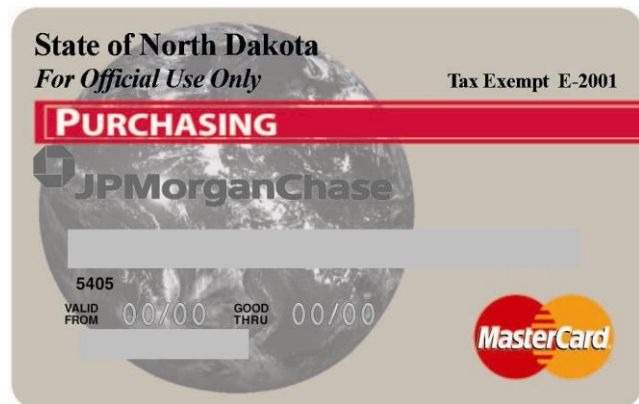


# Purchasing Card Manual



**Office of Management and Budget**  
600 East Boulevard Avenue, Dept. 110  
Bismarck, ND 58505-0400  
701.328.2680

February 10, 2012

## Introduction

The Purchasing Card (P-Card) is a MasterCard through JPMorgan Chase and is administered by the Office of Management and Budget.

P-Cards offer state agencies the opportunity to streamline their procedures for procuring and paying for goods and services. The p-card program delegates the authority and capability of purchasing items directly to designated cardholders. It is a method of payment for employees to make purchases for official agency business. The p-card program reduces the volume of accounts payable transactions and the associated administrative costs by eliminating vendor invoices and consolidating multiple vendor payments into one monthly payment to JPMorgan Chase.

While the use of a p-card leads to accounting efficiencies, agencies must maintain strict internal control over the use of cards and ensure that relevant procurement guidelines are observed, especially those detailing the use of state contracts. The p-card should be viewed at all times as an efficient means of payment, not a substitute for proper procurement procedures. The following policies and procedures apply to the use of the p-card by all agencies of the state of North Dakota.

## Roles

### Program Administrator (PA)

Program Administrators (PA) are employed by the Office of Management & Budget. They are responsible for management and operation of the p-card program.

### Card Administrator (CA)

Each agency is represented by a Card Administrator (CA). The CA is designated by their agency director and is responsible at the agency level for administering the p-card program. [Card Administrator Change Request \(SFN 59054\)](#) must be completed to add or delete a card administrator. To ensure adequate internal controls, a CA **cannot** be a cardholder.

### Card Holder

A cardholder is an employee who has been assigned the responsibility to purchase goods and services for their agency. P-cards may be issued to full or part time employees. Card holders are required to complete a [Card Holder Employee Agreement \(SFN 59053\)](#) and submit it to their agency card administrator.

### Reallocator/Proxy

After transactions have been loaded into PeopleSoft, it is sometimes necessary to reallocate your agency's accounting distribution lines. To reallocate, you must be setup in PeopleSoft as a proxy to each cardholder. As a proxy, you are able to see each cardholder's transactions and make any necessary reallocation changes. [Instructions to add proxy to a cardholder.](#)

### Responsibilities

#### Card Administrator -

- Sign and maintain original cardholder employee agreement forms.
- Issue p-card accounts to cardholders using PaymentNet.
- Ensure accuracy and periodically review cardholders' MCC group, limits and speed chart.
- Routinely monitor cardholder activity within agency.
- Ensure p-cards accounts are promptly closed and destroyed upon termination or separation from employment.
- Assists with disputed charges that cannot be resolved by the cardholder.
- Notifies program administrators of any misuse of the p-card.
- Maintain accurate records for audits.
- Distributes information from program administrators to cardholders.
- Responsible for overseeing that all reallocation is completed in the time allotted for each cycle. [Instructions to reconcile cardholder's transactions – page 3.](#)
- At the end of each billing cycle, run a [monthly cardholder/company statement report](#) in PaymentNet. This is considered your official JPMorgan Chase statement since you will not receive one in the mail.
- Run NDSALL\_PCARD\_JP\_CURRENT\_STMT or NDSALL\_PCARD\_JP\_CURRENT\_STM\_AP (for the business units that have separate AP units) query in PeopleSoft for each billing cycle.
- Verify totals on cardholder statements, monthly cardholder/company statement report, PeopleSoft query and your screen print from the Payments Tab on the voucher in PeopleSoft.

#### Cardholder -

- Complete and sign [Cardholder Employee Agreement Form \(SFN 59053\)](#) and submit to card administrator.
- Complies with all policies and procedures relating to the use of the p-card. Abuse or misuse may result in disciplinary action up to and including termination and possible criminal charges.
- Return the p-card upon transfer, leave of absence, termination, retirement or upon request to card administrator.
- Immediately report lost or stolen p-cards or fraudulent charges to JPMorgan Chase and card administrator.
- Retain receipts for all purchases.
- Identify disputed items and contact merchant directly to resolve issue.
- Ensure the physical security of the p-card.
- Attach receipts to monthly statement, sign statement and submit documents to designated agency official for approval.

### PaymentNet

PaymentNet is JPMorgan Chase's internet-based p-card system. It is a secure website, which is hosted and maintained by JPMorgan Chase. Access to PaymentNet requires a secure pass phrase. PaymentNet is available to card administrators and cardholders.

### **Cardholder Employee Agreement Forms**

The [Cardholder Employee Agreement Form \(SFN 59053\)](#) signifies that the cardholder agrees to comply with the Purchasing Card Manual and agreement. All cardholders are required to sign the agreement and submit it to their card administrator before a p-card can be issued.

### **Billing Cycle**

The program operates on a monthly billing cycle. The cycle starts on the 3<sup>rd</sup> of the month and ends on the 2<sup>nd</sup> of the following month unless the 2<sup>nd</sup> falls on a weekend. If the 2<sup>nd</sup> ends on a Saturday, the cycle will end on Friday. If the 2<sup>nd</sup> ends on a Sunday, the cycle will end on Monday.

### **Receipts**

Original receipts are required for all transactions. The receipts should include merchant name, transaction amount, date and itemized description of item(s) purchased. Credits are also considered a transaction and require a receipt.

### **Splitting Purchases**

The splitting of transactions is prohibited. Split transactions occur when a transaction exceeds the cardholder's limit and the transaction is split into two or more transactions to bypass the limit.

### **Cardholder Limits**

#### **Single Amount Limit**

This limit allows card administrators to designate the maximum dollar amount allowed for cardholders to spend on each transaction.

#### **Credit Limit**

This limit allows card administrators to designate the total amount an employee can spend during the monthly billing cycle.

Card administrators should set the limits based on the cardholder's need/usage. Limit changes saved in PaymentNet go into effective immediately and can be changed permanently or temporarily.

### **Merchant Category Code (MCC) Groups**

All merchants who accept major credit cards are assigned an industry standard Merchant Category Code (MCC). The MCC is used to classify the merchant by the type of goods or services it provides.

Each cardholder will need to be assigned to a MCC group which allows and excludes certain item(s) for purchase. They are listed below:

- 950** The most commonly used group. Allows purchases of most goods and services.  
**Restricts travel, lodging, cash, entertainment, food, or liquor.**
- 951** In addition to 950, it will also allow airline tickets, conferences, car rentals, lodging, food and meals (should not be used for per diem meals).  
**Restricts cash, entertainment, or liquor.**
- 952** Will purchase most things and should be used rarely.  
**Restricts jewelry, massage parlors, cash, etc.**
- 962** Used for travel related items only (airline, car rental, lodging, transportation and fuel)

### Travel

The p-card can be used for limited travel expenses. Travel must be for official business for the state of ND. Under no circumstances should the p-card be used for personal purchases.

Allowable types of travel expenses include:

- Conference registration fees
- Airfare
- Lodging<sup>1</sup>
- Car rental
- All ground transportation costs
- Hotel and Airport Parking
- Luggage charges<sup>2</sup>

<sup>1</sup> The cost of the room, internet access for business purposes, business phone calls and parking at the hotel are acceptable p-card purchases. Any incidental expenses are the responsibility of the employee and must be processed on the employee's personal credit card.

<sup>2</sup> Employees should be reimbursed for their first piece of checked luggage. It is up to each agency to decide if employees should be reimbursed for additional checked luggage, overweight luggage and subsequent charges.

### Sales Tax Exempt

Purchases made by cardholders are exempt from paying ND sales tax. Cardholders are responsible for informing merchants of the tax-exempt status before initiating a transaction. This includes telephone and via internet purchases. The state of ND's tax exempt number is embossed in the upper right portion of the card. If tax was charged, the merchant should be contacted immediately for a refund to the p-card. The cardholder is responsible for getting the tax refunded.

### 1099 Reporting

Effective January 1, 2011, MasterCard will be responsible for issuing 1099's for purchases made with a p-card. As a result, the p-card can be used for all 1099 reportable purchases. If a 1099 reportable purchase is not made with a p-card, the agency is responsible for issuing a 1099 for those purchases and MasterCard will issue a 1099 for the purchases made with a p-card.

### Returns, Credits, Disputed Items

**Returns and Credits:** When a return is made, the credit should be issued on the cardholder's p-card. **Do not accept a refund in cash or check form.** The credit may appear on the same billing statement as the original charge or on a subsequent billing statement. Maintain documentation of all credits, returns, and exchanges. The documentation should be attached to the monthly cardholder's statement.

**Disputed Items:** Individual cardholders are responsible for following up with the merchant on any erroneous charges, disputed items, or returns as soon as possible. Disputed items can result from failure to receive the goods charged, defective merchandise, incorrect dollar amounts, duplicate charges, credits not processed, as well as fraud and misuse.

If the cardholder has a problem with a purchased item or billing resulting from use of the p-card, the cardholder should first try to reach a resolution with the merchant. In most cases, disputes can be resolved directly between the cardholder and the merchant.

If the cardholder has a disputed charge and cannot reach resolution with the merchant, the cardholder or card administrator must dispute the charge in PaymentNet within 60 days from the statement billing date.

### Declines at Point of Sale

If a cardholder's card is declined at the point of sale, the cardholder should contact the agency card administrator. The card administrator has the ability to view the declined transaction and make the necessary adjustments to the account.

Some reasons for a decline include:

- The cardholder has failed to activate the card by calling the toll free number listed on the sticker placed on the front of the card.
- The cardholder has exceeded the designated single or monthly transaction limit.
- The cardholder attempts to use the card for a blocked merchant category code (MCC).

### P-Card Security

P-cards are issued with the name of the cardholder and the cardholder's agency name embossed on the front of the p-card. Authorized use of the p-card is limited to the person whose name appears on the front of the p-card. The use of the p-card results in a liability to the agency not a personal liability for the cardholder. The cardholder's credit rating will not be affected. However, it is important to remember that the cardholder agrees to the terms and conditions in the [Cardholder Employee Agreement \(SFN 59053\)](#) and is personally liable for any

misuse of the p-card. JPMorgan Chase provides liability protection to the state once notification of any loss, theft, or fraudulent use is made. However, the same level of liability protection does not apply to p-cards that are made available to multiple users.

### **General Guidelines for Cardholders and Card Security**

- Sign the back of the p-card upon receipt.
- Only the person whose name appears on the card is authorized to use the card.
- Cardholders should retain the p-card in a secure location.
- Never make a photocopy of a card.
- Never fax or e-mail the entire account number.
- Should only be used on secured internet sites
- If the p-card is lost or stolen, the cardholder must **immediately** notify the agency's card administrator and JPMorgan Chase.

### **Reporting Lost or Stolen P-Cards**

Report lost or stolen p-cards immediately to your agency card administrator and JPMorgan Chase. To report a lost or stolen p-card to JPMorgan Chase, call 1-800-270-7760. This number is available 24 hours a day/7 days a week.

A replacement p-card will be issued within 5-7 business days.

### **Card Suspension**

Program and card administrators have the ability to suspend cards. This option can be used for many reasons to include:

- History of abuse
- Not retaining receipts for all purchases
- Cardholder is on extended period of leave such as Military, Disability, Medical, etc.

### **Termination of Employment or Transfer to Another Agency**

Upon termination of employment or transfer to another state agency, the cardholder must return the p-card to their agency's card administrator. The card administrator must close the account in PaymentNet and destroy the p-card.

### **Random Audits**

OMB and Office of the State Auditor may conduct random audits of p-card use. The primary purpose of the audit is to ensure that:

- P-card program and state procurement procedures are being followed.
- The p-card is being used for appropriate transactions.
- Supporting documentation is complete.

### **Cardholder Statements**

A monthly cardholder statement is available electronically within PaymentNet or paper copy through mail. It is the cardholder's responsibility to reconcile their monthly statement with

their receipts. If inaccuracies and/or erroneous information exist, the cardholder must immediately notify their agency card administrator. The cardholder should sign the monthly statement and submit it along with the receipts to the designated agency official for approval.

The cardholder's supervisor, card administrator or another designated employee (other than cardholder) should:

- Review information submitted by cardholder. The reviewer should match receipts to the cardholder statement submitted by the cardholder.
- Verify purchases are for state business use only. Sign cardholder statement to certify that purchases comply with appropriate rules and regulations to the best of the reviewer's knowledge.
- Verify that no personal transactions are on statement. If personal transactions occur, the employee must repay the state, including any applicable sales tax. Even though tax is not charged by the merchant, the employee must remit the tax to the State Tax Commissioner. If it is determined that personal or other unauthorized charges are occurring on the p-card, appropriate steps, up to and including dismissal, will be taken to resolve the misuse/abuse of the p-card.

### **Payment to JPMorgan Chase**

The p-card is individually billed and centrally paid by OMB. Once the billing cycle has completed, OMB will electronically download transactions from PaymentNet into PeopleSoft using the default speed chart that has been assigned to each cardholder. Agencies will be notified by e-mail when the transactions have been downloaded and will be given a timeframe of when they can reallocate or make changes to the default coding before payment is made to JPMorgan Chase. If the transactions are not reallocated within the timeframe, they will be processed as is using the default coding and will have to be adjusted later by a journal voucher in PeopleSoft. OMB will create the vouchers in PeopleSoft to generate payment to JPMorgan Chase. Agencies will need to make a screen print from the payments tab on the voucher in PeopleSoft and attach it to their monthly p-card statements.

### **Records Retention Schedule**

Per the general records retention schedule created by Information Technology Department, the records retention for p-card records is three years.

#### **011505 PURCHASING CARD RECORDS**

Description: This series contains the purchase card report, statement, and other information related to purchasing cards used by the agency.

Retention: Three years after the current fiscal year.

Disposition: Dispose by shredding.

Authority: NDCC 44-04-18.9

## Contacts

### Program Administrators

Renaë Heller 328-4936

Doreen Schumacher 328-2682

Renee Nelson 328-2680

**JPMorgan Chase Customer Service - 1-800-270-7760**

**JPMorgan Chase Program Coordinator – 1-800-748-9598 Ext 7147**  
(Agency Card Administrator Use Only)