

Policy Owner: Director, Office of Administration

Policy Contact: Director, Materials Management Section, Office of Administration

## Policy Statement

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The Minnesota Department of Transportation (MnDOT) must, at a minimum, comply with the [Statewide Policy on Expenditures by State Employees and Authorized Users](#) and [Purchasing Card Use Policy 1b](#), issued by the Minnesota Department of Administration.

As part of this policy, MnDOT has published [Purchasing Card Processes and Procedures](#). The processes and procedures are incorporated into this policy and include details about obtaining a purchasing card, permissible purchases, transaction limits, consequences of improper use, and other purchasing card-related processes and procedures.

Purchasing card users must report improper use by emailing a description of the improper action to the Purchasing Card Coordinator. Consequences of improper use are stated in the [Purchasing Card Processes and Procedures](#).

Purchasing cardholders must sign the Authorized User Purchasing Card Acknowledgement of Use Agreement prior to card issuance.

The purchasing card shall not be used for fuel, except in the case of emergency. See MnDOT's [Fuel Card Policy](#) for information about fuel purchases.

Any violations of this policy or the Purchasing Card Processes and Procedures may result in disciplinary action, up to and including dismissal.

## Reason for Policy

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The Minnesota Department of Administration's (Admin) Purchasing Card Use Policy 1b, requires agencies who elect to use purchasing cards to adopt a purchasing card policy based on the model provided by Admin. The agency-modified version of the policy must be submitted to Admin's Office of State Procurement and approved by the Commissioner of Administration. Admin ensures that the statewide policy is accurate, updated, and that relevant interpretations of the law are considered.

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 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

MnDOT 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.*

## Applicability

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All MnDOT employees must comply with MnDOT policies.

Key stakeholders affected by this policy include:

- Agency Purchasing Card Coordinator (APCC)
- All managers, office directors, district engineers and persons responsible for monitoring and processing State Purchasing Cards
- Supervisors of Purchasing Card Cardholders
- Local Purchasing Card Coordinators (LPCCs)
- Purchasing Card Cardholders

## Definitions

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### **Cardholder**

An authorized state employee to whom a purchasing card has been issued and has reviewed the policy.

### **Emergency**

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.

### **Emergency Purchase / Emergency Use**

An authorized purchase made in order to avert damages to state property, to avoid injuries to state personnel and the general public, or to order repairs to ensure that the operation of an office/division or state office is not seriously hampered or delayed for an extended period of time.

Note: Refer to the [Purchasing Card Processes and Procedures](#) for specifics on emergency use and declaring an emergency.

### **Purchase on Behalf of**

A purchase that is made for someone other than the purchasing cardholder.

### **Purchasing Card**

A means of payment for authorized State employees to procure goods and services on behalf of the State of Minnesota.

### **Split Purchase**

The practice of dividing one transaction into two or more transactions to avoid exceeding an established purchasing limit.

Note: This practice is a violation of MnDOT Policy. Consequences of improper use are described in the [Purchasing Card Processes and Procedures](#).

## Original Receipt

The itemized copy of the point of sale receipt received at time of purchase. In the case of fax, phone, or email orders, "original receipt" means the copy of the confirmation sent by the vendor to the purchaser for the goods or procurement of services or an order confirmation page printed from the internet.

## Responsibilities

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### Agency Purchasing Card Coordinator

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, email) to the Office of State Procurement (OSP) State Purchasing Card Administrator.

The Agency Purchasing Card Coordinator is responsible for overall administration of the program consistent with the statewide plan and the agency's approved policy. The agency may delegate the purchasing card coordinator to multiple persons based on the agency's structure and business practices, but the delegation must be outlined and authorized in this policy. In addition, the SWIFT system requires a PO Agency Purchasing Card Administrator for the purchasing card module. In this agency, that will be the same person as the Agency Purchasing Card Coordinator.

The Agency Purchasing Card Coordinator duties include:

- Creating accounts and account access using contract vendor systems so that card requests and changes may be managed and monitored.
- Enrolling in the contract vendor's online tool to monitor reports.
- Administering the card policy and training authorized card users so that cards are properly used in partnership with the Local Purchasing Card Coordinator and supervisor.
- Maintaining a file of completed training and MnDOT Purchasing Card Application and Recertification Agreements for all of the agency cardholders, supervisors, and LPCC's which **must** be signed within the last three (3) years.
- As the SWIFT PO Agency Purchasing Card Administrator, maintaining the vendor locations, agent number, company number, cardholders, reviewers, reconcilers, approvers and proxies.
- Reporting suspicious purchases to the Materials Management Director and working with the Office of Audit, as necessary.

### Local Purchasing Card Coordinator

- Administer the MnDOT Purchasing Card Use policy and train authorized purchasing card users to ensure proper use.
- Monitor purchasing card use, review purchasing card statements and monthly invoices, and work with the Agency Purchasing Card Coordinator on noncompliance and recertification issues.
- Enroll in and use contract vendor systems, such as the contract vendor's online tool, to monitor and manage the purchasing card program.
- Use contractor vendor systems to ensure requested accounts or changes to accounts are made accurately.
- Ensure that offices and districts review invoices expeditiously to capture the maximum rebate and that the purchasing card bills are paid appropriately in a timely manner. This review of invoices may include:
  - Use of regular paper logs

- Use of Data Analytics tool
- Use of SWIFT to review the approvals
- Ensure that adequate funds are encumbered for anticipated purchasing card purchases.
- Remind supervisors that they are to do a thorough review of every purchasing card transaction every month per the guidance in the MnDOT Purchasing Card Use Policy.
- Monitor cardholders to ensure their need for a purchasing card is validated every three years and provide updated cardholder training.
- Ensure that cardholders and supervisors sign a new Authorized User Purchasing Card Acknowledgement of Use Agreement every three years and submit to the Agency Purchasing Card Coordinator (APCC).
- Keep copies of cardholder's dispute requests, monitor, and follow-up on dispute resolution.
- File violations or warning letters for individual cardholders in their purchasing card log in which the violation occurred and submit a copy to the APCC.
- Inform cardholders of current contracts, provisions, and policies relating to purchasing card purchases.
- Receive and apply the incentives received for the agency from the contract vendor; credit the appropriate fund sources.
- Re-sign the MnDOT Purchasing Card Application and Recertification Agreement, pass the online required training, and submit the agreement to the APCC every three (3) years.
- Destroy purchasing cards and submit the completed MnDOT Purchasing Card Application and Recertification Agreement indicating account closure to the APCC when purchasing cards are turned in when an employee leaves MnDOT employment.
- Submit changes to the APCC of any cardholder position and/or supervisor changes. This information can be verified on the quarterly supervisor report.

#### **Purchasing Cardholder's Supervisor**

- Request, as needed, that appropriate individuals receive purchasing cards from the Agency Purchasing Card Coordinator. Supervisors 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.
- Review cardholder transactions monthly. Ensure that purchases:
  - Are necessary business expenses to support the mission of the agency
  - Are not split to avoid established card limits
  - Are not contract items from a non-contract vendor
  - Are from properly selected vendors
  - Have original receipts, Out of State Travel Request, and/or Special Expense forms to support the purchasing card log or agency approved documentation, [Purchasing Card Use Policy 1b- Materials Management](#), section 2.84
  - Have legally valid and appropriate funding designated on the log if required by agency policy
  - Have not been submitted as an employee reimbursable expense
  - Have sales tax applied, if appropriate, or if not applied and appropriate, is noted to pay the unpaid sales tax to the Department of Revenue
  - Have not had incentives of any kind, including, but not limited to rewards or loyalty points, free items or gift cards given to the cardholder, and if there are incentives shown, they have been documented and will not be used
  - Are not sensitive items over the \$500 purchase price
  - Are not items listed under Prohibited Purchases on page 2 of the [Purchasing Card Processes and Procedures](#)

- Devote extra scrutiny to the transactions where no original receipt is attached (an affidavit is used) and when the receipt is not itemized.
- Compare the original itemized receipts to the completed purchasing card log and monthly statement to ensure they all agree and that the items on the receipt support the log.
- Approve the appropriate purchases on the log and sign it.
- Submit the purchasing card log for processing into the financial system by the 10<sup>th</sup> of each month to maximize the rebate incentive from the contract vendor to the agency unless prior arrangements have been made with the LPCC.
- Question suspicious or non-allowable purchases, report them to the Agency Purchasing Card Coordinator and ensure that there is adequate documentation to justify questioned purchases.
- Review the cardholders assigned to them for the continued need for the purchasing card at least every three years and provide links to 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.
- Re-sign the MnDOT Purchasing Card Application and Recertification if any changes are made to limits or other controls on the cardholder's card.
- Re-sign the MnDOT Purchasing Card Application and Recertification, pass the online required training, and submit the agreement to the APCC for their file every three (3) years.
- Prior to signing off the purchasing card logs, the supervisor must have completed the required training and have paperwork on file with the APCC. In case of the absence of a supervisor, the supervisor's backup is required to have completed the required training and have signed paperwork on file. Any supervisor who does not have this completed is not authorized to sign off on any purchasing card logs.
- When the cardholder no longer needs the card or leaves MnDOT, submit the purchasing card and completed MnDOT Purchasing Card Application and Recertification form to the LPCC.
- Contact the LPCC with cardholder position and/or supervisor changes.

### **Purchasing Cardholder**

- Follow all purchasing laws, rules, policies and procedures.
- Consult with a certified agency buyer when needed for guidance about purchasing with the purchasing card.
- Maintain a purchasing card log.
- Note on the log any appropriate sales or use tax not charged by the merchant that is due to the Minnesota Department of Revenue.
- Note each purchase with a funding string on the log.
- Submit the log with original receipts and required documents (e.g. Out of State Travel and Special Expense Forms) to the supervisor.
- In the event of fraud/lost/stolen card, immediately contact the credit card company and notify the supervisor, LPCC, and APCC by email.
- Re-sign the MnDOT Purchasing Card Application and Recertification Agreement if any changes are made to limits or other controls on the cardholder's card.
- Re-sign the MnDOT Purchasing Card Application and Recertification Agreement, pass the online required training and submit the agreement to the APCC for their file every three (3) years.
- Turn in purchasing card to the LPCC to be destroyed before changing positions or leaving MnDOT. Submit the completed MnDOT Purchasing Card Application and Recertification Agreement with the appropriate signatures to the APCC for the closure of the account.

- Contact the LPCC with any changes to positions and/or supervisor.
- Notify the APCC of any violation of this policy or the statewide policy no later than the next business day.

#### **Purchasing Card Reconcilers and Approvers**

- The Reconciler **must** promptly reconcile transactions in SWIFT after receiving the purchasing card log(s). Once they have completed some transactions they need to notify the assigned approver that transactions are ready to be processed.
- The Approver **must** promptly approve reconciled transactions.
- Both 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.

#### **Policy Owner (Director, Office of Administration)**

- Review policy every two years, or whenever the Department of Administration makes changes to its statewide policy, to ensure policy remains up-to-date.
- Ensure procedures, forms, supporting documents, and training associated with the policy remains current.
- Work with Policy Coordinator to revise policy and/or confirm its accuracy.
- Communicate policy revisions, reviews, and retirements to stakeholders.

## Resources & Related Information

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#### **Forms**

- [Acquisitions Request for Emergency Authorization form](#) (pdf) *(Employees Only)*
- [Affidavit in Lieu of Receipts](#) (pdf) *(Employees Only)*
- [Special Expenses, Request for Approval](#)
- [Purchasing Card Log](#) (xlsx) *(Employees Only)*

#### **Processes, Procedures, and Instructions**

- [Purchasing Card Processes and Procedures](#) (pdf)
- [Records Retention Schedule](#)

#### **Resources**

- [MnDOT Code of Ethics Policy](#)
- [Minnesota Statutes §43A.38, "Code of Ethics for Employees in the Executive Branch"](#)
- [Purchasing Card Use Policy 1b](#), "Statewide Policy on Expenditures by State Employees and Authorized Users, Department of Administration Policy Bulletin No. 08.02." Included in the policy is the *MnDOT Purchasing Card Application & Recertification form*.
- [Purchasing Card Sales Tax](#) *(Employees Only)*
- [Minnesota MMB Code of Conduct 0103-01.1](#) (pdf)
- [Employee Business/Travel Expenses, Operating Policy and Procedure](#)
- [Minnesota Department of Revenue](#)

## History & Updates

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Title: *Purchasing Card Use Policy (2020)*

<b>Revision</b>	<b>Date</b>	<b>Comments</b>
Initial Adoption	4/28/2005	Guideline 5.1.G.2, Purchasing Card Responsibilities adopted
1 <sup>st</sup> Revision	3/27/2008	No data available.
2 <sup>nd</sup> Revision	3/24/2014	Policy # FM013 supersedes Guideline 5.1.G.2
3 <sup>rd</sup> Revision	6/16/2015	No data available.
4 <sup>th</sup> Revision	9/3/2020	Updated policy following Admin's revision to statewide policy. Moved processes from policy into separate document.

## Authorization

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### Policy Owner:

Signature: Suzie Thayer Digitally signed by Suzie Thayer  
Date: 2020.09.03 11:28:54  
-05'00'

Print Name: \_\_\_\_\_

Date \_\_\_\_\_

**Governance Committee** has reviewed this policy and recommends approval:

Signature: Corrine Calhoun Digitally signed by Corrine  
Calhoun  
Date: 2020.09.03 12:36:25 -05'00'

Print Name: \_\_\_\_\_

Date \_\_\_\_\_

### Responsible Senior Officer:

Signature: Scott R Peterson Digitally signed by Scott R  
Peterson  
Date: 2020.09.03 15:38:18 -05'00'

Print Name: \_\_\_\_\_

Date \_\_\_\_\_

## Policy Review

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This policy has been reviewed by the Policy Owner, the policy content is current, and no significant modifications are needed. Minor modifications have been noted in the "Comments" section.

Date	Policy Owner Signature	Comments