Purchasing Card (Pcard) Transaction Overview

Background
The Purchasing Card (Pcard) is a credit card that allows for direct purchasing of low-value, small-dollar purchases. The intent of the program is to eliminate the need for small dollar requisitions, disbursement vouchers, and petty cash funds. For more information on Pcard policies and procedures, see the Manual of Business Procedures, Section 271 or the MSU Purchasing website.

Process
Pcardholders make purchases using the Pcard. Each Pcard is registered with one default account number. Pcard transactions (PCDO) are routed to the Pcardholder’s action list for approval and reallocation and grouped by bank posting date. These daily Pcard e-docs consolidate all purchases from a common Pcard number into one e-doc. Reallocation by the Pcardholder is optional. If the Pcardholder is only being requested by their unit to approve the transactions, there are instructions for doing this on the EBS website. The Pcardholder will have seven (7) calendar days from document create date to approve the PCDO transaction before it is routed (i.e. auto approved) on to the default Fiscal Officer’s action list. If the Pcardholder does not approve the e-doc, the system will add a note text “PCDO exceeded the allowed days and was auto approved for Pcardholder.” in the applicable PCDO Notes and Attachments tab. Either by Pcardholder approval of PCDO or Pcardholder auto approval, the Fiscal Officer can then edit the accounting lines and approve the e-doc. In cases where the Pcardholder is the Fiscal Officer, a warning message will appear, after the submit button is clicked, reminding the Pcardholder to ad hoc route the e-doc for approval to a supervisor. The Fiscal Officer has up to 45 days after the e-doc create date to approve or the PCDO e-doc will auto-approve to the currently saved account(s) and object code(s).

Units may determine the requirement of attaching receipts by Pcardholder. Receipts can either be maintained with the related e-doc within the finance system or can be physically attached to the “Procurement Card Statement – Pcardholder” report found in BI, with related signatures. It is the recommendation of MSU Purchasing to scan and attach receipts for each PCDO transaction.

Searching for Pcard transactions is made easier with the addition of the Pcard Maintenance e-doc. The Pcard Maintenance e-doc contains information about the Pcard including the Pcardholder information, default and backup account information and spending limits. Transactions added to the system after February 24, 2012 can be located using these advanced search options. To locate transactions prior to this change, use the Document Description field to search by Pcardholder name.
Document Overview Tab

The information in the Pcard e-doc description cannot be edited and defaults to the Pcardholder’s last name, first name, the last four digits of the Pcard number, and the default account number for that Pcard number. The Explanation field is editable for the Pcardholder and the Fiscal Officer to enter the business purpose of the transaction(s) while the PCDO is in their action list for approval. The Secured Field is editable for the Fiscal Officer.

Accounting Lines Tab

In the body of the e-doc there is a breakdown of the transactions by transaction. Each transaction is listed with the available details provided by the bank. The transaction details include Transaction Credit Card Number, Card Holder Name, Transaction Date, Vendor Name, Transaction Total Amount and the Transaction Reference Number.

Each transaction is numbered in the dark gray bar to aid in referencing attachments by specific number for auditing purposes. The number following the transaction number is the transaction reference number that relates to the transaction. This is a number issued by credit card processing company at the time of the transaction.

The Dispute with Bank check box is used for tracking purposes only. The transaction must formally be disputed with the bank, but this check box acts as a flag to aid in tracking disputed
transactions. Once the e-doc is approved there is no way to undo the dispute action. If you check the Disputed with Bank check box you are required to include a Dispute Reason. The Dispute Info field links to the MSU Purchasing website which contains information on how to dispute a charge with the bank.

**Accounting Lines**

Pcardholders and Fiscal Officers can reallocate the accounting lines per PCDO transaction while it is their action list for approval. Reallocation includes changing the account number, if necessary, changing the object code and adding other accounting line elements.

All Pcard transactions default to the Pcard object code 6559. The Pcardholder or Fiscal Officer should apply the correct object code during reallocation.

A fabricated asset object code can be assigned, tying the procurement activity to the asset. If an asset object code is used, the Pcardholder or the Fiscal Officer is then required to fill in the Capital Edit tab in order to link the item to the fabricated asset prior to approval of the Procurement Card Document.

Other account elements (sub-account, sub-object code, project code, org ref id and line description) may also be added. Charges may also be split among several accounts. The total of all of the accounting lines must equal the total of the transaction.

The Line Description field is used to enter additional information about the accounting line, transaction, or business purpose. This field overwrites the document description on BI Reports (such as the Operating Statement).

If a transaction is reallocated to an account belonging to another Fiscal Officer (other than the default), the document is automatically routed to the other Fiscal Officer. The second Fiscal Officer has two options: approve the document on their account or change the account number.

If the return to default button is used, the e-doc will be routed to the default Fiscal Officer who can then assign the accounting line(s) to any account that falls within their responsibility. This routing will occur even if the default Fiscal Officer has already approved other accounting lines on the same e-doc.

The Pcard document cannot be disapproved. A General Error Correction document can be created after the approval if the account was charged in error.

In the event that a Pcardholder routes the e-doc to multiple Fiscal Officers, there may be instances where the system applies an implied approval. For example, if the Pcardholder routes the e-doc to two Fiscal Officers and the first Fiscal Officer approves the e-doc and the second
Fiscal Officer reallocates the transaction to an account belonging to the first Fiscal Officer, since the first Fiscal Officer has already approved it the system registers it as an implied approval. For this reason, it is important that when Fiscal Officers are approving the e-doc, they review the entire document.

**Notes and Attachments**
Scanned copies of receipts may be attached to the Pcard e-doc using the Notes and Attachments tab and selecting “Receipt” as the attachment type. This step is optional at this time, but strongly recommended by MSU Purchasing. The receipts can be added by the Pcardholder, Fiscal Officer or anyone who is a Financial Document Preparer. If receipts are not attached, the paper reconciliation process must be followed for audit purposes.

All approvers should be viewing each receipt. If you are scanning and attaching receipts, numbering them to match the transaction numbers will make it easier to reconcile. Fiscal Officers should also be checking as they approve all e-docs that the same receipts are not reimbursed on a Disbursement Voucher (DV).

The Notification Recipient field allows for a notice to be sent to finance system users to read notes that are added to the e-doc. To use this functionality, simply add the note and/or attachment. Once you click the add button enter or search for the MSU NetId of the notification recipient and click the Send button. An Action List item will be sent to the recipient with the instructions to read the note. This request is easily tracked through the Route Log tab.

**Action Buttons**
The Pcardholder and Fiscal Officer CANNOT disapprove or cancel a Procurement Card e-doc. The transaction has already occurred and is a “done deal” at this point. The merchant and the bank have been paid by MSU and the merchandise/service has been received. If the PCDO is in error, the Fiscal Officer must allow the transaction to post to their account and have the Pcardholder follow through, after the fact, following the designated dispute process directly with the bank. The dispute checkbox and reason will allow for the approval by the Fiscal Officer with the understanding that the transaction, in question, is being disputed.

Transactions that post to the general ledger in error (auto approved to wrong account, Fiscal Officer applied wrong account, wrong object code, etc.), can be corrected using the General Error Correction document. The Intra Account Adjustment e-doc may be used if the corrections are related only to sub-account, sub-object code, org ref id or line description fields.

In the event that the Pcardholder and the Fiscal Officer are the same, the following warning message will be displayed after the approve button is clicked:
Pcardholder and Fiscal Officer are the same. Please ad hoc to supervisor for approval. Yes/No.

- Yes – continues with routing PCDO (if applicable).
- No – returns to PCDO for additional actions. (Allows users to ad hoc route to a supervisor)

**Exception Routing**

When the bank file does not have an exact name match the PCDO will route to the Pcard Administrator Group for resolution. The system will add the note text “PCDO did not route to Pcardholder because there was no name match with bank file.” in the applicable PCDO Notes and Attachments tab. It will require a new Procurement Maintenance e-doc to be created if none existed or edit the existing and once the e-doc is in Active status in KFS and the document is FINAL the Pcard Admin team will be able to approve PCDO document. The PCDO will then route to the Pcardholder for approval.

Note: When PCDO e-docs route for various issues such as no name match or invalid account numbers, the Pcardholder will have less than seven (7) days to approve.

In the past when a PCDO had an invalid account number it routed to the Pcard Administration Team for resolution. Going forward when a PCDO has a name match with the bank file, it will route the PCDO to the Pcardholder for resolution. These PCDO will have “Chart MS Account AT023206 is invalid; using error account.” statement located within the explanation field. The Pcardholder will need to reallocate to an active account number and update the Procurement Maintenance (PCMD) e-doc to notify Pcard Administration Team. Updating the Pcard Maintenance e-doc will prevent future errors on the PCDO.

**Auto-Approved E-Docs**

In the event that the Pcardholder does not take action on the e-doc in seven (7) calendar days, the system will auto-approve the PCDO e-doc for the Pcardholder and be sent to the Fiscal Officer for approval. If it is the policy of the unit for the Pcardholder to approve the e-doc in the system, the Fiscal Officer can then ad hoc route the document back to the Pcardholder for approval or request that the Pcardholder login the system and add a note to the e-doc stating their approval of the transaction(s).

Thirty (30) days after the e-doc is created, if the Fiscal Officer has not yet approved the e-doc, the system will add the note text “PCDO approval date has exceeded 30 days. Fiscal Officer immediate action required. Email notification was sent to Pcardholder, FO and Organization Manager.” in the applicable PCDO Notes and Attachments tab. In addition to the note text an email with the subject line: IMMEDIATE PCARD ACTION REQUIRED an email will be sent to the Pcardholder, the default account Fiscal Officer, and Organization Manager (maintained in OOI) as a reminder that the Fiscal Officer needs to approve the e-doc.

Forty-five (45) days after the e-doc is created, if all approvals have not been completed, the system will add the note text “PCDO has auto approved. Fiscal Officer is required to enter a note documenting transaction receipts were reviewed and are appropriate after the auto approval.
Email notification was sent to Pcardholder, FO, Organization Manager and Pcard Administrator.” in the applicable PCDO Notes and Attachments tab. In addition to the note an email with the subject line: PCARD AUTO APPROVED will be sent to the Pcardholder, the default account Fiscal Officer, Organization Manager, and Pcard Administrator’s group. The email states that The Fiscal Officer is required to enter a note in the finance system in the Notes and Attachments tab that the PCDO transaction receipts were reviewed and are appropriate after the auto approval. In addition to adding this note, one of the following actions must be taken per your unit's policy and procedure:

Option 1: Scan and attach the receipts in the Notes and Attachments tab of the PCDO after the fact.

Option 2: Print a BI Purchasing Card Statement to which the hard copy of the receipts must be attached and required signatures applied.

Note: These emails are not the same as emails generated by the Finance System as a reminder for Action List items. Even if you have your Action List preferences set to not receive emails, you will continue to receive these particular PCDO email notifications. The emails will be sent to the Account Fiscal Officer, not their delegate.

**Reconciliation**

If you are using the system to maintain all of your Pcard documentation, remember that the Fiscal Officer is now reviewing the appropriateness of the transactions as well as the accounting line(s). Fiscal Officers should review existing delegates for Pcard transactions to ensure that the delegate is the appropriate person to completely review these transactions now that all e-docs will route to the Pcardholder first and that they are aware of university policies relating to Pcards.

Reconciliation of the paper statements (including receipt and signature requirements) is required if all receipts are not attached to the e-doc. For more information regarding this policy, please see the MSU Purchasing website. It is important for your unit to determine a process, by Pcardholder, and follow it consistently. For all Pcardholders, it is recommended that units perform a periodic (approximately every four to six months) review for each Pcardholder. This will help you to determine that university policies are being followed on a collective basis, as opposed to the daily review completed by e-doc.

If your unit is approving e-docs and attaching receipts in the finance system, maintaining any paper documentation is not necessary. The following information only applies to Pcardholders whose units have determined paper reconciliation.

The statement is printed through BI. There are several ways to print a paper statement. The report can be run by Pcardholder, account number or fiscal officer.

Purchasing recommends department-wide procedures for printing statements.
Determine:

- Who prints the statements, i.e. the individual Pcardholder or Fiscal Officer?

Once you print the statement, attach all receipts and have the Pcardholder and Pcardholder’s supervisor sign the statement. The “Reconciled?” column on the statement is designed as a check off that receipts are attached. Statement and receipts should be retained by the department according to University Archives record retention guidelines. Generally retention is six years plus the current fiscal year.

**Business Intelligence Reports Related to Pcards**

These reports are available in the BI system in Public Folders > Finance Folder > University Finance Reports > PUR- Purchasing.

**Statements**

- Purchasing Card Ledger Reconciliation-FIN119: This report bridges the Purchasing transactions posted in the General Ledger. Both Purchasing and GL dates can be compared side by side for the unique transactions within a report, for reconciliation purposes.

*Include space for Pcardholder and Supervisor signatures.

**Reports**

- **Purchasing Card Transaction Data Extract – FIN017**: This report is used for Purchasing Card transactions by organization and account by user specified date range.
- **Purchasing Card Transaction Detail – FIN019**: This report is used to reconcile Pcard expenses for a date range by Fiscal Officer, Pcardholder or e-doc number.