

# Admin Agency Purchasing Card Policy

## Attachment A Purchasing Card Agency Head Acknowledgement

As the Commissioner of the Department of Administration, 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 the Department of Administration 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This policy will remain in effect for the Department of Administration beyond my term in this position, unless rescinded or amended by my successors.

Matthew J. Massman 01/22/15  
Agency Head Signature Date

Matthew J. Massman, Commissioner Dept. of Administration  
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 Materials Management Division.

## 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.

#### Exception for Admin's Plant Management Division (PMD):

PMD may use purchasing cards for contract purchases even though purchasing card is not identified as an acceptable form of payment on contract release. This will be applicable to allowable purchases and historically accounts for approximately 12% of PMD purchasing card purchases. The majority of PMD purchasing card transactions are less than \$500.

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:

1. is recommended and approved by their supervisor.
2. signs a statement acknowledging the use restrictions and consequences for misuse of the card.
3. 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.

1. 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.
2. 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:

1. 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)
2. Cash, cash advances or extensions of credit
3. Explosives
4. Weapons of any kind, including firearms and ammunition
5. Telephone calls (either personal or business)
6. Meals for individuals (including the cardholder)
7. Alcohol
8. Consulting or professional/technical services
9. Construction services
10. High risk services
11. Equipment that is required to have a license affixed on it (vehicles, trailers, boats, snowmobiles, ATVs, etc.) due to special tax payment considerations
12. Capital assets (Capital assets are covered by MMB policy 0106-00, *Capital Asset Reporting*)
13. Sensitive items more than \$500 in purchase price
  - i. Sensitive items, as defined in *A User's Guide to State Property Management*, by Admin's Fleet and Surplus Division, are items that are generally intended for individual use, or that could easily be sold and are most often subject to pilferage or misuse. Examples include, but are not limited to, personal computers (both desktop and portable models), network servers, cellphones, cameras, scientific or

- measuring instruments, binoculars, and TVs.  
ii. The following specific sensitive items are prohibited from purchase:
- 

Accept the section with the following changes stated below.

Ability to use for fuel purchases when Fleet card is rejected, doesn't work, or is not available so employees can continue to work. Maximum amount is \$1,000 per year.

Sensitive Items as classified in the statewide Property Management Reporting and Accountability Policy and User Guide, May 1, 2014 or updated release.

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.

1. **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.

2. **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.)

3. **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.

Accept the section with the following changes stated below.

1. **Agency Use Is Not Allowed:**

The use of rewards, loyalty cards, and other incentives from merchants is not allowed.

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.** MMD's *Acquisitions Request for Emergency Authorization* form should be used to request emergency procurement authorization. The MMD Admin Director or Assistant Director may declare an emergency. If time permits, contact MMD Admin at 651.201.2402/2400 to report the emergency and process the form using signature blocks A & B. When time does not allow contacting MMD 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 MMD Admin, the declaration must be documented by completing the *Acquisitions Request for Emergency Authorization* form or in writing and submitted to MMD 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 MMD or the agency head declares the emergency, the agency must submit a written report to MMD's Director or Assistant Director 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 MMD's Assistant Director at 651.201.2402 and report the event.

Accept the section with the following changes stated below.

When the emergency is declared by the agency head or delegate, the agency head or delegate (e.g. division director, cardholder) 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 notify MMD's Assistant Director.

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.

If vendor does not charge applicable state sales and use tax when payment is made, the payment should be processed against a taxable SWIFT purchase order line.

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 and/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. See *Minnesota Management and Budget and Department of Administration Policy and Procedure 702-09, Credit Agreements* – which states “To facilitate the encumbering process, it is recommended that agencies encumber an amount equal to an estimated two months’ purchases, and to replenish the encumbrance accordingly once payment is made.”

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.

Delete the following sentence as the policy/procedure is not available: See *Minnesota Management and Budget and Department of Administration Policy and Procedure 702-09, Credit Agreements* – which states “To facilitate the encumbering process, it is recommended that agencies encumber an amount equal to an estimated two months’ purchases, and to replenish the encumbrance accordingly once payment is made.

Specific purchase orders may be encumbered.

Replace this section with the following section.

#### **i. 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 II.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:

1. a maximum transaction dollar amount of \$5,000.
2. 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 his/her agency's purchasing card coordinator to request an exception.

Accept the section with the following changes stated below.

If a cardholder needs a higher limit, the Request for Purchasing Card Exception form should be completed and approved.

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 MMD, 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**

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

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

1. segregated by billing cycle.
2. maintained pursuant to the agency's records retention schedule for these records.
3. readily available during the payment process to assist in verifying correct payment.
4. 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.

**X** Accept the section with the following changes stated below.

The funding string for a purchase may be applied to the log by staff other than the cardholder.

Replace this section with the following section.

**III. Agency Purchasing Card Coordinator**

**X** 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, fax, e-mail) to the MMD, 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 MMD 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:

- a. creating account(s) and account access so that card requests and changes may be managed and monitored.
- b. administering card policy and training authorized card users so that cards are properly used.
- c. monitoring card usage. Monitoring the review of card statements and monthly invoices.
- d. enrolling in and using Access Online, the contract vendor's online tool to monitor and manage the purchasing card program.
- e. using Access Online to ensure requested accounts or changes to accounts were made accurately.
- f. 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
- g. ensuring that adequate funds are encumbered for anticipated purchasing card purchases so the agency's use of the purchasing card complies with the *Minnesota Management and Budget and Department of Administration Policy and Procedure 702-09, Credit Agreements*.
- h. 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.
- i. monitoring cardholders to ensure their need for a purchasing card is validated every three years and providing updated cardholder training.
- j. ensuring that cardholders sign a new Authorized User Purchasing Card Acknowledgement of Use Agreement every three years.
- k. keeping copies of cardholder's dispute requests and monitoring and following-up on dispute resolution.
- l. informing cardholders of current contracts, provisions, and policies relating to purchasing card purchases.
- m. 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.
- n. as the SWIFT PO-Agency Pcard Administrator maintaining the vendor locations, agent number, company number, cardholders, reviewers, reconcilers, approvers and proxies.

- o. 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.

**X** Accept the section with the following changes stated below.

Sections a, e, i, j, l, m, n, and o are the responsibility of the Agency Purchasing Card Coordinator. Sections b, c, d, f, g, h and k are shared with division staff.

The reference in g. to the *Minnesota Management and Budget and Department of Administration Policy and Procedure 702-09, Credit Agreements*, is not applicable as the policy/procedure is not available.

Replace this section with the following section.

#### IV. Purchasing Cardholder's Supervisor's Responsibilities

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

1. 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.
2. Review cardholder transactions monthly. Ensure that purchases:
  - a. are necessary business expenses used to support the mission of the agency.
  - b. are not split to avoid established card limits.
  - c. are not contract items from a non-contract vendor.
  - d. are from properly selected vendors.
  - e. have original receipts to support the purchasing card log or agency approved documentation. See section 2.84 of the state purchasing card policy.
  - f. have legally valid and appropriate funding designated on the log if required by agency policy.
  - g. have not been submitted as an employee reimbursable expense.
  - h. 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.
  - i. 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.
  - j. are not sensitive items over \$500 purchase price.
3. 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.)
4. 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.
5. Approve the appropriate purchases on the log and sign it.
6. 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.

7. 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

- a. follow all purchasing laws, rules, policies and procedures.
- b. consult with a certified agency buyer when needed for guidance about purchasing with the purchasing card.
- c. maintain a purchasing card log.
- d. annotate on the log any appropriate sales or use tax not charged by the merchant that is due to the Dept. of Revenue.
- e. annotate each purchase with a funding string on the log.
- f. record incentives earned (rewards/loyalty points, gift cards, etc.) earned on a purchase on the log.
- g. submit the log with original receipts to their supervisor.
- h. 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.
- i. 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.

Cardholders will not accept incentives.

The funding string for a purchase may be applied to the log by staff other than the cardholder.

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.

1. 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.
2. The purchasing card approver must promptly approve reconciled transactions.
3. 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.

1. 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.
2. Receipts and other documentation must be retained pursuant to the agency's records retention schedule for these records.
3. 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.
4. 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.

The cardholder's supervisor must review and approve monthly purchasing log.

Replace this section with the following section.

## IX. 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.

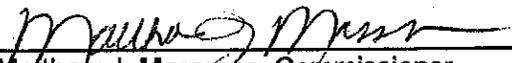
In the event that an issue or problem is discovered during the review process, the purchasing card coordinator or designee will work with the cardholder and appropriate supervisor to resolve the issue. When appropriate, the vendor, MMD, and/or the OLA will be consulted.

Accept the section with the following changes stated below.

Each quarter at least 3%, but no fewer than 2, of the agency's purchasing card accounts will be randomly selected for review. Ten percent, but no more than 5, of the selected card accounts' transactions from the month with most activity during that quarter will be reviewed. Cardholder logs, receipts, and monthly memo statements from this sample will be submitted to the purchasing card coordinator or designee.

Replace this section with the following section.

#### SIGNATURES

  
\_\_\_\_\_  
Matthew J. Massman, Commissioner  
Department of Administration

1/22/15  
\_\_\_\_\_  
Date

N/A  
\_\_\_\_\_  
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 MMD 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: Materials Management Division, 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, MMD, Department of Administration, at 651.201.2435.

<b>DEPARTMENT NAME:</b> Administration	<b>FISCAL YEAR (FY):</b> 2015
<b>DIVISION NAME:</b> PMD	<b>ESTIMATED FY EXPENDITURE for exception purchases:</b> \$ <u>70,000</u>

<input type="checkbox"/>	THIS REQUEST FOR EXCEPTION IS FOR THIS (THESE) CARDHOLDER(S) only: NAME(S): _____ <span style="margin-left: 100px;">--- OR ---</span>
<input checked="" type="checkbox"/>	THIS REQUEST FOR EXCEPTION IS FOR THIS DEPARTMENT OR THIS (THESE) DIVISION(S) only: <u>Plant Management</u> and affects this number of cards: <u>41</u>

**DESCRIPTION OF EACH TYPE EXCEPTION REQUESTED:** For each exception in this request, provide a detailed description and the estimated expenditures for the FY. Attach additional page(s) if necessary.

**I. Purpose**

As noted in I. Purpose, an exception for Admin's Plant Management Division (PMD) is being requested as follows:

PMD may use purchasing cards for contract purchases even though purchasing card is not identified as an acceptable form of payment on contract release. This will be applicable to allowable purchases and historically accounts for approximately 12% of PMD purchasing card purchases. The majority of PMD purchasing card transactions are less than \$500.

PMD will use this exception when purchasing supplies needed to complete work orders.

**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.

This exception is necessary to ensure cost-effective, clean, safe and environmentally sound facilities and grounds.

**CERTIFICATIONS**

I certify that:

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

**1. Agency Purchasing Card Coordinator (Required):**

Bruce Lemke 651-201-2530 651-282-5333 Bruce.Lemke@state.mn.us  
 Agency Purchasing Card Coordinator (print) Phone Number Fax Number Email

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

Matthew J. Massman Matthew J. Massman 02/09/15  
 Agency Head/Delegate (print) Signature Date

\_\_\_\_\_  
 Agency Head/Delegate Title Phone Number Email

Forward to: Department of Administration Materials Management Assistant Director

**3. Department of Administration** (MMD will forward to Minnesota Management and Budget if appropriate). **Approvals Needed:**  Admin  Minnesota Management and Budget

**Materials Management Division Approved.**

Brenda Welland 2/13/15  
 Signature Date

Asst Director brenda.welland@state.mn.us 201 2402  
 Title Email Phone

**Not Approved. Reason:** \_\_\_\_\_

Forward to Minnesota Management and Budget  
 Not applicable