disputed items are taken care of. See below for instruction on handling returns/credits or disputed items.
- Staple the original itemized receipts in order behind the statement.
- The cardholder must sign the statement to verify the correctness of the billing.
- The individual designated as the responsible person for the cost center must review, sign and send the statement and receipts to Accounts Payable – AS 122. **The responsible person's signature** indicates that all charges for the cardholder have been reviewed and **are in compliance with University policy and procedures.** Statements will not be accepted without proper signatures.
- Retain a copy of all receipts and statements. This will be your documentation for returns and verification of disbursed transactions against the cardholder's cost center.
- Submit reconciled statements to Business Services- Purchasing Department-AS 122. They must be received the same week **no later than noon Friday**. Vacation or extended leave conflicts are your responsibility to resolve. Your internal procedure should include a backup plan for submitting statements on time in your

absence. Violation of this deadline will result in deactivation of the card.

RETURNS, CREDITS AND DISPUTED ITEMS

If you have a problem with an item or billing resulting from use of the Purchasing Card, you should first try to reach a resolution with the supplier that provided the item. In most cases, disputes can be resolved directly between the cardholder and the supplier. Identify on the bi-weekly statement any action you have taken (i.e. called vendor to reimburse sales tax). All returns and credits must have a credit document attached to the bi-weekly itemized statement. Do not adjust the statement – but **do** document the problem on the statement, so the card administrator knows what you are doing to correct the problem. Any documentation should be written directly on the statement and not attached on a post-it note.

- Returns: Returns are handled just like any credit card purchase. Bring or ship the item back to the supplier, along with the purchase receipt and request that a credit be placed on your card account. If the item is shipped, keep a copy of the shipping form (RMA) in case further follow-up is required.
- Credits: The supplier should issue credit for any item that has been resolved and/or returned. The credit will appear on a subsequent statement. Any item purchased with the Purchasing Card that is returned must be returned for credit. **Do not** accept a refund in cash or any other manner.
- Disputed Items: If you have a disputed charge and cannot reach resolution with the supplier, complete the Elan Visa Card Billing Inquiry Form (attachment) or write a letter within 60 days of the charge date. Submit it to:
Elan Financial Services
P.O. Box 2066,
Milwaukee, WI 53202
Also send a copy to the Purchasing Department – ATTN: Accounts Payable.

INVENTORY

Within three (3) working days of the receipt of **all** computers, regardless of cost, contact Inventory @ 8-4789 or 8-4002 so state numbers can be affixed to the property. Failure to comply will result in deactivation of the card.

ACCOUNTING

Each cardholder receives a bi-weekly account statement for information and reconciliation purposes only. The cardholder submits the statement with supporting documents to the Card Administrator for post-audit purposes. Chargebacks are downloaded bi-weekly to the cost centers through the ISRS Cost Allocation System.

Note: Purchases made during the last calendar days of the fiscal year will be charged to the fiscal year in which the date of transaction is posted by the vendor.

CREDIT CARD SECURITY

The Purchasing Card should be treated with the same level of care as personal credit cards.

- The card must not be loaned to another person. The only person authorized to use the purchasing card is the person whose name appears on the front of the card.
- The purchasing card account number should be guarded carefully. Do not post it or write it in any location that is accessible to others.

CONSEQUENCES FOR 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 deactivation of the card. The minimum suspension is three (3) months. The cardholder, responsible person for the account, dean, and vice president will be notified in writing of the deactivation by the “Notice of Card Suspension” form (attachment). To reactivate after suspension, the form must be signed by all the people who were previously notified. The cardholder must attend training before reactivation. If the card is reactivated and another violation occurs, the card will be cancelled.

Examples of non-compliance:

- Splitting charges to avoid the spending limit
- Multiple purchases from one vendor in a short period of time
- Bi-weekly statement not turned in on time
- Illegal purchases
- Failure to provide proper receipts
- Failure to provide proper signatures

WHAT IF THE CARD HOLDER 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 reduced and filed until the return. If the cardholder is not returning, cut the card in half prior to sending to Purchasing. Returned purchasing cards are not reissued to other employees for use. Do not allow anyone else to use the card.

CARDHOLDER CREDIT RATING

The use of the purchasing card results in a liability for the University, not a personal liability for the cardholder. The cardholder’s credit rating will not be affected. Please remember that the cardholder signs an agreement prior to receiving the card and as such is responsible for any abuse as outlined in this document.

KEY CONTACTS – WHO TO CALL

The following resources are available to provide assistance with questions or problems that arise with your purchasing card.

Call Elan at (800) 393-3526 (24 hours):

- To cancel or report a lost/stolen purchasing card
- Disputed charges

Call the Purchasing Card Program Administrator, ext. 8-4001:

- To apply for a purchasing card
- To replace damaged purchasing card
- To change information on the Request for Purchasing Card Set-Up form
- To cancel or report a lost/stolen purchasing card (during business hours)
- Malfunctioning card
- Not getting bi-weekly statements via e-mail
- Statements/receipts – Auditing and compliance issues
- Questions about purchasing policies and procedures

Call the Purchasing Department,

Ext. 8-3136:

- Cost allocation transactions

Call Inventory, ext. 8-4789/ 8-4002

- To inventory new computers upon delivery to your office.



REQUEST FOR PURCHASING CARD SETUP

TO: Doris Frieler, Purchasing AS122

FROM:

RE: Request for Purchasing Card Add Delete Change

The following employee is authorized to be issued a St. Cloud State University Purchasing Card for the departmental account (cost center) indicated. Please use a separate form for each cost center.

Full Name (print): _____
Displayed on card

Signature: _____

Title: _____

Department: _____

Cost Center: _____

E-Mail Address: _____

Business Phone: _____

Fax Number: _____

Home Phone: _____
(For fraud detection purposes)

Responsible Person of Cost Center Date

Grant Accountant Approval (if required) Date

Signature of Card Administrator Date

ELAN VISA PURCHASING CARD BILLING INQUIRY FORM

If you have a transaction appearing on your statement that you are questioning and cannot get satisfaction from the vendor directly, complete this form and return it to:

Elan Financial Services
Attn: Purchasing Card
PO Box 2066
Milwaukee, WI 53201

I have reviewed the charges made to my account and dispute the following item:

Account # _____
Reference # _____
Amount \$ _____
Transaction Date _____ Post Date _____

Please check only one box.

- The amount of sales draft was increased from \$_____ to \$_____ or my sales slip was added incorrectly. Enclosed is my copy of the sales draft which shows the correct amount.
- I do not recognize this transaction or recall making a purchase or placing an order with this merchant. If you have multiple unauthorized charges, which you do not recognize on your statement, please call Elan at (800) 393-3526.
- I have not received the merchandise which was to have been shipped to me. I have contacted the merchant on (date)_____ and requested that my account be credited.
- The attached credit slip was listed as a sale on my statement.
- I was issued a credit slip which was not posted on my statement. A copy of my credit slip is enclosed.
- I certify that the charge in question was a single transaction, but was posted twice on my statement. I did not authorize the second transaction. (Please note dates on which the sales in question were posted to your account.)
- Although I did engage in a transaction at the merchant, I was billed for _____ transaction(s) totaling \$_____ that I did not engage in, nor did anyone else authorized to use my card. I do have all my cards in my possession.
- Merchandise which was shipped to me has arrived damaged and/or defective. I returned the merchandise on _____ and have requested the merchant to credit my account.
- Other – (My detailed explanation is attached to this.)

Name (please print)

Telephone/Best time to call

Signature

Date

CC: St. Cloud State University, Purchasing Department, Accounts Payable– AS 122



NOTICE OF CARD SUSPENSION

DATE: _____ CARD NUMBER: _____
TO: _____ ACCOUNT NUMBER: _____
FROM: Doris Frieler, Card Administrator
Purchasing Department, St. Cloud State University
SUBJECT: Suspension

This memo is to inform you that the cardholder for the above account has been suspended from using the purchasing card for the following violation(s) of the purchasing card policy:

This suspension will be for three (3) months from the date of this form. **Do not** attempt to use this card as it has been deactivated.

CC: (responsible person)
(Dean)
(Vice-president)

Reactivation

To reactivate card after suspension, the following signatures are required.

Cardholder: _____

Responsible person for the account: _____

Dean: _____

Vice-President: _____

Return this form to the Card Administrator, Purchasing Department - AS 122 and schedule your training session **after** the three (3) month period from date of this memo.