

DHHS ADMINISTRATIVE PROCEDURES MANUAL

Chapter 607

Title: Purchasing Card

- I. **PURPOSE:** To provide the Department of Health and Human Services (DHHS) with uniform departmental procedures for the acquisition of goods (also known as commodities) in accordance with Arkansas Purchasing Law and Regulations and the State of Arkansas Purchasing Card (P-Card) Program Policies and Guidelines Manual.
- II. **SCOPE:** These procedures are applicable to all DHHS divisions, offices, and facilities.
- III. **PROCEDURES:** Fundamentals

A. Introduction

The State of Arkansas P-Card facilitates the purchasing of commodities necessary for the conduct of official DHHS business. P-Cards are issued to specific division-identified employees who have received P-Card training and who have agreed to the P-Card terms and conditions. Liability for payment, total responsibility, and accountability for the P-Card transactions resides with DHHS. **Personal purchases by cardholders are forbidden and may result in disciplinary action.**

- B. DHHS employees, as a condition of participation in the P-Card program, shall abide by this policy, in addition to the following:

- 1. DHHS Purchasing Policy and any other applicable DHHS policy;
- 2. The respective division guidelines relative to purchasing;
- 3. Arkansas Purchasing Law and Regulations;
- 4. State of Arkansas P-Card Program Policies and Guidelines Manual (which can be found on the Office of State Procurement (OSP) website at http://www.arkansas.gov/dfa/procurement/pro_purchcard.html), and
- 5. Policies and guidelines established by the issuing bank.

No policy, procedures, or guideline statements can cover all eventualities. Exceptional cases will be resolved as circumstances arise and prudent business practices warrant.

C. Function of the P-Card

1. The P-Card is a Visa[®] Procurement Card that is to be used only for allowable official DHHS business purchases. Division supervisory staff shall assign each P-Card a maximum spending limit per billing cycle (and a maximum spending limit per transaction, if the division desires to do so). The default limit is \$2,000 per billing cycle, but each card may be assigned a lower, or a higher, limit. Under normal circumstances, the maximum spending limit per billing cycle shall NOT exceed \$5,000. Any attempt to use the P-Card for a purchase in excess of the set card limit will result in the purchase being rejected by the merchant and by the issuing bank.
2. The P-Card enables cardholders to purchase allowable commodities (with appropriate division approval) in person, and, under limited circumstances, via the Internet and telephone.

Note: The P-Card may be used to purchase via the Internet or by telephone when purchasing memberships, subscriptions, and registrations. **The P-Card may be used to purchase via the Internet or by telephone for other purchases ONLY in those situations where the requestor is confident that the items will be received prior to the date that payment is made by Office of Finance and Administration (OFA), General Operations Section.** If there is a possibility that the purchaser may not actually receive the items at the time General Operations Section is required to pay the bill, the use of the P-Card is inappropriate for the purchase.

3. The use of the P-Card eliminates the use of the AASIS requisition and purchase order. **The P-Card does NOT, however, eliminate the requirement to adhere to other DHHS purchasing policy or Arkansas Purchasing Law and Regulations, nor does it eliminate any division-specific approvals that must be obtained by the cardholders prior to making purchases.**
4. The P-Card is issued in the individual cardholder's name, with the wording "Arkansas", "For Official Use Only", "DHHS", and the division identifier imprinted under the cardholder's name.
5. Making a purchase with the P-Card:
 - The cardholder enters a business, selects the item(s) needed, charges it on the P-Card, signs a sales/charge slip, and takes receipt of the merchandise, being sure to keep the sales/charge slip.
 - The merchant submits the transaction to VISA[®], VISA[®] submits it to the issuing bank, and the merchant normally receives payment from the issuing bank within three working days of the transaction.
 - The issuing bank billing cycle ends on the **15th** of each month, unless the 15th falls on a weekend or holiday, in which case, the billing cycle will end on the next workday.
 - The division reviewers finalize reconciling the charges and submit the monthly reconciliation statements, all of the supporting documentation (i.e., receipts), and the **Purchasing Coding Sheet(s), DHHS-1035**, to

General Operations Section by the **18th** of the month. If the 18th falls on a weekend or holiday, the reviewers shall submit the information by the next workday.

- The issuing bank mails the statement(s) to General Operations Section on the **22nd** of the month, unless the 22nd falls on a weekend or holiday, in which case the billing cycle will end on the next workday.
- General Operations Section makes payment no later than the **25th** of the month.

D. Benefits to using the P-Card

1. Cardholders: The P-Card expands cardholders' purchasing options by allowing them to utilize businesses that may not accept a purchase order but that will accept a VISA[®] card. In addition, cardholders can make purchases more expeditiously by avoiding the requisition/purchase order route.
2. DHHS: The P-Card provides a cost-efficient alternative to requisitions and purchase orders, significantly reducing the workload and processing costs related to such purchases. The P-Card allows for a clearer audit trail on specific purchases, as each P-Card is assigned to a specific individual.
3. Vendors: Most merchants welcome the P-Card because they do not have to deal with purchase orders and invoices AND because they can expect payment within three working days.

E. P-Card Resources

A variety of resources exists for cardholders, reviewers, and merchants.

NOTE: Specific divisions may have internal procedures that mandate the steps to take and sources to which to turn for technical assistance and answers. This listing below of available sources and their roles does **NOT** preclude adherence to cardholders' and reviewers' internal division procedures, where such exist.

1. Contract Support Section (CSS)
 - a. Agency P-Card Supervisor

The Agency P-Card Supervisor is responsible for oversight, coordination with OSP, arrangements for training, and trouble-shooting that cannot be addressed by the Purchasing Agents.
 - b. Purchasing Agents
 - (1) Each of the CSS Purchasing Agents is designated specific division(s) for which he/she serves as "liaison". This listing of

Purchasing Agents and their divisional assignments can be obtained from CSS.

- (2) The CSS liaison is trained to, among other things:
 - (i) Assist cardholders with problems and questions regarding activation and usage of the P-Card;
 - (ii) Assist cardholders in locating the most cost effective source(s) for the item(s) they need;
 - (iii) Assist reviewers with problems or questions regarding the review and resolution process;
 - (iv) Serve as the point of contact between cardholders/ reviewers and OSP.

2. General Operations Section

General Operations Section staff is responsible for processing the overall monthly invoice received from the issuing bank and for making payment to the issuing bank. They can assist with problems related to payment. Their primary coordination is with the reviewers, the Agency P-Card Supervisor and OSP, rather than individual cardholders.

3. OSP

- a. OSP conducts the mandatory training for all cardholders. All cardholders **MUST** take this training before they will be given a P-Card.
- b. OSP also conducts training for reviewers. Reviewers must take this training **OR** be trained by a qualified, experienced reviewer who has received OSP's training.
- c. OSP provides technical assistance and problem solving on P-Card issues, but such requests must be routed through the CSS Purchasing Agent or Agency P-Card Supervisor.

IV. **PROCEDURES:** **Implementation**

A. **Eligibility**

1. Cardholders

DHHS employees assigned by their division to be cardholders shall be given their P-Card only after they:

- a. Submit a completed application to the Agency P-Card Supervisor (which must be approved by the DHHS Chief Fiscal Officer [CFO] or designee before it can be processed by OSP);
- b. Participate in the mandatory 2-hour training for cardholders; and

- c. Sign the P-Card terms and conditions to verify agreement.
 - (1) In completing the application, employee shall enter the division-determined financial limit(s) on the card. The limit(s) (which will be per billing cycle and may be per transaction, if desired) shall have been established at the divisional executive level and relayed to the employee or the Agency P-Card Supervisor prior to his/her completing the application.
 - (2) Agency P-Card Supervisor, after reviewing the applications for completeness and accuracy and after obtaining the manual approval of the division CFO, shall forward the applications to OSP. OSP will get the P-Cards and return them to the Agency P-Card Supervisor.

2. Reviewers

- a. DHHS employees assigned by their division to be reviewers must participate in the two-hour training for reviewers OR be trained by a qualified, experienced reviewer who has received OSP's training. Employees shall complete and submit the necessary paperwork to the Agency P-Card Supervisor to be set up as reviewers on the issuing bank website.
- b. Agency P-Card Supervisor, after reviewing the paperwork for completeness, shall forward the paperwork to OSP. OSP will set up the individuals on the website.

B. Activation of the P-Card

1. Cardholders MUST attend the required P-Card training BEFORE being issued a P-Card. Before cardholders can make a purchase with their P-Card, they MUST activate their P-Card.
2. It is recommended the activation be done in a secure location to protect the security and integrity of the P-Card. To activate the P-Card, cardholder should immediately sign the back of the card then follow the following steps:
 - a. Call 1-800-344-5696
 - b. Upon request, enter the P-Card's 16-digit VISA[®] account number
 - c. If asked, provide the following information:
 - Birth date
 - Social Security Number
 - Mother's maiden name (or password).

C. Allowable and Unallowable Charges

1. Many items are allowable. Some examples of items purchased by DHHS with the P-Card include books, general office supplies, lab supplies, maintenance and upkeep supplies, and cleaning supplies, to name just a

few. (These items are allowable, that is, as long as they are not currently on an exclusive mandatory State Contract and as long as they are purchased for official DHHS business.)

2. Several items, of necessity, are unallowable. The list below is a sample; a complete listing is distributed to cardholders and reviewers in their P-Card training. OSP updates the complete listing periodically; the current list can be found on the OSP website. Cardholders and reviewers are responsible for knowledge of the list of unallowable purchases in its entirety.

- Any purchase that is not for official DHHS business
 - Alcoholic beverages
 - Cash advances
 - Food or meal purchases, unless approval has been granted by the Purchasing Card Coordinator at OSP
- Note: This does NOT preclude the DHHS facilities from purchasing food or meals for residents, with OSP's approval. The intent is to prohibit the purchase of an employee's food or meals.
- Personal type purchases such as birthday/get well cards, flowers, etc.
 - Gift certificates
 - Printing subject to Amendment 54 to the Arkansas Constitution and Arkansas State Procurement laws
 - Travel expenses or travel-related expenses
 - Vehicle rentals, unless approval has been granted by the Purchasing Card Coordinator at OSP
 - Any items that are on mandatory state contracts, unless the contract allows payment of items with the P-Card
 - Professional and Consultant services
 - Equipment which should be included on DHHS inventory
 - Computer equipment (including any items required to be coordinated through the Office of Systems Technology)
 - Split purchasing or any other form of incremental purchasing
 - Any purchase that would involve a trade-in
 - Any purchase from a merchant that is categorized as restricted (i.e., non-allowable) in the Merchant Category Codes (MCC) blocked vendor listing (this listing is made available at the training and is regularly updated.)

IMPORTANT: Division guidelines may put further restrictions on the purchases that may be made. It is imperative that cardholders familiarize themselves with their divisions' requirements.

D. Responsibilities

1. **For proper separation of duties, cardholders cannot be reviewers and reviewers cannot be cardholders.**
2. Cardholders
 - a. Cardholders are responsible for maintaining the P-Card in a secure location, just as they would a personal credit card. They shall not "share" their P-Card with any other individual; P-Cards are issued to

specific individuals in those individuals' names. P-Cards are not transferable between individuals.

- b. **Cardholders shall use the P-Card ONLY for allowable purchases and for official DHHS business.**
- c. Cardholders shall obtain all appropriate documentation (sales slips, register receipts, and/or P-Card slips) at the time of sale (see "Documentation" below). They shall submit all documentation to the division reviewer in the manner dictated by the division.
- d. Cardholders shall verify the accuracy of the charges on the issuing bank website as soon as the charges are visible on-line (usually within 48 hours after purchase). They shall report to the division reviewer immediately if there is a discrepancy. They shall also notify the reviewer of any accounting codes that need to be changed on specific purchases.
- e. **Cardholders shall immediately report a lost or stolen card to the CSS Purchasing Agent serving as liaison for their division and to the cardholder's supervisor.** Cardholder (or other division-specified individual) shall complete a "Lost or Stolen" form and submit it to Agency P-Card Supervisor who will submit it to OSP. This form is available from Agency P-Card Supervisor. CSS Purchasing Agent will report the loss to OSP.
- f. Cardholder shall relinquish his or her card to his or her supervisor upon termination, when leaving employment, or upon request of his or her supervisor or the Agency P-Card Supervisor. The supervisor shall destroy the card and notify the appropriate CSS Purchasing Agent to de-activate the card. The CSS Purchasing Agent shall, in turn, notify the bank, OSP, and the Agency P-Card Supervisor. In the event there are outstanding purchases or problems with P-Card reconciliation, the employee's last paycheck will be held until these problems have been resolved.

Note: If the card is not available for relinquishment, the supervisor should still notify the CSS Purchasing Agent so that the card may be de-activated.
- g. **Cardholders shall abide by these procedures, by OSP Policies and Guidelines, and by all related division requirements. Failure to comply with these policies, procedures, and divisional directives may result in revocation of the P-Card, disciplinary action, or even termination, depending on the severity of the offense.**

3. Reviewers

- a. Reviewers are responsible for verifying that documentation is received from the cardholders for all charges. They shall verify congruence between the documentation and the charges as they appear on the website.

- b. Reviewers shall review all purchases to ensure they were allowable.
- c. Reviewers shall change the general ledger codes for all purchases, all of which will have been assigned the default code of 5020007000. Reviewers shall also make changes to cost center, internal order, or WBS element, as necessary.
- d. Reviewers are responsible for submitting all documentation, a completed **Purchasing Coding Sheet, Form DHHS-1035**, and transaction statements to General Operations Section no later than the **18th** of the month. If the 18th falls on a weekend or holiday, reviewers shall submit the information by the next workday.

E. Making a Purchase

- 1. Before making a P-Card purchase, the cardholder should check as many sources as reasonable to assure the price, quality, service and delivery is in the best interest of the state.
- 2. To make a purchase, cardholder shall take the P-Card to the merchant and verify that the merchant accepts the VISA[®] card. He/she shall select the commodity, carefully ensuring the selection is an allowable purchase and that the total cost does not exceed the control limit(s) set for the cardholder's P-Card.
- 3. The cardholder shall present the P-Card for payment, just as with any VISA[®] card.
 - a. If the merchant cannot get the charge to go through, even though the P-Card is supposedly active, cardholder should contact the CSS Purchasing Agent assigned as liaison to his or her division for assistance. (NOTE: Specific divisions may have alternate internal procedures that mandate the steps to take and sources to which to turn for assistance in this case.)
 - b. CSS Purchasing Agent will determine the source of the problem, coordinating with OSP as necessary, and respond to the cardholder.
- 4. The merchant will ask the cardholder to sign for the charges. The cardholder shall ensure that he/she receives a charge slip, cash register tape, or sales slip (see "Documentation of Expenditures" below).
- 5. The cardholder shall retain all documentation and provide it to the reviewer in the manner dictated by the division.

F. Documentation of Expenditures

- 1. Valid documentation of expenditures may be:
 - a. Receipt and/or transaction slip from the merchant
 - b. Invoice showing credit card payment

2. All documentation must include the following information at a minimum (cardholder must handwrite the information on the documentation if it is not on the original documentation).
 - a. Merchant (vendor) name
 - b. Date of purchase
 - c. Description and quantity of each item purchased
 - d. Cost per item, if available from the merchant
 - e. Total cost of the transaction
 - f. Cardholder name and card number
3. If documentation is unavailable, cardholder shall complete a **Missing Receipt Form** (available from the Agency P-Card Supervisor). Cardholder will be required to complete a form for each transaction for which documentation is unavailable, regardless of the reason for the unavailability (e.g., whether it was not provided by the merchant, was lost by the cardholder, or was lost by the reviewer.)

G. Emergency Transactions

1. Cardholders will not be able to make charges on their P-Cards that exceed the spending limit imposed on their particular card.
2. In an emergency, if the spending limit on a particular P-Card needs to be raised for a specific purchase, the proper authority* in the division shall give that information to the CSS Purchasing Agent assigned as liaison to that division. CSS Purchasing Agent shall contact OSP who can temporarily raise the limit on the card for the specific purchase, after which the limit will return to its previous amount.

* The CSS Purchasing Agents will accept such requests ONLY from division individuals who have been previously identified by the division as authorized to request raising spending limits on a P-Card.

H. Merchant Category Code Blocking

1. All merchants are assigned a Merchant Category Code (MCC) by their bank. Certain merchants, because of their MCC, are listed on the **Blocked Merchant Category Code List**. Cardholders will not be eligible to use their P-Card for purchases from a merchant on the **Blocked Merchant Category Code List**.
2. If it appears a merchant has been wrongly assigned an MCC and, therefore, is on the **Blocked Merchant Category Code List**, cardholder should contact the appropriate CSS Purchasing Agent who will coordinate with OSP to check, and possibly update, the code. Again, specific divisions may have alternate internal procedures that mandate the steps to take and sources to which to turn for assistance in this case.

V. PROCEDURES: Reconciliation, Re-allocation, and Approval

A. Fundamentals

1. The issuing bank billing cycle ends on the **15th** of each month, unless the 15th falls on a weekend or a holiday, in which case the cycle ends on the following workday.
2. The division reviewers shall finalize reconciling the charges and submit the following to General Operations Section by the **18th** of the month, unless the **18th** falls on a weekend or holiday, in which case the information is due the next work day:
 - a. All of the supporting documentation (i.e., receipts),
 - b. The **Purchasing Coding Sheet(s), Form DHHS-1035**, and
 - c. The cardholder statement(s) from the bank website
3. The issuing bank mails the statement(s) to OSP on the **20th** of the month, unless the 20th falls on a weekend or holiday, in which case the bank mails the statement(s) the next work day.
4. OSP will download the invoice into AASIS on the **22nd** of the month for payment by General Operations Section, unless the 22nd falls on a weekend or holiday, in which case OSP will download the invoice the next workday.
5. General Operations Section must make payment no later than the **25th** of the month.

B. Reconciliation, Re-allocation, and Approval

1. Cardholders shall submit receipts to the division reviewer in the timeframe and manner dictated by the division. Cardholders should also review for accuracy their charges as they appear on the issuing bank website.
2. It is suggested that reviewers review and reconcile charges on the issuing bank website on a regular basis throughout the billing cycle rather than waiting to do everything between the 15th and the 18th.
3. Reviewers shall verify that documentation is received from the cardholders for all charges shown on the website and that the two are congruent.
4. Reviewers shall review all purchases to ensure they were allowable.
5. Reviewers shall change the general ledger codes for all purchases, all of which will have been assigned the default code of 5020007000.
6. Reviewers shall also make changes to cost center, internal order, or WBS element, as necessary.
7. Upon approval of charges, assurance that all documentation is available, and re-allocation of coding, the reviewer shall complete Form DHHS-1035 for each fund for which a charge is reflected.
8. The reviewer shall submit the following to the General Operations Section no later than the **18th** (or first working day afterwards):

- a. Form DHHS-1035 for each fund for which a charge is reflected (each of which must be signed and dated by the Assistant Director or designee);
- b. Documentation (receipts, sales slips, etc.) for EVERY purchase;
- c. The cardholder statement, for each account, from the bank website. The charges on this statement must agree with the supporting documentation and with the Form(s) DHHS-1035.

VI. **PROCEDURES:** **Payment**

A. Fundamentals

General Operations Section makes payment as soon as possible after the invoice is downloaded into AASIS by OSP. After the invoice is downloaded into AASIS, only General Operations Section personnel can make changes.

B. Timeframes

The following timeframes are required in order for General Operations Section to process the P-Card payments in accordance with the established P-Card policies, guidelines and procedures.

1. The division must submit the required supporting documentation to General Operations Section by the 18th of each month. If the 18th falls on the weekend or a holiday, the supporting documentation is due the next workday.
2. General Operations Section will review the statement and supporting documentation to insure payment is made to the issuing bank within ten calendar days after the close of the bank billing cycle.

C. Required Supporting Documentation

1. Division must submit to General Operations Section a **Purchasing Card Payables Coding Sheet, Form DHHS-1035** that lists all transactions including returns and refunds along with all documentation and original receipts. Division must attach to the Form DHHS-1035 a copy of the monthly credit card statements from the bank's website.
2. Division shall submit a separate Form DHHS-1035 for each fund for which a charge is reflected on the monthly statement and for which there is a parked document in AASIS.
3. General Operations Section will review the supporting documentation and the information reflected on the Form DHHS-1035 for accuracy and to insure the supporting documentation agrees with the parked documents in AASIS. They will also review the documentation to insure it complies with established guidelines.
4. If the documentation does not agree with the parked document, does not comply with established guidelines, or is insufficient to support the parked documents in AASIS, General Operations Section staff will forward

notification to the appropriate divisional personnel requesting additional or corrected documentation.