Business Item

Management Committee

Business Item: 2022-124

FM 16-1 Purchasing Card (P-Card) Policy

District(s), Member(s):	All Districts, All Members
Policy/Legal Reference:	Minn. Stat. §§ 473.123 Subd. 4(d)
Staff Prepared/Presented:	Michele Heupel, P-Card Manager, 651-602-1063
Division/Department:	Regional Administration/P-Card

Proposed Action

That the Metropolitan Council adopt FM 16-1 Purchasing Card (P-Card) Policy.

Background

The Purchasing Card (P-Card) Policy is a newly created policy and provides clear and consistent guidelines and standards for the issuance and proper usage of the P-Card program and to ensure that sufficient controls are in place to mitigate risk.

The Council-wide Policy and Procedure Review Team reviews all policies and procedures for consistency, clarity, and compliance. Representatives from each division and Regional Administration serve on this team. This team reviewed Policy FM 16-1 and endorsed it to move forward to Management Committee for approval.

Rationale

Minnesota Statutes section 473.123, subdivision 4(d), permits the Metropolitan Council to adopt policies and procedures governing its operations. The policy and related procedures align with best practices and legal requirements.

Thrive Lens Analysis

This action supports the Council's Thrive Stewardship Outcome by providing for the efficient and effective use of public financial resources.

Funding

No funding is tied to the proposed action.

Small Business Inclusion

Not applicable

Metropolitan Council

POLICY

Purchasing Card (P-Card) Policy
FM 16-1

Category: Financial Management

Business Unit Responsible: RA: Finance

Policy Owner: Deputy Chief Financial Officer

Policy Contact: Michele Heupel, Manager, P-Card

Synopsis: The Purchasing Card (P-Card) is a procurement and payment method for frequently purchased low-value goods and off-site services. P-Card usage does not change or modify existing Metropolitan Council policy concerning restricted purchases, the competitive process, documentation requirements, or preferred suppliers.

POLICY

The Metropolitan Council will provide a Purchasing Card (P-Card) to eligible staff for business-related purchases where the nature of the goods or off-site services does not require use of an official Metropolitan Council purchase order and does not exceed $5,000. The use of P-Cards is an efficient way to make small purchases and reduces staff time and costs by eliminating the need for purchase requisitions, invoicing, and issuing payments.

Employees who incur or approve business-related expenses must exercise prudent judgement to ensure that the expenses are for legitimate Council business and must comply with Metropolitan Council policies, regardless of the funding source.

Failure to properly follow and comply with this policy and related procedures may result in card suspension or cancellation, and disciplinary action up to and including termination of employment.

PURPOSE & SCOPE

The purpose of the P-Card policy and procedure is to provide guidelines for the issuance and proper usage of the P-Card and to ensure that sufficient controls are in place to mitigate risk. This policy applies to all employees using a P-Card, designated approvers, and administrators of the program.

IMPLEMENTATION & ACCOUNTABILITY

All employees are responsible for adhering to this policy and any related procedures when purchasing goods or services with the P-Card. Approvers are responsible for monitoring usage and compliance. The P-Card department is responsible for providing guidance and ensuring compliance to applicable policies, procedures and guidelines and reporting deviations to appropriate management.

PROCEDURES

- *FM 16-1a Purchasing Card (P-Card) Procedure*

ROLES & RESPONSIBILITIES

Role	Responsibilities
Approver (Reviewer)	Reviews purchases, account codes, and attachments for accuracy, appropriateness, and compliance to applicable policies and procedures. Takes action to approve or return the transaction to the cardholder to correct or include additional backup documentation or report misuse to P-Card administrator.
Authorization Authority	Approves an employee's request for a P-Card. The approval delegates transaction authority to the cardholder.
Cardholder (Reconciler)	Uses the P-Card for legitimate business purposes only, complies with applicable policies and procedures and reconciles transactions in PeopleSoft Financials providing required backup documentation.
Controller or Deputy CFO	Provides oversight and management of the financial activities and financial management practices.
Metropolitan Council	Arranges with the card issuer to have P-Cards issued to authorized employees and agrees to accept liability for the employees' use of the cards.
P-Card Administrator	Provides training and guidance to approvers and cardholders, reviews PeopleSoft Financials transactions for appropriateness and compliance to applicable policies and procedures. Maintains and updates P-Card policy, procedures, and communication.

RESOURCES

Related Policies
- *FM 14-1 Procurement Policy*
- *OEO 5-1 Inclusion of Disadvantaged Business Enterprises (DBEs) and Metropolitan Council Underutilized Business (MCUBs) Policy*

Related Procedures
- *FM 2-2a Food and Refreshment Procedure*
- *HR 8-1b Learning and Tuition Requests Procedure*
- *HR 2-1a Disability and Accommodation Procedure*

Other Resources (training, relevant links)
- *P-Card MetNet*
- *P-Card Application and Account Maintenance Form*
- *P-Card After the Fact Form*
- *P-Card Statement Processing Calendar*
- *P-Card Allowable list*
- *P-Card Additional Required Supporting Documentation list*

- *Procurement Department*
- *Small Business Programs Unit (MCUB & DBE)*
- *MCUB database*
- *Food & Refreshment Form*
- *Learning & Organization Development (LOD) Department*
- *eLOD Form Instructions*

Internal Resources
- *PeopleSoft Financials*

HISTORY

Version 1 – Approval Date
Not Set

Last Reviewed Date
Not Set

Next Content Review Date
Not Set

Version
1

PROCEDURE
Purchasing (P-Card) Procedure
FM 16-1a

Category: Financial Management	
Business Unit Responsible: RA: Finance	
Procedure Owner: Deputy Chief Financial Officer	
Procedure Contact: Michele Heupel, Manager, P-Card	
Synopsis: This procedure covers Purchasing Card (P-Card) issuance, account protection and maintenance, proper usage of the P-Card and reconciliation, review, and approval of P-Card activity.	

GOVERNING POLICY

- *FM 16-1 Purchasing Card (P-Card) Policy*

P-CARD ISSUANCE

The Metropolitan Council's P-Card program is administered in compliance with Metropolitan Council policies and procedures by the P-Card department within Finance. P-Cards are commercial cards which are centrally billed and centrally paid. The P-Cards are a government liability and will not impact the cardholder's personal credit; however, it is the cardholder's responsibility to ensure the card is used in accordance with Metropolitan Council policies and procedures.

General requirements

- Cardholder must be a current employee with purchasing responsibilities. Temporary employees and interns are not eligible.

- Cardholder and approving manager must complete P-Card training provided by a P-Card administrator.

- Cardholder and approving manager must submit acknowledgement of the P-Card policy and procedure.

  o Cardholder must re-acknowledge the P-Card policy and procedure after any required revisions or, at a minimum, before a renewal card will be issued when the card expires.

- P-Cards are issued to an individual employee and are prohibited from being transferred to, assigned to, or used by anyone other than the cardholder.

- All P-Card transactions must be verified and approved in the P-Card reconciliation system, PeopleSoft Financials, by the due date published in the P-Card statement processing calendar on MetNet.

Applying for a P-Card

Requests for new P-Card accounts must be submitted using the electronic *P-Card Application and Account Maintenance Form* found on the P-Card page on MetNet and acknowledged by the cardholder, approving manager, P-Card administrator, and authorization authority.

Cardholder information

- Eligible employee initiates the application process with a P-Card Application and Account Maintenance Form.

- Cardholder selects Create New Account at top of form.

- Cardholder enters employee details, work location, and contact information in the Cardholder Information section.

- Under Approving Manager Information, cardholder selects the person who will be responsible for approving the application and all P-Card account activity.

    - Although the designated approving manager is typically the cardholder's direct line manager, it may be someone else who is authorized to approve purchases for the department.

- Once the cardholder submits the form, the application will automatically route to the person selected as the approving manager.

Approving manager

- The approving manager enters employee details, work location, and contact information in the Approving Manager Information section.

- Approving manager completes the Account Information section which includes:

    - Default account code – all transactions will automatically load into the P-Card reconciliation system with the assigned default code, but transactions can be manually reallocated as needed. The designated account code should be the account code that the majority of the transactions will be coded to.

    - Spend limit - determined by the approving manager, in agreement with budget owner and authorization authority, based on reasonable expectations for anticipated spend

        - Transaction limit – the limit applied to each individual transaction; maximum transaction limit is $5,000

        - Monthly/cycle limit - the amount of purchases a cardholder can make in one billing cycle; the cycle limit is reset at the start of the cycle on the 15th day of each month

    - Other Spend Limit – specify if exceptions for types of purchases are required (i.e., food and refreshments) or spend limits that are not available under the standard options

- Once the approving manager completes and approves the form, the application will automatically route to the P-Card administrator for review.

P-card administrator

- The P-Card administrator is responsible for reviewing and verifying:

    - Cardholder employment status
    - Approving manager is an authorized P-Card approver
    - Account code is valid
    - Spend limits and exceptions requested are within guidelines

- Once the P-Card administrator approves the form, the application will automatically route to the authorization authority of the division the cardholder selected under Cardholder Information.

Authorization authority

- The authorization authority is a Metropolitan Council General Manager or Executive Division Director, Chief Financial Officer, Deputy Chief Financial Officer, or their delegated representative.

- The authorization authority must approve an employee's request for a P-Card.

Receipt of P-Card and account activation

- Receipt of the P-Card will take approximately 2-3 weeks from the time the P-Card application is fully approved.

- The P-Card is sent to the cardholder's work location after cardholder and approving manager have completed training and acknowledged the P-Card policy and procedure.

- Cardholder is responsible to activate the account using the instructions provided by the P-Card administrator once the cardholder is in physical possession of the P-Card.

ACCOUNT PROTECTION, CONTROLS AND MAINTENANCE

Account protection

- The cardholder is responsible for safeguarding the card and is accountable for all purchases made using the P-Card.

- P-Cards may only be used by the designated cardholder. The account number or physical card may not be shared with or used by other employees.

- Storing the account number and account details on merchant websites is discouraged and should be avoided whenever possible.

- Purchases should be made from reputable merchants only. Some third-party and online marketplaces may not be reputable and should be avoided.

- Compromised accounts, including fradulent charges and lost or stolen cards, should be reported to the P-Card administrator or the bank immediately upon discovery. A replacement card with a new account number will be issued to the cardholder. In the event that a P-Card is found after having been reported as lost or stolen, the old card must be destroyed and disposed of.

Merchant category codes

Merchant category codes are used to classify merchants by the type of goods or services provided. To reduce exposure to unnecessary risk, prohibited merchant types are blocked on P-Cards. If there is a need for incurring an expense at any of the merchant types below, contact the P-Card department to request a temporary override. Merchant types blocked on P-Cards include:

- Banks, ATMs, financial institutions
- Money orders and wire transfers
- Foreign currency and traveler's checks
- Fines
- Food stamps
- Travel and entertainment
- Restaurants and dining
- Beer, wine, and liquor stores

Account maintenance

Temporary account changes

Written authorization by the approving manager is required for temporary account changes. Temporary account changes can include:

- Spend limits, cycle and/or transaction - if a cardholder expects to spend at higher levels more than one billing cycle, a permanent increase is recommended
- Exceptions for type of purchase (i.e., food and refreshments)
- Temporary approving manager

Permanent account changes

Permanent account maintenance requests must be submitted using the electronic P-Card Application and Account Maintenance Form found on the P-Card page on MetNet. Permanent account changes include:

- Work address
- Default account string
- Spend limits, cycle and/or transaction
- Exceptions for type of purchase (i.e., food and refreshments)
- Designated approving manager

Cardholder name change

In the event of a cardholder name change, the cardholder is required to notify the P-Card administrator and provide proof of the name change to the card issuing bank. The bank will issue a new P-Card embossed with the cardholder's name.

Extended absence from work

It is strongly recommended that cardholders taking an absence from work for more than one week suspend their account to reduce risk while the card is not being used. To request a temporary suspension, the cardholder or approving manager should contact the P-Card administrator and provide the date range the account will not be used.

Renewal of expiring P-Cards

P-Cards expire every five years. The card expiration date is the last day of the expiration month. The bank mails renewal cards directly to the P-Card administrators approximately one month prior to expiration. Before the P-Card administrator will send the renewal card to the cardholder's work location, the cardholder is required to review and acknowledge the P-Card policy and procedure. The P-Card administrator will notify the cardholder once the renewal card is sent to the designated work location. The cardholder is responsible to watch for the card's arrival to prevent it from being left unattended. Upon receipt of the renewal card, it is the cardholder's responsibility to destroy and dispose of the expired card and to activate the renewal card. If a renewal card is not received within two weeks of the expiration date, the cardholder should contact the P-Card administrator.

Inactive P-Card accounts

Accounts with no activity in more than 12 months are considered inactive. To reduce overall program risk, individual account activity is periodically reviewed by P-Card administrators to determine whether accounts should remain active, be temporarily suspended, or permanently closed.

Closing a P-Card account

The following are appropriate reasons for closing a P-Card account:

a. Transfer to another department
b. Duties no longer include purchasing
c. Termination of employment
d. Lack of timely reconciliation

e.   Not adhering to relevant policies and procedures

It is the responsibility of the cardholder and/or the approving manager to notify the P-Card administrator as soon as they become aware of any changes that would result in no longer needing a card.

USING THE P-CARD

Acceptable P-Card purchases are business approved goods and off-site services that do not require a contract or agreement from merchants that accept Visa as a form of payment. Purchases required to be purchased through an official Metropolitan Council purchase order are not acceptable P-Card purchases.

It is the responsibility of the cardholder and approving manager to ensure that all purchases made with the P-Card are allowable purchases. Improper use of the P-Card may result in card suspension or cancellation, and disciplinary action up to and including termination of employment.

Acceptable and prohibited P-Card usage

A *detailed list of allowable and prohibited P-Card purchases* is maintained by the P-Card department on MetNet. The list is not all-inclusive; cardholders should contact the P-Card department if an item they are planning to purchase is not included on the list. Any purchase that is an exception to the allowable list must be approved by the Director of the cardholder's department prior to purchase.

Specific examples of allowable P-Card purchases

- Office supplies
- Associations and memberships
- Training and conferences
- Publications
- Non-stock parts
- Food for meetings or events (only allowable on P-Cards authorized for food purchases)

Specific examples of prohibited P-Card purchases

- Goods or off-site services over $5,000 (or $10,000 for MCUB suppliers)
- On-site services
- Unauthorized purchases
- Non-business related or personal purchases
- Splitting a purchase to fit P-Card limits
- Travel
- Food/catering (exception: P-Cards authorized for food purchases with pre-approved Food and Refreshment form)
- Capital assets or other items that need to be recorded
- Gifts including gift cards, flowers, greeting cards, bereavement
- Technology or software
- Equipment rentals

Using the P-Card

Metropolitan Council Underutilized Business (MCUB) suppliers

The Metropolitan Council is committed to providing opportunities to small disadvantaged businesses. Cardholders are encouraged to utilize MCUB suppliers when purchasing goods or off-site services on behalf of the Metropolitan Council. The Office of Equal Opportunity maintains a *searchable database of MCUB suppliers* by type of goods or services provided and by location.

Exceptions to the $5,000 maximum transaction limit are permitted for allowable business purchases from approved MCUB suppliers who prefer card payment. The transaction limit can be temporarily increased up to $10,000 for MCUB suppliers only.

Centralized business accounts

Cardholders should utilize centralized business accounts if one is available with a merchant the cardholder is planning to purchase from. Centralized business accounts provide access to preferred pricing and are registered as tax-exempt. Since there are benefits to the centralized accounts, employees are prohibited from using the Metropolitan Council's centralized business accounts for personal orders.

Examples of merchants providing centralized business accounts include Abundant 360, Great River Office Products, Minuteman Press, Innovative Office Products, and Amazon.

Use of federal funds

For purchases using federal funds, departments are responsible for determining that prices paid for goods and services are reasonable based on previous purchases, research and/or experience. The justification should be documented in a fair and reasonable statement and attached to the transaction in PeopleSoft Financials.

Sales and use tax

The Metropolitan Council is exempt from local taxes (i.e., state, city, county, transit). Before completing a purchase, the cardholder is responsible for notifying the merchant of the tax-exempt status and providing a copy of the Certificate of Exemption (ST-3) upon request. Many suppliers with whom the Metropolitan Council has established accounts may already have the tax exemption document on record. The P-Card department will provide cardholders with current exemption forms and merchant tax-exempt quick cards which can be used with specific merchants as proof of exemption.

Approval prior to purchase required

A [list of purchases that require additonal supporting documentation](#) is maintained by the P-Card department on MetNet. Cardholders should contact the P-Card department if they have questions about backup documenation or approvals.

Food and refreshment

One cardholder per department may be assigned a spend control profile that allows food purchases. Food and refreshment purchases must be in accordance with the Food and Refreshment procedure.

- The *Food and Refreshment form* must be fully approved prior to payment and attached to the P-Card transaction in PeopleSoft Financials.
- The P-Card cannot be used for the purchase of alcohol under any circumstance.
- The total amount on the Food and Refreshment form should include tax, tip (not to exceed 15%), and delivery fees.
- If the date the form was submitted is after the date of the purchase, the cardholder will be required to complete a P-Card After-the-Fact form.

Learning & Organization Development (LOD) opportunities

Prior to enrolling in LOD opportunities such as conferences or training, the request must be approved by an employee's manager and the LOD department using the eLOD request form. The eLOD form must be fully approved prior to payment and attached to the P-Card transaction in PeopleSoft Financials.

Overdue Due Invoices

An invoice is overdue if it has not been paid within two months of the invoice date. Prior to paying an overdue invoice, the Cardholder must receive approval from the approving manager and notify the P-Card administrator who will confirm if the invoice is eligible to be paid with a P-Card. To be considered, the overdue invoice must be for a P-Card allowable purchase and cannot be used to pay an overdue invoice for goods or services that belong on a purchase order. The approval to pay the overdue invoice must be attached to the P-Card transaction in PeopleSoft Financials.

Gift certificates or gift cards

Prior to purchasing gift certificates or gift cards, the cardholder must receive approval from the Division Director and notify the P-Card administrator who will confirm that temporary overrides are set to allow the purchase. The approval to purchase the gift certificates along with a breakdown of amounts and the recipients' names must be attached to the P-Card transaction in PeopleSoft Financials.

The amount of the gift certificate must be reported to payroll to be included as taxable income for the employee. Gift certificates are considered a cash equivalent item and are never excluded from income.

Recognition gifts

Generally, gifts for employees are not allowable purchases at the Metropolitan Council. However, with prior approval from the General Manager or Division Executive Director, the P-Card may be used to purchase employee recognition gifts in accordance with the Finance and Asset Management Policy. If the value of the recognition gift exceeds the allowable amount, the amount of the purchase must be reported to payroll to be included as taxable income for the employee. The approval to purchase recognition gifts must be attached to the P-Card transaction in PeopleSoft Financials.

Items with Metropolitan Council or Metro Transit logos applied

To help protect brand identity, Communications (non-transit divisions) or Creative Services (transit) must review and approve custom orders for items with official Metropolitan Council or Metro Transit logos prior to placing the order. The approval must be attached to the P-Card transaction in PeopleSoft Financials.

Agreements containing terms requiring Metropolitan Council signature

Cardholders are not authorized to enter into contracts or agreements on behalf of the Metropolitan Council. Agreements, contracts, or non-standard terms and conditions related to a P-Card purchase must be properly reviewed and approved. The cardholder initiates a *Short CIM* (or *CIM* depending on funding) to engage the Contracts and Procurement department. The CIM must be fully approved prior to payment and attached to the P-Card transaction in PeopleSoft Financials.

Recurring payments

P-Cards may be used as a payment tool for recurring charges with approval of the P-Card administrator and the Controller or Deputy Chief Financial Officer. The approval is required prior to authorizing the payment with the merchant. The approval must be attached to all recurrences of the P-Card transaction in PeopleSoft Financials. If the recurring payment is a result of a contract or agreement, review and approval by the Contracts and Procurement department is necessary.

Reasonable accommodations for an employee

If an item is needed as a reasonable accommodation for an employee, approval for the purchase is required from the occupational health group in Human Resources. The approval should only include what accommodation has been approved and should not contain any personal details. The approval must be attached to the P-Card transaction in PeopleSoft Financials.

Shipping to non-Metropolitan Council location

If there is a business need to ship an order to a non-Metropolitan Council location, the exception must be pre-approved by the Director of the cardholder's department and attached to the P-Card transaction in PeopleSoft Financials. The approval must include the following information:

- Vendor name
- Description of goods
- Estimated amount of order
- The reason the order needs to be shipped to a non-Council location
- The name of the employee who will be in possession of the goods

Goods or services not on P-Card allowable list

Exceptions to use a P-Card as payment for an item that is not an allowable P-Card purchase, must be approved by the Director of the cardholder's department prior to purchase. The approval must be attached to the P-Card transaction in PeopleSoft Financials. Cardholders should contact a P-Card administrator if they are unsure if the purchase is allowable on a P-Card.

Returned items

If an item purchased with a P-Card is returned to the merchant, the merchant should issue a credit to the P-Card account used to purchase the item. The cardholder is required to retain a copy of the return receipt or credit note to attach to the transaction in PeopleSoft Financials. The cardholder is never authorized to accept cash in lieu of a credit to the P-Card account.

Declined purchases

In the event of a declined transaction, the cardholder must contact the P-Card administator or the bank to determine the reason for the decline. Transactions are typically declined for one of the following reasons:

- The cardholder's monthly or single-purchase spending limit was exceeded
- The merchant is categorized under a blocked merchant category code
- Error while keying account informaton (i.e., PIN, account number, expiration date)
- Bypassing PIN number when required by merchant

Damaged or defective P-Card

In the event of a damaged or defective P-Card that merchant card processers are unable to read, contact a P-Card administrator to request a replacement card. The existing account will remain open, and a new physical card will be issued. Upon receipt of the card, it is the cardholder's responsibility to destroy and dispose of the damaged card and to activate the replacement card.

P-card violations or misuse

If standard procedure is not followed when using the P-Card, the cardholder is required to submit a *P-Card After the Fact form* to document the reason for not following standard procedure and what action will be taken to prevent a similar occurrence from happening again. The P-Card After the Fact form is routed to the approving manager and P-Card administrator to review and acknowledge. The fully acknowledged form must be attached to the P-Card transaction in PeopleSoft Financials.

The most common reasons cardholders are required to complete P-Card After the Fact forms include:

- Splitting a transaction
- Paying an overdue invoice without prior approval
- Not obtaining proper approvals prior to purchase
- Using P-Card for non-allowable P-Card purchases

Multiple occurences of the same type of violation will result in suspended P-Card privileges. The tally of violations begins once the cardholder acknowledges the P-Card policy and procedure and the number of accrued violations does not reset.

- First violation – The cardholder will be required to complete a P-Card After the Fact form to document the incident.
- Second violation – The P-Card account will be temporarily suspended. The cardholder will receive written notice with the approving manager copied. The cardholder will be required to review and reacknowledge the P-Card policy and procedure and to complete a P-Card After the Fact form to document the incident. Once the P-Card reacknowledgement and P-Card After the Fact form are complete, the P-Card account will be reinstated.

- More than two violations – The P-Card account will be suspended for a minimum of 30 days. The cardholder will receive written notice with the approving manager copied. The cardholder will be required to review and reacknowledge the P-Card policy and procedure and to complete a P-Card After the Fact form to document the incident. The account will remain suspended for 30 days or until the cardholder reacknowledges the P-Card policy and procedure and completes a P-Card After the Fact form, whichever period of time is longer.

Splitting a purchase

A purchase may not be split under any circumstance. A split purchase occurs when a single purchase exceeding the cardholder's single transaction limit is broken into two or more transactions on the same P-Card or across multiple P-Cards to bypass the policy on transaction limits. The cardholder is responsible for ensuring the merchant does not split a purchase greater than the cardholder's single transaction limit into multiple smaller purchases. For purchases that exceed the cardholder's limits, the cardholder should consider the following options.

- If the amount is less than $5,000, request an increase in the cardholder's limits.
- If the amount exceeds $5,000 and is ineligible for an exception, submit the goods or services request on a purchase requisition for purchase order processing with payment through the voucher processing system.

Rewards, loyalty programs and other incentives

In accordance with Minn. Stat. § 43A.38, subd. 2, and 15.43, subd. 1, when using a Metropolitan Council P-Card, the acceptance of items or any other benefit, including, but not limited to, customer loyalty points, rewards, free items, or gift cards is prohibited.

Examples of common benefits that may not be accepted.
- Menards rebates
- Cub Foods rewards
- AmazonSmile donations
- In-store credits or gift certificates
- Free item with purchase

P-card used in error by cardholder

If a cardholder uses the P-Card in error – for instance, makes a personal purchase thinking that they used a personal credit card – the cardholder must notify the P-Card administrator. If the merchant is unable to credit the P-Card for the amount charged in error and accept a personal credit card instead, the cardholder must send personal payment to the Metropolitan Council (390 Robert St N, Saint Paul, MN 55101 ATTN: Accounts Receivable) for the full purchase amount. Supporting documentation showing the Metropolitan Council was reimbursed in full must be retained in PeopleSoft Financials in the event of an audit.

RECONCILATION AND APPROVAL OF P-CARD ACTIVITY

PeopleSoft Financials is the software used by the Metropolitan Council for allocating P-Card purchases to the appropriate account string and retaining required documentation to support the purchase. Cardholders and approving managers will be granted access to the P-Card module once training is complete.

All P-Card transactions and related recordkeeping are subject to audit by the Finance department, Internal Audit, external auditors, and the state and federal governments. Violations and misuse of the P-Card may result in card suspension or cancellation, and disciplinary action up to and including termination of employment.

Timeframe for verification and approval

- P-Card transactions must be reconciled and approved by the due date published in the *P-Card Statement Processing Calendar* on MetNet.
- P-card transactions are loaded into PeopleSoft Financials via an upload from the bank daily and can be reconciled as soon as they are available in the Procurement cards module under Reconcile Statement, typically 2-3 days after the purchase is authorized by the merchant.
- If there are issues or delays with an order, reconciling and approving the transaction must still be completed by the due dates. A comment should be added to explain the delay or the action that has been taken to correct the situation. For example, if an incorrect item was received, the cardholder should still attach the invoice with a comment explaining the item has been returned and the correct item is being sent. The transaction should be Verified by the cardholder and approved by the approving manager.
- The billing cycle runs from the 15th day to the 14th day of each month.
- Transactions not reconciled and approved by the published deadlines may result in temporary card suspension.

Verification and approval of transactions

Cardholders

- Review all transactions to verify they are valid purchases authorized by the cardholder
- Provide detailed invoices or receipts for each transaction regardless of dollar value, including credit amounts
- If additional supporting documentation is required for the purchase type, attach required forms, documents, or approvals; refer to Additional Required Supporting Documentation on MetNet for additional requirements by purchase type.
- Review the transaction details and supporting documentation to determine whether the business purpose for each purchase can be clearly understood by both internal and external reviewers; if the business purpose is not evident, a comment should be added to the transaction providing additional detail.
- Review account string where the expense should be recorded; transactions automatically load into PeopleSoft Financials with the assigned default code but should be manually reallocated as needed.
- Update the transaction status from Staged to Verified once a transaction has been reconciled

Approving managers

- Compare detailed invoices or receipts to transactions ensuring it matches the purchase
- Ensure the supporting documents and justification meet the requirements
- Verify the account string is correct for each transaction
- Contact a P-Card administrator if the transaction is questionable
- Update the transaction status from Verified to Approved or from Verified back to Staged if further action or documentation is required by the cardholder.

Documentation and record-keeping

Cardholders are responsible for obtaining and providing all documentation necessary to support the purchase and business purpose. Cardholders should retain the original receipt for 60 days or until the timeframe to return the items has closed, whichever is longer.

Supporting documents and business purpose

To ensure complete transparency with P-Card purchases, the supporting documentation and comments must provide the business purpose by answering where, when, who, what, and why the purchase was made. If the business purpose is not clear through the transaction details and supporting documentation, a comment is required in the Reference field or Transaction Line Comments of the transaction in PeopleSoft Financials.

- **Where** – the name of the vendor on the bank statement and on the receipt or invoice satisfies this requirement
- **When** – the transaction date provided by the bank and on the receipt satisfies this requirement
- **Who** – specify who requested the purchase or who will benefit from the purchase; if is not the cardholder it can be the name of a department
- **What** – a reasonable description of the items or services purchased if the description on the receipt or invoice is not easily understood by all audiences
- **Why** – the reason for the item to be purchased or the services acquired if it is not transparent in supporting documentation

Receipt requirements

Itemized receipts or invoices must be obtained from the merchant for each purchase. Examples of acceptable proof of purchase include an itemized receipt, detailed invoice, and packing slip with cost listed for each item. Credit card receipts and quotes are not acceptable as proof of purchase. The invoice or receipt must be legible and include the following information.

1. Date of transaction
2. Merchant name
3. Ship-to location
4. Description and quantity of each item purchased
5. Per item cost
6. Total amount of purchase

PeopleSoft Financials attachment file requirements and limitations:

- File size cannot exceed 15GB
- File types allowed include PDF, TXT, Excel, HTM or JPG
- File name cannot exceed 100 characters

Supporting documentation attached to the transaction in PeopleSoft Financials are retained in accordance with Minn. Stat. § 138.17.

Missing or incomplete documentation

If a cardholder does not have an invoice or detailed receipt and is unable to obtain a copy from the merchant, a Missing Receipt form must be submitted, approved, and attached to the transaction in place of the receipt. Multiple occurrences of missing or incomplete documentation may result in card suspension or cancellation.

Additional supporting documentation required

With certain purchase types, supporting documentation is requried in addition to an invoice or detailed receipt. A *list of purchase types that require additional supporting documentation* is maintained by the P-Card department on MetNet. Examples include purchases with federal funds, food and refreshments, and learning and development opportunities.

International charges

When a P-Card is used to pay a merchant located outside the United States, an international transaction fee of 1% of the total amount paid will be added as a separate transaction with "international transaction" in the merchant field. To reconcile, the cardholder must attach the original receipt or invoice and add a comment with the posted date and merchant name of the transaction it belongs with.

Sales and use tax

If local sales tax was paid with a P-Card, it is the cardholder's responsibility to contact the merchant and request that the tax amount be credited to their P-Card. When reconciling, the cardholder is required to mark the original transaction under the Paid Tax column in PeopleSoft Financials and add a comment with the date the merchant was contacted or the date the tax was credited. The credit should be allocated to the same account code as the original transaction.

The P-Card administrator will periodically review non-refunded sales tax paid. Sales taxes paid on one-time or infrequent small dollar transactions may be considered immaterial, and the merchant will not be contacted; nor will refunds be sought from the Department of Revenue, as small dollar amounts do not meet the refund minimums.

Disputed charges

Disputed charges can result from incorrect dollar amounts, duplicate charges, charges that were never authorized by the cardholder, unprocessed credits, or fraud.

If a cardholder does not agree with a transaction posted to their account, the cardholder should attempt to resolve the problem directly with the merchant. If the merchant agrees that an error has been made, the merchant will issue a credit to the cardholder's account. The cardholder is responsible to attach all documentation dealing with the disputed transaction in PeopleSoft Financials.

If the merchant refuses to issue a credit, the cardholder should contact the P-Card administator or the bank to open a dispute. A cardholder only has 60 days from the transaction date to initiate a dispute.

DEFINITIONS

Account code (or account string): String of informational fields used to record transactions in the general ledger. There are six segments that make up each account string: account, fund, department, program, class, and project.

Approving manager (or approver): Person with expense approval authority who is the cardholder's designated approver or manager. Referred to as reviewer in PeopleSoft Financials.

Allowable purchase: A purchase of goods or on-site services that are needed for a legitimate business purpose and fall under the card limits and are not otherwise restricted by existing Metropolitan Council policies for purchase with a P-Card.

Authorization authority (or signature authority): General Manager or Executive Division Director, Chief Financial Officer, Deputy Chief Financial Officer, or their delegated representative.

Billing cycle: Interval of time from the end of one billing statement date to the next billing statement date.

Business purpose: Main intent of the business transaction; it is the reason why the transaction occurred.

Capital asset: Real property, personal property or equipment used in the Metropolitan Council's operation with an estimated use life of more than one year and with an initial cost of $5,000 or more.

Card issuer (or card provider): Financial institution issuing a commercial card or account.

Cardholder: Authorized Metropolitan Council employee to whom a P-Card has been issued for making designated business purchase on behalf of the organization. Referred to as reconciler in PeopleSoft Financials.

Central bill: Consolidated billing statement issued to the Metropolitan Council by the card issuer, reflecting the organization's P-Card accounts and the posted totals during the billing period.

Controls: The internal and external policies, procedures and technological processes put in place to reduce risk of card fraud and misuse.

Fraud: Unauthorized use of a card, resulting in an acquisition in which the Metropolitan Council does not benefit. Can be committed by the cardholder, other Metropolitan Council employees, individuals employed by the supplier, or persons unknown to any of the parties involved in the transaction.

Merchant: Supplier from whom a cardholder is making a purchase.

Merchant category code: Code used with credit cards to identify the primary goods or services provided by the merchant.

Misuse: Unauthorized purchasing activity by the employee to whom the card was issued. Includes a wide range of violations, varying in the degree of severity.

Off-site service: Service provided at a site that is not a Metropolitan Council facility.

Online marketplace: An e-commerce website that connects buyers and sellers (i.e., eBay). Transactions are processed by the marketplace operator and fulfilled by the participating sellers.

On-site service: Service provided at a Metropolitan Council facility.

P-card administrator: Metropolitan Council employee responsible for the administration of the P-Card program.

PeopleSoft Financials: Financial management system used to reconcile all P-Card transactions on a regular basis.

Reconciliation: Process of reviewing and comparing card transactions to internal records of orders/payments and receipts, including resolving discrepancies and validating or allocating transactions to appropriate account codes.

Purchasing card (P-Card): Credit card issued and paid by the Metropolitan Council for allowable purchases.

Spend control profile: Built-in controls which designate spend limits and types of purchases allowed on individual P-Card accounts.

Splitting: Artificially dividing a single purchase into multiple transactions or across multiple P-Card to intentionally circumvent P-Card limits.

Transaction: A charge, credit, correction, or other activity processed to a P-Card account.

ROLES & RESPONSIBILITIES

Role	Responsibilities
Approving manager (reviewer)	Reviews purchases, account codes and attachments for accuracy, appropriateness and compliance to applicable policies and procedures. Takes action to approve or return the transaction to the cardholder to correct or include additional backup documentation or report misuse to P-Card administrator.
Authorization authority	Approves an employee's request for a P-Card. The approval delegates transaction authority to the cardholder.
Cardholder (reconciler)	Uses the P-Card for legitimate business purposes only, complies with applicable policies and procedures and reconciles transactions in PeopleSoft Financials providing required backup documentation.
Controller or Deputy Chief Financial Officer	Provides oversight and management of the financial activities and financial management practices.

Metropolitan Council	Arranges with the card issuer to have P-Cards issued to authorized employees and agrees to accept liability for the employees' use of the cards.
P-Card administrator	Provides training and guidance to cardholders and approving managers, reviews PeopleSoft Financials transactions for appropriateness and compliance to applicable policies and procedures. Maintains and updates P-Card policy, procedures, and communication.

RESOURCES

Related Policies
- *FM 14-1 Procurement Policy*
- *FM 2-2 Finance and Asset Management Policy*
- *OEO 5-1 Inclusion of Disadvantaged Business Enterprises (DBEs) and Metropolitan Council Underutilized Business (MCUBs) Policy*

Related Procedures
- *FM 2-2a Food and Refreshment Procedure*
- *HR 8-1b Learning and Tuition Requests Procedure*
- *HR 2-1a Disability and Accommodation Procedure*

Minnesota State Statutes
- *Minnesota Statutes section 138.17*
- *Minnesota Statutes section 43A.38, Subd. 2*
- *Minnesota Statutes section 15.43*

Other Resources (training, relevant links)
- *P-Card MetNet*
- *P-Card Application and Account Maintenance Form*
- *P-Card After the Fact Form*
- *P-Card Statement Processing Calendar*
- *P-Card Allowable list*
- *P-Card Additional Required Supporting Documentation list*
- *PeopleSoft P-Card Manual*
- *Procurement Department*
- *Small Business Programs Unit (MCUB & DBE)*
- *MCUB database*
- *Food & Refreshment Form*
- *Learning & Organization Development (LOD) Department*
- *eLOD Form Instructions*

Internal Resources
- *PeopleSoft Financials*

HISTORY

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