MSU PCard Manual
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GETTING STARTED WITH THE PCARD

Program overview

Welcome to the Michigan State University PCard Program! The MSU PCard allows for the direct procurement of low-dollar items by faculty and staff with any merchant who accepts MasterCard®. The intent of the program is to increase efficiency by eliminating small-dollar requisitions, disbursement vouchers (DVVs), and petty cash funds, for purchases up to (or equal to) $5,000. Benefits of using a PCard include quick turnaround time, flexibility in ordering, and reduced paperwork.

The PCard is a privilege granted to faculty and staff (excluding on-call or temporary employees, students, and graduate students). It is to be used in a responsible and appropriate manner. Fraudulent or intentional misuse (including the use of the PCard for personal purchases) will result in revocation of the PCard, as well as possible criminal charges and discipline—up to and including termination.

Periodic audits of cardholder eDocs are conducted by the Office of Audit, Risk and Compliance (OARC). In addition, the PCard team conducts compliance reviews, using various reports and transaction audits to ensure that cardholders are adhering to MSU, MasterCard®, and Bank of America policies and procedures. Questionable activity is referred to OARC for further investigation. Anyone who suspects possible PCard misuse should report it to the Misconduct Hotline at (800) 763-0764.

Refer to Manual of Business Procedures Section 271 for additional detail.
GETTING STARTED WITH THE PCARD

Obtaining a PCard

Learn where to find and how to complete the PCard application [PDF].

To become a cardholder, employees must complete an eDoc application in KFS by submitting a PCard Maintenance Document (PCMD). The application requires certain personal data, which allows the bank to identify you as the cardholder upon card activation or account inquiries. All personal and sensitive data is only viewable by the cardholder and the PCard team.

Applications must be ad hoc routed for approval to the appropriate dean, director, chairperson, or another individual of a higher level. Once approved, the eDoc application routes automatically to the fiscal officer (FO) for approval, and finally to the PCard team for processing with the bank. Each cardholder is limited to one PCard unless otherwise approved by the PCard team via a PCard Exception Request form.

All prospective cardholders are required to attend an online PCard orientation before they can receive their PCard. At the conclusion of the training, the cardholder is required to sign an attestation indicating that they understand the program policies and procedures and that the credit card will not be used for personal use.

Note: The PCard does not affect your personal credit as the card is a commercial account issued by Michigan State University.
PCARD MAINTENANCE

Making changes to the PCard

Learn more about editing or canceling your PCard [PDF].

All changes to a PCard, including address updates and card cancellations, must be made via a Procurement Card Maintenance Document (PCMD). Requests made via the PCMD will not be changed with the bank until the PCard team has approved the eDoc. The cardholder and default account FO will receive an FYI once the PCard team has approved the eDoc, notifying them that the request was completed.

Note: Only the FO is notified when a card cancellation PCMD has been approved.

**PCARD TIP**

Before updating the address associated with a PCard, the address must first be changed in the HR system. This is how the PCard team verifies the address is accurate.

Account number changes

Each PCard is associated with one MSU account number. If the account number that was designated on your PCard has changed or expired, it is the unit’s responsibility to request the account number change via a PCMD prior to the account expiration date. Changes to Contract and Grant accounts must be ad hoc routed to the CGA office.
**PCARD MAINTENANCE**

**Purchase limits**

All PCards have a $5,000.00 single purchase limit, including shipping and handling. Transactions that are $5,000.01 or greater will be denied at the point of sale. It is not permissible to make multiple charges in the same day—or consecutive days—to the same merchant in order to facilitate a charge that exceeds $5,000.*

The monthly spending limit for PCard transactions is $25,000. The spending limits can be increased to $9,950 and $50,000, respectively, via a PCMD within KFS, with approval from the account fiscal officer. Please note requests made via the PCMD will not be changed with the bank until the PCard team has approved the eDoc. The cardholder and default account FO will receive an FYI notification that the request was completed once the PCard team has approved the eDoc. Spending limit changes to Contract and Grant accounts must be ad hoc routed to the CGA office for approval.

**Lost or stolen card**

Follow our step-by-step guide for reporting a lost or stolen PCarc [PDF].

If a PCard is lost or stolen, it is the cardholder’s responsibility to notify the bank and the PCard team. The credit card will be canceled immediately, and a replacement credit card issued. If the PCard is stolen on campus property, contact the MSU Police. The department/account will be liable for any charges that may have occurred prior to the PCard being canceled, so it is important to report lost/stolen cards immediately.

**REPORTING A LOST OR STOLEN CARD**

<table>
<thead>
<tr>
<th>Bank of America</th>
<th>MSU PCard Team</th>
<th>MSU Police</th>
</tr>
</thead>
<tbody>
<tr>
<td>24/7 within the U.S.: (888) 449-2273</td>
<td>(517) 884-6080</td>
<td>Non-emergency (517) 355-2221</td>
</tr>
<tr>
<td>Outside U.S. (collect): (509) 353-6656</td>
<td>(517) 355-1700</td>
<td></td>
</tr>
</tbody>
</table>

*This daily limit applies in all cases with the exception of the payment of conference registration fees, where a cardholder needs to register multiple attendees for the same conference.*
COMPLIANCE REQUIREMENTS

Compliance overview

To ensure compliance, the PCard program uses internal controls and reporting to manage and audit cardholder procedures. Despite these built-in controls, there are certain steps that the cardholder and fiscal officer must take to ensure the responsible use of university funds.

Only the authorized cardholder may use the PCard—delegation of authority is not permitted. Sharing the PCard with others is prohibited as it increases the likelihood of fraud. The cardholder is held responsible for all charges made against their PCard.

Faxing or emailing your credit card number is not recommended. When faxing or emailing an order, we recommend including a statement in the billing area of the form, such as, “Once order is received, please call [cardholder name and phone number] for billing information.”

University policies

PCard purchases must be in alignment with university policies as outlined in the Manual of Business Procedures and made in an ethical manner. For example, restaurants are an allowable expenditure on the PCard, provided this use is not during active travel and the transaction complies with MBP Sections 45 and 70.

A Distribution of Income and Expense eDoc should be created to transfer funds between departments.

Exception requests

Cardholders or fiscal officers may request certain exceptions to PCard policy via the PCard Exception Request form. These exceptions are granted on a limited basis and require detailed justification. Exception purchases should not be made until a member of the PCard team has approved the request.

Recurring payments

The PCard may be used for recurring payments for items or services that do not exceed $2,000 per month—provided the items or services are not prohibited from purchase per PCard policy.
## COMPLIANCE REQUIREMENTS

### Prohibited purchases

In addition to the current expenditure policies outlined in MBP Section 271 and/or restrictions specified in your contract or grant, the following items are prohibited from being purchased on a PCard:

<table>
<thead>
<tr>
<th>Prohibited Item</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air conditioners or space heaters</td>
<td>Lab animals</td>
</tr>
<tr>
<td>Alcohol (consumable or scientific)</td>
<td>Lasers</td>
</tr>
<tr>
<td>Amazon Prime¹</td>
<td>Medical services or fees</td>
</tr>
<tr>
<td>Ammunitions, guns, weapons, explosives</td>
<td>Moving companies</td>
</tr>
<tr>
<td>Automobile service or repair</td>
<td>Motor freight carriers or trucking services</td>
</tr>
<tr>
<td>Bus lines, charters, tour buses</td>
<td>Personal purchases</td>
</tr>
<tr>
<td>Cable, satellite, or internet services</td>
<td>Plumbing, electrical, mechanical, or structural materials³ and services</td>
</tr>
<tr>
<td>Capital assets (see MBP Sections 19/224)</td>
<td>Radioactive material</td>
</tr>
<tr>
<td>Carpeting or window treatments</td>
<td>Security and access (locks, lock changes, keypads, security systems and services)</td>
</tr>
<tr>
<td>Controlled substances</td>
<td></td>
</tr>
<tr>
<td>Dehumidifers or humidifiers</td>
<td></td>
</tr>
<tr>
<td>Deposits or down payments</td>
<td>Software⁴</td>
</tr>
<tr>
<td>Drones</td>
<td></td>
</tr>
<tr>
<td>Employment agencies/temp services</td>
<td>Travel of any kind, including: airlines, auto rentals, cash advances, lodging, meals or per diem, money orders, parking, taxis, travelers checks, tolls, trains, wire transfers, visas</td>
</tr>
<tr>
<td>Freelance/gig workers (e.g. Upwork, Fiverr)</td>
<td>Two-way radios</td>
</tr>
<tr>
<td>Gas cylinders (incl. rentals)</td>
<td>Uncrewed aerial vehicles (UAVs)</td>
</tr>
<tr>
<td>Gasoline or fuel</td>
<td>Uncrewed submersible vehicles (USVs)</td>
</tr>
<tr>
<td>Gift cards (see MBP Section 44)</td>
<td>Wholesale/retail club discount purchases and memberships (e.g. CostCo)</td>
</tr>
<tr>
<td>Internet auction sites (e.g. eBay)²</td>
<td></td>
</tr>
</tbody>
</table>

¹ Instead, use your PCard for Amazon Business transactions through Spartan Marketplace.
² Internet auction site listings with a “buy it now” option are allowed for purchase as long as the purchase aligns with other MBP and PCard policies.
³ Materials are permissible for documented lab research projects.
⁴ Software is only allowed on the PCard if given written approval from Procurement after the appropriate security and accessibility reviews have taken place via the IT Readiness form. A PCard Exception Request form is not required. Please see the IT Procurement process page on the UPL website for additional information.
COMPLIANCE REQUIREMENTS

Federal guidelines

The U.S. Treasury Department’s Office of Foreign Asset Control (OFAC) maintains a list of countries with which economic trade sanctions have been imposed. The sanctions pertain to the importing and exporting of goods and services to and from countries whose practices are inconsistent with U.S. foreign policy and national security. Under no circumstances should a shipment or purchase be made from a country that appears on the sanctioned list regardless of the funding source.

Federally funded contracts further restrict purchases from certain parties who are excluded from receiving federal contracts, subcontracts, etc. These individuals and/or businesses can be viewed on the Treasury Department website. Under no circumstances should purchases be made from these listed parties using a PCard tied to federal funds.

Conflict of interest policy

MSU policies require employees to manage their outside activities in such a way as to avoid conflicts of interest. A conflict of interest exists when an employee's financial interest or other opportunities for tangible personal benefit may compromise, or reasonably appear to compromise, the independence of judgment when the employee performs his/her responsibilities at MSU. Purchases of goods or services from another university employee, from a business in which the employee or a relative has a financial interest, or from another MSU department are not allowed.

As a cardholder, you must take all appropriate steps to assure that the university does not knowingly enter into purchase commitments which would violate Michigan law or result in a conflict of interest related to university policies as identified in the MSU Employee Handbook and MBP Section 270.5.2. Questions regarding possible conflict of interest situations should be referred to the PCard team.
COMPLIANCE REQUIREMENTS

Audits
It is important for your unit to determine a process, document it, and follow it consistently. It is recommended that the FO or appropriate designee perform periodic reviews for each cardholder following our PCard Audit Requirements guide [PDF]. By completing this review every four to six months, your unit can ensure university policies are being followed on a collective basis, as compared to the snapshot view provided by daily eDoc reviews.

OARC, CGA, and/or the PCard team will conduct periodic audits of cardholder’s transactional eDocs. The university will seek restitution for any inappropriate charges made to the PCard. Fraudulent or intentional misuse (including the use of the PCard for personal purchases) will result in revocation of the PCard, possible criminal charges, and discipline up to and including termination.

PCARD TIP
The PCard team recommends that FOs use the FIN017-PCard Transaction Data Extract and UPL010-Spending Limits Report from Cognos when conducting their periodic PCard reviews.

Tax exemption
Refer to the Office of the Controller’s FAQ on Sales and Use Tax [PDF] and MBP Section 50 for further guidance.

The MSU Federal Tax Identification Number (38-6005984) is included on every PCard. It is the cardholder’s responsibility to ensure that sales tax is not charged by providing suppliers with a copy of the Sales and Use Tax Exempt Status Certificate (a pocket-sized version is included with each PCard). If a vendor is not accepting of MSU’s tax exempt status, please contact the Office of the Controller for assistance.

Cardholders should contact the vendor for a tax credit in cases where sales tax was incorrectly assessed on purchases of $1,000 or greater.
COMPLIANCE REQUIREMENTS

Shipping addresses

PCard orders can ship to an official MSU address, research facility location, or home address, as authorized by your departmental leadership. PCard deliveries should not be made to MSU Central Shipping and Receiving unless special arrangements have been made in advance. The cardholder is responsible for ensuring receipt of materials as well as any follow up efforts required to resolve delivery problems, discrepancies, damaged goods, billing problems, and returns.

Spartan Marketplace

Learn more about making purchases with MSU's Amazon Business Account in Spartan Marketplace [PDF].

As good stewards of MSU resources, cardholders should check Spartan Marketplace to see if an item can be purchased through one of our strategic suppliers, prior to making a PCard purchase. With the exception of Amazon Business in Spartan Marketplace, which uses the PCard, all other Spartan Marketplace suppliers invoice MSU against a purchase order. Procurement’s Buying Methods page can help you determine the best way to procure the item or service you need.

Declined transactions and returns

If a PCard charge is denied by a merchant, call Bank of America Customer Service at (888) 449-2273 for an explanation.

Cardholders are responsible for ensuring receipt of materials as well as any follow-up efforts required to resolve any delivery problems, discrepancies, damaged goods, billing problems or returns. If you need to return an item, contact the merchant to determine their return policy. If the merchant gives you a return authorization number or a name, include it on the return package. If the item is returned for credit, watch for the credit to appear as an eDoc in the Finance System. If the item is being returned due to merchant error (i.e. damaged item, wrong item received), the merchant should pay for return shipping and/or arrange for an item pick-up and return.
RECONCILIATION AND ACCOUNTING

Accounting practices
Although not required, the PCard Activity Log [PDF] can be helpful in reconciling PCard transactions.

PCard transactions are routed to the cardholder’s Action List in KFS on a PCard Document (PCDO) eDoc for approval and reallocation. These daily PCDOs consolidate all purchases from each PCard number into one eDoc.

All purchases must have an itemized receipt and a business purpose. The itemized receipts for PCard purchases must be scanned and attached to the corresponding eDoc in KFS. Before submitting the PCDO, please ensure the scanned receipt is legible from top to bottom. The business purpose must be indicated either on the receipt, the description line, or in the Notes and Attachments tab of the PCDO. A business purpose means a clear explanation of how and why the item or service will be used or was needed.

Did you lose your itemized receipt? You can contact the merchant for a new copy and then attach the new copy to your PCDO. Make sure that your scanned receipt is legible and itemized, and don’t forget to attach a legible business purpose to the PCDO, too.

In addition to receipts and a business purpose, the Object Code for every transaction should be updated from the default (6559) to an appropriate category. Updated Object Codes will allow for better audit trails and ledger reviews.

All associated approvals (cardholder, fiscal officer, and ad hoc approvals) are to take place in KFS within 45 days of the PCDO creation date. In cases where the cardholder and FO are the same employee, the FO is required to ad hoc route the eDoc to their supervisor for approval.

Global Card Access program
Sign up for Bank of America’s Global Card Access program [PDF]

Bank of America’s Global Card Access program provides convenient access to card information including recent activity and credit limits, as well as providing instant fraud alert notifications via text, email, or app notification.
**PCDO processing timeline**

Please refer to PCard Transaction Overview [PDF] for detailed information about PCDO routing. Please refer to the Office of the Controller’s website for Year-End Cut-Off Procedures.

**Day 0: PCDO Created**
During the overnight batching process, the PCDO is created and added to the KFS Action List of the cardholder.

**Day 30: Email Reminder Issued**
If all approvals have not been completed, KFS will send an automatic notification to the cardholder and account FO regarding the approaching deadline.

**Days 0-45: Transaction Review**
The cardholder, fiscal officer, and any ad hoc approvals are required to be completed, including verification of accounting lines, attachment of itemized receipt(s), and inclusion of a legitimate business purpose.

**Day 46: Strike Given**
If all approvals have not been completed, the PCard team will assign a strike to the cardholder per the 1-2-3 Strike Policy and will notify the cardholder and FO of noncompliance. The PCDO still needs to be reviewed and approved at this time.

**Filing disputes**
Please use the Statement of Disputed Items form [PDF] to file disputes within 60 days of transactions.

There is a 60-day period following a transaction in which transaction disputes may be filed with the bank; if filed after this 60-day period, the dispute may not be considered. Disputes should be discussed first with the merchant, and referred to the bank only after attempts to resolve the matter with the merchant have failed. The bank will require a completed Statement of Disputed Items form [PDF], along with any supporting documentation.

In the corresponding PCDO, you must check the Dispute with Bank box; however, this checkbox is used for tracking purposes only and you must still formally file the dispute with the bank. If the Dispute with Bank box is checked, the cardholder is required to include a dispute reason in the Notes and Attachments tab and approve the PCDO. The PCDO is still required to be fully routed and approved within 45 days.
ISSUES AND MISCONDUCT

Card expiration and renewal

PCards will expire at the end of the month shown on the card. For example, a card with an expiration date of 07/23 will expire July 31, 2023. The cardholder will receive a renewal card during the first or second week of the month the card is due to expire. Once the renewal card is activated, the cardholder should destroy the old card. If a renewal card is not received, please check with the business office in your respective area and, if necessary, contact the PCard team for assistance.

Card suspension and cancellation

Department administrators can request that a card be suspended at any time by notifying a member of the PCard team. PCards may also be canceled at any time by cardholders or fiscal officers. It is the responsibility of a cardholder to cancel their PCard through a PCMD in KFS when transferring units or leaving MSU. After submitting a card cancellation, the cardholder should cut up and dispose of their PCard. The department FO should be given all outstanding transaction receipts prior to the cardholder’s departure.

Fiscal misconduct

All administrators, faculty members, support staff, and other employees should promptly report any known or suspected fiscal misconduct to OARC’s anonymous Misconduct Hotline at (800) 763-0764. Alternatively, reporters may contact the Chief Audit, Risk and Compliance Officer via email or telephone at (517) 355-5036.
ISSUES AND MISCONDUCT

1-2-3 Strike policy

As a cardholder, compliance with the Manual of Business Procedures and the PCard Manual are required—and policy violations may result in the loss of PCard privileges. A 1-2-3 Strike policy is in place, aimed to correct infractions.

The cardholder and their FO will be notified of all strikes given; however, a warning may be given to cardholders only prior to the incurrence of a strike. Strike 1 will result in a 30-day card suspension; Strike 2, 90-day card suspension; and Strike 3 will result in card cancellation, and the employee will not be able to apply for a new PCard for a period of 12 months.

Example policy violations that may incur a strike include:

- Any violation of any section of the MSU Manual of Business Procedures
- Missing business purpose or itemized receipt on the eDoc
- Purchase of a restricted item, without prior approval from the PCard team
- Splitting charges to skirt the single transaction limit
- Failure to have the PCDO fully approved within the 45-day time limit
- Failure by FO to ad hoc route their own PCard transactions to supervisor
- Exceeding the monthly spending limit
- An audit finding by the Office of Audit, Risk and Compliance
- Inappropriate charge of sales tax
- Sharing card information

Note that certain violations, such as fraudulent or intentional misuse, will result in immediate revocation of the PCard, possible criminal charges, and discipline up to and including termination.

<table>
<thead>
<tr>
<th>STRIKE POLICY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1-2-3 STRIKE POLICY</strong></td>
</tr>
<tr>
<td><strong>1.</strong> <strong>WRITTEN WARNING</strong> May be issued.</td>
</tr>
<tr>
<td><strong>2.</strong> <strong>STRIKE 1</strong> Results in a 30-day PCard suspension.</td>
</tr>
<tr>
<td><strong>3.</strong> <strong>STRIKE 2</strong> Results in a 90-day PCard suspension.</td>
</tr>
<tr>
<td><strong>4.</strong> <strong>STRIKE 3</strong> Results in PCard cancellation; employee unable to apply for new card for 12 months.</td>
</tr>
</tbody>
</table>
Use the PCard responsibly and ethically for university business purposes only. Always try to achieve the best value for MSU, by checking Spartan Marketplace first and asking for educational discounts.

**NEVER...**
- share your PCard with others.
- fax or email your PCard information.
- use the PCard for personal use.


Notify merchants that MSU is tax exempt and provide supporting documentation as applicable.

**NEVER...**
- fax or email your PCard information.
- use the PCard for personal use.

Always get a legible itemized receipt.

Document the transaction's business purpose.

Review PCDOs promptly so that all approvals can be completed within 45 days.

Try to resolve disputes with merchants immediately. If that doesn’t work, file a dispute with the bank within 60 days of the transaction.

Always request a card cancellation through a KFS PCMD when transferring units or if leaving MSU. If transferring units, request a new card after you start. After submitting a card cancellation, cut up and dispose of your PCard. You are responsible for all purchases up to the point of cancellation.

**IMMEDIATELY REPORT A LOST OR STOLEN CARD**

Bank of America
24/7 within the U.S.: (888) 449-2273
Outside U.S. (collect): (509) 353-6656

MSU PCard Team
(517) 884-6080
(517) 355-1700

MSU Police
Non-emergency
(517) 355-2221

TAX

Notify merchants that MSU is tax exempt and provide supporting documentation as applicable.
Review PCDOs promptly ensuring all approvals are completed within the 45-day limit.

Perform periodic reviews of transactions, using the PCard Audit Requirements guide and Cognos reports like UPL-010.

Ensure itemized receipts are legible. Confirm that the documented business purpose is allowable.

Double-check that no tax was charged as MSU is tax exempt.

Verify the accounting string is accurate and includes an appropriate object code for audits.

If you are the cardholder, ad hoc route the eDoc to your supervisor for PCard transaction approval.

Always confirm that your cardholders have canceled their PCard via a PCMD in KFS if they are moving units or leaving the university. Ask for the receipts of any incomplete PCDO eDocs and complete for them.

Encourage your cardholders to regularly revisit the PCard Manual and MBP Section 271. Ensure cardholders know best practices for saving MSU funds, such as shopping first in Spartan Marketplace.

IMMEDIATELY REPORT A LOST OR STOLEN CARD

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