UNIVERSITY SERVICES

PURCHASING

Job Aid: Pcard Transaction Overview

Overview: The MSU Pcard is allows the direct procurement of low dollar purchases by faculty and staff through the use of a credit card. The intent of the program is to increase efficiency by eliminating the need for small dollar requisitions, disbursement vouchers (DVs), and petty cash funds. Pcard purchases result in quicker turnaround time, greater flexibility in ordering, and reduced paperwork. 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. A Pcard transaction, called a PCDO, is system generated by the Finance System and created automatically during a batch process that runs overnight. During this system-generated process, all transactions are grouped by Pcardholder, by posting date per eDoc. Transactional eDocs may have one transaction or multiple transactions depending on the bank's posting date. Reallocation by the Pcardholder is optional per their unit's Pcard approval process (see below). Units may request that their Pcardholders either approve their eDocs or let them auto-approve. Pcardholders have 14 calendar days from the eDoc create date to approve the PCDO, attach receipt(s), indicate a business purpose, and make any necessary accounting adjustments before the eDoc is system-routed (i.e. auto-approved) to the default Fiscal Officer's (FO) Action List. If the Pcardholder did not approve the eDoc, the system will add the following note in the Notes and Attachments tab "PCDO exceeded the allowed # of days and was auto-approved for Pcardholder." Whether a PCDO is approved by the Pcardholder, or is system-generated auto-approved, a Fiscal Officer can edit the accounting lines and approve the eDoc. The FO has up to 45 days after the eDoc create date to approve the eDoc or the PCDO will system auto-approve to the currently saved account(s) and object code(s).

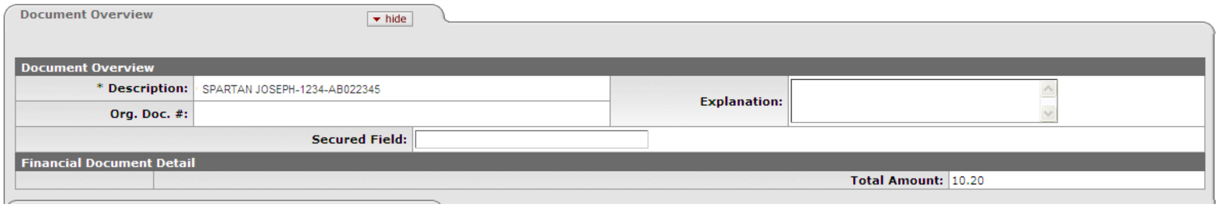
If the Pcardholder is also the FO, the following note will appear on the screen when the Pcardholder goes to approve the eDoc, "Pcardholder and Fiscal Officer are the same. Please ad hoc to supervisor for approval." This note appears ONLY when the eDoc is in Action List as a Pcardholder approval request; if the eDoc auto-approves to the FO, this note does NOT appear on the screen while in FO approval request. However, the eDoc still must be ad hoc routed to FO's supervisor for approval; all Pcard transactions must have someone administratively senior to the Pcardholder approving their purchases to meet the separation of duties qualification as stated in the Pcard User's Manual and MBP.

Units must determine and document the requirement of attaching receipts by Pcardholder. Receipts can either be attached to the related eDoc within the Finance System or can be physically attached to the Purchasing Card Ledger Reconciliation-FIN119 found in Business Intelligence (BI), with required signatures. Units may further determine who is specifically responsible for the attachment of receipts (i.e. – Pcardholder, FO, or other designee). It is the Pcardholder's responsibility to understand the documented process established by their department for reconciliation.

Searching for Pcard transactions is made easier by using the Pcard Maintenance eDoc. The Pcard Maintenance eDoc contains information about the Pcard, including Pcardholder information, default and backup account information, and spending limits. Transactions added to the system after February 24, 2012 can be located using the 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 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 only.

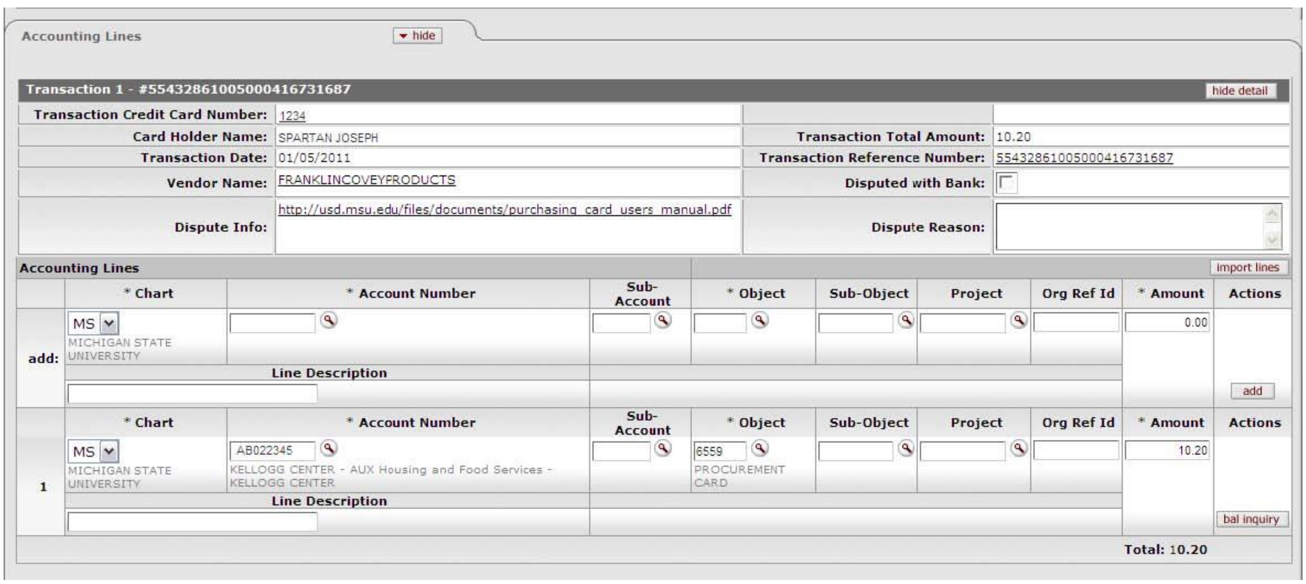

Document Overview
hide
Document Overview

* Description:	SPARTAN JOSEPH-1234-AB022345	Explanation:	
Org. Doc. #:			
Secured Field:			

Financial Document Detail
Total Amount: 10.20

Accounting Lines Tab

In the body of the eDoc there is a breakdown by individual 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.


Accounting Lines
hide
Transaction 1 - #55432861005000416731687
hide detail

Transaction Credit Card Number:	1234		
Card Holder Name:	SPARTAN JOSEPH	Transaction Total Amount:	10.20
Transaction Date:	01/05/2011	Transaction Reference Number:	55432861005000416731687
Vendor Name:	FRANKLINCOVEYPRODUCTS	Disputed with Bank:	
Dispute Info:	http://usd.msu.edu/files/documents/purchasing_card_users_manual.pdf	Dispute Reason:	

Accounting Lines
import lines

	* Chart	* Account Number	Sub-Account	* Object	Sub-Object	Project	Org Ref Id	* Amount	Actions
add:	MS MICHIGAN STATE UNIVERSITY							0.00	add
	Line Description								
1	MS MICHIGAN STATE UNIVERSITY	AB022345 KELLOGG CENTER - AUX Housing and Food Services - KELLOGG CENTER		6559 PROCUREMENT CARD				10.20	bal inquiry
	Line Description								

Total: 10.20

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 the credit card processing company at the time of the transaction.

The Dispute with Bank checkbox is used for tracking purposes only. The transaction must formally be disputed with the bank, but this checkbox acts as a flag to aid in tracking disputed transactions. Once the eDoc is approved, there is no way to undo the dispute action. If you check the Disputed with Bank checkbox, 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 equipment 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 Explanation 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 eDoc is routed to a Fiscal Officer by anyone other than the Pcardholder, the Fiscal Officer will only be able to perform one of two actions:

> Option 1: Return **all** of their accounting lines to the default account by clicking the "Return to Default" button at the bottom of the e-doc which requires a reason to be entered and captured in the Notes and Attachments tab for auditing purposes.
>
> Option 2: Approve all of their accounting lines within the e-doc on one of the accounts that fall within their responsibility.

If the Return to Default button is used, the eDoc will be routed to the default Fiscal Officer who can 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 eDoc.

A Pcard document cannot be disapproved or canceled. A General Error Correction (GEC) document can be created after the approval if the account was charged in error.

If a Pcardholder routes the eDoc to multiple Fiscal Officers, there may be instances where the system applies an *implied* approval. For example, if the Pcardholder routes the eDoc to two Fiscal Officers and the first Fiscal Officer approves the eDoc 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 eDoc, they review the entire document.

Notes and Attachments

Legible scanned copies of receipts may be attached to the Pcard eDoc using the Notes and Attachments tab and selecting "Receipt" as the attachment type. Scanning and attaching receipts(s) is optional at this time but is strongly recommended by MSU Purchasing and Internal Audit. Receipts can be added by the

Pcardholder, Fiscal Officer, or anyone who is a Financial Document Preparer. If receipts are not attached electronically, the paper reconciliation process must be followed for audit purposes.

All approvers should be reviewing line item detail on each receipt. If you are scanning and attaching receipts, numbering them to match the transaction number will make it easier to reconcile. When scanning receipts into eDocs, make sure they are in an “upright” position. As they approve eDocs, Fiscal Officers should be checking 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 eDoc. To use this functionality, 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 eDoc. 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 eDoc may be used if the corrections are related only to sub-account, sub-object code, org ref id or line description fields.

If 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 eDoc to be created if none existed—or edits be made to the existing. 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 14 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) eDoc to notify Pcard Administration Team. Updating the Pcard Maintenance eDoc will prevent future errors on the PCDO.

Auto-Approved E-Docs

In the event that the Pcardholder does not take action on the eDoc in 14 calendar days, the system will auto-approve the PCDO eDoc for the Pcardholder andsend it to the Fiscal Officer for approval. If it is the policy of the unit for the Pcardholder to approve the eDoc 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 and receipt to the eDoc stating their approval of the transaction(s).

Thirty (30) days after the eDoc is created, if the Fiscal Officer has not yet approved it, the system will add the note text "PCDO approval date has exceeded 31 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 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 eDoc.

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 Ledger Statement FIN119 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 eDocs 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 eDoc. 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 eDoc.

If your unit is approving eDocs 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.