



## Procurement Card Guide

Purchasing Department

- Overview
- P-Card Controls
- Lost, Stolen or Compromised Cards
- Using the P-Card
- Acceptable Purchases
- Restricted Purchases
- Returns, Credits & Disputed Charges
- P-Card Transaction Detail & Documentation
- End of Year Procedures
- Card Termination
- P-Card Infraction Schedule

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## **OVERVIEW**

### **Introduction**

The purpose of the Midwestern State University Procurement Card (P-Card) Program is to establish a more efficient, cost-effective method for paying for small orders and to delegate the authority and capability to make these purchases to the end-user. This program is intended to complement existing processes. The P-Card program will be administered in accordance with the terms of the State of Texas contract, MSU Operating Policy 54.01, and this Program Guide. The P-Card is not intended to avoid or bypass appropriate purchasing procedures or bidding requirements. This program is designed to empower the cardholder to make needed small purchases without a delay and with minimal paperwork.

### **Activating the P-Card**

The Procurement Card must be activated by the cardholder before using it (either online or by calling the number on the back of your card). Upon receipt of the card, the cardholder should sign the back of the Procurement Card and always keep the card and card number in a secure place.

### **Security of the P-Card**

The cardholder is responsible for the security of the card and card number. The card shall be treated with the same level of care that the cardholder would use with his/her own personal charge cards.

Guard the P-Card account number carefully. It should not be posted in a work area or left in a conspicuous place. It must be kept in a secure location.

The only person authorized to use the P-Card is the cardholder whose name appears on the card.

## **POINTS OF CONTACT AND RESPONSIBILITY**

### **Director of Purchasing and Contract Management**

- Administration of the program
- Approving/disapproving submitted P-Card Exception Forms
- Establishing University policies related to the program

### **P-Card Administrator**

- First point of contact for answering day-to-day questions
- Cardholder training & issuance of cards
- Monitoring and maintaining documentation of P-Card activities
- Auditing of receipts & transaction logs

- Contact: pcard@msutexas.edu

### **Manager Approver**

- Designating cardholders
- Establishing cardholder credit limits
- Establishing Proxy Approver (Proxy Approver will require training)
- Approving each cardholder's Transaction Log and cardholder statements
- Reviewing supporting documentation to ensure purchases are authorized per the P-Card Guide & MSU Operating Policy 54.01
- Ensuring that all employees issued a card understand the department budget constraints under which cards are to be used
- Review and approve/deny submitted P-Card Exception Forms

### **Cardholder:**

- Following all P-Card policies, procedures, rules, and guidelines outlined in MSU Operating Policy 54.01, Program Guide and updates
- Ensure that the fund, program, org code (FOAPAL) are correct
- Submitting documentation related to purchases made with the P-Card
- Make copies of ALL receipts and transaction log for department use

### **Bank Customer Service**

- Available 24 hours a day, 7 days a week
- Assists the cardholder with general questions about the P-Card account
- If a P-Card is lost, stolen, or compromised, notify:
  - Bank Customer Service
  - MSU Police ext. 4239
  - P-Card Administrator ext. 4740 (pcard@msutexas.edu)
  - Manager Approver

### **P-CARD CONTROLS**

#### **Credit Limits**

All P-Cards will have cardholder spending limits as approved by the Manager Approver. Purchases in excess of these limits will be denied at the point of sale.

- **Monthly Limits** - will limit the dollar amount available toward purchases during a single billing cycle. Manager Approvers should request a payment cycle limit consistent with the anticipated use of the card.
- **Single Transaction Limits** - will limit the total dollar amount available toward a single purchase. A transaction includes the purchase price, plus any incidental charges. Large

orders may not be divided into small lot purchases to circumvent cardholder credit limits.

### **Restricted Vendors**

Vendors are assigned a Merchant Category Code (MCC) based on the type of business they operate. The P-Card program is restricted from use with certain types of suppliers and merchants. If the P-Card is used for payment to these vendors, the authorization request will be declined. If this happens, and the purchase is within P-Card guidelines, submit an Exception Form. Call the P-Card Administrator for additional information. **The cardholder may be required to submit a purchase requisition.**

Please note that many vendors who operate within acceptable Merchant Category Codes may sell some items that are restricted from purchase on the P-Card. Just because the vendor sells it does not mean the cardholder can buy it. See Acceptable and Unacceptable Purchases.

### **LOST, STOLEN, OR COMPROMISED CARDS**

If a P-Card is lost, stolen, or compromised, immediately contact the bank's customer service representative. After customer service, notify MSU Police, the P-Card Administrator, and your Manager Approver.

Prompt, immediate action will reduce the possibility of fraudulent activity. It is imperative that the cardholder contact the bank's customer service representative immediately to report a card lost, stolen, or compromised. The cardholder may be required to reimburse the University from a failure to immediately report the loss, theft, or compromise of a card. The department may be subject to suspension or termination of all departmental cards for failure to report lost, stolen, or compromised cards. Any fraudulent charges made on a lost, stolen, or compromised card should be reported to the University Police Department and the P-Card Administrator. Keep in mind that the department may have to pay the full amount of card charges and work through the legal system to receive reimbursement.

### **Employee Termination or Transfer**

When a cardholder terminates employment with the University, the card will be closed prior to the employee termination date. A request may be made to the P-Card Administrator for the card to be shredded by the Manager Approver. Verification of card return will be part of an employee's exit interview with Human Resources along with any outstanding receipts and P-Card Transaction Log.

Any fraudulent charges made by a terminated employee after the employee's termination will be reported to the University Police Department. The terminated employee will be expected to reimburse the University.

When a cardholder changes employment from one University department to another, the cardholder must notify the P-Card Administrator. A request from the new Manager Approver for the employee to keep their P-Card must be received prior to the effective date of change.

Cardholders changing departments are also required to submit any outstanding receipts and P-Card Transaction Log prior to the issuance of a new card for their new department.

### **Training, Issuing Cards, and Refresher Training**

All applicants will be required to attend an initial in-person training and sign a cardholder Agreement before being issued a card. All cardholders will be required to complete the Refresher Training Module on-line every two years. The cardholder will have two weeks to complete the training and pass the test with a score of 70% or higher.

All Approvers will be required to complete the Approver Training Module by accessing the Approver Training Module online. All Approvers will have two weeks to complete the training with no test required. All Approvers will be required to complete the Approver Training Module every two years.

### **USING THE P-CARD**

ALL P-Card purchases shall be for OFFICIAL UNIVERSITY USE ONLY.

The cardholder is responsible to ensure all of the latest policies, rules, and guidelines are followed each time a purchase is made. All cardholders are automatically subscribed to an electronic mail list for insuring that all cardholders receive notice of changes and updates to the P-Card Program.

### **Making a Purchase**

Determine if the transaction is an acceptable use of the card.

- Splitting orders to avoid purchasing procedures or bidding requirements is not allowed.
- Consider available contracts for best value. State Contracts, TX-MAS Contracts, and DIR.
- Always consider Recycled Products.
- See examples of Acceptable and Restricted Purchases.

### **Determine if the transaction is within the spending limit.**

- A transaction includes the purchase price, plus freight and installation.
- Sales tax should never be charged. MSU is a tax-exempt agency. Sales tax is not disputable item. If tax is charged, it must be paid and the department will be responsible for obtaining a credit from the vendor charging the tax, or reimbursing the University.
- It is the cardholder's responsibility to know their P-Card credit limits.
- Purchases made that exceed credit limits may be considered unauthorized, and therefore non-compliant.

### Identify if the merchant is a HUB vendor.

State law mandates state agencies make a good faith effort to increase business with Historically Underutilized Businesses (HUB). Contact the P-Card Administrator, Purchasing, or the Business Office for help identifying HUB vendors. Remember that MSU's percentage of business with HUBs is considered during the state's biennial budget allocation process. HUBs may be searched at the State of Texas Centralized Master Bidders List (CMBL) search site

### Verify Vendor Hold Status

Prior to the commitment of funds, state law mandates that the cardholder verify the Vendor Hold Status FOR ANY PURCHASE EXCEEDING \$500. Contact Purchasing or the Business Office for questions on the Vendor Hold Search.

The vendor hold search must be conducted no earlier than the 7<sup>th</sup> day prior to the transaction and not later than the date of the transaction.

Documentation verifying the vendor hold search must accompany the receipt when submitting your P-Card Transaction Log.

### Complete the order

- Confirm pricing includes shipping and excludes tax.
- The P-Card identifies Midwestern State University as being a **tax-exempt** entity of the State of Texas but does not automatically result in the charge being tax exempt. **Stress to the vendor that MSU is tax exempt.**
- **P-Card deliveries must be sent to an MSU address.** Provide detailed shipping instructions with the department where delivery is to be made. Request that the cardholder's name, extension and delivery address appear on all packing lists and box labels. This will help ensure that the shipment gets to the right person.
- If a PO number is requested, use your name and extension.
- Secure a receipt or invoice, and/or Missing Receipt/Invoice Form to fully document the purchase and if applicable, any problems associated with the purchase. Always instruct the vendor to send the receipt/invoice directly to the cardholder, **not to Accounts Payable.**
- Ensure receipt of goods and follow up with vendors to resolve any delivery problems, discrepancies and/or damaged goods.

### Split Orders

It is prohibited to split an order to circumvent P-Card or procurement thresholds. A split purchase is defined as:

- The purchase of Goods exceeding the cardholder's single transaction limit with the order being divided into more than one transaction.

Orders are considered split, whether split by the cardholder or the vendor, when the combined exceed the single purchase card limit.

### **ACCEPTABLE PURCHASES**

This list is not all-inclusive. A transaction includes the purchase price, plus freight and installation. Examples:

1. Tools and hardware
2. Supplies: office, safety, lab, medical
3. Books
4. Janitorial supplies
5. Breakroom supplies: plates, cups, cutlery, napkins
6. Computer supplies and software (requires IT approval prior with documentation attached to the transaction)
7. Registration for conferences, seminars, etc.
8. Membership dues
9. Subscriptions (magazine, newspaper & periodicals)
10. Small equipment (not capital or controlled)
11. Purchases from the bookstore, unless otherwise prohibited below
12. Water
13. Coffee (not ready-made), creamer, sugar, pods
14. Tea (not ready-made)
15. Candy (individually wrapped, bulk packaged)
16. Rentals (excluding vehicle rentals)

### **RESTRICTED PURCHASES**

The P-Card IS NOT TO BE USED for the following purchases.

1. Items for personal use
2. Items purchased with HEF funds
3. Cash advances or cash refunds
4. Gift cards & gift certificates
5. Gifts, including food, flowers, plants, gift baskets, etc. (to include items to assemble gift baskets)
6. Alcoholic beverages
7. Beverages, including powdered drink mixes or flavoring (excluding water)
8. Meals (to include restaurants, fast food, and/or any fees to attend a catered meal)
9. Food and/or snacks (excluding bulk individually wrapped candy)
10. Information Technology Products that require IT approval (e.g., computers, laptops, printers, projectors, televisions, A/V equipment, cameras, etc.)

11. Promotional items with MSU branding purchased from a vendor that is not a Collegiate Licensing Company
12. Travel, entertainment and related expenses
13. Controlled, hazardous, or radioactive materials
14. Gasoline
15. Donations
16. Professional and consultant services, or other services requiring a written contract
17. Services that require the service be performed on campus
18. Cellular phones
19. Items defined as controlled assets (e.g., laptops, computers, televisions, etc.)
20. Purchases from university employees
21. Vendors on hold with the state
22. Items delivered to address other than a university address
23. Purchases made through a 3<sup>rd</sup> party payment system that cannot be documented.  
(Undocumented 3<sup>rd</sup> party payments will be required to be reimbursed by the cardholder).
24. Entertainment expenses (e.g., movie tickets, concert tickets, sporting events, field trips, etc.)
25. Official orders made on behalf of MSU in an effort to receive free goods for “**personal**” use. **ALL** free items accompanying an official order become property of the University. Disposition of such items must be documented and accompany the receipt.

## **RETURNS, CREDITS AND DISPUTED CHARGES**

The cardholder shall make every attempt to first resolve the issue directly with the supplier. Review of future statements is vital to ensure the account is properly credited for returns, credits and disputed charges. Sales tax is not a disputable charge.

### **Returns and Credits**

If a cardholder needs to return an item to a supplier, contact the supplier and obtain instructions for return. Note that some suppliers may charge a restocking or handling fee for returns. If an item is accepted as a return by the supplier, a credit for this item may appear on the same statement on which the original charge is posted. If not, the credit will appear on the following statement.

Credits must be applied back to the card. Do not accept cash or gift cards.

### **Disputed Charges**

#### **Reasons for a disputed charge:**

- Item may have been received and returned, but a credit has not been issued or is in the process of being issued.



- Item may have been ordered, but cancelled before the goods were shipped and the credit has not been issued or is in the process of being issued.
- A vendor may have keyed in an incorrect card number when submitting the transaction. A complete charge or portion of a charge may be disputed.

#### **How to dispute a charge:**

Contact the bank's customer service representative. The representative will collect required information in order to initiate your claim.

Contact the P-Card Administrator, ext. 4740.

MSU will pay the bank in full each month. Your organization will be charged for disputed items. If a credit is issued, a credit will appear on your bank statement either in the current month or in following month. Detail the credit to the same FOAPAL to which it was originally detailed. The description should read "Credit for disputed item".

If disputed, the bank will place the charge in a 'State of Dispute' and the account may be given a provisional credit until receipt of adequate documentation from the vendor is provided. If the documentation appears to be in order, the transaction will be re-posted to the account and the dispute considered closed. If the charge is suspected to be fraudulent, the card will be immediately blocked. An investigation of the charge will continue and a provisional credit will be issued. A new card will then be re-issued to the cardholder, if appropriate. If, after the investigation, the disputed charge appears to be legitimate, the transaction will then post to the new account.

#### **P-CARD TRANSACTION DETAIL AND DOCUMENTATION**

Each cardholder is responsible to retain documentation on each purchase. Each individual purchase must be detailed, showing a detailed description, the fund, org, and program code(s) to which the charges apply and the associated amounts.

Acceptable paper documentation for each transaction may include:

- Itemized Sales Receipts/Invoices or printed internet or email confirmation (original documents when available)
- Packing Slips
- Credit Receipts/Slips/Invoices
- P-Card Documentation/Problem Resolution Forms
- Disputed Item Form
- Other information or correspondence related to the purchase
- P-Card Exception Form
- Vendor Hold Search Verification (for purchases \$500 and above)
- Any additional documents deemed necessary for audit purposes

## **Monthly Statement Reconciliation and Approval**

At the end of each billing cycle a monthly statement will be mailed, or made available to download, a statement to each cardholder posting purchases made with the P-Card. The Transaction Log must be received by the Purchasing Department on or before the 25<sup>th</sup> day of the month following the billing cycle close date shown on your bank statement. If the 25<sup>th</sup> falls on a weekend or holiday, the Transaction Log is due the next business day. If the Transaction Log is not received by the required deadline, the card will be suspended until the Log is received and all transactions have been examined to the satisfaction of the P-Card Administrator.

The statement total must match the Transaction Log grand total. It is the cardholder's responsibility to resolve all discrepancies.

After reconciliation of the Transaction Log with your bank statement, attach all receipts and invoices (in order of the transactions on the Transaction Log) and any other documentation, to the Transaction Log.

**The cardholder is required to keep a copy of the Transaction Log and all other documentation to include receipts and statements.**

The Transaction Log must be signed by the cardholder and routed to the Manager Approver for approval and signature.

The Manager Approver is responsible to review all transactions listed on the Transaction Log to verify that all purchases are appropriate expenditures for the department and fund/org charged. If the Manager Approver questions any transaction, they should bring it to the attention of the Director of Purchasing and Contract Management, P-Card Administrator, or report it anonymously through the University's fraud and ethics reporting process.

## **AUDITS**

Monthly statements, Transaction Logs, and associated documentation will be audited by the P-Card Administrator. Upon receipt of a request to audit, the cardholder must forward copies of all documents to the P-Card Administrator within 48 hours. The cardholder should keep copies for the department's records.

The Internal Auditor may also conduct P-Card audits at any time without notice to the cardholder or the P-Card Administrator.

The documentation identified in the P-Card Program Guide must be kept for three (3) years plus the current fiscal year to comply with the state of Texas Records Retention Schedule. These are official University records. The records for P-Card purchases will be required for periodic audits by the Purchasing Department, Internal Auditor, or the State of Texas.

## **P-CARD PAYMENT**

MSU's statement closing date is the third of the month. The billing cycle is always the fourth of the month to the third of the next month. Purchasing will receive a summary billing listing all transactions during the period by each cardholder. Accounts Payable will pay the summary billing in full. Payment will be made from a clearing account and all charges posted to the account identified in the Banner System. Payment will be made from the department accounts even if there is insufficient budget.

### **END OF YEAR PROCEDURES**

All expenditures posting on your bank statement (not necessarily purchases made) through 08/31/YY will be charged to the fiscal year.

Charges made through 8/31/YY but not posted by the vendor until after 8/31/YY will be charged to the next fiscal year. The only exception will be for those expenditures for which the requests funds remain encumbered for charges that were made prior to 8/31 but were not posted by the vendor until after 8/31.

### **CARD TERMINATION**

Use of the credit card is a privilege that carries a great deal of responsibility, but one that will be worth it due to the ease with which purchases can be made. If any one cardholder is allowed to abuse the use of the P-Card, the whole program is impacted. Therefore, abuse of the P-Card can result in immediate consequences with no appeal.

Certain P-Card rule violations will result in immediate suspension or cancellation of the cardholder's privileges.

Occasionally, exceptions to the P-Card rules may be approved by the Director of Purchasing and Contract Management prior to the transaction. If so approved, the cardholder and P-Card Administrator will have an Exception Form on file with the transaction.

### **Card Cancellations and Actions**

- **Non-Use** - If the cardholder has not used the P-Card within one year, the P-Card will be cancelled. To receive a new card, the cardholder will be required to submit a P-Card Application and attend training.
- **Termination of University Employment** - When a cardholder terminates employment with the University, the card will be closed prior to the employee termination date. A request may be made to the P-Card Administrator for the card to be shredded by the Manager Approver. Verification of card return will be part of an employee's exit interview with Human Resources. Any fraudulent charges made by a terminated employee after the employee's termination will be reported to the University Police

Department. The terminated employee will be expected to reimburse the University.

- **Transfer to a Different University Department** - When a cardholder changes employment from one University department to another; the cardholder must notify the P-Card Administrator. A request from the new Manager Approver for the employee to keep their P-Card must be received prior to the effective date of change.
- **Failure to Promptly Report a Lost, Stolen, or Compromised Card** - If a cardholder fails to make a report of a lost, stolen, or compromised card immediately upon discovery, the cardholder may be required to reimburse the University for any charges made on the card until it has been cancelled. The cardholder will be subject to a minimum 3-month waiting period before a new card will be issued and will be required to attend an instructor-led training.
- **Failure to Complete the Mandatory Refresher Training** - Any cardholder who fails to complete the mandatory refresher training every two years will have their P-Card suspended until the refresher training is complete. If the refresher training is not completed within 90 days of card suspension, the P-Card will be cancelled, and the employee will be required to submit a P-Card Application and attend an instructor-led training before receiving a new card.
- **Administrative Authority** -The Manager Approver, supervising Dean, Vice President, or President has the authority to request that the P-Card Administrator suspend or cancel an employee's card at any time for any reason. Any cards so suspended or cancelled may be reactivated or new cards issued only with approval by the position that originally requested the suspension or cancellation. Upon the P-Card Administrator's determination or upon the request of the Internal Auditor or General Counsel's office, the P-Card Administrator may suspend an employee's card while transactions are being researched, investigated, or an audit is being conducted. At the conclusion of the research, investigation, or audit, the cards will be reactivated and/or appropriate action taken.

### **P-CARD INFRACTION SCHEDULE**

Upon issuance of your new card and completion of your initial training, you will be assigned (12) "Infraction Points" to be used to track cardholder rules infractions.

The total points assigned are for the entire period a cardholder has a P-Card. The points are transferable should a cardholder change departments. It is the cardholder's responsibility to know how many infraction points they have.

For each violation listed below, the assigned points will be deducted from the cardholder's total points. When a cardholder reaches **zero** total points, the card will be cancelled. The cardholder may reapply for a new card after (1) one-year.

## P-Card Infraction Schedule

Infraction List (A)	Points
Charged sales tax (without submitting a credit or reimbursement receipt)	1
*Failure to perform mandatory refresher training (after 2 <sup>nd</sup> notice)	1
Failure to provide required documentation when submitting transaction log (e.g., missing receipts, missing invoices, etc.) (1 <sup>st</sup> notice)	1
Failure to submit transaction log prior to due date (must be date stamp received in Purchasing Office)	1
Purchase of items for personal use (accidental) REIMBURSED prior to submitting log	1
Purchase of promotional items from non-CLC licensed vendor	1

Infraction List (B)	Points
Purchases classified as entertainment expense (without prior approval)	2
Failure to provide <u>requested</u> missing documentation <u>prior</u> to next transaction log due date (e.g., missing receipts, transaction logs, etc.)	2
Failure to provide Vendor Hold Search documentation for purchases =>\$500.00 <u>prior</u> to purchase	2
Documented P-Card sharing	2
Purchases classified as travel	2
Purchase of controlled equipment (tagged)	2
Purchase of Information Technology (IT) items (without <u>prior IT</u> approval documentation)	2
Purchase of items shipped to personal address	2
Purchase of professional & consulting services	2
Purchases from vendors providing <u>on-campus services</u>	2
Purchase of food, meals or entertainment expense and/or beverages	2

Infraction List (C)	Points
Automobile Fuel, gasoline	3
Donations	3
*Failure to provide requested documentation for more than (3) missed transaction log due dates (e.g., missing receipts, transaction logs, etc.)	3
*Failure to reimburse for accidental personal use purchase before submitting transaction log	3
Failure to secure P-Card and/or account number	3
Purchase of gift cards (to include gift certificates)	3
Splitting orders to circumvent credit limits (1st infraction)	3
*Undocumented 3 <sup>rd</sup> Party Payments (missing receipt form not applicable - requires reimbursement)	3
Purchase of controlled, hazardous or radioactive materials (without prior approval)	4
Purchase of alcoholic beverages	4
Purchase of gifts (Not prizes)	4
**Splitting orders to circumvent credit limits (2nd infraction and every infraction thereafter)	5

***Infraction List (D)		Points
Intentional abuse or fraudulent use of the p-card		12
Use of p-card to secure cash advance		12
Failure to complete mandatory p-card training (exceeding 90 days after 1 <sup>st</sup> notice)		12

- \* Card will be deactivated until infraction is corrected. Points will **not** be added back.
- \*\* Card will be deactivated until cardholder schedules and attends follow-up refresher training. Points will **not** be added back.
- \*\*\* Card will be cancelled and privileges revoked (without possibility of re-issuance).

Cardholders can schedule refresher P-Card training to add (3) points to their total, but total points may not exceed (12) points. Refresher training to add points can be done once each fiscal year and must be scheduled with the P-Card Administrator. Refresher training (for purpose of **adding** infraction points) will be scheduled during new card orientation training at the P-Card Administrator's convenience.

Mandatory refresher training should not be confused with refresher training for the purpose of adding points. Mandatory training requires scoring and documentation via a certificate of completion and is required by audit.

Cards cancelled after reaching **zero points** are not subject to receiving refresher training points to re-activate their card.