

Purchasing Card Use Policy 1b

Effective Date: 11/01/2013

This policy, which is to be read consistently with Statewide Policy on Expenditures by State Employees and Authorized Users, Administration Information Bulletin No. 08.02, outlines use of the purchasing card by state employees, and establishes requirements for purchasing card program administration and oversight.

2.1 Purpose

The purpose of this policy is to ensure that the purchasing card is used appropriately by authorized state employees (hereinafter “cardholders”) so that specific categories of merchants, goods, and services may be procured on behalf of the State of Minnesota in an efficient and cost-effective manner and consistent with the statewide and agency use policy. **The use of the purchasing card is an alternate means of payment and must not circumvent the use of state contracts, purchasing laws, rules, policies, or procedures.**

2.2 Policy

Agency heads may elect to have their agencies use the purchasing card by signing the Purchasing Card Agency Head Acknowledgement (**Attachment A**). Participating agencies must adopt a purchasing card policy (**Attachment B**) by choosing within each section to accept the section exactly as written, accept the section with minor changes stated, or replace the section with more substantial modifications. The policy must be submitted to the Department of Administration (Admin), Office of State Procurement (OSP). An agency’s policy shall align with this state policy and Minn. Stat. § 16C and other applicable laws and rules. When modifying the policy, the agency may further restrict the use of the purchasing card, but cannot authorize higher limits or broader purchasing categories without written permission from OSP’s Acquisitions Manager. Criteria for agency modifications of the policy are found at **2.8 Purchasing Card Program Administration**. Purchasing cardholders shall use this procurement tool solely for State of Minnesota business purposes.

Agencies must have a policy in place, submitted to OSP, and approved by the commissioner of Administration prior to using the purchasing card. The agency must have an agency modified version of the policy using the model at **Attachment B**, submitted to OSP, and approved by the commissioner of Administration within one year of this policy date, or prior to Nov 1, 2014 at the latest.

Agencies must have purchasing cardholders sign the revised Authorized User Purchasing Card Acknowledgement of Use Agreement (**Attachment E**) prior to the end of the third quarter of FY14, March 31, 2014.

The purchasing card shall not be used for fuel (as defined in section **2.45b Prohibited Purchases**), except in the case of an emergency, unless an exception has been granted pursuant to the process in section **2.6**. (See **Fleet Card Use Policy 1a** for policies pertaining to the use of the Fleet Card.)

2.3 Policy Scope

Purchasing Card Use Policy 1b applies to all state agencies subject to the procurement authority of the commissioner of Administration. Other entities may request to participate in the state purchasing card contract, but they must develop and manage their own policies, procedures, authorizations, controls, oversight, and auditing of their card programs.

2.4 Use of the Purchasing Card

2.41 Purchasing Card Assignment

Purchasing cards are assigned or issued to cardholders under the authority of an agency head and the commissioner of Admin. Cardholders are those state employees authorized to use a purchasing card. Purchasing cards may be issued only after the authorized users:

- are recommended and approved by their supervisor.
- sign a statement acknowledging the use restrictions and consequences for misuse of the card (**See Attachment E** Authorized User Purchasing Card Acknowledgement of Use Agreement).
- receive documented training on card use policies and procedures from the Agency Purchasing Card Coordinator or delegate per agency policy.

The Authorized User Purchasing Card Acknowledgement of Use Agreement must be signed every three years, and the supervisor and cardholder must receive refresher training on purchasing card use. Signing every three years validates the continued need for the purchasing card and allows for refresher training.

2.42 Convenience

The purchasing card is a method of paying for allowable goods and services that, in most cases, allows the state to efficiently and cost-effectively conduct business.

2.43 State Contracts

The purchasing card may be used for State contracts when specified in the “Agency Ordering Instructions” section of the Contract Release document.

2.44 Purchasing Card Transaction Limits

Purchasing cards are subject to two limits:

- a maximum transaction dollar amount of \$5,000 (Effective May 1, 2014)
- a maximum payment cycle dollar amount of \$20,000 (Effective May 1, 2014)

If a card is used attempting a transaction in excess of an established limit or approved exception, the transaction will be automatically declined. If a need above an established limit occurs during normal business hours, the purchasing card authorized user should call the agency's purchasing card coordinator. **Splitting a purchase into more than one transaction to avoid exceeding an established purchasing limit is prohibited.** If an agency needs an exception to these limits, see **2.6 Purchasing Card Use Exceptions.**

2.45 Purchasing Card Purchases

- Permissible Purchases.
 - Travel-related services. Purchases of travel-related services must comply with Minnesota Management and Budget (MMB) policies on travel expenses; MMB policies and procedures for documenting travel; and Minn. Stat. §15.435. (Minn. Stat. §15.435 states in part, "Whenever public funds are used to pay for airline travel by an elected official or public employee, any credits or other benefits issued by any airline must accrue to the benefit of the public body providing the funding.")
 - Other business-related goods or services not otherwise prohibited by this policy.
 - Prohibited Purchases. The purchasing card shall not be used for any prohibited or non-state business purpose. Examples include:
 - Fuel [self-service fuel of the type and grade specified by the vehicle manufacturer, E85 (85% ethanol, 15% gasoline) for flex-fuel vehicles when available, and blended for the season diesel fuel in diesel powered vehicles]
 - Cash, cash advances, or extensions of credit
 - Explosives
 - Weapons of any kind, including firearms and ammunition
 - Telephone calls (either personal or business)
 - Meals for individuals (including the cardholder)
 - Alcohol
 - Consulting or professional/technical services
 - Construction services
 - High risk services
 - Equipment that is required to have a license affixed on it (vehicles, trailers, boats, snowmobiles, ATVs, etc.) due to special tax payment considerations
 - Capital assets (Capital assets are covered by MMB policy 0106-01, Capital Assets Reporting)
 - Purchases restricted by another Statewide or agency policy
 - Rewards, Loyalty Programs, and Other Incentives.
 - Agency Use Allowed:
 - The use of rewards, loyalty cards, and other incentives from merchants is allowed if the agency has a mechanism in place to review and monitor to ensure that the rewards are accruing to the benefit of the agency and have not been used by an employee for personal benefit. If desired, the establishment of the rewards, loyalty, or incentive program must be authorized in the agency policy.
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- Employee Benefits Prohibited:
 - When using the state purchasing card, the acceptance of items or any other benefit, including, but not limited to, customer loyalty points, rewards, free items, or gift cards for the benefit of the employee and not for the benefit of the state agency is prohibited. (See Minn. Stat. 43A.38 subd. 2 and 15.43 subd 1.) A violation of this requirement may lead to consequences including, but not limited to, discipline or discharge.
- Purchasing Cautions for Agency Rewards, Loyalty Programs, and Other Incentives:
 - The merchants used with the purchasing card should be based on the best price and efficiency and not influenced by a rewards/loyalty program.
 - Merchants should be selected considering best value, which includes, but is not limited to price, quality, location, and efficiency.
 - An agency should not create an “exclusive” type relationship with a particular vendor.
- Use of Financial Service, Pay Pal. The use of a financial service such as Pay Pal is discouraged, and should only be used in cases where it is the only means to make a valid, authorized state business purchase. Every effort should be made to make purchases by other means before resorting to using a financial service.
- Purchasing card transactions with a financial service must be for the exact amount of the purchase price from the vendor. Transactions with a financial service are for just one purchase at a time, and only at the time you make the purchase.
- The cardholder must obtain a receipt from both the financial service and from the merchant providing the product. The merchant receipt must show the item description, the quantity and the price of the product purchased. Both receipts must be kept together and with the purchasing card log. Receipts must be handled per the agency policy.
- Financial services such as Pay Pal must not be used in the following circumstances:
 - If the vendor accepts the state purchasing card (currently a Visa card)
 - If the vendor will accept a state purchase order
 - If the Visa transaction has been declined due to a blocked MCC code
 - If the purchase is prohibited by this policy
 - If the purchase is over \$2,500 (even if the cardholder has a higher transaction limit)
 - If the purchase is for professional/technical services or other services prohibited by section **2.47**

2.46 Emergency Use

“Emergency” means a threat to public health, welfare, or safety that threatens the functioning of government, the protection of property, or the health or safety of people. See Minn. Stat. § 16C.10, subd. 2(a) and the Authority for Local Purchase Manual section 1.6.1.

Declaring an Emergency. OSP’s Acquisitions Request for Emergency Authorization form should be used to request emergency procurement authorization. The OSP Director or Acquisitions Manager may declare an emergency. If time permits, contact OSP at 651.201.2446/2400 to report the emergency and process the form

using signature blocks A & B. When time does not allow contacting OSP, an agency head or his or her authorized delegate may declare an emergency by processing the form using signature blocks A & C. In declared emergencies, any individual may purchase if required to respond to the emergency.

Documenting an Emergency. When an agency head or delegate declares an emergency without advance authorization from OSP, the declaration must be documented by completing the Acquisitions Request for Emergency Authorization form or in writing and submitted to OSP as soon as practicable. The declaration shall include the nature, date, location, and scope of the emergency and any limits to actions that should be taken to rectify the situation.

Regardless of whether OSP or an agency head declares the emergency, the agency must submit a written report to OSP's Director or Acquisitions Manager upon completion of its emergency procurement activities, unless the purchases are under \$5,000. The report shall fully document the actions taken, why the competitive bid process could not be utilized, how the scope of work was minimized to what was immediately necessary, and the final costs of the goods and services procured under the emergency authority. A copy of this final report must be kept in the purchasing file.

When the emergency is declared by the agency head or delegate, the authorized card user shall contact the agency purchasing card coordinator. Emergency use of the purchasing card must be reported to the agency's purchasing card coordinator no later than the next business day following the emergency. The agency purchasing card coordinator shall then call OSP's Acquisitions Manager at 651.201.2446 and report the event.

2.47 Services

The state purchasing card can be used for the purchase of simple services. The card should not be used for the purchase of a service if the service is performed on state property or when insurance should be required to protect the state from potential liability. The card cannot be used to purchase construction services, professional/technical services, or for high risk services. Examples of simple services include but are not limited to film processing, news clipping service, and car washes.

2.48 State Sales Tax

The state purchasing card is exempt from the use of the state's Direct Pay Permit. Cardholders should instruct the merchant to charge applicable state sales tax and local use tax when presenting the card for payment. Cardholders must check that the vendor did apply sales tax on taxable items. If sales tax is not applied and it is appropriate, it must be noted on the purchasing card log that sales tax is due and paid to the Dept. of Revenue. Questions about sales tax should be directed to the Department of Revenue. (See the Additional References at the end of this policy.)

2.5 User Recordkeeping and Compliance

2.51 Receipts Required

All purchase card users must obtain receipts for card transactions. Receipts must be:

- Segregated by billing cycle as required by the agency's policy.

- Maintained pursuant to the agency’s records retention schedule for these records.
- Readily available during the payment process to assist in verifying correct payment.
- Original itemized receipts. If the authorized user cannot obtain a receipt from the merchant at the time of sale because of mechanical or technical difficulties, the authorized user must complete, sign and have notarized an Affidavit in Lieu of Receipts, which is available from agency financial services offices. The affidavit should only be for exceptional circumstances. For internet purchases, the print out of the order confirmation showing the details, or the email order confirmation, or the shipping document if it shows what was purchased, the quantity and the price paid suffice for the itemized receipt.

2.52 Contrary Use

If a card is used in violation of this policy, the authorized card user shall report the matter to the agency purchasing card coordinator no later than the next business day. Violations of this policy could result in consequences up to and including discipline or discharge. In the case of a prohibited purchase, the authorized user may be required to immediately reimburse the agency for the prohibited purchase. There may be situations where such reimbursement may not be warranted, in which case the agency will assess and resolve such matters on a case-by-case basis.

2.53 Fraud

Pursuant to Minn. Stat. § 609.456 subd. 2, all suspected fraud with the state’s purchasing card must be reported in writing to the Office of the Legislative Auditor (OLA). This requirement includes those instances when the state-owned purchasing card account number has been compromised or unauthorized use of the account is discovered either by the servicing contract vendor or a state employee.

2.54 Property Management

Goods purchased with the State purchasing card are subject to the Department of Administration’s [State of Minnesota Property Management Policy and User Guide](#).

2.6 Purchasing Card Use Exceptions

As noted above in section **2.2 Policy**, agencies may choose to adopt or change the agency policy (**Attachment B**), and submit it to OSP for approval. When the agency modifies the policy, it may further restrict the use of the purchasing card, but cannot authorize higher limits or broader purchasing categories without written permission from Admin by submitting a Request for Purchasing Card Policy Exception form to OSP. Any approved exception must be filed with the purchasing card file. If it is a onetime exception it should also be filed with the payment documents when the approved purchase was paid. See **Attachment C**. Examples of such exceptions include: imposing higher card limits than found under **2.44**, or authorizing purchases beyond those listed as allowed under **2.45**.

2.8 Purchasing Card Program Administration

2.81 Agency Participation – Policy and Pilot Required

To participate in the purchasing card program, participating agency heads shall sign a Purchasing Card Agency Head Acknowledgement at **Attachment A**. Agencies shall: 1) adopt a policy using **Attachment B** by choosing within each section to accept the section exactly as written, accept the section with minor changes stated, or replace the section with more substantial modifications; and may request adoption of a Purchasing Card Policy Exception at **Attachment C**, and 2) successfully complete a pilot project outlined at **Attachment D**. All cardholders shall sign the Acknowledgement of Use Agreement **Attachment E**.

An agency's policy shall:

- specify the consequences of purchasing card misuse.
- require training for cardholders and their supervisors about the responsibilities and requirements of the purchasing card, the agency's policy and purchasing laws, rules, policies, and procedures.
- require a signed statement from cardholders agreeing to abide by the provisions of the Statewide Policy on Expenditures by State Employees and Authorized Users and the Agency's Purchasing Card Policy and understanding the consequences of misuse.
- submit a signed copy of the agency policy to OSP for review and approval by the Commissioner of Administration. Upon approval, the policy will be signed and returned to the agency.
- specify review procedures, including whether the agency will examine all invoices or a statistically significant representative sample.
- identify approved exceptions, including procedures and measures for ensuring control and monitoring, such as the review of transactions by the supervisor.

2.82 Agency Purchasing Card Coordinators

Participating agencies must designate their purchasing card coordinators. Agencies must report the names of their purchasing card coordinators, along with contact information (address, phone, email) to the OSP State Purchasing Card Administrator. The agency purchasing card coordinator is responsible for overall administration of the program consistent with the statewide plan and the agency's approved plan. An agency may delegate the purchasing card coordinator duties to multiple persons based on the agency's structure and business practices, but the delegation must be outlined and authorized in the agency's policy.

2.83 Agency Purchasing Card Coordinator Duties

The duties of the purchasing card coordinator include:

- creating account(s) and account access so that card requests and changes may be managed and monitored.
- administering card policy and training authorized card users so that cards are properly used.
- monitoring card usage. Monitoring the review of card statements and monthly invoices.

- enrolling in and using Access Online, the contract vendor’s online tool to monitor and manage the purchasing card program.
- using Access Online to ensure requested accounts or changes to accounts were made accurately.
- supervising and ensuring that the review process of invoices is done per the agency review plan so that purchasing card bills are paid appropriately, in a timely manner, and the agency receives available rebate incentives. This review of invoices may include:
 - use of regular paper logs
 - use of Data Analytics tool
 - use of Statewide Integrated Financial Tools (SWIFT) to review the approvals
- ensuring that adequate funds are encumbered for anticipated purchasing card purchases.
- reminding supervisors that they are to do a thorough review of every purchasing card transaction every month per the guidance in the Agency Purchasing Card Policy.
- monitoring cardholders to ensure their need for a purchasing card is validated every three years and providing updated cardholder training.
- ensuring that cardholders sign a new Authorized User Purchasing Card Acknowledgement of Use Agreement every three years.
- keeping copies of cardholder’s dispute requests and monitoring and following up on dispute resolution.
- informing cardholders of current contracts, provisions, and policies relating to purchasing card purchases.
- maintaining a file of Authorized User Purchasing Card Acknowledgement of Use Agreements for all of the agency cardholders, which must have a signature dated within the last three years.

2.84 Requirement to Review Invoices and Records Retention

Each agency is responsible for designating a person or persons for reviewing monthly purchasing card contract vendor invoices and purchase receipts in accordance with the agency policy’s review plan. This requirement is in addition to the review and approval of the authorized user’s supervisor.

- Receipts must be submitted to the agency’s designated purchasing card coordinator or those persons designated by the agency for reconciliation with the purchasing card invoice.
- Receipts and other documentation must be retained pursuant to the agency’s records retention schedule for these records.
- Any approved exception that supports a onetime purchase must be filed with the payment documents when it is paid.
- Each agency must have a review process in place for the review of transactions to prevent theft, abuse, and fraud relating to the overall use of the card. This process is required and must be described in the agency purchasing card policy.
- It is the responsibility of each agency to review purchasing card charges and monthly invoices to eliminate unnecessary and inappropriate charges.

- Each agency must use Access Online, the contract vendor’s online web portal tool to assist in reviewing transactions and the purchasing card program within their agency.

2.84.1 Document Converting

For record storage, agencies can convert the purchasing card documents, including the receipts, to an electronic file.

Requirements for converted documents:

- Original receipts for card transactions must be marked as original to confirm they were the originals prior to conversion.
- If scanned, the resulting stored copy must be in locked format in the software used.
- The purchasing card logs and the supporting receipts must be converted together, and kept together for easy reference, segregated by payment cycle.
- There must be a backup of the converted documents to prevent loss or destruction.
- The documents must be easily retrieved with short notice and provided for reference, inspection, or audit.

2.85 Invoice Review

A review of permissible purchasing card charges, whether done by the supervisor, the certified Authority for Local Purchase buyer, the agency purchasing card coordinator, or other designated person(s) shall ensure that:

- Cardholders are properly using the purchasing card for permissible purchases.
- Charges for federal excise taxes have been removed, if appropriate.
- State and local sales taxes have been paid, when applicable.
- Potentially fraudulent transactions resulting from lost, stolen or returned purchasing cards are identified.
- Any travel-related expenses are not submitted as reimbursable employee business expenses.
- Itemized receipts are included, and they agree with the transaction as shown on the invoice.

2.86 Unauthorized Purchase

If an agency suspects an unauthorized purchase, the agency should investigate the transaction promptly to determine whether it is an incorrect amount or whether it is an unauthorized purchase. If it is determined that it is an incorrect amount, then the agency must attempt to resolve it with the merchant or the contract vendor. If it cannot be resolved, it must be disputed. If it is determined to be an unauthorized purchase, the agency should take the actions prescribed in the state and agency policies.

2.87 Discrepancies

A discrepancy is an issue noted on the invoice that doesn't match the cardholder's receipts. These issues can very often be settled by contacting the billing merchant of the transaction in question. If the situation cannot be resolved with the merchant, the issue can then be disputed.

2.88 Disputed Charges

Disputed charges can result from incorrect dollar amounts, duplicate charges, purchases that were never made, unprocessed credits, or fraud. Agency designated personnel must review the billing statement for accuracy. The purchasing cardholder should first contact the billing merchant to resolve the dispute. If unable to resolve, the cardholder should report the dispute to the agency purchasing card coordinator in writing for further action.

- Disputed Charge Documentation.
 - The purchasing cardholder or agency purchasing card coordinators must document disputed items in writing. The agency must maintain copies of any written documentation, including documentation describing the resolution of the dispute, with the monthly billing statement.
- Dispute Notification.
 - Upon notification of a dispute via telephone to the customer service number (back of card), the contract vendor will investigate the dispute and propose a resolution. If the invoice is reasonable, even with the disputed item(s), the agency should pay the full amount on the invoice to ensure the maximum possible rebate. Utilize the review process and the dispute process to rectify the situation. See the Contract Release, C-684(5), for details on how to submit a dispute.

2.89 Purchasing Card Incentives

The purchasing card program includes a provision for incentives from the contract vendor. Purchasing card incentives must be managed in the SWIFT system when they are received and be credited to the agency account. See the Contract Release, C-684(5), for details on all purchasing card incentives.

2.9 Minnesota Management and Budget Requirements

2.91 Processing Payment in SWIFT

Purchasing card payments will be processed in SWIFT. Transactions will be loaded into SWIFT from the contract vendor, and must be processed by the assigned reconciler and purchasing card approver in SWIFT, and the voucher generated from this process for payment approval. Approving transactions individually has the ability to potentially speed up the creation of a payment voucher to the contract vendor, thereby maximizing the available incentive for fast payment from the contract vendor.

Additional References:

Contract Release No. C-684(5) (This is the contract release for the purchasing card.)

Minn. Stat. 43A.38 Code of Ethics for Executive Branch Employees

Authority for Local Purchase Manual (Purchasing Manual Bulletin No. 00.07, Authority for Local Purchase) may be found on the Department of Administration, OSP website at <http://www.mmd.admin.state.mn.us/alp.htm>.

Operating Policy and Procedure, Employee Business/Travel Expenses, PAY0021

http://www.sema4.state.mn.us/html/doc/eng/webhelp/Employee_Business_Travel_Expenses_-_Operating_Policy_and_Procedure1.htm

Minnesota Department of Revenue website <http://www.taxes.state.mn.us/taxes/sales/index.shtml>

Attachments

- A – Purchasing Card Agency Head Acknowledgement
- B – Agency Purchasing Card Policy
- C – Request for Purchasing Card Policy Exception
- D – Agency Purchasing Card Pilot
- E – Authorized User Purchasing Card Acknowledgement of Use Agreement
- F – Approval Levels Summary Table

The purchasing card use policy will be updated and revised as needed. **If you have questions, please contact OSP.**

Attachment A: Purchasing Card Agency Head Acknowledgement

As the (insert title, e.g., commissioner, director) of (insert name of agency), I accept responsibility for agency staff use of the State purchasing card, actions by employees of the agency while using the purchasing card, and strict and diligent adherence by the agency and its employees to the attached Purchasing Card Policy and Procedures.

It is understood that agency participation in the State purchasing card program is a delegation of authority from the commissioner of Administration to the agency. This agency will be permitted to participate in the purchasing card program provided that all the state and agency policies and procedures are followed and enforced.

Authority to participate in the program may be revoked at an agency level for cardholder violation of the policies or for the agency's failure to monitor and enforce the policies. This agency shall monitor purchasing card use and act promptly to stop any misuse or abuse.

By applying to participate in the purchasing card program, I accept responsibility for (insert name of agency) to monitor and control the process on a monthly basis and hereby adopt the following Purchasing Card Policy. The commissioners of Administration and Minnesota Management and Budget may monitor the program by auditing the results.

This policy will remain in effect for (insert name of agency) beyond my term in this position, unless rescinded or amended by my successors.

Agency Head Signature Date

Agency Head Name Agency Name

A copy of this signed form, along with current agency's purchasing card policy must be submitted to the State Purchasing Card Administrator in Office of State Procurement.

Attachment B: Agency Purchasing Card Policy

I. Purpose

The purpose of this policy is to ensure that the purchasing card is used appropriately by authorized state employees (hereinafter “cardholders”) so that specific categories of merchants, goods and services may be procured on behalf of the state of Minnesota in an efficient and cost-effective manner and consistent with the statewide and agency policy. **The use of the purchasing card is an alternate means of payment and must not circumvent the use of state contracts, purchasing laws, rules, policies, or procedures.**

Note to agency. For each section, check the box that applies for your agency’s policy. The options are:

- a. Accept the section exactly as it is written in the model policy.
- b. Accept the section with the following changes stated below.
- c. Replace this section with the following section.

II. Purchasing Card Use Policy

a. Scope of Use

Accept this section exactly as it is written in the model policy.

Purchasing Card Use Policy 1b applies to all state agencies subject to the procurement authority of the Commissioner of Administration.

Purchasing cards are assigned or issued to cardholders under the authority of the agency head and the commissioner of the Department of Administration (Admin). “Cardholders” are those state employees authorized to use a purchasing card. Purchasing cards may be issued only after the authorized user:

- is recommended and approved by their supervisor.
- signs a statement acknowledging the use restrictions and consequences for misuse of the card.
- receives documented training on card use policies and procedures from the Agency Purchasing Card Coordinator or delegate.

Accept the section with the following changes stated below.

Replace this section with the following section.

b. Acceptable Card Uses

Accept this section exactly as it is written in the model policy.

- Travel-related services. Purchases of travel-related services must comply with Minnesota Management and Budget (MMB) policies on travel expenses; MMB policies and procedures for documenting travel;

and Minn. Stat. §15.435. (Minn. Stat. §15.435 states in part, “Whenever public funds are used to pay for airline travel by an elected official or public employee, any credits or other benefits issued by any airline must accrue to the benefit of the public body providing the funding.”); and must be procured from the current state contract vendor for travel services per the contract release T-742(5) unless a written exception is provided as per the contract release.

- Other business-related goods or services not otherwise prohibited by this policy.

Accept the section with the following changes stated below.

Replace this section with the following section.

c. Prohibited Purchases

Accept this section exactly as it is written in the model policy.

The purchasing card shall not be used for any prohibited or non-state business purpose. Examples include:

- Fuel (self-service fuel of the type and grade specified by the vehicle manufacturer, E85 (85% ethanol, 15% gasoline) for flex-fuel vehicles when available, and blended for the season diesel fuel in diesel powered vehicles)
- Cash, cash advances or extensions of credit
- Explosives
- Weapons of any kind, including firearms and ammunition
- Telephone calls (either personal or business)
- Meals for individuals (including the cardholder)
- Alcohol
- Consulting or professional/technical services
- Construction services
- High risk services
- Equipment that is required to have a license affixed on it (vehicles, trailers, boats, snowmobiles, ATVs, etc.) due to special tax payment considerations
- Capital assets (Capital assets are covered by MMB policy 0106-01, Capital Assets Reporting)
- Purchases restricted by another Statewide or agency policy

Accept the section with the following changes stated below.

Replace this section with the following section.

d. Rewards, Loyalty Programs, and Other Incentives

Accept this section exactly as it is written in the model policy.

- Agency Use Allowed:

- The use of rewards, loyalty cards, and other incentives from merchants is allowed. The agency has a mechanism in place to review and monitor to ensure that the rewards are accruing to the benefit of the agency and have not been used by an employee for personal benefit.
- Employee Benefits Prohibited:
 - The merchants used with the purchasing card should be based on the best price and efficiency and not influenced by a rewards/loyalty program.
 - Merchants should be selected considering best value, which includes, but is not limited to price, quality, location and efficiency.
 - An agency should not create an “exclusive” type relationship with a particular vendor.

Accept the section with the following changes stated below.

Replace this section with the following section.

e. Use of Financial Service, Pay Pal

Accept this section exactly as it is written in the model policy.

The use of a financial service such as Pay Pal is discouraged, and should only be used in cases where it is the only means to make a valid, authorized state business purchase. Every effort should be made to make purchases by other means before resorting to using a financial service. (Note: Sometimes when purchasing from an online vendor or website, it appears to the purchaser that you are purchasing from the manufacturer or reseller directly, but the transaction is really going to Pay Pal, and their presence is hidden from the purchaser. These cases, in which the purchaser is not aware of using Pay Pal, constitute an exception. These situations should be documented in the file when discovered and when approving the transaction in SWIFT.)

Purchasing card transactions with a financial service must be for the exact amount of the purchase price from the vendor. Transactions with a financial service are for just one purchase at a time, and only at the time you make the purchase.

The cardholder must obtain a receipt from both the financial service and from the merchant providing the product. The merchant receipt must show the item description, the quantity and the price of the product purchased. Both receipts must be kept together and with the purchasing card log. Receipts must be handled per the agency policy.

Financial services such as Pay Pal must not be used in the following circumstances:

- If the vendor accepts the state purchasing card (currently a Visa card).
- If the vendor will accept a state purchase order.
- If the Visa transaction has been declined due to a blocked MCC code.
- If the purchase is prohibited by this policy in section II.c.
- If the purchase is over \$2,500 (even if the cardholder has a higher transaction limit).
- If the purchase is for professional/technical services or other services prohibited by section II.g.

- Accept the section with the following changes stated below.
- Replace this section with the following section.

f. Emergency Use

- Accept this section exactly as it is written in the model policy.

“Emergency” means a threat to public health, welfare, or safety that threatens the functioning of government, the protection of property, or the health or safety of people. See Minn. Stat. § 16C.10, subd. 2(a) and the Authority for Local Purchase Manual section 1.6.1.

Declaring an Emergency. OSP’s *Acquisitions Request for Emergency Authorization* form should be used to request emergency procurement authorization. The OSP Admin Director or Acquisitions Manager may declare an emergency. If time permits, contact OSP Admin at 651.201.2446/2400 to report the emergency and process the form using signature blocks A & B. When time does not allow contacting OSP Admin, the agency head or his or her authorized delegate may declare an emergency by processing the form using signature blocks A & C. In declared emergencies, any individual may purchase if required to respond to the emergency.

Documenting an Emergency. When an agency head or delegate declares an emergency without advance authorization from OSP Admin, the declaration must be documented by completing the *Acquisitions Request for Emergency Authorization* form or in writing and submitted to OSP Admin as soon as practicable. The declaration shall include the nature, date, location and scope of the emergency and any limits to actions that should be taken to rectify the situation.

Regardless of whether OSP or the agency head declares the emergency, the agency must submit a written report to OSP’s Director or Acquisitions Manager upon completion of its emergency procurement activities, unless the purchases are under \$5,000. The report shall fully document the actions taken, why the competitive bid process could not be utilized, how the scope of work was minimized to what was immediately necessary, and the final costs of the goods and services procured under the emergency authority. A copy of this final report must be kept in the purchasing file.

When the emergency is declared by the agency head or delegate, the authorized card user shall contact his/her agency purchasing card coordinator. Emergency use of the purchasing card must be reported to the agency’s purchasing card coordinator no later than the next business day following the emergency. The agency purchasing card coordinator shall then call OSP’s Acquisitions Manager at 651.201.2446 and report the event.

- Accept the section with the following changes stated below.
- Replace this section with the following section.

g. Services

- Accept this section exactly as it is written in the model policy.

The state purchasing card can be used for the purchase of simple services. Simple services are services where the vendor does not come on state property, insurance is not required, and the agency determines it is low risk.

Examples of simple services include but are not limited to film processing, news clipping services, and car washes. The card should not be used for the purchase of a service if the service is performed on state property or when insurance should be required to protect the state from potential liability. The card cannot be used to purchase construction services, professional/technical services, or for high risk services.

- Accept the section with the following changes stated below.
- Replace this section with the following section.

h. State Sales Tax

- Accept this section exactly as it is written in the model policy.

The state purchasing card is exempt from the use of the state's Direct Pay Permit. Cardholders must instruct the merchant to charge applicable state sales tax and local use tax when presenting the card for payment. Cardholders must check that the vendor did apply all applicable sales tax. If sales tax is not applied and it is appropriate, it must be noted on the purchasing card log that sales tax is due and paid to the Dept. of Revenue.

- Accept the section with the following changes stated below.
- Replace this section with the following section.

i. Consequences of Improper Use

- Accept this section exactly as it is written in the model policy.

If a card is used in violation of this policy or the statewide policy, the authorized card user shall report the matter to the agency purchasing card coordinator no later than the next business day. Violations of this policy could result in consequences including, but not limited to, discipline or discharge. In the case of a prohibited purchase, the authorized user shall immediately reimburse the agency for the prohibited purchase. There may be situations where such reimbursement may not be warranted, in which case the agency will assess and resolve such matters on a case-by-case basis.

- Accept the section with the following changes stated below.
- Replace this section with the following section.

j. Fraud

- Accept this section exactly as it is written in the model policy.

Pursuant to Minn. Stat. § 609.456 subd. 2, all suspected fraud with the state's purchasing card must be reported to the Office of the Legislative Auditor (OLA). This requirement includes those instances when the state-owned purchasing card account number has been compromised or unauthorized use of the account is discovered either by the purchasing card contract vendor or a state employee.

- Accept the section with the following changes stated below.

- Replace this section with the following section.

k. Encumbrance of Funds

- Accept this section exactly as it is written in the model policy.

State law requires state entities to project and encumber sufficient funds for the cost-effective reimbursement of anticipated expenditures prior to obligating the state to pay for a purchase. For this reason, expected, predictable purchasing card expenses must be encumbered for the current month and one additional month prior to the use of the purchasing card.

For purchasing cards, this will be accomplished by the use of the BPC order document type in SWIFT. There must be sufficient funds remaining in the encumbrance for the expected expenses in the next two billing cycles/periods at the start of the billing cycle. If it is the end of a fiscal year, a new encumbrance using the funds for the next fiscal year will be created to meet this requirement, when the new budget is available. You can then expend the funds on the previous fiscal year's order and allow it to go down to zero dollars encumbered.

- Accept the section with the following changes stated below.

- Replace this section with the following section.

l. Processing Transactions for Payment

- Accept this section exactly as it is written in the model policy.

Purchasing card payments will be processed in the SWIFT system. Transactions will be loaded into SWIFT from the contract vendor and must be reconciled and approved either individually or by doing a select all and approve in SWIFT, and the voucher will be generated from this process. Approving transactions individually, as they are ready to be approved, has the ability to speed up the creation of a payment voucher to the contract vendor, thereby maximizing the available incentive for fast payment from the contract vendor.

- Accept the section with the following changes stated below.

- Replace this section with the following section.

m. Card Controls

- Accept this section exactly as it is written in the model policy.

Purchasing card controls are controls that are placed on cards to control spending activity. There are two basic types of controls. One control is set by the state for the entire card program at the vendor level by using the Merchant Category Classification codes (MCC codes) to block undesirable or inappropriate categories. The other control is dollar amounts that are set up per cardholder at the time the card is created from the agency request. The dollar amounts are covered in section **ll.n**.

- Accept the section with the following changes stated below.

- Replace this section with the following section.

n. Card Spending Limits

Accept this section exactly as it is written in the model policy.

Purchasing cards are subject to two limits:

- a maximum transaction dollar amount of \$5,000.
- a maximum payment cycle dollar amount of \$20,000.

If a card is used for a transaction in excess of an established limit or approved exception, the transaction will be automatically declined. **Splitting a purchase into more than one transaction to avoid exceeding an established purchasing limit is prohibited.** If a need above an established limit occurs during normal business hours, the purchasing card authorized user must call the agency's purchasing card coordinator to request an exception.

Accept the section with the following changes stated below.

Replace this section with the following section.

o. Exception Authorization Process

Accept this section exactly as it is written in the model policy.

Purchases other than those permissible under this policy require advance approval from the agency purchasing card coordinator. Cardholders must get all the pertinent data about the purchase from the end user: item or service needed, the business mission need for the good or service, any required approvals that have been obtained and why the purchase must be made using the purchasing card. The cardholder must make a request of the agency purchasing card coordinator to get an exception authorized for the purchase. If the purchase is allowed by the statewide policy, but restricted by the agency policy, the agency purchasing card coordinator can seek exception approval within the agency. If the exception is to the statewide policy, the agency purchasing card coordinator must request the exception from OSP, using either the exception request form or via an email or memo. See section 2.6 in the statewide policy.

If a cardholder has received a permanent exception to the agency policy or the statewide policy, the new controls or limits must be annotated on The Authorized User Purchasing Card Acknowledgement of Use Agreement in the text box provided to list limits and new signatures obtained.

Accept the section with the following changes stated below.

Replace this section with the following section.

p. Retention of Receipts

Accept this section exactly as it is written in the model policy.

All purchase cardholders must obtain receipts for card transactions. Receipts must be:

- segregated by billing cycle.
- maintained pursuant to the agency's records retention schedule for these records.

- readily available during the payment process to assist in verifying correct payment.
- original itemized receipts. If the authorized user cannot obtain a receipt from the merchant at the time of sale because of mechanical or technical difficulties, the authorized user must complete, sign, and have notarized an "Affidavit in Lieu of Receipts," which is available from the agency financial services office. See section 2.84 of the state purchasing card policy for more information about receipts.

- Accept the section with the following changes stated below.
- Replace this section with the following section.

q. Applying Funding String Information to Card Purchases

- Accept this section exactly as it is written in the model policy.

The funding string for a purchase will be applied to the purchasing card log by the cardholder.

- Accept the section with the following changes stated below.
- Replace this section with the following section.

III. Agency Purchasing Card Coordinator

- Accept this section exactly as it is written in the model policy.

The agency must designate its purchasing card coordinator(s). The agency must report the name(s) of its purchasing card coordinator(s), along with contact information (address, phone, email) to the OSP, State Purchasing Card Administrator. The agency purchasing card coordinator is responsible for overall administration of the program consistent with the statewide policy and the agency’s OSP approved policy. The duties of the purchasing card coordinator may be delegated to multiple persons based on the agency’s structure and business practices. If there is delegation it will be outlined and authorized in this policy. In addition, the SWIFT system requires a PO Agency PCard Administrator for the purchasing card module. In this agency, that will be the same person as the Agency Purchasing Card Coordinator.

- Accept the section with the following changes stated below.
- Replace this section with the following section.

Purchasing Card Coordinator Duties

- Accept this section exactly as it is written in the model policy.

The duties of the Purchasing Card Coordinator include:

- creating account(s) and account access so that card requests and changes may be managed and monitored.
- administering card policy and training authorized card users so that cards are properly used.

- monitoring card usage. Monitoring the review of card statements and monthly invoices.
- enrolling in and using Access Online, the contract vendor’s online tool to monitor and manage the purchasing card program.
- using Access Online to ensure requested accounts or changes to accounts were made accurately.
- supervising and ensuring that the review process of invoices is done per the agency review plan so that purchasing card bills are paid appropriately, in a timely manner, and the agency receives available rebate incentives. This review of invoices may include:
 - use of regular paper logs
 - use of Data Analytics tool
 - use of Statewide Integrated Financial Tools (SWIFT) to review the approvals
- ensuring that adequate funds are encumbered for anticipated purchasing card purchases.
- reminding supervisors that they are to do a thorough review of every purchasing card transaction every month per the guidance in the Agency Purchasing Card Policy.
- monitoring cardholders to ensure their need for a purchasing card is validated every three years and providing updated cardholder training.
- ensuring that cardholders sign a new Authorized User Purchasing Card Acknowledgement of Use Agreement every three years.
- keeping copies of cardholder’s dispute requests and monitoring and following-up on dispute resolution.
- informing cardholders of current contracts, provisions, and policies relating to purchasing card purchases.
- maintaining a file of Authorized User Purchasing Card Acknowledgement of Use Agreements for all of the agency cardholders, which must have a signature dated within the last three years.
- as the SWIFT PO-Agency Pcard Administrator maintaining the vendor locations, agent number, company number, cardholders, reviewers, reconcilers, approvers and proxies.
- as the SWIFT PO Agency Pcard Administrator receiving and applying the incentives received for the agency from the contract vendor, crediting the appropriate fund sources.

Accept the section with the following changes stated below.

Replace this section with the following section.

IV. Purchasing Cardholder’s Supervisor’s Responsibilities

Accept this section exactly as it is written in the model policy.

- Request as needed that appropriate individuals receive purchasing cards from the agency purchasing card coordinator. Supervisors need to determine who needs a purchasing card to assist them in the pursuit of their job responsibilities. The agency coordinator is the one who requests the card from the contract vendor.
- Review cardholder transactions monthly. Ensure that purchases:

- are necessary business expenses used to support the mission of the agency.
- are not split to avoid established card limits.
- are not contract items from a non-contract vendor.
- are from properly selected vendors.
- have original receipts to support the purchasing card log or agency approved documentation. See section 2.84 of the state purchasing card policy.
- have legally valid and appropriate funding designated on the log if required by agency policy.
- have not been submitted as an employee reimbursable expense.
- have sales tax applied, if appropriate, or if not applied and appropriate, is noted to pay the unpaid sales tax to the Dept. of Revenue.
- have not had incentives of any kind, including, but not limited to rewards/loyalty points, free items or gift cards, given to the cardholder, and if there are incentives shown, they have been documented in the agency process for agency use only.
- Devote extra scrutiny to the transactions where no original receipt is attached (an affidavit is used), and when the receipt is not itemized. (see section p.)
- Compare the original itemized receipts to the completed purchasing card log to ensure they agree, and the log is supported by the items on the receipt.
- Approve the appropriate purchases on the log and sign it.
- Review the cardholders assigned under them for the continued need for the purchasing card at least every three years and provide updated training. Re-sign the Authorized User Purchasing Card Acknowledgement for the cardholder if the need for them to continue having a purchasing card is confirmed.
- Re-sign the Authorized User Purchasing Card Acknowledgement of Use Agreement if any changes are made to limits or other controls on the cardholder's card

Accept the section with the following changes stated below.

Replace this section with the following section.

V. Purchasing Cardholder Duties

Accept this section exactly as it is written in the model policy.

The purchasing cardholder will:

- follow all purchasing laws, rules, policies, and procedures.
- consult with a certified agency buyer when needed for guidance about purchasing with the purchasing card.
- maintain a purchasing card log.
- annotate on the log any appropriate sales or use tax not charged by the merchant that is due to the Dept. of Revenue.

- annotate each purchase with a funding string on the log.
- record incentives earned (rewards/loyalty points, gift cards, etc.) earned on a purchase on the log.
- submit the log with original receipts to their supervisor.
- re-sign the Authorized User Purchasing Card Acknowledgement Of Use Agreement if any changes are made to limits or other controls on the cardholder’s card.
- re-sign the Authorized User Purchasing Card Acknowledgement Of Use Agreement at least every three years.

Accept the section with the following changes stated below.

Replace this section with the following section.

VI. PO Agency PCard Administrator

Accept this section exactly as it is written in the model policy.

The PO Agency Pcard Administrator will be the same person as the Agency Purchasing Card Coordinator.

Accept the section with the following changes stated below.

Replace this section with the following section.

VII. Purchasing Card Reconcilers and Approvers

Accept this section exactly as it is written in the model policy.

The purchasing card reconciler must promptly reconcile transactions in SWIFT after receiving email notification. Once they have completed some transactions they need to notify the assigned approver that transactions are ready to be processed.

The purchasing card approver must promptly approve reconciled transactions.

The reconciler and approver should complete transactions as quickly as they can. Processing transactions as soon as possible maximizes the agency’s speed of payment incentive from the bank.

Accept the section with the following changes stated below.

Replace this section with the following section.

VIII. Purchasing Card Review

Accept this section exactly as it is written in the model policy.

Requirement to Review Invoices; Records Retention. The agency is responsible for designating a person or persons for reviewing monthly purchasing card contract vendor invoices and purchase receipts in accordance with the agency policy's reconciliation plan.

- Receipts must be submitted to the agency's designated purchasing card coordinator or designee for review; either the paper purchasing card invoice from the bank or the purchasing card transactions loaded into SWIFT from the bank.
- Receipts and other documentation must be retained pursuant to the agency's records retention schedule for these records.
- The agency must have a reviewing process in place for the review of transactions to prevent theft, abuse, and fraud relating to the overall use of the card. This process is required and is described below in IX. Review Plan Details.
- It is the responsibility of the agency to review purchasing card charges and monthly invoices to eliminate unnecessary and inappropriate charges.

Accept the section with the following changes stated below.

Replace this section with the following section.

Review Plan Details

Accept this section exactly as it is written in the model policy.

Each quarter at least 3%, but no fewer than 5, of the agency's purchasing card accounts will be randomly selected for review. Ten percent, but no fewer than 10, of the selected card accounts' transactions from the month with most activity during that quarter will be reviewed. Cardholder logs, receipts, monthly memo statements, and SWIFT card account transactions from this sample will be submitted to the purchasing card coordinator or designee. These records will also be submitted for review of any transactions selected through the exception reporting process. Upon discovery of any problems, the reviewer must appropriately expand the scope of the review to uncover any additional issues. Additionally, cards may be reviewed based on prior or suspected purchasing violations. All cards are subject to review at any time.

Transaction logs will be reviewed and compared with receipts to verify that all transactions are legitimate, appropriate, and should have been paid by the agency. Receipts will also be reviewed to ensure that state and local taxes on any taxable purchases were applied correctly.

In the event that an issue or problem is discovered during the review process, the purchasing card coordinator or designee will work with the cardholder and appropriate supervisor to resolve the issue. When appropriate, the vendor, OSP, and/or the OLA will be consulted.

Accept the section with the following changes stated below.

Replace this section with the following section.

Signatures

(Insert name/title)
(Insert Name of Agency)

Date

(Insert name/title)
(Insert Name of Agency)

Date

Commissioner
Department of Administration

Date

A signed copy of this policy, along with a signed copy of the Purchasing Card Agency Head Acknowledgement form must be sent to OSP for review and approval.

Attachment C: Request for Purchasing Card Policy Exception

This form must be used when an agency requests approval to exceed the standard limits or exceed restrictions in the State Purchasing Card Program. Purchasing card policy exceptions can be rescinded at any time, and must be monitored by the agency for their continued need. The request must be signed by the Agency Head or Agency Head Delegate. Purchasing card policy exceptions must be approved by the Commissioner of Administration and/or the Commissioner of Minnesota Management and Budget (when applicable) or their delegate(s).

Submit the completed form to: Office of State Procurement, Department of Administration, Room 112 Admin Building, 50 Sherburne Avenue, St. Paul, MN 55155. A copy of the signed form must be retained with the agency purchasing policy. For questions, contact the State Purchasing Card Administrator, OSP, Department of Administration, at 651.201.2405.

Department Name:	Fiscal Year (FY):
Division Name:	Estimated FY Expenditure:

<input type="checkbox"/>	This request for exception is for this (these) cardholder(s) only: Name(s): OR
<input type="checkbox"/>	This request for exception is for this department or this (these) division(s) only: and affects this number of cards:

DESCRIPTION OF EACH TYPE EXCEPTION REQUESTED: For each prohibited category or purchase limit in this request, provide a detailed description, the estimated number of transactions in the FY, and the estimated expenditures for the FY. Attach additional page(s) if necessary.

Description of Limit Change or Category of Service or Product or MCC Code	Estimated number of Transactions needing the exception	Estimated Total Dollars of Exception Transactions

AN EXCEPTION IS REQUESTED BECAUSE: Explain why the exception is needed and what actions you will take to ensure oversight and no abuse of the broader authority you have requested. Attach additional page(s) if necessary.

CERTIFICATIONS

I certify that:

1. The cardholder will certify in writing that they will abide by all purchasing laws, rules, policies and procedures.
2. Purchases for approved "services" will comply with all service certification requirements and limits.

1. Agency Purchasing Card Coordinator (Required):

Agency Purchasing Card Coordinator (print) Phone Number Email

2. Agency Head or Agency Head Delegate Approval Signature (Required):

Agency Head/Delegate (print) Signature Date

Agency Head/Delegate Title Phone Number Email

Forward to: Department of Administration Office of State Procurement, State Purchasing Card Administrator

3. Department of Administration (OSP will forward to Minnesota Management and Budget if appropriate).

Approvals Needed: Admin Minnesota Management and Budget

Office of State Procurement Approved

Signature Date

Title Email Phone

Not Approved – Reason:

Note: If the exception request is approved, the agency purchasing card coordinator will inform the cardholder and the cardholder's supervisor. If it is a purchasing limit change or a type of restricted purchasing authorized, a new Authorized User Purchasing Card Acknowledgement of Use form must be signed by the supervisor and cardholder with the new controls annotated on the form.

Attachment D: Agency Purchasing Card Pilot

Agency Participation in Purchase Card Program

Prior to making the Purchase Card available to its employees for the first time, an agency shall submit a pilot plan to OSP outlining its concept and structure and the specified number of employees who will be authorized to use the card.

Once the plan is approved, it will become the basis for determining whether agency-wide participation in the program will be authorized. A successful pilot project will assess compliance and understanding of the agency's policies and procedures by cardholders and the agency staff who must support the program.

Components of the Pilot Project Plan

The plan for the pilot project shall identify:

- participating representative agency-wide employee levels and the organizational units;
- purchasing cardholders and paying locations;
- a process for auditing the results of the pilot project; and,
- where applicable, a plan for rolling out the use of purchasing cards to other parts of the agency.

Criteria for a Successful Pilot Project

The following documented outcomes, when presented to the OSP State Purchasing Card Administrator, will result in approval or disapproval for participation in the purchasing card program:

- Follow all purchasing laws, rules, policies and procedures.
- Follow the statewide purchasing card policy and the approved agency policy.
- Documentation for two successive billing cycles of receipts, payments and any dispute notifications for two invoices.¹
- All purchases were appropriate; only purchases authorized for the agency and user were made.
- Cardholders submit all reconciled and signed memo statements and original receipts within the agency's required time frame. Funding string information must be noted for each purchase.

¹ Sometimes agencies will not incur many transactions during the first two months of the program. The auditor will determine if the agency has incurred enough transactions for the first two months to audit the program or wait a few more months after the agency has processed more transactions to review the program and determine any findings. If an agency cannot demonstrate compliance with the requirements, the agency pilot may be terminated immediately after the two cycles.

- Original receipts or statements in lieu of receipts must be submitted to support all purchases. At least 95 percent of the dollar value of all purchases must be supported by original receipts.
- All purchases were approved by the agency's designated individual(s) and the memo statement countersigned by the proper agency-designated individual.
- SWIFT purchasing card reconcilers and approvers complete their tasks promptly within time limits established by the agency and make payments within 30 days of receipt of the transactions in SWIFT.
- The entire purchasing card process (including memo statements and
- receipt flow) during the pilot project was audited by agency internal auditors, the results of which were reviewed and certified as successful by the departments of Minnesota Management and Budget and Administration. (If an agency has no internal auditors, Minnesota Management and Budget will audit the payments.)

Attachment E: Authorized User Purchasing Card Acknowledgement of Use Agreement

This agreement is between the _____ (name of State Agency) and _____ (name of State Employee).

Agency Purchasing Card Policy. I have read, understand and agree that I am responsible for the proper use of the purchasing card as outlined in the (name of State Agency) Purchasing Card Policy attached hereto and the state Purchasing Card Policy 1b.

State of Minnesota Property. I acknowledge that the purchasing card is the property of the state of Minnesota and the Agency, and is to be used ONLY by me for official state business, and only as outlined in the Policy attached to this agreement. I will not share my card account number or permit anyone else to use my card. I agree to maintain possession of the card at all times.

I understand that all incentives, including, but not limited to, rewards or loyalty points, free gifts, or gift cards, etc. earned with a purchase using the purchasing card can only go to an agency account or program, and not to me or my personal account, or for my personal use or benefit.

Conditional Use. In addition to the requirements, limitations, and uses outlined in the attached agency policy the following additional conditions have been placed on my use of the purchasing card issued to me:

(Agency policy to be attached to cardholder’s copy of this agreement only.)

Insert further cost and/or item restrictions for this card, if any:
--

Loss or Theft of Purchasing Card Notification. As an authorized user of the purchasing card, I will notify the contract vendor immediately and the Agency Purchasing Card Coordinator as soon as possible or immediately the next working day if the card is lost or stolen, or in the hands of an unauthorized person, or the card account number has been compromised. Pertinent information regarding the lost or stolen card, or improper use will be provided. I will make a reasonable effort to recover the card from an unauthorized person.

If I fail to notify the Agency Purchasing Card Coordinator and the purchasing card vendor as soon as possible or immediately the next working day upon realizing that the card is missing or has been misused, I may be considered negligent, and my authority to use the card may be suspended or withdrawn. The card may not be

reinstated until such time as I explain to my agency head or delegate how and why I was unable to keep track of the purchasing card. At that time a determination will be made as to whether I will be reissued a purchasing card.

Receipts. I will retain all receipts and compare them to the bank memo statement I receive monthly, or to the transactions downloaded into SWIFT, within 10 days of receipt of the memo statement. If a receipt does not match a charge on the memo statement or if a charge is not supported by a receipt, I will first attempt to resolve the discrepancy with the merchant for the transaction. I will then report the discrepancies to the Agency Purchasing Card Coordinator and explain the status of each one. I will maintain a purchasing card log, as specified by my Agency's Purchasing Card Policy, to track purchases and receipts and assist in review and approval. My supervisor or other agency-designated individual will approve each monthly memo statement or purchasing log by signing the memo statement and purchasing log.

Discrepancies on the Statement/SWIFT transactions. I will investigate any transactions on the monthly statement that I didn't make or that do not agree with my receipt or my purchasing card log. I will contact the billing merchant about the discrepancy first. If I cannot resolve the matter with the merchant, I will either start the formal dispute process, or if the transaction was not made by me, report it to the Fraud Department at the card contract vendor.

Vendor Notification. I will notify the purchasing card vendor by telephone and the agency Paying Location in writing with documentation if there are any discrepancies on the memo statement that I can't resolve with the merchant, or are for transactions not made by me, and place those transactions into dispute or report them as fraud. The Agency Purchasing Card Coordinator will keep a copy of the cardholder's dispute request and supporting information for the agency's records and to check that the credit or correction is made in the future upon resolution of the dispute.

Return of Purchasing Card. Upon termination or other circumstances in which the Department of Administration, the agency head or the Agency Purchasing Card Coordinator require the card to be revoked or turned in, I will return the card promptly to my supervisor or the Agency Purchasing Card Coordinator.

Misuse of Card. Further, I understand that my Agency and/or the Department of Administration may revoke or suspend my use of purchasing card privileges without notice if the terms and conditions of this Policy and Procedure Acknowledgement or any amendments to it are violated. I understand that misuse of the purchasing card, including use by any other individual (regardless of employment status) or for my personal use, is cause for permanent revocation of the purchasing card and other discipline up to and including discharge pursuant to Minn. Stat. §16A.15, subd. 3, and Minn. Stat. § 43A.38, subd. 4, and that disciplinary action may be taken in accordance with these statutes, any other applicable statutes, and the applicable bargaining unit agreement.

Authorized User's Agency:

Authorized User's Agency Address:

Authorized User's Work Phone Number:

Authorized User's email:

Authorized User (Printed)	Signature	Date	Employee ID No.
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Supervisor (Printed)	Signature	Date
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Agency Purchasing Card Coordinator (Printed)	Signature	Date
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This agreement will be kept on file with the agency for as long as the cardholder has a purchasing card. The cardholder and supervisor will have to resign a new agreement form every three years.

Attachment F: Approval Levels Summary Table

OSP Approval Required

- Changes to agency policy
- Changes to dollar limits above the state policy limits
- Changing the permanent MCC blocking structure of a card to a non-standard MN blocking structure
- Creating a vendor location in SWIFT for a new purchasing card paying location Establishing Emergency Cards

Agency Approvals Authorized

- Raising or reducing a card's single transaction limit or the monthly limit to a value **within** the agency's approved purchasing card policy
- Temporarily requesting an MCC code be opened up for a single purchase (with tacit approval given by OSP via the required info copy of the email request to the state purchasing card coordinator)