



COMPTROLLER
of MARYLAND
Serving the People

Corporate Purchasing Card Program Policy and Procedures

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State Comptroller

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**COMPTROLLER OF MARYLAND
GENERAL ACCOUNTING DIVISION
CORPORATE PURCHASING CARD PROCEDURES MANUAL**

CORPORATE PURCHASING CARD OVERVIEW

BACKGROUND

The Comptroller of Maryland's General Accounting Division provides central management and administration for the State Corporate Purchasing Card Program. **State agencies must comply with policies, procedures, and instructions contained in this manual for use of the purchasing card. Failure to comply will result in the suspension and/or termination of cards.**

A Statewide Corporate Purchasing Card Steering Committee provides oversight for the review and approval of all policies and procedures. Additionally, the steering committee monitors card activity reports to make improvements in the state's procurement systems.

The Corporate Purchasing Card Program saves the state time and money. By allowing the bank and the merchants to process most of the paperwork, the state eliminates the need to issue purchase orders and reduces the number of invoices and checks utilized in the purchasing/procurement process. It helps agencies obtain small dollar value items in a more efficient and cost effective manner. Vendors also benefit by eliminating invoices and receiving payments normally within two days of the purchases.

While it is the intent of the program to improve the efficiency and effectiveness of the agency's small dollar procurements, nothing in this policy and/or procedures is intended to replace current policy and/or procedures defined in the Finance and Procurement Article or in COMAR Title 21, or included in your agency's internal policies and procedures. The guidelines in this manual are to act as the minimum standards for the operation of the Corporate Purchasing Card Program. Agencies may establish supplemental procedures that are more stringent than the rules established in this manual.

Corporate purchasing cards and card services are contracted by the state. The General Accounting Division is responsible for the management of the statewide corporate purchasing card contract. The contact information for the contracted card provider is contained in the Contact Information section of this manual.

BENEFITS

The corporate purchasing card system benefits the State of Maryland by reducing paperwork, cost, and processing of accounts payable for small dollar purchases. Vendors who accept corporate purchasing cards are paid much faster.

LIMITATIONS

Due to limitations in the current bank information systems, vendors subject to 1099 reporting may be paid with the corporate purchasing card, if the state agency captures the payment information according to *General Account Division Accounting Procedures Manual* Section 4.2.1. These vendors are unincorporated service providers that require special reporting to the Internal Revenue Service.

MBE/WBE/SBR REPORTING

The Comptroller of Maryland's General Accounting Division has developed a program that matches a state certified MBE/WBE and SBR list to the corporate purchasing card transaction data. The results of the program match can be viewed in R*STARS's VIEWDIRECT report A30CPC11. Since the card vendor's data uses unedited taxpayer identification numbers provided by the merchant, you may need to make manual corrections to the report based on your review of the statistics reported for each taxpayer identification number and name combination reported. Small Business Reserve Reporting is also available as A30CPC12.

CONTROLS

The State of Maryland Corporate Purchasing Card Program uses both internal management controls, as well as features and reports from the card vendor's system, to manage and review the process to ensure that procedures are followed.

Participating agencies and cardholders are required to adhere to all guidelines outlined in the CPC Manual. Failure to comply may result in the suspension and/or termination of cards.

**STATE OF MARYLAND
CORPORATE PURCHASING CARD PROGRAM**

SECTION 1 INTRODUCTION

- .01** This policy covers the implementation of the Corporate Purchasing Card Program and establishes minimum standards for possession and use of corporate purchasing cards.
- .02** The Corporate Purchasing Card Program was established to save the state time and money. By allowing the bank and the merchants to process most of the paperwork, the state eliminates the need to issue purchase orders, reduces the number of invoices and checks utilized in the purchasing/procurement process. It helps agencies obtain small dollar value items in a more efficient and cost effective manner. Vendors also benefit by eliminating invoices and normally receiving payment within two days of the purchases.
- .03** While it is the intent of the program to improve the efficiency and effectiveness of the agency's small corporate purchasing methods, nothing in this policy and/or procedures is intended to replace current policy and/or procedures defined in the Finance and Procurement Article or in COMAR Title 21, or included in your agencies internal policies and procedures. The guidelines in this manual are to act as the minimum standards for the operation of the Corporate Purchasing Card Program. Agencies may establish supplemental procedures that are more stringent than the rules established in this manual.

SECTION 2 CORPORATE PURCHASING CARD OVERSIGHT

- .01** The Comptroller of Maryland's General Accounting Division is responsible for the Statewide contract administration of the Corporate Purchasing Card Program. The General Accounting Division will issue overall policy guidance, pay the bank for all purchases/credits made by participating agencies, and post related agency charges/credits to the central financial accounting system.
- .02** Each agency is responsible for determining if a purchase under this program meets state law, regulations, policies, and procedures.
- .03** The approving officer (agency head), or their designee, is responsible for designating a PCPA and who shall function as the agency's liaison to the cardholders bank and the Comptroller of Maryland.
- .04** The agency's fiscal officer is responsible for the fiscal oversight of the agency's Corporate Purchasing Card Program. The agency's fiscal officer, or individual designee of the agency's fiscal officer, will monitor the issuance of cards, ensure prompt reconciliation of periodic statements, and prepare statistics and reports necessary to manage and control all card activity.
- .05** The agency's fiscal officer or designee is responsible for the proper setup and maintenance of the Account Code Numbers assigned to each cardholder. The General Accounting Division will provide the necessary guidelines (Exhibit F) and assist the agency to accomplish the task.
- .06** The responsibility for the program rests with the assigned agency's Purchasing Card Program Administrator (PCPA). The Comptroller's Office will primarily coordinate all program activities through the PCPA.

SECTION 3 AGENCY IMPLEMENTATION GUIDANCE

- .01 Agencies must have specific policies and procedures to implement this program.** The provisions of this policy statement need not be repeated in the agency policy; however, these minimum standards must be met.
- .02** Agency policies should address any purchases that the agency wishes to prohibit or further restrict, **in addition to**, those purchases prohibited or restricted by this policy.
- .03 Agency policies should address the Activity Log review process, required approvals and authorizing procedures.**
- .04** The Corporate Purchasing Card's state policy will be available to all personnel responsible for the implementation and maintenance of the program via the Comptroller of Maryland's Website and from State Use Industries Print Shop.
- .05** The State of Maryland's Corporate Purchasing Card Cardholder Agreement Form (Exhibit A) will state relevant provisions of this policy. The employee must sign this form.

SECTION 4 ROLES AND RESPONSIBILITIES

In addition to the responsibilities outlined in Section 3, the General Accounting Division and agencies have the following responsibilities to ensure the management and control of the statewide system.

- .01 General Accounting Division**
 - a. Provides overall control of the program
 - b. Maintains the CPC Policy and Procedures Manual
 - c. Coordinates access to card provider's reporting program and PCPA training before using cards
 - d. Verifies the Single Purchase Limit, Monthly Credit Limits, and 22-digit account numbers
 - e. Receives the electronic Statement Billing File from the card provider
 - f. Verifies the Statement Billing File data
 - g. Controls the interface into R*STARS
 - h. Is the main contact with the card provider regarding issues and problems
 - i. Ensures that all CPC problems are resolved in a timely manner
 - j. Questionable Purchase Review
 - k. Provides all training
 - l. Overrides Merchant Category Code blocks only for emergencies
 - m. Monitor receipt of monthly CPC Certifications
- .02 Agency**
 - a. Identifies, adds, deletes, and modifies cardholder information in the card provider's reporting program
 - b. Completes the required agreement forms and insures forms are signed by the appropriate people
 - c. Trains the cardholders in the proper use of the card and reconciliation process adapted by the agency
 - d. Ensures cardholders complete Cardholder Logs
 - e. Ensures cardholders, supervisors and fiscal staff reconcile the transactions each month

- f. Reconciles all charges and credits. Including:
 - Collecting all Cardholder Logs
 - Ensuring Cardholder Logs match the Monthly Cardholder Statement from the bank and are signed by the cardholder signifying approval
 - Ensures Cardholder Logs, Monthly Cardholder Statement, and receipts are APPROVED and the Cardholder Logs are signed by the cardholder's supervisor
 - Ensures the amount of the transactions on Cardholder Logs and Monthly Cardholder Statement match the amount interfaced into R*STARS and are signed by the fiscal officer or designee
 - Ensures that the packages (Cardholder Logs, Monthly Cardholder Statement, and receipts) are filed in an easily retrievable and secure manner for future review
 - Reports any problems to the CPC Program Coordinator as soon as possible.
 - Provides monthly certification to the General Accounting Division.
- g. Ensures that property, equipment, and inventory purchased with the CPC are accounted for following the Department of General Services Guidelines.
- h. Run reports on the card provider's reporting program software

.03 Office of Legislative Audits

- a. Identifies Fraud, Waste, and Abuse in spending
- b. Report 24 hours a day by calling 1-877-FRAUD11 (1-877-372-8311) or by internet www.ola.state.md.us

SECTION 5 CORPORATE PURCHASING CARD ASSIGNMENT GUIDELINES

- .01** The following guidelines will apply to the assignment of the Corporate Purchasing Cards:
- a. Limited to State of Maryland employees; *no volunteers, contractors, county or federal employees.* Part time and contractual employee are allowed a card if paid by the Central Payroll Bureau.
 - b. Limited to employees who have not had personnel incidents which impact upon the use of the card;
 - c. Limited to employees specifically approved by agency head or agency head designee;
 - d. Limited to employees who sign a Corporate Purchasing Card agreement and who will be subject to personnel discipline procedures in the event of abuse or failure to comply with established guidelines;
 - e. Requires PCPA and agency fiscal officer (or designee) to approve the assignment of card;
 - f. Monthly credit card limits should be consistent with the authorized monthly spending limits established by the agency. Credit limits should not be substantially greater than the cardholders' pre-authorized monthly spending authority; and
 - g. Cards no longer in use, or where no purchasing activity has been recorded for a 6-month period, must justify to the agency PCPA why they still need a card. Cards with no activity for 12 months will be purged from the system and invalidated.

The Comptroller of Maryland recommends that the agency head or designee verify that a criminal background check has been completed by the State of Maryland, Department of Public Safety and Correctional Services, for each cardholder assigned a Corporate Purchasing Card. In order to maintain the confidentiality of the background check, all administrative handling should be completed by the agency personnel office.

A credit check for cardholders is also recommended to insure trustworthiness of the employee. While the credit of an employee has no bearing on the CPC card a history of bad credit decisions by an employee

could be an indicator for abuse of the CPC card.

SECTION 6 REQUESTING A CARD

- .01 The agency's PCPA is responsible for requesting cards for the employee who will use them on a regular basis. If your position requires you to make purchases on a regular basis, the Corporate Purchasing Card may help you in your everyday tasks. To obtain a card, please follow these simple steps:
- a. Submit a formal request for a card to your immediate manager;
 - b. If appropriate, the immediate manager will approve the request and forward the request to the agency PCPA;
 - c. After receiving the formal request, the agency PCPA will send the "Cardholder Information Form" (Exhibit B), the "Cardholder Agreement Form" (Exhibit A), and **a copy of the State of Maryland CPC Program Policy and Procedures (or if applicable the University of Maryland's User Guide)**. The employee will complete the forms, sign the forms, and return them to the agency PCPA or designee. The PCPA or designee may complete the forms in advance, but the cardholder must review the forms and the State of Maryland CPC Program Policy and Procedures (if applicable, University of Maryland's User Guide) and sign the forms prior to approval.
 - d. If approved, the completed "Cardholder Information Form" and "Cardholder Agreement Form" will be forwarded to the agency fiscal officer or designee for approval. The fiscal officer should also ensure that the employee's job includes purchasing goods on a regular basis.
 - e. The completed and approved forms will be forwarded to the agency PCPA. If approved, the agency PCPA will enter the Cardholder information on-line into the computer system.
 - f. The card vendor will forward the card to an agency contact: the Agency Card Recipient within five (5) business days. This person should not be the PCPA. Cards are sent via overnight delivery to the Agency Card Recipient. This is the only person authorized to receive cards for the agency.. Any personnel changes need to be made through the CPC Program Coordinator.
 - g. **Before the cardholder receives the card, the PCPA provides written instructions to the cardholder regarding the use of the card. Basic instructions regarding the use, record keeping, allowable purchases, and emergency numbers in case of lost/stolen cards will be discussed and the cardholder will formally acknowledge receipt of the card and instructions.** [Refer to section 3 Agency Implementation Guidance]
 - h. The cardholder may begin using the card as soon as the cardholder calls the 1-(800) number that is identified on the activation sticker on the card.

SECTION 7 ISSUING CORPORATE PURCHASING CARDS

- .01 The bank will issue Corporate Purchasing Cards to cardholders based on the signed written approval of the agency's fiscal officer or designee or the agency head or designee. The card will be issued in the name of an employee with the name of the agency or unit embossed on the plastic. All cardholder information must be reviewed and approved by the agency fiscal officer or designee prior to submittal to the PCPA for handling. (see Exhibit B-Cardholder Information Form)
- .02 The cardholder, the cardholder's manager, the agency's fiscal officer or designee, and the PCPA must complete, sign and date a State of Maryland Corporate Purchasing Card Cardholder Agreement Form (Exhibit A) indicating compliance with the program policy and guidelines. The agency's fiscal officer or designee will retain the original agreement. The agency may establish guidelines that limit the use of the card more stringently than the rules and guidelines established by the State.

- .03 Following the agency approvals, the PCPA will submit the cardholder information electronically via the computer system used by the card vendor for issuance of the card. The General Accounting Division will review all cardholder activity (new cards, changes, deletion etc.) on a weekly basis using the online computer system used by the vendor. The card vendor will distribute the Corporate Purchasing Cards directly to the agency. The individual who is to receive the Corporate Purchasing Cards (Agency Card Recipient) must be independent of the agency PCPA duties. The agency's PCPA **must not** be the one to submit Corporate Purchasing Card applications **and** receive the cards in the mail from the card vendor. The agency representative receiving the cards from the bank **MUST NOT** be the agency's PCPA. It is mandatory that this duty is separate from the PCPA function and other responsibilities. The agency's PCPA is responsible for correcting any errors in the cardholder Account Code Number with the card vendor before the issuance of the card.
- 04 The name of the person receiving the CPC cards for the agency must be provided to GAD contact by the PCPA's supervisor, the agency Fiscal Officer or agency head. The contact information will not be accepted from the PCPA. The names of the Agency Card Recipients are logged and information sent to the bank when any changes occur. The bank will not accept changes to the Agency Card Recipient List directly from a state agency.

SECTION 8 HOW THE CORPORATE PURCHASING CARD WORKS

Any merchant that can process our current type of card as a payment for purchases can accept this Corporate Purchasing Card. Each merchant contracts with a bank to have its card receipts processed. The bank provides the merchant with the necessary equipment and communications link into our current type of card network. Our current type of card accesses the card vendors' database of cardholder information by communicating with the bank's corporate card processor.

The typical operational procedures associated with Corporate Purchasing Card purchases are as follows:

- a. A State of Maryland employee presents his/her Corporate Purchasing Card to a merchant to make a business purchase. (A purchase could be made over the telephone, Internet, facsimile). **(Note - As a point of information, the merchant will not request an authorization for the purchase until the employee receives the items purchased and/or shipment is made via an appropriate carrier)**. Remind the merchant that this is a tax-exempt purchase.
- b. The merchant typically uses an electronic point-of-sale terminal to submit the total purchase for authorization. If automated equipment is not available, the authorization request is telephoned into the card vendor.
- c. The cardholder number is used to determine whether any limits or restrictions for that employee, at both the statewide level and agency level, have been exceeded or controls have been breached by using the card at this time and with this merchant. Authorization typically takes just a few seconds. If authorization is granted, the purchase is completed and the database is updated to include the authorization. If authorization is denied, this is also noted on the card vendors' database.
- d. The merchant summarizes daily receipts and submits them to the merchant-processing bank for payment, usually at the end of the business day.
- e. The following day the merchant's account is credited by the bank. The bank's corporate card processor transmits transaction detail and daily reporting information to the card vendor.
- f. The card vendor provides reporting information to the State of Maryland in a web-based format. Individual state agencies may view the database in real-time. The General Accounting Division receives a file monthly containing the billing information for all state agencies. When interfaced into R*STARS, transaction details can be viewed in ViewDirect by requesting A30CPC04 - Detail Transaction Report for R*STARS Interface.
- g. Return of merchandise to the merchant and/or disputes resulting in the issuance of a credit to the cardholder are posted each day along with the purchase transactions and are updated in the

database for subsequent transmittal to the State of Maryland.

- h. The General Accounting Division settles with the card vendor for purchase amounts on an agreed upon schedule. The General Accounting Division verifies the transaction count and the total of the bill received from the card vendor and then distributes the charges and/or credits to the appropriate agencies.

SECTION 9 CORPORATE PURCHASING CARD USE

- .01 Normally, a card will have a Single Purchase Limit of up to \$5,000 per transaction. The University System of Maryland's limit is up to \$5,000 per transaction, and Emergency Response cards are set to \$25,000 per transaction. Transactions may not be split to get around the Single Purchase Limit.
- .02 Corporate Purchasing Cards shall only be used for authorized purposes:
 - a. The CPC (**card**) **cannot** be used for airline, trains or other travel charges. (Rental car and hotel/motel transactions are allowed by the state - cardholders should check with their PCPA's to verify that these transactions are allowed by their agency).
 - b. A separate travel account is available. See Section 22 for details.
- .03 **Specific restrictions apply** to the following Merchant Category Code Groups (MCCG):
 - a. Service Providers - MCC #6010 through #7033 - Total Group Restriction (Financial Institutions, Securities Brokers, Timeshares, etc.).
 - b. Personal Service Providers - MCC #7221 through #7299 (**Except #7296 – Clothing, Costume and Uniform Rental**). Restrictions on Photographic Studios, Beauty and Barber Shop, Shoe Repair-Shine Shops, Funeral Services and Crematories, Dating and Escort Services, etc.). Cardholder questions regarding specific types of transactions should be addressed to the agency PCPA.
 - c. Amusement and Entertainment - MCC #7832 through # 7997 and #7999. Restrictions on Motion Picture Theaters, Bowling Alleys, Video Game Clubs, Betting, Golf, Recreation Services, etc.
 - d. Fines - Fines and Tickets may not be paid with the CPC Card
 - e. Split Purchases – Splitting a purchase is specifically barred in COMAR. You may not split a purchase using the purchasing card.
 - f. Miscellaneous - Specific restriction by Merchant Category Code as follows: **No purchases for these groups and/or items are permitted.**
 - Drinking Places (Alcoholic Beverages) MCC #5813
 - Eating Places (Restaurants) MCC #5812
 - Fast Food Restaurants MCC #5814
 - Package Goods Stores (Beer, Wine, & Liquor) MCC #5921
- .04 See your agency PCPA for the full list of MCC codes.
- .05 **Cash Advances/money orders are strictly prohibited.**
- .06 Cards should not be shared. Employees should be issued a card if they are making purchases on a regular basis

- .07 Purchase of Gift Cards is prohibited. Purchase of any cash like instrument with the card are strictly prohibited.** The purchase of gift cards using the Corporate Purchasing Card is prohibited. State agency purchasing gift cards for any reason, must use R*STARS or University based financial system for the purchase. Gift cards should be handled the same as working funds or petty cash funds. Working funds and petty cash funds require a formal authorization, a documented receipt for the actual items purchased, and require reimbursement through the transmittal process
- .08 Contracted Services - 1099 vendors (Unincorporated service providers) may be paid with the corporate purchasing card, if the state agency captures the payment information according to the General Accounting Division Accounting Procedures Manual Section 4.2.1.**
- 09** Office of Legislative Audits
- a Identifies Fraud, Waste, and Abuse in spending
 - b. Report 24 hours a day by calling 1-877-FRAUD11 (1-877-372-8311) or by internet www.ola.state.md.us

SECTION 10 CARDHOLDER LIMITS

- .01** Specific restrictions apply to all Corporate Purchasing Cards for all State of Maryland employees. **Section 9** identifies these restrictions.
- .02** The primary advantage of the Corporate Purchasing Card is the various limits that can be assigned to each cardholder to limit purchasing authority. These limits allow State Agencies to extend purchasing responsibility to many more individuals in the current purchasing environment while maintaining, or even increasing, control over your purchasing budget. The following limits can be uniquely established for each Corporate Purchasing Cardholder:
- .03** *Spending amount per cycle:* The cardholder can only incur transactions totaling this amount for each billing cycle.
- .04** *Number of transactions per cycle:* Each cardholder can be limited as to the number of purchase transactions that can be made in a monthly billing cycle.
- .05** *Purchase amount:* Each purchase transaction for which authorization is requested will be verified against this amount.
- .06** *Number of transactions per day:* On a daily basis, the cardholder can be limited to the number of purchase transactions specified. Every transaction will also affect the monthly transaction limit once it is posted.
- .07** *Merchant category:* Each cardholder may be assigned one or more Merchant Category Code restrictions. These codes include various merchant categories or a groups of Standard Industry Codes (SIC), depending on the type of purchases you would like them to make. The seven primary merchant categories are:
- *Transportation*
 - *Utilities*
 - *Retail*
 - *Auto & Vehicles*
 - *Clothing Stores*

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- *Miscellaneous*
- *Business/Repair Services*

The Merchant Category Codes (MCC) is designed to offer every combination possible for the above listed categories, plus several unique SIC code groups. MCCs can be coded to individual purchasing cards that preclude purchases from designated types of merchants (liquor stores, etc.). The restriction is imposed at point-of-sale if the merchant requests authorization for the transaction.

.08 Due to limitations in the current bank information systems, vendors subject to 1099 reporting may be paid with the corporate purchasing card, if the state agency captures the payment information according to General Account Division Accounting Procedures Manual Section 4.2.1..

.09 THE PURCHASING CARD MAY NOT BE USED FOR CASH ADVANCES.

SECTION 11 CORPORATE PURCHASING CARD SECURITY

.01 The cardholder who has been issued a Corporate Purchasing Card must secure and control the card and any documents containing the account number at all times.

.02 The PCPA must maintain accurate records at all times of the individual cardholders responsible for each card issued to his/her agency.

.03 The card vendor will reissue cards every 36 months via the Agency Card Recipient. The agency PCPA will monitor the cardholder expiration dates and notify the card vendor to cancel a card.

.04 Purchasing card accounts that have no activity for 12 months from the date of issue/activation or last use need to be evaluated for their necessity.

.05 Every effort should be made to secure all purchasing card account number information. This includes reports, statement packing slips, and receipts. Paper documents containing the purchasing card account number should be shredded or destroyed when the information is no longer needed. Furthermore, access to the card vendors' database should be limited to only select users. Transaction management is secured with access rights dictated and assigned by the agency to allow access only by authorized personnel. Typically, individual users of transaction management, supervisors, and PCPA's will have access to functionality restricted to their level in the billing hierarchy. Cardholder may be granted authority to view their transactions, disputed transactions, and make entries into the cardholder log of transactions.

.06 Report Fraud, Waste, and Abuse to the **Office of Legislative Audits**
a. By Telephone 24 hours a day by calling 1-877-FRAUD11 (1-877-372-8311)
b. By the internet 24 hours a day www.ola.state.md.us

.07 CPC data stored on computers and storage media must be secured using passwords and/or encryption.

SECTION 12 RECORD KEEPING

.01 A receipt showing the price of the item purchased is required for each transaction.

.02 Every transaction must be recorded on a Cardholder Activity Log Sheet (Exhibit E), which contains the transaction date, merchant name, description of item purchased, including

quantity; account to be charged if different from that assigned to Corporate Purchasing card, and amount of purchase, will be used to reconcile the monthly charges against the Corporate Purchasing Card.

- .03 A Monthly Cardholder Statement will be sent by the card vendor to each cardholder after the cycle cutoff date, usually the 25th day of the month (**THIS IS NOT A PURCHASING CARD BILL**). **The cardholder is responsible for reconciling the Monthly Cardholder Statement to the Activity Log Sheet, attaching all receipts, signing, and returning the package to their immediate supervisor within seven (7) days of receipt of the monthly statement.**
- .04 **The cardholder's immediate supervisor or designee as assigned by the Department Head, who has the experience and position to determine if purchases are reasonable and necessary, MUST CERTIFY THE ACCURACY AND COMPLETENESS OF THE ACTIVITY LOG BY SIGNING AND DATING THE LOG AND THE MONTHLY CARDHOLDER STATEMENT. This review must include the reasonableness of the unit price of the item purchased.** The signature of the immediate manager or designee verifies that the applicable receipts/invoices and bank statement are attached to the Activity Log, and the accuracy of the monthly detail, including whether or not the transactions are appropriate, and forward it to the agency fiscal officer or designee.
- .05 The agency's fiscal officer or designee, who has the experience and position to determine if purchases are reasonable and necessary, will reconcile the monthly detail in R*STARS and ensure that the appropriate accounting distribution is completed within 30 days of receipt of the monthly bank statement AND SIGN THE ACTIVITY LOG.
- .06 Agencies using electronic reconciliation systems must prove that the minimum requirements of a one-to-one check of the items on the Monthly Cardholder Statement match the items on the cardholder log(s). Additionally the agency has to have a process in place that the supervisor responsible for the monthly review and sign-off are certifying either electronically or on paper the requirements listed in items in this section. The fiscal officer or designee is also required to certify that the transaction was proper and correct either electronically or on paper.
- .07 The agency must establish appropriate internal controls to identify and track purchases made from MBE/WBE and Small Business Reserve suppliers certified by the State of Maryland. Reports A30CPC11 and A30CPC12 are available monthly on FMIS ViewDirect to assist the agency determine this information. MBE is available as A30CPC11, Small Business Reserve is available as A30CPC12.
- .08 Distributions made to the DEFAULT PCA must be reviewed each month and, if necessary, redistributed promptly.
- .09 All agencies participating in the Corporate Purchasing Card Program must follow the Department of General Services' guidelines for inventory control.

SECTION 13 CORPORATE PURCHASING CARD DOCUMENTATION

Each agency is required to maintain any and all documentation associated with any purchasing card transaction. Additionally, documentation should be immediately accessible and easily produced upon request.

- .01 The agency's fiscal officer will ensure that necessary procedures are in place for prompt reconciliation of charges and credits in R*STARS. The fiscal officer must move any

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transaction (via journal entry in R*STARS) that default to an unappropriated account in R*STARS. The detailed transaction report A30CPC04 available in ViewDirect will assist the fiscal officer in completing this task.

- .02 The agency's fiscal officer or designee will ensure that documentation is adequate and sufficient to allow for the proper recording of expenditures in the Comptroller's Statewide Accounting and Reporting System. **Documentation is required for all purchases and credits.** Acceptable documentation shall be the itemized Corporate Purchasing Card Charge/Credit slip or one (1) of the following items:
- a. Itemized sales slip showing the purchase price of the item, or
 - b. Itemized packing slip showing the purchase price of the item, or
 - c. Itemized cash register receipt showing the purchase price of the item, or
 - d. Itemized repair order showing the purchase price of the item.
 - e. Itemized hotel/motel receipt showing all charges associated with the stay.
- .03 A monthly statement from the card vendor will be addressed and mailed to the cardholder. The cardholder will use this to reconcile the transactions to their log.
- .04 **Each cardholder shall maintain an "Activity Log" and record each purchase and/or credit made with each Corporate Purchasing Card during the month.** A copy of the Activity Log is attached to this policy as Exhibit E. The Activity Log may be recreated electronically; however, all current wording and signatures must be retained.\
- .05 If the log is multiple pages each page should be initialed and dated by all parties to insure review.
- .06 **After receiving the statement from the bank, the cardholder must match the Activity Log and the documentation for every purchase charge and/or credit each and every month.** The cardholder signs both the log and the cardholder statement indicating the review was completed. If documentation is missing, reasonable attempts should be made to obtain a copy of the appropriate documentation from the vendor referenced on the bank statement. When the documentation is received, it should be reviewed and certified as received or reported as a Disputed Item to the card vendor.
- .07 A pattern of missing documentation will result in the loss of Corporate Purchasing Card privileges.
- .08 When completed, the statement, the properly authorized log, and documentation for every purchase will be forwarded to the cardholder's reviewer for signature and subsequently to the agency fiscal officer or designee for review, signature and retention.
- .09 The agency's fiscal officer or designee will maintain the official file for the agency with a copy of the Activity Log and supporting documentation.
- .10 **Agency Certification**
Each agency's PCPA or ONE other designee will provide a certification via email to the GAD CPC Program Coordinator for the entire agency. The certification will be due 45 days after the close of the cycle and will include the following language. I certify that:
- a. For the Cycle date ending MM-DD-YYYY
 - b. A card provider's Monthly Statement and Cardholder Activity log was received for each account in which transactions posted to in the cycle stated above.

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- c. All card provider's Monthly Statements were reconciled to corresponding Cardholder Activity logs.
- d. A detailed receipt/invoice is provided for each transaction listed on the card provider's Monthly Statement.
- e. All Cardholder Activity logs are signed by the appropriate cardholders and approvers.
- f. The card provider was sent written confirmation for all disputed transactions.
- g. The card provider's Monthly Statements for the cycle listed above, the corresponding Cardholder Activity logs, and receipts are filed in an easily retrievable manner for future use.
- h. The agency has a process in place to ensure that the transactions are in compliance with the *State of Maryland's Corporate Purchasing Card Policy and Procedure Manual*.
- i. I am not aware of any fraudulent use of cards assigned to this agency.
- j. Any exceptions to this process are to be reported separately, in writing (email), to the GAD Corporate Purchasing Card Coordinator.

IF A CERTIFICATION IS NOT RECEIVED AFTER 5 DAYS OF THE DUE DATE, A LATE EMAIL NOTICE WILL BE SENT TO THE PCPA ON FILE WITH GAD. IF A SECOND CERTIFICATION IS MISSED, THAT AGENCY'S CPC PROGRAM WILL BE IMMEDIATELY SUSPENDED UNTIL THE CERTIFICATIONS ARE RECEIVED. THE PROGRAM WILL NOT BE REINSTATED UNTIL THE AGENCY PROVIDES ALL OUTSTANDING CERTIFICATIONS.

SECTION 14 CORPORATE PURCHASING CARD RECORD RETENTION

- .01** The agency's fiscal officer or designee shall maintain a file containing the original monthly cardholder statement, Activity Logs and documentation for every charge/credit. This file shall be subject to periodic review by the State Comptroller, the Office of Legislative Audits, and any other duly authorized individuals. The files should be retained for three (3) years or until audited by the Office of Legislative Audits, whichever is later.
- .02** The original Cardholder Agreements and Cardholder Applications need to be retained by the agency's PCPA for the period of time the cards are open. Once the cards are closed, the Cardholder Agreements and Cardholder Applications should be retained by the agency's PCPA for an additional three (3) years or until audited by the Office of Legislative Audits, whichever is later.
- .03** The state agency and the Comptroller of Maryland, General Accounting Division, shall maintain a current list of cards issued.

SECTION 15 CORPORATE PURCHASING CARD ABUSE

- .01** If an employee abuses the Corporate Purchasing Card privilege or the provisions of the Corporate Purchasing Card agreement, the card may be forfeited and cancelled and the employee is subject to disciplinary action up to and including dismissal. The employee may also be ineligible for restoration of Corporate Purchasing Card privileges.
- .02** In addition to the sanctions described in the preceding paragraph, the state reserves the right to refer instances of abuse that violate other statutes to the appropriate law enforcement agency.
- .03** The state reserves the right to collect from the employee the cost of any purchases that do not further the business of the state. The collection may be accomplished through payroll deduction or any other collection process.

- .04** VISA Liability Waiver Program:
- a. VISA Liability Waiver Program requires the state agency to initiate termination proceedings as soon as documented evidence of cardholder abuse has been discovered and verified.
 - b. The agency's PCPA or other agency official shall notify the card vendor (or GAD) to cancel the cardholder's card within two (2) days of the documentation and verification of cardholder misuse
 - c. **THE AGENCY PCPA OR DESIGNEE MUST FILE A CLAIM ON ALL CASES IMMEDIATELY WHEN MISUSE IS SUSPECTED.**
 - d. Specific language and additional timeframes are listed in the Visa Liability Waiver Program pamphlet available from GAD to the agency heads and PCPAs
 - e. Furthermore, specific forms supplied by the card vendor must be completed and filed with the bank. Forms and detailed instructions are in the VISA Liability Waiver Program Package.
- .05** Report Fraud, Waste, and Abuse to the **Office of Legislative Audits**
- a. By Telephone 24 hours a day by calling 1-877-FRAUD11 (1-877-372-8311)
 - b. By the internet 24 hours a day www.ola.state.md.us
- .06** Additionally, GAD should immediately be notified of any cardholder abuse.

SECTION 16 REPORTING OPTIONS

- 01.** The reporting features of the Corporate Purchasing Card are as critical to purchasing card control as the cardholder limits for limiting liability and controlling purchasing authority. The card vendors' computer system provides a number of standard reports on spending activity, analysis reports, exception reports, and cardholder account information. Each of the reports has a predefined layout, applying the most commonly used data elements for this program. Reports available in the card provider's reporting program include:
- Card Status (Cardholder list)
 - Card Decline
 - Details on Cancelled Cards
 - Cancelled Cards
 - Company Statement Billing (list of transactions)
 - MCC Summary
 - Airline Itinerary Detail
 - Airline Spend Detail
 - Travel Spend
 - Hotel Spend detail
- *All reports can be exported into PDF, Excel or HTML formats.
- 02.** Reports available in R*STARS and ViewDirect include:
- A30CPC04 Detailed Transactions
 - A30CPC06 Travel Account Detail
 - A30CPC07 Agency Transaction <\$5,000
 - A30CPC11 Minority Business Enterprise Report
 - A30CPC12 Small Business Reserve Report

SECTION 17 POSTING AND PAYMENT DISTRIBUTION

- .01 Each day Corporate Purchasing Card charges and credits are posted to the card vendor's central database. The agency's PCPA can run reports by accessing the database.
- .02 On a monthly basis, the card vendor transmits the CPC Program billing file data to the Comptroller of Maryland, General Accounting Division, containing ALL charges and credits for ALL State Agencies for payment and redistribution of the payment to each agency. Exhibit G, Posting and Payment Distribution Process, explains this process in detail.

SECTION 18 DEFECTIVE MERCHANDISE

- .01 If items are purchased and found to be defective or faulty, the cardholder can return the item(s) to the supplier who will initiate a credit to appear on the subsequent month's cardholder bank statement.
- .02 If the cardholder cannot resolve the dispute with the supplier, a Cardholder Statement of Disputed Item Form (Exhibit D) should be completed and forwarded to the agency's PCPA. It is important to note that the form should be forwarded to the PCPA as soon as the discrepancy occurs, **but not later than sixty (60) days after the appearance of the item on the cardholder's bank statement. Cardholders must reconcile their monthly cardholder statement every month.**

SECTION 19 DISPUTES

- .01 When a cardholder discovers an incorrect amount has been charged for goods and/or services received, or a questionable purchase or transaction appears on the monthly cardholder bank statement, the cardholder must immediately seek to resolve the problem with the vendor. **If no resolution can be made with the vendor, a Cardholder Statement of Disputed Item Form (Exhibit D) should be completed and forwarded to the PCPA for handling.** It is important to note that the form should be forwarded to the card vendor as soon as the discrepancy occurs, **but not later than sixty (60) days after the appearance of the item on the cardholder bank statement.**
- .02 The card vendor will issue a credit when the Disputed Items Form is received. If the resolution of the dispute results in a credit, it will be posted to the cardholder account. If the card vendor finds in favor of the merchant, the cardholder account will be charged at that time.
- .03 **The cardholder should post the credit to the Activity Log and verify that the credit appears on the subsequent monthly bank statement. Cardholders and PCPAs must track disputes to insure they are satisfactorily resolved.**

SECTION 20 WHAT TO DO IF CARD IS LOST OR STOLEN

- .01 If your Corporate Purchasing Card is lost or stolen, **you must telephone the card vendor's Customer Service immediately.** This number is available 24 hours a day, 7 days a week, 365 days a year. Lost cards reported by telephone are blocked immediately. If requested before 3:00 P.M. EST, a cardholder will receive an emergency replacement card usually within 24 hours.

SECTION 21 RETRIEVING, CLOSING & SUSPENDING CORPORATE PURCHASING CARDS

- .01** At any time an employee leaves state service or is on extended leave, the PCPA must be notified. The PCPA will be responsible for suspending in the card provider's reporting program any card where the employee is on extended leave. The PCPA will be responsible for retrieving any card(s) and closing the account in the card provider's reporting program on any card issued to employees who are retiring, transferring to another state agency, or leaving state service. The agency's fiscal officer is responsible for the notification of the PCPA in these situations.
- .02** When a cardholder is leaving the agency, the PCPA will:
- a) Retrieve the card
 - b) Close the account in the card provider's reporting program
 - c) Ensure that the cardholder completes and signs the log for any activity of the current month
 - d) Ensures that receipts are included for all items listed
 - e) Verifies the amount of the transactions in the card provider's reporting program agrees with the log. If the transaction amount does not agree, the PCPA will immediately contact the agency head and fiscal officer to withhold the appropriate amount of any checks being paid to the ex-employee until the matter is investigated and all transactions are verified as legitimate.
- .03** When an employee leaves the state agency for any reason GAD recommends that the agency Personnel Department notify the agency PCPA incase the employee leaving has a corporate card.
- .04** If there is a situation indicating fraudulent activity, the PCPA must contact the agency's representative of the Attorney General's Office for investigation and the Comptroller's Office CPC Coordinator. The agency PCPA or Designee must file a claim under the VISA Liability Waiver Program immediately when employee misuse is suspected.

SECTION 22 ISSUING CORPORATE TRAVEL ACCOUNTS

- .01** All cardholder information must be reviewed and approved by the agency fiscal officer or designee prior to submission to the PCPA.
- .02** Travel accounts are issued in the name of the agency Travel Coordinator.
- .03** The Agency Name and the word 'TRAVEL' is entered into embossed line 2 in the bank's card maintenance system.
- .04** Exhibits A1 and B1 need to be completed, signed, and retained at the agency for future audits.
- .05** The Single Purchase Limit of the Travel account is \$15,000 or less. The Monthly Credit Limit will be \$100,000 or less. A 'T' is entered in the first space of the agency use field.
- .06** The agency PCPA enters the information into the card provider's reporting program to request an account. A card will be produced but it should not be issued to the accountholder. Make a Photostat copy (front and back) of the card and provide that to the Travel Coordinator. **NO CARD (plastic) IS TO BE ISSUED TO THE TRAVEL COORDINATOR WITH THESE ACCOUNTS.**

.07 If more than one Travel account is needed by the agency, the Single Purchase Limit and Monthly Credit Limit must be reduced accordingly. If multiple accounts are used, they may not be issued to the same individual.

.08 The account will need to be activated before it can be used.

SECTION 23 TRAVEL ACCOUNT USE

.01 Travel Account Coordinators and officially designated persons are the only individuals who may use the accounts for making travel purchases.

.02 All purchases must comply with all State Laws, Finance and Procurement Article, COMAR, and internal agency policy and procedures.

.03 Travel Account spending limits will be designated by the DBM. All limits must be based upon estimated requirements of the agency, lower limits and/or further restrictions may be established for cardholders within the agency.

SECTION 24 DEFINITIONS

.01 **Account Code Number** - Also called Accounting Code. A twenty-two (22)-character alpha/numeric value defined by the State of Maryland and keyed on the cardholder account. This value is appended to each transaction record and provided by the card vendor when the billing and/or data file(s) is transferred to the state agency and/or General Accounting Division. This allows the state to automatically allocate transaction expenses to the correct state agency Program Cost Account (PCA).

.02 **ACH-Automated Clearinghouse** - An electronic network used by financial institutions to transfer funds per customer instructions.

.03 **Acquirer** - Also referred to as Merchant Acquirer or Merchant Bank. A member of VISA or MasterCard that has an account with merchants to process their credit or debit card transactions through the appropriate network(s).

.04 **Agency Card Recipient – The individual, other than the PCPA identified by the agency who is authorized to receive CPC cards for the state agency.**

.05 **Agency Head** - The highest-ranking individual within a state organization having responsibility for all activities within the department or agency including oversight of fiscal policies and procedures.

.06 **Agency Travel Coordinator** - is the designated staff member who coordinates the travel for the agency and is issued an account number without a plastic card.

.07 **Approving Officer** - The agency head or other lawful designee possessing authority to approve incurring an obligation or making expenditures from state funds.

.08 **Authorized Purchases** - Purchases that further the business of the state. Legitimate business purchases and expenditures made by an employee on behalf of the state and the employing agency. Each purchase must be allowed by law and policy and be within budget authority.

.09 **Bank** - The institution issuing Corporate Purchasing Cards to and in the name of the state.

- .10** **Corporate Purchasing Card** - Plastic payment device or a specific account number issued by the bank in the name of the State of Maryland's agency participating in the program to a cardholder for facilitating small dollar value purchases on behalf of the state/agency.
- .11** **CPC Steering Committee** - Members include the Comptroller's General Accounting Division, Board of Public Works, Department of General Services, Department of Budget and Management, and the University Systems of Maryland. Members of the committee will contribute their expertise in expanding the statewide policies and procedures currently in use and make recommendations for improving statewide procurement practices using the card.
- .12** **Cardholder** - A state employee authorized by an agency to be the single user of a state Corporate Purchasing Card. The Corporate Purchasing Card bears the individual's name and can be used to pay for official purchases in compliance with agency's internal procedures.
- .13** **Card Controls** - Controls coded to each card that restrict the use of the card as defined by the State of Maryland, and further, by the agency.
- .14** **Card Vendor** - Current vendor providing corporate purchasing card services to the state.
- .15** **Charge back** - A formal dispute process initiated by the Issuer on behalf of the cardholder. For reasons defined within our current card's operating rules, the transaction may be "returned" to the Acquirer. The Acquirer, in turn, has defined rights and reasons for "re-presenting" the item back to the Issuer.
- .16** **Declined Transactions** - Attempted purchases where authorization has been refused by the card vendor/transaction authorization system.
- .17** **Designee** - An employee acting in the capacity for someone else like a fiscal officer. A CPC reviewer. This person may have the authority to perform the intended task, but the fiscal officer or appointing authority still has responsibility for the final results.
- .18** **Documentation** - Written evidence of a purchase, provided by the merchant, including an invoice, cash register receipt, packing slip, receiving report, repair order, or other evidence of goods or services received.
- .19** **Electronic** - A method of communications whereby information is disseminated by computer media, computer to computer via modem, networks, facsimile, or other electronic means of communication.
- .20** **Electronic Contact** - The individual designated by an agency or institution to receive the electronic billing and reporting transmissions - usually the Purchasing Card Program Administrator.
- .21** **E-Commerce site** - No longer applicable.
- .22** **Fines – Fines and tickets may not be paid with the Corporate Purchasing Card**
- .23** **Fiscal Office** - The office in the agency responsible for the payment of invoices, recording transactions, and related fiscal functions.
- .24** **Fiscal Officer** - The agency fiscal office employee who has overall responsibility for the financial operations.

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- .25** **Further the Business of the State** - A purchase will “further the business of the State” only when the purchase:
- a. Is authorized by law, state regulation, and/or by organizational policy and procedures;
 - b. Will promote or support the lawful operation of the state agency on whose behalf the purchase is made; and
 - c. May be paid by public funds that are currently available to the agency by appropriation, allocation, or other legislative authority (and, where applicable, by allotment) for the purpose of the purchase.
- .26** **Individual Liability Travel cards** - Not issued with this contract.
- .27** **MBE/WBE/SBR** - Minority-Owned Business Enterprise/Woman-Owned Business Enterprise/Small Business Reserve.
- .28** **Memo Statement or Bank Statement** - A statement-like form is sent to the cardholder each billing cycle for information and for reconciliation of purchases and/or credits. **No payment is due on this statement.**
- .29** **Merchant** - The company, organization, or individual who provided the goods or services (if incorporated) and who will receive payment resulting from a Corporate Purchasing Card transaction.
- .30** **Merchant Category Code (MCC)** - The merchant’s bank shall categorize each merchant according to the type of business the merchant is engaged in and the kind of goods and services provided. The card vendor shall assign each merchant a corresponding Merchant Category Code (MCC). These codes shall be used as a means of analyzing card usage data as well as assigning card controls. Also referred to as Standard Industry Codes (SIC), a four-(4) digit numeric classification code is used in the authorization and settlement systems to identify the type of merchant.
- .31** **Personal Identification Number (PIN)** - A unique number used to identify the cardholder when required for certain type of transactions. *Not used with this program as cash advances are not allowed.*
- .32** **Personal Purposes** - Purchases that do not “further the business of the State” and purchases that do benefit an employee or other person individually, rather than facilitate the discharge of the official functions or duties of the agency. Any non-business use of the Corporate Purchasing Card that personally benefits the employee or third party, rather than the state agency.
- .33** **Purchasing Card Program Administrator (PCPA)** - An individual designated by the ordering agency or institution to perform administrative functions within the limits of delegated authority to maintain the effectiveness of the program.
- .34** **Procurement Officer** - Individual(s) authorized by the agency head to procure goods and services.
- .35** **Sales and Use Tax** - Taxes collected by merchants on items purchased. Sales tax refers to tax on items purchased within the cardholders' state. Use tax refers to tax on items purchased outside the cardholders' state. **The State of Maryland is exempt from Maryland Tax. The number is 30002563. The number is also on each card.**

- .36** **Settlement** - The process of payment between issuing and acquiring banks for transactions. Also used to refer to the process of payment between the bank and a customer for payment of the customer's purchasing transactions.
- .37** **Settlement Contact** - The Director of the General Accounting Division of the Comptroller of Maryland who receives and processes payment to the card provider for ALL Corporate Purchasing Card transactions each month.
- .38** **Single Transaction Dollar Limit** - Also called Single Purchase Limit. A fixed amount determined by the state, or agency, if they choose a lower amount over which ALL transactions will be declined.
- .39** **Small Business Reserve (SBR)** - Agencies are required to award a percentage of their units' total dollar value of goods, supplies, and service contracts to small businesses as stated by state regulation.
- .40** **Split Purchase – dividing a purchase into two or more smaller amounts to circumvent procurement regulations or a cards Single Purchase Limit**
- .41** **Statement Billing File** - An electronic file available to the General Accounting Division on a monthly cycle that contains ALL detail concerning transactions on the state account that is used for settlement, cost allocation, and reporting.
- .42** **Supplier** - Also referred to as vendor or merchant. An organization that provides goods or services to a customer and accepts payment for those goods and services. Supplier and vendor are common terms used by most Purchasing Agents. Merchant is a common term used within the banking industry for those vendors or suppliers who accept Corporate Purchasing Cards.
- .43** **T & E** - Travel and Entertainment.
- .44** **Travel Accounts** – Accounts issued without plastic that allow agencies to purchase airline and railroad tickets for authorized official state travel.
- .45** **Unauthorized Use** - Use of the Corporate Purchasing Card for employee travel expense, capital, meals, outlays for major projects, personal purposes, or purchases in excess of the limit authorized by the policy. **Obtaining cash from the Corporate Purchasing Card is strictly prohibited.** Note: Hotel/Motel transactions and vehicle rental are permitted by the state.
- .46** **ViewDirect** – FMIS' online reporting package.
- .47** **VISA Liability Waiver Program – Insurance offered by VISA to reimburse the agency in the case of cardholder misuse. Pamphlets are available to agency heads and PCPAs explaining the program requirements.**
- .48** **1099 Vendor** - A 1099 is a form which companies and governments are required to provide to the Internal Revenue Service (IRS) for each unincorporated vendor with whom they spent more than \$600 in a calendar year on 1099 related expenditures. Payments to merchants for goods are not 1099 related expenditures. **Payments to unincorporated vendors for services are 1099 related expenditures and the state agency is required to capture the payment information according to the General Accounting Division Accounting Procedures Manual Section 4.2.1**

SECTION 25 CONTACT INFORMATION

- .01 General inquiries should be addressed to your agency's Corporate Purchasing Card Administrator.**

For other contact information, please see "Contact Information" in the Exhibits' section.