


<b>SUBJECT: Purchase Card Use</b>	<b>NUMBER: 107-03-030</b>
<b>DIVISION: Operations Division</b>	<b>EFFECTIVE DATE: 7/6/09</b>
<b>APPROVED:</b> 	

**POLICY/PURPOSE:** This policy specifies use of the Small Purchase Order Transaction System (SPOTS) within the Department of Administrative Services (DAS), for authorized purchases that further the business of the state.

**AUTHORITY:** ORS 164.015-164.125; ORS 162.415; ORS Chapter 244; Oregon Accounting Manual, Sections 55.30.00.PO; 55.30.00PR

**APPLICABILITY:** All DAS employees.

**ATTACHMENTS:** Purchase Card Application and Agreement.

**DEFINITIONS:** Eligible employee: A person hired directly by DAS as a permanent employee who receives his or her payroll from DAS. This does not include temporary personnel (hired by DAS or through a service), interns, contractors, or people on a job rotation from another agency.

- The following two positions administer the SPOTS card program:
- DAS SPOTS Card Coordinator (“the coordinator”)
  - DAS SPOTS Card Approving Officer (“the approving officer”)

**GUIDELINES:**

**I. Appropriate Use.** Use of the SPOTS card to pay for goods or services does not exempt DAS or its employees from the purchasing requirements of state law or the DAS State Procurement Office (SPO). Each employee issued a SPOTS card must follow the public contracting rules published by SPO.  
<http://procurement.oregon.gov/DAS/PFSS/SPO/ors279-menu.shtml>

A cardholder must immediately notify US Bank (1-800-344-5696) and the coordinator if a card is lost or stolen, or if the cardholder suspects that fraudulent use may have occurred.

Discrepancies: Cardholders have 60 days from the date of purchase to contact US Bank regarding discrepancies between purchase-receipts and monthly VISA statements.

- II. Electronic Access.** “US Bank Access Online” is a Web-based management tool that provides cardholders with access to account information including all account activity and billing statements.
- a. Cardholders must self-register for Access Online using the instructions below.
    - Go to <https://access.usbank.com> and click on “Register Online.”
    - When prompted to enter a company short name, type **ORP**.
    - The ZIP code must match the FIVE-DIGIT ZIP code on the billing statement.

- The work phone number must not include dashes, hyphens, or spaces.
- User ID must contain 7 to 12 characters (alpha, numeric, or both).
- Password must contain 8 to 20 characters with at least one alpha and one numeric character.

A cardholder has three attempts to enter valid information (user ID, password, and ZIP code). On the fourth attempt, contact US Bank Customer Service at 1-877-887-9260 to unlock an account.

Once the cardholder registers online, they can immediately view purchase-transactions. Access to view and print monthly statements occurs around the 27<sup>th</sup> of each month.

**III. Segregation of Duties.** Managers of cardholders must provide adequate accountability and segregation of duties. To reduce the risk of misuse or fraud, segregate the duties of the person that requests a purchase, the person that makes a purchase, and the person that documents and accepts the receipt of goods and services.

**IV. Credit Limits.** For the protection of cardholders and to reduce liability to the state, the standard credit limit for each SPOTS card is \$2,500 per billing cycle. The approving officer reviews card limits quarterly and recommends limit-adjustments to the division's management. The approving officer considers the business needs of the division when recommending or approving credit limits.

A cardholder's manager may contact the coordinator, in writing, to request an adjustment to the credit limit for a single transaction or the monthly limit (up to a maximum of \$7,500 monthly and \$5,000 for a single transaction).

**V. Expenditure Authority.** Purchases made with a SPOTS card must comply with the following payment requirements (ORS 293.295):

- A manager delegates purchasing authority to an employee by approving a Purchase Card Application and Agreement.
- Only authorized employees can make approved purchases for the state.
- Purchases relate to only legally-authorized activities of DAS.

**VI. Eligibility Requirements.** To obtain a SPOTS card, a manager must approve a Purchase Card Application and Agreement for an eligible employee. DAS may issue a SPOTS card to an employee on trial service if it is required to perform his or her job.

If a cardholder's employment status changes, the cardholder immediately relinquishes their card to their manager who sends the card to the coordinator for cancellation.

If a cardholder transfers within the division or has a new manager, the cardholder submits a new Purchase Card Application and Agreement to his or her manager. If the new manager denies the request, send the card to the coordinator for cancellation.

**VII. Card Inactivity.** DAS considers unused SPOTS cards inactive after three consecutive months. A cardholder's manager must submit written justification to the coordinator to keep "active" status on an unused card.

The three-month rule does not apply to cards issued for emergency purposes (see section IV for more on Emergency Procurement).

**VIII. Purchasing Requirements.** The following rules for public contracting apply to all SPOTS card purchases:

- a. Cardholders cannot fragment purchases to get around the credit limit of their card. Multiple purchases to the same vendor on the same day may look like fragmentation. Cardholders must document transactions that may look like fragmentation, to show a justified business purpose.
- b. Cardholders that use the SPOTS card to purchase via the Internet must take care to select vendors that DAS has dealt with before, or research potential vendors to ensure they are reputable. Cardholders must ensure that the Internet site provides appropriate security and that any terms and conditions are appropriate.
  - a. **Note:** Cardholders must always research Internet purchases to ensure the best available price and the lowest shipping costs.
- c. Even though a cardholder makes a purchase using a state price agreement, instances may occur that require a purchase order. Cardholders must know and follow the public contracting rules found at the following Web site.  
<http://procurement.oregon.gov/DAS/PFSS/SPO/ors279-menu.shtml>
  - a. Purchases of \$5,000 or more must go through a competitive process overseen by DAS Operations Division, Contract Services.

**IX. Emergency Procurement.** Designated personnel maintain SPOTS cards solely for emergency procurement situations. After the Governor declares an emergency, DAS can use the cards to procure services and supplies for various needs related to the emergency.

DAS will follow the public contracting rules for authorized purchases whenever practicable. However, circumstances may arise in which DAS cannot meet a critical need and follow the rules at the same time. In those cases, DAS will document the circumstances and the resulting actions of the agency. (See section VIII for more on Purchasing Requirements).

**X. Authorized Purchases.** Examples:

- Pre-approved training registrations
- Non-travel business meals for state or non-state employees (see OAM 10.40.10)
- Membership dues and subscriptions
- Office and other supplies
- Repair and maintenance parts
- Publications (e.g. books)
- Small equipment purchases except computer hardware and software that the Technology Support Center purchases

**XI. Unauthorized Purchases.** Examples:

- Personal purchases of any kind, including clothing items that an employee needs for work, but they might wear during non-work hours

- Travel-related expenses (e.g. airfare, car rental, fuel, phone, parking, meals, taxis, or other means of transportation, etc.)
- Traffic violations (e.g. parking or speeding tickets) even if the employee incurs the ticket while on state business
- Sales tax from another state or jurisdiction
- Fuel for state-owned vehicles
- Automatically recurring vendor payments
- Food and beverages for personal consumption (unless the food or beverage is part of a paid registration for a workshop, conference or working lunch noted on the agenda)
- Lodging expenses (see section XII for more on Hotel Reservations)

**XII. Hotel Reservations.** SPOTS cards *cannot* pay for lodging, even when an employee is on state business. However, cardholders may use a SPOTS card to make lodging *reservations*. Cardholders must ensure that the traveling staff person understands the distinction between making reservations and paying for lodging.

A traveler should pay for lodging using an approved state Travel card, or his or her personal payment arrangements (personal credit card, etc.). See DAS Internal Policy 107-07-010, and OAM 40.20.00.PO for information on the State Corporate Travel Credit Card.

If a traveler's itinerary changes, the SPOTS cardholder must cancel any reservations in a timely manner (to avoid no-show fees charged to the SPOTS card).

SPOTS cardholders may not use their SPOTS cards to secure their own reservations unless they will travel as part of a group of state employees.

**XIII. Registration Fees.** Cardholders may use the SPOTS card to pay for other employees' pre-approved trainings, conferences, workshops and seminars, including online sessions.

**Guidelines:**

- An employee's manager approves the employee's training request before charging any training costs to the SPOTS card, and gives a copy of the request form to the SPOTS cardholder.
- The cardholder attaches the request form to the SPOTS statement in the month the charge appears.
- The employee provides a copy of his or her certificate of completion to the cardholder, who sends it to the coordinator.

**XIV. College or University Tuition.** Occasionally, DAS approves college or university classes for an employee. However, the SPOTS card *cannot* pay for tuition or any related expenses. Tuition payment options:

- DAS payroll makes the tuition payments directly to the educational institution when the classes pertain to required training.
- The employee pays the tuition when classes relate to job or career development. The employee submits receipts for registration, tuition, books, etc. through DAS' educational reimbursement process (see DAS Internal Policy 107-07-030, OAM 50.10.00.PO and 50.10.00.PR for information on educational reimbursements).

**XV. Documentation Requirements.** Certain purchases require a manager's prior written approval. Examples:

- Dues and memberships
- Subscriptions
- Books and manuals

For all SPOTS card purchases, the cardholder must attach relevant documentation (receipts, invoices, and packing slips), including a manager's prior written approval (if required), to the cardholder's Purchase Card Transaction Log. (Appendix A)

In cases of expedited shipping charges, attach justification and a manager's pre-approval to the Purchase Card Transaction Log.

If a cardholder receives goods and services that he or she ordered, they must get a second signature on the receiving document (see section III) for more on Segregation of Duties).

Losing or misplacing a receipt or receiving document qualifies as misuse of the SPOTS card (see section XVII for more on purchase card misuse).

When a cardholder places a phone order (in which the cardholder is not present to sign the receipt), instruct the vendor to write, "Per phone order," on the cardholder's signature line. At no time should a third party sign a receipt for or on behalf of a cardholder.

Managers of cardholders review the cardholder's monthly transactions, and verify the accuracy and appropriateness of purchases (including any additional required documentation).

**XVI. Documenting Infractions.** The coordinator monitors and reviews all monthly SPOTS card purchases and documents any card infractions as either misuse or abuse.

**XVII. Purchase Card Misuse.** Minor violations (not an exhaustive list):

- Missing supporting documentation (i.e. receipts, credit memos, packing slips, training requests, or a manager's prior written approval)
- Missing a cardholder's or manager's signature on the Purchase Card Transaction Log
- Submitting the prior month's Purchase Card Transaction Log (with proper documentation and coding) to the coordinator after the 15<sup>th</sup> of the month
- Accidental one-time use of the card for inappropriate purchases
- Not following the purchasing requirements of the State Procurement Office or failing to use a state price agreement
- Not following this policy

**XVIII. Corrective Action for Purchase Card Misuse.** The coordinator will take the following actions:

- First Infraction: Notify the cardholder and the approving officer in writing of the infraction

- Second Infraction: Notify the cardholder's manager of the infraction
- Third Infraction: Cardholder loses the card

Cardholders will immediately reimburse the agency or reverse the cost of any inappropriate purchase(s).

**XIX. Purchase Card Abuse.** Major violations (not an exhaustive list):

- Second accidental use of the card
- Purchase for personal use
- Fraudulent use
- Employees' travel-related expenses
- Fragment purchases
- Allowing someone to use the purchase card

**XX. Corrective Action for Purchase Card Abuse.** The coordinator will take the following actions:

- Notify the cardholder's manager and the approving officer
- Revoke the cardholder's privileges and cancel the card

The cardholder's manager may begin disciplinary actions up to and including dismissal.

**XXI. Training.** All new cardholders must complete a training session, provided by the coordinator, prior to receiving and activating a SPOTS card.

Every two years, all cardholders and their managers will receive refresher training by the coordinator.

**XXII. Security.** Cardholders are responsible for their SPOTS card. Cardholders must properly secure the card in a locked drawer or cabinet, or keep the card securely in their possession at all times.

The card number is a confidential state asset. For phone orders, give the card number over a landline only, not a cell phone.

Do not type the entire SPOTS account number in an e-mail.

For fax orders, make sure the card number is faxed to a secure fax machine. Cover up the three-digit security code when faxing the signature on the back.