

General Policy - Purchase Cards

Purpose:

The purpose of BSC's purchasing card (p-card) is to provide efficiency and reduce the cost of initiating and payment of purchases. . The purchase card enables employees to purchase goods more efficiently and eliminate the preparation of Request for Payments (RFPs).

Defined Terms:

"Cardholder" means an NDUS employee whose name appears on the p-card and is responsible for all charges made with the card.

- "Designated approver" means the supervisor or other designated employee determined by the individual institution, other than the cardholder, who is familiar with the departmental budget and expenditures.
- "Detailed Documentation" means the original and detailed documentation of the purchase. Electronic copies are acceptable. Receipt, vendor invoice, charge slips, cash register receipts, printout of E-mail or web page transaction confirmation must include:
 - Itemized description of goods or services purchased, including unit price,
 - Vendor name,
 - Transaction date,
 - Transaction total, and proof of payment. Documentation for proof of payment will contain, at a minimum:
 - Invoice or other appropriate documentation showing payment amount, or Invoice or other appropriate documentation showing a zero remaining balance.
- "Merchant Category Codes" or "MCC" means the four digit codes assigned to a supplier by their merchant bank. The MCC identifies the type of business conducted by the supplier and are categorized into groups of commodities and services. P-cards are assigned MCC codes by the p-card administrator based on an institution's purchasing needs.
- "Purchasing card or "p-card" means the credit card issued to an NDUS employee for making authorized purchases of supplies and services, including travel arrangements. NDUS will process a monthly payment for all p-card charges directly to the credit card company.

A p-card is not:

- For personal use,
 - A means to access cash or credit,
 - A means to avoid appropriate procurement or payment procedures,
 - A means to pay other departments, or
 - A right of employment.
- “Purchasing card administrator” means an NDUS employee responsible for administering the p-card program. The p-card administrator also approves temporary exceptions to credit limit increases and purchases. The p-card administrator cannot also be a p-card holder.
 - Retention: Required to follow current NDUS retention policy.
 - “Transaction limit” means the limits assigned to cardholders for individual single and monthly total purchase amounts.

Policy:

BSC card holders are strongly encouraged to use their card wherever MasterCard is accepted. Accounting Services will monitor, on an on-going basis, purchases that could have been made using the p-card and provide timely communication to purchasers and their designated approvers encouraging the use of the p-card whenever possible. There is a list of Vendors that accept purchase cards located on the core under accounting services and then purchase card forms.

The p-card, a MasterCard credit card, is issued in the name of the BSC employee to make purchases for official BSC business needs. Individual credit limits vary and are determined by the Department heads.

Purchases made with the p-card must comply with:

- a. SBHE policies,
- b. North Dakota Century Code, and
- c. Institution policies.

To assure the effectiveness of the purchase card program, the policies and procedures in this guide must be followed by departments using the p-card . Failure to use the p-card in accordance with applicable policies and procedures may result in termination of the card and may involve appropriate disciplinary action, up to and including termination and possible criminal prosecution. Policy and procedure violations include, but are not limited to:

- Purchasing items with the card that are considered unallowable or unauthorized, or for personal use
- Failure to submit proper transaction documentation to Accounting Services by the monthly deadline, which is the 25th of the following month of which you are allocating charges.
- Cardholder allowing someone else to use their p-card
- Using the card on capital purchases over \$5,000, and not submitting three quotes with the purchases, which is stated in the North Dakota Century code. Repeatedly allowing sales tax to be charged. Whenever the card is used, inform the vendor that it is a tax exempt sale. **BSC's tax exempt number is on each purchase card.** The tax-exempt number is on each p-card. A violation for allowing sales tax to be charged to purchases is only for repeated, monthly offenders. Cardholders who promptly request the refund of the sales tax or attach a receipt or deposit for the amount of tax charged to their p-card log will not be considered in violation.

- Cardholders are required to sign a “Cardholder User Agreement” form. By signing the agreement form, cardholders agree to adhere to the guidelines established in this policy guide.

Limits and Restrictions:

Card holders on official BSC business related travel may use their card for travel related expenses such as flight, hotel, and car rental. An “*Authorization for Out of State Travel*” form must be submitted to the employee’s supervisor before making any travel arrangements on the purchase card. The card may **not** be used for travel related meals (due to per diem restrictions and associated taxes) However, meals related to student group travel are allowed, per North Dakota Century Code. Employees must submit a “Travel Expense Reimbursement” through Peoplesoft.

Individual p-card holders are restricted through assignment of MCC codes and credit limits. Institutions are to assign MCC codes and credit limits, taking into consideration the institution’s purchasing needs and the individual’s cardholder’s role and responsibilities.

Only the NDUS employee whose name appears on the p-card may use the p-card. The employee is accountable for all charges made with that p-card. A cardholder will not lend the p-card to anyone. If another employee in the department needs a p-card, the director or supervisor of the department should request one for that individual. The credit card company provides liability protection to NDUS once notification of any loss, theft or fraudulent use is made. However, the same level of liability protection does not apply to cards that are made available to multiple users. Therefore, only the person whose name appears on the card is authorized to use the p-card. P-cards are not issued in the name of the department. They are only issued to individuals.

The cardholder must be a NDUS employee. Students, including graduate students and student organizations are not allowed to obtain a p-card. If an employee is also a student, the issuance of the p-card must be based on their status as an employee, and all transactions must be related to their employment.

P-cards must be kept in a secure location, such as a locked drawer, and shall only be used to process transactions by the respective cardholder. In order to prevent exposure to fraud, the full p-card account number shall not be in locations that are accessible.

Cardholder Responsibilities:

Each cardholder is responsible for the following activities:

- Sign and Safeguard the purchasing card, immediately upon receipt
- Use the p-card only for NDUS purposes and in accordance with SBHE policies North Dakota Century Code and institution policies;
- Keep original receipts from each purchase.
- Reconcile the cardholder statement with receipts by the 15th of the month.
- Forward signed completed Cardholder Statement form and original receipts to designated reviewer (supervisor).
- Notify supervisor, Accounting Services and MasterCard immediately in the event of a lost or stolen card.
- Destroy and discard an expired purchasing card.

- Return the purchasing card to supervisor if employment is terminated or employee is transferred to another department.
- Resolve disputes in a timely manner. Accounting Services should be notified of any disputed items that the cardholder has not been able to resolve.

Returns, Credits, and Disputed Items:

The cardholder has the responsibility for following up with the vendor or MasterCard regarding any incorrect charges, disputed items or returns as soon as possible. Disputed billings can result from failure to receive the goods charged, defective merchandise, incorrect amounts, duplicate charges, credit not processed, as well as fraud and misuse. If the cardholder has a problem with a purchased item or a billing resulting from the use of the purchasing card, they should first try to reach a resolution with the vendor that provided the item. In most cases, disputes can be resolved directly between the cardholder and the vendor.

Credits and Returns:

The vendor should issue credit for any item that has been approved for credit/return. The credit should appear on a subsequent statement. Any item purchased with the purchase card that is returned must be credited back to the card. **Do not accept a refund in cash, check, or store credit.** Keep documentation of credits, returns and exchanges.

Disputed Items:

If a resolution on a disputed charge cannot be reached with the supplier, notify Accounting Services to work with the card company to resolve the dispute.

Monthly Statement Reconciliation:

The cardholder is responsible for reconciling the statement against the original receipts/invoices and allocating the transactions to the appropriate fund, department and account code. Allocations are preformed through PeopleSoft. Directions for allocating purchases can be found [here](#):

P-card purchases must be reviewed by a designated approver. At a minimum, the approver shall:

- Review information submitted by the cardholder. The approver should match receipts to the cardholder statement submitted by the cardholder;
- Verify that purchases are for institution business use only.
- Sign cardholder statement to certify that purchases comply with appropriate rules and regulations to the best of the approver's knowledge; and
- Verify that no personal transactions are on the statement. If personal transactions occur, the employee must repay the institution, including any applicable sales tax. If it is determined that personal or other unauthorized charges are occurring on the p-card, appropriate steps, up to and including dismissal, will be taken to resolve the misuse/abuse of the p-card.

Accounting Services may implement additional reviews including, but not limited to, sample audits and review by the accounting or purchasing policies.

Individual credit limits, including single transaction and monthly transaction limits vary and are determined by Accounting Services. Even though a p-card is issued in an employee's name, it is considered the property of Bismarck State College and must be used only for institution business.

Violations:

Any misuse of the p-card or other failure to comply with the applicable policies and procedures will result in one or more of the following:

- Appropriate disciplinary actions, including termination;
- Repayment of transactions resulting from personal use of the p-card. The card will be suspended until payment is received. Repayment will include any applicable taxes;
- Revocation of the p-card; and
- Possible criminal charges.

In addition, a cardholder found to have fraudulently used a p-card is personally liable for all fraudulent charges and shall be required to reimburse Bismarck State College for such charges within seven days of the request for repayment.

Violations on a p-card result in:

- 1) Written or emailed warning to cardholder for a first offense;
- 2) Written or emailed warning to cardholder and supervisor for a second offense;
- 3) Thirty-day suspension of card for a third offense. Cardholder must contact p card administrator to reactivate p-card within thirty days after suspension has ended;
- 4) P-card is canceled and cardholder's privileges are permanently revoked after a fourth offense. The cardholder must return the p-card to the p-card administrator.

These offenses will be tracked per employee in a twelve-month period beginning with the first offense.

Some violations may result in immediate cancellation of the cardholder's p-card. The p-card administrator reserves the right to suspend or terminate a p-card at any time if the p-card administrator finds that the violation was intentional or that the employee is not cooperative.

The p-card appeal and reinstatement process is as follows:

- A former cardholder who has lost the privilege of the use of a p-card, may request to be issued a new p-card after one hundred twenty days of having their card canceled. No cardholder will be considered for reinstatement until any personal charges unauthorized on the previous p-card are paid back in full; and
- The cardholder and their direct supervisor must go through an appeals process that is a review of the cardholder's violation history and the justification for a new p-card.

The appeals process will determine if a p-card will be reissued. If reissued, the cardholder must fill out a new p-card application and retake training.

The p-card appeals review committee will be made up by the following: p- card administrator, controller, chief financial officer, and executive vice president,

The process for evaluating a cardholder's appeal is as follows.

- The p-card appeals review committee will evaluate the initial appeal request and determine if a meeting with the p-card holder and supervisor is needed;
- If the committee determines that a meeting is not needed, the committee will document the justification in the comments section of the appeals review form;
- If the committee determines that a meeting is needed, the committee will document the date of the meeting, attendees and meeting notes;
- The committee will approve or deny the appeals request and document the justification for their decision;
- Reinstated cardholders will be subject to a six-month probation period during which:
 - The cardholder is required to complete online p-card training and in-person training that is specific to the cardholder's previous violations;
 - The p-card will be canceled if a violation is incurred during the probationary period; and
 - After successfully completing the probationary period, the cardholder will start with zero offenses and are subject to the same disciplinary action as other cardholders.

Training:

Cardholders will complete the NDUS p-card training prior to issuance of a p-card and complete refresher training every year.

NDUS p-card training for cardholders will be offered through a training platform that is approved by the NDUS office. The NDUS compliance office will administer the training and track completions. Training notifications will be sent each January with a completion due date of March thirty-first. If training is not completed by the March thirty-first deadline, the cardholder's p-card will be suspended until training is complete.

How to Obtain a Purchasing Card:

1. Complete a "Cardholder User Agreement" form. Employee participation must be approved by the department head or reviewer and the Controller. The cardholder must be a College employee. Students are not allowed to obtain a purchasing card.
2. Attend a training session (either group or individual session). The reviewer or supervisor should also attend a training session.
3. Submit completed paperwork to Accounting Services after your card has been received and you have been through a training session.

Key Contacts:

Controller: **224-2427**

Accounts Payable Associate: **224-5406**

Accounting Services personnel are available to answer questions, solve purchasing card problems, or provide assistance in the areas listed:

- To apply for a purchasing card
- For questions concerning policies and procedures
- To replace damaged cards
- For assistance with vendors
- For account inquiries
- For billing information
- To report a lost or stolen card

MasterCard Cardholder Customer Service (1-800-270-7760) can be reached to report a lost or stolen card, for questions concerning monthly statements and/or for authorization assistance.

History of This Policy:

First policy approved by the Operations Council on January 28, 2009 and by the Executive Council on January 29, 2009.

Revisions – reviewed by the Operations Council on November 27, 2013 and approved by the Executive Council on December 9, 2013; March 30, 2015; January 19, 2018; reviewed by the Operations Council on April 11, 2018 and approved by the Executive Council on April 23, 2018.