MSU PCard Manual

University Procurement and Logistics
PCard
MICHIGAN STATE UNIVERSITY
# Table of Contents

Getting Started with the PCard

- Program Overview
- Obtaining a PCard

PCard Maintenance

- Making Changes to the PCard
- Account Number Changes
- Purchase Limits

Compliance Requirements

- Compliance Overview
- University Policies
- Prohibited Purchases
- Federal Guidelines
- Conflict of Interest
- Audits
- Tax Exemption
- Shipping Addresses
- Spartan Marketplace
- Declined Transactions and Returns

Reconciliation and Accounting

- Accounting Practices
- PCDO Processing Timeline

Issues and Misconduct

- Filing Disputes
- Card Expiration and Renewal
- Card Suspension and Cancellation
- Fiscal Misconduct

Printable Infographics

- Cardholder Quick Reference Guide
- Fiscal Officer Quick Reference Guide
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 (DVs), and petty cash funds, for purchases up to (or equal to) $2,500. 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.

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/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.

All cardholders must attend an online PCard orientation prior to receiving their card. The PCard team will contact the cardholder to schedule training. At the conclusion of the orientation, the cardholder is required to sign a Cardholder Agreement Form indicating that they understand the program policies and procedures and that the credit card is not to 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.

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 that only the FO is notified that a cancellation PCMD request has been completed.

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 inform the MSU PCard team of the change prior to the expiration date. To request a change to an account number, the FO or cardholder must process a PCMD in the Finance System. Changes to Contract and Grant accounts will be ad hoc routed to the CGA office.

Purchase Limits

All PCards have a $2,500.00 single-purchase limit, including shipping and handling. Transactions that are $2,500.01 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 $2,500.*

*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.
Purchase Limits (continued)

Each card also has a monthly spending limit, set by the departmental business office and subject to final approval by the PCard team and/or Contract and Grant Administration (CGA). To request an increase to the monthly spending limit, the FO or cardholder must submit a PCMD edit in KFS. Monthly spending limits of $5,000 or greater for Contract and Grant accounts must be ad hoc routed to CGA for approval. A monthly spending limit of $25,000 or greater requires the approval of a DDC or higher-level individual via ad hoc routing in KFS.
Compliance Requirements

Compliance Overview

Follow our step-by-step guide for reporting a lost or stolen PCard.

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 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.” 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</td>
</tr>
<tr>
<td>Outside U.S. (collect): (509) 353-6656</td>
<td>(517) 355-1700</td>
<td>(517) 355-2221</td>
</tr>
</tbody>
</table>

University Policies

PCard purchases must be in alignment with university policies and made in an ethical manner. 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. A Distribution of Income and Expense eDoc should be created to transfer funds between departments.
## 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:

| Item                                      | Alternative
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Air conditioners or space heaters</td>
<td>Medical services or fees</td>
</tr>
<tr>
<td>Alcohol (consumable or scientific)</td>
<td>Moving companies</td>
</tr>
<tr>
<td>Amazon Prime*</td>
<td>Motor freight carriers or trucking services</td>
</tr>
<tr>
<td>Ammunitions, guns, weapons, explosives</td>
<td>Personal purchases</td>
</tr>
<tr>
<td>Automobile service or repair</td>
<td>Plumbing, electrical, mechanical, or structural materials** and services</td>
</tr>
<tr>
<td>Bus lines, charters, tour buses</td>
<td>Radioactive material</td>
</tr>
<tr>
<td>Cable, satellite, or internet services</td>
<td>Security and access (locks, lock changes, keypads, security systems and services)</td>
</tr>
<tr>
<td>Carpeting or window treatments</td>
<td>Software^</td>
</tr>
<tr>
<td>Controlled substances</td>
<td>Travel and entertainment including: airlines, auto rentals, bars, buses, cash advances, caterers, hotels/motels, limousines, money orders, parking, restaurants, taxis, travelers checks, tolls, trains, wire transfers, visas.</td>
</tr>
<tr>
<td>Dehumidifiers or humidifiers</td>
<td>Two-way radios</td>
</tr>
<tr>
<td>Deposits or down payments</td>
<td>Uncrewed aerial vehicles (UAVs)</td>
</tr>
<tr>
<td>Drones</td>
<td>Uncrewed submersible vehicles (USVs)</td>
</tr>
<tr>
<td>Employment agencies/temp services</td>
<td>Wholesale/retail club discount purchases and memberships (e.g. CostCo)</td>
</tr>
<tr>
<td>Gas cylinders (incl. rentals)</td>
<td>Software^</td>
</tr>
<tr>
<td>Gasoline or fuel</td>
<td>Two-way radios</td>
</tr>
<tr>
<td>Gift cards (see MBP Section 44)</td>
<td>Uncrewed aerial vehicles (UAVs)</td>
</tr>
<tr>
<td>Internet auction sites (e.g. eBay)</td>
<td>Uncrewed submersible vehicles (USVs)</td>
</tr>
<tr>
<td>Lab animals</td>
<td>Wholesale/retail club discount purchases and memberships (e.g. CostCo)</td>
</tr>
<tr>
<td>Lasers</td>
<td>Software^</td>
</tr>
</tbody>
</table>

*Instead, use your PCard for Amazon Business transactions through Spartan Marketplace.
**Materials are permissible for documented lab research projects
^Software is only allowed on the PCard if given written approval from Procurement after the appropriate security and accessibility reviews have taken place.
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. 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. This review is best accomplished using the Business Intelligence (BI) report, PCard Transaction Data Extract-FIN017, or a random sampling of cardholder transaction activity. This will help confirm that university policies are being followed on a collective basis, as opposed to the daily review completed by eDoc (ability to watch for patterns, lack of appropriate documentation, validity of business purpose and other red flags).

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**

Units should perform a periodic review of PCard transactions for each cardholder. By completing this review every four to six months, your unit can ensure university policies are being followed on a collective basis.

Tax Exemption

Please refer to the [Sales and Tax Use Exempt Status Letter](#) for information regarding MSU's tax exempt status.

The MSU Federal Tax Identification Number (TIN) is embossed on the PCard (38-6005984). It is the cardholder’s responsibility as the MSU purchaser to ensure that tax is not charged. In those cases where the supplier does not accept MSU tax exempt status at the time of purchase, request the tax credit for purchases that exceed $1,000. Contact the Controller’s Office if you need further assistance working with a merchant to confirm MSU’s tax exempt status.
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.

Spartan Marketplace
Learn more about making purchases with MSU’s Amazon Business Account in Spartan Marketplace.

As good stewards of MSU resources, cardholders should check Spartan Marketplace to see if the 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 (PO). 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](#) 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.

**PCARD TIP**
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 and fiscal officer) are to take place in KFS. In cases where the cardholder and FO are the same employee, they will need to ad hoc route the eDoc to a supervisor for approval.
Reconciliation and Accounting

PCDO Processing Timeline
Please refer to PCard Transaction Overview [pdf] for detailed information about PCDO routing. Please refer to the Controller’s Office website for Year-End Cut-Off Procedures and changes to auto-approval timelines.

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

Days 0-13: Cardholder Review
After the PCDO is added to the cardholder’s KFS Action List, the cardholder should edit and approve the PCDO, including:
• Add a business purpose
• Attach receipt(s)
• Update accounting lines
• Ad hoc route as needed

Day 14: Auto-Approval
If the cardholder has not approved the PCDO within 14 calendar days, KFS will auto-approve the PCDO and it will route to the default FO’s Action List. A note will be added to the PCDO that the eDoc was auto-approved.

Days 15-30: FO Approval
The FO should review, edit and approve the PCDO. During this time, the FO can add attachments; update the accounting lines, including splitting among multiple accounts; and ad hoc route as needed. If the eDoc was auto-approved, the FO should ad hoc route to the cardholder, requesting a note of approval.

Day 31: Auto-Approval
If the FO hasn’t approved the PCDO, an email notification will be sent to the cardholder, FO, and Organization Manager requesting immediate action from the FO.

Day 45: Final Auto-Approval
If all approvals have not been completed, the system will auto-approve the PCDO and notify the cardholder, FO, Organization Manager, and PCard team. The FO is required to enter a note documenting transaction receipts were reviewed and are appropriate after the auto approval.
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 you can file disputes 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 you to fill out and fax or mail the Statement of Disputed Items Form, 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. The Dispute Info field in the eDoc links to the MSU Procurement website which contains information on how to dispute a charge with the bank.

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.
Issues and Misconduct

Card Suspension and Cancellation

Violation of the policies in this manual may result in loss of PCard privileges. A 1-2-3 rule is in place to handle policy violations. The first policy violation will result in a warning to the cardholder; the second will result in a 30-day card suspension (FO and cardholder notified); and the third violation will result in card cancellation (FO and cardholder notified). If a card is canceled due to three policy violations, the employee will not be able to apply for a new PCard for a period of 12 months.

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.

1-2-3 RULE

<table>
<thead>
<tr>
<th>First Violation</th>
<th>Second Violation</th>
<th>Third Violation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Written warning of violation given to cardholder.</td>
<td>PCard suspended for 30 days.</td>
<td>PCard canceled. Employee cannot apply for new PCard for a period of 12 months.</td>
</tr>
</tbody>
</table>

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.
Use the PCard responsibly and ethically for university business purposes only. Always try to achieve the best deal 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.

**TAX**

Review PCDOs promptly, no later than 14 days after receipt of eDoc notification.

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**

<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>

Always get a legible itemized receipt.

Document the transaction’s business purpose.
Review PCDOs promptly, no later than 31 days after the eDoc’s creation date. If the eDoc was auto-approved, ad hoc route to the cardholder for receipt attachment, business purpose addition, and approval.

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 dean, director, chairperson, or a higher-level authority 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

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