

**STATE OF NEVADA
DEPARTMENT OF ADMINISTRATION
POLICY STATEMENT
ON
PROCUREMENT CARD**

Policy 4.1.1

Effective: 7/1/2016
Revision: N/A

PURPOSE

The purpose of the Procurement Card (P-Card) Program is to establish an efficient, cost-effective method of purchasing and paying for small dollar transactions within established usage limits.

All types of purchases are limited by and must comply with State Administrative Manual (SAM) 1552 and with the Division's purchasing and expenditure policies and procedures. Divisions are encouraged to use the P-Card in lieu of local purchase orders (LPO). However, each Division's policy will determine if a LPO will or will not be used in conjunction with the P-Card. The P-Card will NOT be used for services, airline, and/or travel related expenses.

Procedures exist within the Bank of America (BofA) WORKS application (<https://payment2.works.com/works/>) to restrict card usage, including requiring real-time agency approval of the exact amount of transactions and suspending the procurement card for a period of time.

REFERENCES

SAM 1552 and 1556 and Internal Audit – Procurement Card Internal Controls

DEFINITION OF ROLES

The **Procurement Card Manager** (PCM) is located in the Department of Administration, Purchasing Division.

The **Procurement Point of Contact** (PPOC) is located in the Department of Administration, Administrative Services Division (ASD) and is the department's direct contact for the Purchasing Division and coordinates with the PCM for procurement card issues. The PPOC may also serve as the Division's PCA. The PPOC is prohibited from having a P-Card. The PPOC oversees the Department of Administration's P-Card program and makes final determinations through each Agency Administrator on the issuance of P-Cards to individual(s). The PPOC monitors and/or track P-Card usage.

The **Procurement Card Administrator** (PCA) provides program oversight at the Division level and ensures that the cardholder and Division comply with the state's procurement card contract and coordinates program activities with the department's PPOC. The PCA is prohibited from having a P-Card.

The **Supervisor** and/or **PCA** are the Division's employee who approves the legitimacy of purchases and exceptions made by the cardholder. The Supervisor may also serve as the Division PCA.

The **Cardholder** is the Division's employee who is issued a P-Card and is authorized to use the card on behalf of the Division.

The **Approver** in BofA WORKS is an ASD Accounting Assistant supporting the P-Card user division. The Approver is responsible for reviewing the bank statement and all receipts and signing off each transaction in WORKS. The Approver is prohibited from having a P-Card.

The **Accountant** in BofA WORKS is an ASD Account Technician supporting the P-Card user division. The Accountant is responsible for comparing each allocation line to each transaction, making any corrections as necessary and closing and batching each transaction. The Accountant is prohibited from having a P-Card.

WORKS is the Bank of America application used for managing P-Card accounts, including adding and deleting accounts and cardholders, adjusting spend control profiles otherwise known as credit limit, and approving and allocating transactions.

PROCUREMENT CARDS - GENERAL

The State of Nevada's procurement card (P-Card) vendor is Bank of America (BofA). WORKS is the BofA website application that is used to code and approve P-Card transactions prior to upload into Advantage.

The Department of Administration's Director determines the general criteria and purchase limits for cardholders, including both for monthly cumulative credit limits and for single transaction limits (single transactions shall not exceed \$4,999.99).

The Administrative Services Division will notify the Purchasing Division when its PPOC changes.

Each Division will appoint one PCA and at the Administrator's discretion a second and/or back-up PCA if necessary. If the division does not appoint a PCA, the Administrative Services Division PPOC will act as the Division's PCA.

Each transaction must be allocated within the WORKS system which includes agency, fund, org code, appropriation unit, and balance sheet/object/revenue code.

Procurement card activity is reviewed on a monthly basis for appropriateness of purchases, accuracy, and to ensure no sales taxes is paid on a purchase.

Billing statements are paid by the State to Bank of America in their entirety and disputes/inappropriate charges are resolved during the subsequent months.

The P-Card of an established Cardholder who is transferring out or leaving state service is to be suspended within three (3) business days after notification to the Division of his/her departure.

Misuse of card, transfer of cardholder, or separation from state service will result in:

- a. The Cardholder's account being suspended, revoked, or closed; and
- b. The card being retrieved and rendered unusable.

The Controller's Office VISTA report is reconciled by the ASD Account Technician to the agencies monthly statement and approved by emailing the completed Electronic Transfer of Transactions document to the Controller's Office by the 10th of each month.

The P-Card billing cycle runs from the 26th of a month through the 25th of the following month.

A Cardholder's available balance is reduced by the amount spent during the billing cycle until payment is received by BofA.

Agencies have the ability to suspend and/or allow for only the exact amount of each transaction to be approved.

A P-Card will NOT be deactivated until all transactions and any disputes for the designated Cardholder have been cleared on the billing statement. If a user's access needs to be restricted, the user's spend control profile will be changed to \$1. A user will be suspended until all transactions and disputes are cleared.

Procurement Card Application:

Every Division that is requesting or requiring a P-Card shall designate a PCA within their Division and will notify the Department of Administration, Administrative Services Division's PPOC of their request.

Through the Division's Administrator, the Division's PCA will ensure that the Division's Internal Controls have been updated to include Procurement Cards.

The PCA and/or PPOC will review, complete and return the required documentation to the Governor's Finance Office, Division of Internal Audits. The documentation may be found at: <http://iaudits.nv.gov/About/FinancialMgmt/ProcurementCards/>.

Procurement Card Administrator (PCA) Duties and/or Responsibilities:

The PCA will:

1. Assign a spend control profile for each Cardholder for the monthly overall credit limit.
2. Ensure that the Cardholder is aware of the single transaction limit of \$4,999.99 and that the Cardholder does not exceed that amount.
3. Work to resolve any billing discrepancies.
4. Ensure that Procurement Card Internal Controls are accurate and incorporated into the Division's Internal Controls as maintained in the Governor's Finance Office, Division of Internal Audits.
5. Establish the criteria for determining and assigning spend control profiles for each Cardholder in conformance within established policy and procedures.
6. Be the primary contact within the Division for processing requests for new individual P-Cards.
7. Monitor each P-Card holder's transactions through the automated online system located within BofA WORKS and/or receipt review to ensure appropriateness, accuracy, and that no sales tax was paid on the purchase(s).

8. Establish a process by which a cardholder can self-report a deviation in proper use of the P-Card.
9. Monitor the Division disallowed merchant and vendor categories to ensure adequate safeguards are in place for each cardholder.
10. Verify and reconcile the total number of cards in use by the Division/Office each month and retain this information.
11. Change system passwords as appropriate.
12. Notify Bank of America and the PPOC of any lost or stolen cards immediately.
13. Review the Cardholder transactions, ensure that each purchase is supported by invoices, receipts, and/or packing slips and will verify compliance with Division policy.
14. Sign off on every statement indicating approval of purchases. All transactions are sent to the ASD accounts payable section and reviewed to verify:
 - a. No "splitting of transactions" occurred;
 - b. Transactions were within approved limits, or appropriate documentation of exceeding limits exists;
 - c. Frequently purchased items and/or unusual items are verified to be necessary; and
 - d. Credits are appropriate and have the required vendor supporting backup documentation for justification.
15. Ensure the statement and all receipts are sent to the Administrative Services Division no later than the 2nd of each month. Thereby, allowing the ASD staff time to review and process the BofA transactions prior to ASD's deadline of the 9th of each month. The PCA and/or agency representative will immediately notify ASD's Administrative Services Officer II via email when this deadline cannot be met. The notification will include the reason for delay and the date when the statement and receipts can be expected.

Upon receipt of the P-Card(s) from B of A:

The PCA will:

1. Ensure the Cardholder reviews, completes, and signs the Cardholder Agreement Form.
2. Ensure the Cardholder's Supervisor signs the Cardholder Agreement Form.
3. Maintain copies of the signed forms for both activated and inactivated agreements and scan and/or mail a copy of each signed form to the Department's PPOC.
4. Verify the information on the card, including the Cardholder's name, Division, and tax exemption number.
5. Deliver the card to the Cardholder and immediately have the Cardholder sign the back of the card. If the card must be mailed to the cardholder, the PCA will make sure the PIN and Card are mailed in separate envelopes.
6. Instruct the Cardholder on the proper use of P-Card, the consequences of unauthorized

use, and provide updated training as needed.

7. Assign, update, and monitor the spend control profiles for each Cardholder, as well as the specific merchant and vendor categories which are disallowed. This information, and any other applicable information, will be documented for each Cardholder.

When unauthorized purchases are suspected:

The PCA will:

1. Document the unauthorized purchase.
2. Discuss the unauthorized purchase with the cardholder and/or his or her supervisor.
3. Notify the Department PPOC.
4. Inform the Cardholder of the possibility of the Cardholder's P-Card being suspended, revoked, and/or otherwise terminated.

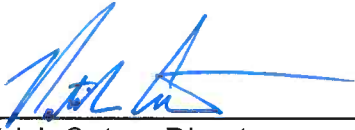
Cardholder Duties and/or Responsibilities:

The Cardholder will:

1. Abide by all the conditions noted on the Cardholder Agreement Form.
2. Use the card for qualifying Division purchases only, which do not include travel, services and entertainment.
3. Ensure that the card is not used by another individual or agency.
4. Comply with all Division purchasing and expenditure policies and procedures, as well as, SAM 1500, other relevant state regulations, NRS, Department of Administration Policies & Procedures, and Governor's Finance Office, Division of Internal Audits Internal Controls.
5. Ensure that no sales tax is charged on Division purchases.
6. Ensure that purchases do not exceed spend control profile limits and are within budgetary constraints (and that individual limits are not circumvented by splitting purchases).
7. Upon receipt of each purchase, verify the correct number of items was received and that all merchandise is in good condition, and sign the packing slip or receipt attesting to the quantity and condition of the merchandise.
8. Provide receipts, invoices, and signed packing slips for each transaction to their supervisor, PCA, or fiscal staff for approval on a monthly basis.
9. Report any disputes or discrepancies to the PCA or PPOC and work with the vendor, PCA/PPOC, and financial institution to resolve any issues.
10. Immediately report any unauthorized use of the card to the PCA, the Cardholder's Supervisor and the Department's PPOC.

11. Report any lost or stolen cards to their supervisor or PCA immediately, who will notify the Department's PPOC and the Bank of America financial institution within 24 hours of the loss.
12. Return their card to their designated supervisor, PCA, or fiscal personnel upon termination of employment or upon request by appropriate authority.

This policy is not a substitute for relevant law or regulation nor does it establish additional rights beyond those provided in law and regulation. This policy is intended to be used in conjunction with federal regulations, State law, (NRS&NAC and SAM).



Patrick Cates, Director

6/16/16

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