

State of Georgia
Purchasing Card Program Policy
Department of Administrative Services
State Purchasing Division

I. State of Georgia Purchasing Card Program

5. The State Purchasing Card Program Manager is responsible for reviewing and approving all written requests for exceptions to policy on a case-by-case basis.
6. The Process Improvement and Audits section of SPD will conduct periodic reviews of purchasing card activities of all entities using the Program when that Entity falls under SPD authority. Reviews will focus on the level of compliance with statewide and internal policies and procedures.
7. The Professional Development unit of SPD will assist in developing and delivering required training for Purchasing Card Program Administrators/Coordinators and participants (cardholders, reviewers, approvers) to ensure program understanding. The Bank is responsible for the initial user and implementation training of the WORKS™ Payment Manager application; SPD will provide additional WORKS™ Payment Manager training opportunities as needed.

B. Agency Procurement Officer or College and University Procurement Officer (Entity) Responsibilities

Entity Agency Procurement Officer or College and University Purchasing Officer (APO or CUPO) should contact the State Purchasing Card Program Manager to use the Statewide Purchasing Card Contract. The APO or CUPO is usually the Entity Purchasing Card Program Administrator. As the Program Administrator, the APO and CUPO determines the appropriate overall Entity credit line by which all individual card limits are apportioned. Individual

6. Define the role of the Entity Purchasing Card Program Coordinator and ensure that all cardholders and approving officials are aware that this position is a liaison to the Bank; and
7. Complete all contact forms for the Bank designating all persons within the Entity who will be involved with the Purchasing Card Program. This includes Purchasing Card Program Administrator and Coordinator, Electronic Contact, and Settlement contact and approving officials.

C. Entity Program Management Level (Purchasing Card Program Coordinator) Responsibilities

1. Establish purchasing card procedures, including telephone, fax and internet orders. The content and retention of Entity specific documentation for each purchase, if required, must be defined;
2. Establish security measures for the card in order to prevent unauthorized use and to limit the potential for fraud;
3. Establish procedures to be followed in the event of lost or stolen cards;
4. Establish procedures to cancel and collect cards when it is determined the cards are no longer needed or upon termination or transfer of the cardholder;
5. Monitor cardholder activity for inactive accounts;
6. Ensure the appropriate departmental authority selects qualified state employees for cardholders; identifies appropriate spending limits and hierarchical approval. Each cardholder request or cardholder profile change request should be in writing and Entity specific. The appropriate format is illustrated in **(EXHIBIT A)**;
7. Ensure each new cardholder completes required cardholder training and signs a Cardholder Agreement Form prior to distributing the purchasing card to the cardholder. The appropriate format is illustrated in **(EXHIBIT B)**;
8. Establish billing discrepancy procedures including disputed transactions. Cardholders are required to make the initial contact and document the contact with vendors of questionable transactions. Steps for filing a dispute against the vendor must include the use of the Bank of America Purchasing Card Claims State of Disputed Item **(EXHIBIT C)**;
9. Establish reconciliation procedures between cardholders, their approving officials and the purchasing card program office;
10. Establish payment procedures, including attention to statement reconciliation at the cardholder and approving official levels and subsequent involvement by the Settlement contact;
11. Determine reporting hierarchy, what form of media will be used for reports, type and frequency of reports, and formulate procedures outlining use of the chosen media;
12. Exceptions to State Purchasing Card Policy must be prior approved written requests through the Entity APO/CUPO to the State Purchasing Card Program Manager. Ensure an appropriate departmental authority approves cardholder exceptions in writing, prior to submission to the Entity Purchasing Card Program Coordinator for processing. **(EXHIBIT D)** is the appropriate form to use when submitting exceptions to policy.
13. Establish procedures for the retention of purchasing card documentation for a period of no less than five years. The minimum items required are:
 - 13.1 **Receipt:** The term most frequently applies to the printed record given to a cardholder at “check-out” that identifies the vendor, the date of sale, lists the specific purchases made, the total amount of the transaction including any discounts, and other adjustments, the amount paid and the method of payment. Acceptable receipts include printed receipts and/or electronic receipts as long as the receipt contains the required information herein. Georgia Vendor Manual (GVM), Ch. 8, Section 8.2.

13.2 **Bank Monthly Billing Document:** The Bank reconciling documentation includes transactions billed. This document may be a paper statement or a printed image from the Bank data management application, WORKS™ Payment Manager. These documents must be signed by the cardholder and the approving official.

14. Perform reviews (internal audits) of purchasing card transaction data and business processes to ensure that purchases are made according to this policy and statewide purchasing guidelines. Transaction audits using reports in Works Payment Manager must be done at least monthly. Reviews of program administration aspects and transaction documentation must be done at least annually, depending on the size of the Entity. Internal policy should define the frequency, scope, and methodology of reviews.

III. Program Compliance

A. Internal Controls

A sufficient internal control structure must be in place at each Entity to ensure compliance with State Purchasing and Purchasing Card Program Policies and Guidelines. All agency top-tiered leadership, i.e., Commissioners, deputy or assistant Commissioners, Presidents, and Vice Presidents are **not approved** to have purchasing cards unless appropriate hierarchal review and approval is established for all purchasing card transactions. Appropriate hierarchal approval would be Governor for Commissioners and Chancellor for Presidents.

Each Entity is required to develop and document internal control procedures that ensure Purchasing Card usage is consistent with this policy and to develop guidelines for distribution of cards to cardholders. Internal controls should demonstrate an independent review of the purchasing card transactions by someone other than the cardholder, specifically, a direct supervisor. When using an electronic reconciliation application, delegated authority for the electronic process is allowed; however all transactions must be reviewed and approved manually by an appropriate authority.

In those cases where it is determined that internal controls are not adequate, Process Improvement and Audits of the DOAS SPD has the authority to order policy improvements and/or place card restrictions on the Entity through the State Purchasing Card Program unit of the SPD until such controls are established, documented and implemented.

The Entity's internal control document should address **Segregation of Duties**. No cardholder shall be his or her own reviewer/approver. Sufficient internal controls must be established and implemented to ensure that a knowledgeable individual such as a direct supervisor within the organization reviews the statement, receipts and reconciliation documents for approval in a timely manner during regularly scheduled billing cycles.

If a cardholder is the only employee of a particular Entity Department, then the Departmental Head or next level of authority is responsible for reviewing

the statement, receipts and reconciliation documents for approval in a timely manner during regularly scheduled billing cycles.

B. Card Issuance

Purchasing Cards are issued by the Entity Purchasing Card Program Coordinator. Entities are required to create an Agency specific Purchasing Card Request Form that includes information and approvals that are consistent with this policy. Request form items, at a minimum, must include: Cardholder name, address, contact information (phone and e-mail), spending and/or MCC limits, and default account to be assigned to the Cardholder and at least one approving Entity Department signature. **(EXHIBIT A)** Personnel designated to become cardholders must be State employees who have knowledge of, or are trained in, small dollar purchase procedures.

1. Cards are to be issued to State employees only.
2. Cardholders must be approved by appropriate Entity authority.
3. Cards may not be issued to State Entity department, division, and college or business unit without prior written approval through the State Purchasing Card Program Manager.
4. Cardholder must secure and control card at all times to include protecting card data and never allowing someone else to use the purchasing card. Violation of this control is automatic card cancellation.
5. Cardholder must attend P-Card Orientation Training and sign Cardholder Agreement Form prior to card distribution. **(EXHIBIT B)**
6. Cardholder shall be given a copy of Entity purchasing card program policies and procedures for their respective purchasing card programs.

C. Card Use – Allowable Purchases

All purchases made with the purchasing card must be for official State of Georgia Business. Cardholders are designated as State purchasing agents. Accordingly, all cardholders should familiarize themselves with the provisions of O.C.G.A. § 45-10-1 et.seq. regarding State Employee Code of Ethics and Conflicts of Interest.

The purchasing card may be used for:

1. Equipment – Single units under \$1,000 only for State Agencies and under \$3,000 for colleges and universities. Controlled property is required to be recorded in capital asset inventories. Controlled property or non-consumable property is defined as single items costing more than \$1,000 for State Agencies and \$3,000 for colleges and universities. Property that is valued less than controlled property, but is easily stolen, such as laptop computers and digital cameras, should be included in property records to ensure financial control over these assets and to deter theft or improper use of government property.
2. Supplies and materials **less than \$5,000**.
3. Purchases from Statewide Contracts and Agency Contracts where the transaction amount is **less than \$5,000**. Purchases of **\$5,000 or greater** must be on a Statewide Contract or Agency Contract. Those purchases made on Statewide Contract or Agency Contract over the single transaction limit, **less than \$5,000** must receive prior, written approval from the State Purchasing Card Program Manager. **(EXHIBIT D)**

4. Airline tickets and car rentals from Statewide Contracts for State personnel on official state business, as defined by State Travel Regulations.
5. Colleges, universities, and technical schools may use the card for pre-approved travel expenses (meals, transportation, and lodging) for officially sanctioned student activities only. **The officially sanctioned student activity must be clearly noted on the Special Request Form (Exhibit D) under the justification field to be considered for approval.** Student activities that include food purchases must be reviewed and approved, case by case, by SPD.
If a student activity meets on a regular basis and food is provided, the Special Request Form (**EXHIBIT D**) must be submitted (for prior approval) for the entire fiscal year as long as the meetings scheduled are an attachment.
The purchasing card cannot be used for the cost of travel for coaches, teachers, or other school employees acting in a capacity other than officially sanctioned student activities (i.e., athletic recruitment) unless as defined in the State Travel Regulations.

D. Card Use – Prohibited Purchases

To minimize the risk that a purchasing card may be used for improper purposes, if an Entity expects that the card will be used primarily for certain types of purchases or at certain types of merchants, the Entity can assign cards to one or more Merchant Category Code (MCC) profiles. A transaction will receive approval only at a merchant with an MCC in that profile group. Allowing or blocking transactions based on MCC's is not perfect because some merchants may register under an incorrect MCC or an MCC that is counterintuitive. This is not likely to be a common occurrence, so allowing or blocking MCC's can be a useful automated tool to prevent abuse. If blocking certain MCC's prevents a cardholder from using the purchasing card as necessary, the card can be added to that MCC profile group.

Even if the following purchases are for State government business purposes, the purchases cannot be made with the purchasing card:

1. Cash Advances;
2. Lodging, Transportation, and Meals, except as allowed in Section C above;
3. Entertainment;
4. Alcohol;
5. Motor Vehicle Fuel, Repairs, and Maintenance;
6. Professional Services (Doctors, Lawyers);
7. Gift Cards;
8. Food, unless the purchase qualifies as a "group meal" according to the State Accounting Office Group Meal Policy.

Purchases of goods or services which are for personal benefit are strictly prohibited. Utilizing the purchasing card for personal use may result in disciplinary action, including termination from state employment with possible criminal charges filed against violators of this policy.

