


Idaho Department of Correction 	Standard Operating Procedure	Title: Purchasing Card		Page: 1 of 8
		Control Number: 114.03.03.021	Version: 1.0	Adopted: 09/03/2003

Pat Donaldson, chief of Management Services on 02/24/2020.

Open to the public: ☒ **Yes**

SCOPE

This standard operating procedure (SOP) applies to any Idaho Department of Correction (IDOC) employee who has been issued a purchasing credit card (P-card), and any IDOC employee who uses a P-card, as well as their supervisors, approvers, and fiscal staff.

Revision Summary
Revision date (<u>02/24/2020</u>) version 1.0: Previously, this information was combined with the IDOC Purchasing Card Manual. Completely reformatted; revised to reflect current practices, updated terminology. IDOC Purchasing Card Manual will be a separate document.

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BOARD OF CORRECTION IDAPA RULE NUMBER

None

POLICY CONTROL NUMBER 114

Fiscal Policy

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PURPOSE

The purpose of this SOP is to provide the necessary information to ensure that IDOC employees follow correct procedures regarding the issuance, use, and monitoring of department-issued P-cards.

RESPONSIBILITY

The chief of Management Services is responsible to ensure that this SOP is implemented correctly and monitored appropriately to meet the State Controller's Office guidelines.

The financial executive officer is responsible to ensure that staff members adhere to the fiscal processes outlined in this SOP and all associated fiscal standard operating procedures.

The fiscal unit is responsible for adhering to fiscal processes related to processing and reconciling P-card transactions.

P-card approvers are responsible for ensuring P-card transactions are reviewed appropriately and approved in a timely manner.

The P-card administrator is responsible for overseeing the P-card process to ensure that staff are following proper procedures.

Supervisors are responsible for ensuring that the employees they have given permission to receive P-cards are using them properly per the guidelines outlined in this SOP and in the IDOC [Purchasing Card Manual](#).

P-card users are responsible to adhere to the procedures detailed in this SOP and in the IDOC [Purchasing Card Manual](#).

STANDARD PROCEDURES

1. State Purchasing Cards

Issuance of Purchasing Cards (P-cards)

State purchasing cards are issued to state employees only. Supervisors determine if an employee has an operational/business need to use a P-card. If the supervisor determines that a P-card will be issued, the following steps must be taken:

- Fill out the [Request for New P-card User](#)
- Sign the [Cardholder Purchase Card Agreement](#)
- Submit the completed forms to the P-card administrator in the fiscal unit by sending them to: fiscal@idoc.idaho.gov
- Complete P-card training

Note: If a department has unique circumstances where they wish to issue a card to a non-state employee, the P-card administrator must obtain approval from the deputy controller at the State Controller's Office, at the Division of Statewide Accounting. Generally, exceptions will only be approved when the cardholder is an employee of another government entity functioning as a state employee.

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Group Card Issuance

Group card issuance is extremely limited as there is no protection against fraudulent use and represents a significant liability to the department. Group cards are issued to one person who is accountable for the card with all the same responsibilities defined in the cardholder responsibilities section.

Group cards do not have an individual's name imprinted on the face of the card. This type of card is intended for temporary use by multiple people.

If an employee and their supervisor desire a group card, the following steps must be taken:

- Contact the P-card administrator for consideration of the request. Due to the liability that group cards present, issuance is considered on a case by case basis.
- In the rare circumstance that the issuance of a group card is deemed appropriate, fill out the *Request for New P-Card User*.
- Sign the [Work Group Card – Cardholder Agreement](#).
- Submit the forms to the P-card administrator at fiscal@idoc.idaho.gov.

2. Use of State Purchasing Cards

Purchasing Goods

P-cards are used for official State of Idaho purchases in conjunction with current state contracts, including department contracts and state open contracts. P-card users are required to use merchants and vendors with whom the state has contracted to provide these goods and services. In addition, the P-card must be used in accordance with department purchasing policies as described [147.06.06.004](#), *Purchasing and Contracting*.

Travel

P-cards may be used to pay travel expenses for official state business. The expenses must follow the Idaho State Board of Examiners' [Travel Policy and Procedures](#).

All expenses must be accounted for on a travel voucher. Corresponding receipts and invoices containing enough detail to support the charges must be attached.

Services

Service providers can be paid using a P-card. Payments made with P-cards are subject to 1099 reporting requirements. The fiscal staff will ensure that the transactions are posted to the correct vendor number in the P-card system.

Allowable Purchases

Allowable purchases are purchases that are made in adherence to the SOPs described herein.

Acceptable purchases are:

- Approved state purchases as described in [147.06.06.004](#), *Purchasing and Contracting*
- Travel expenses related to official state business

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Prohibited Purchases

Prohibited purchases include, but are not limited to the following:

- Alcoholic beverages
- Purchasing gasoline for state vehicles, *unless* the vendor will not accept the state gas card
- Items for employee's personal, non-work related use
- Items prohibited by department or state policy as explained in 147.06.06.001, *Purchasing and Contracting*, Department of Administration IDAPA Rule 38.05.01 and Idaho's State Procurement Act, at title 67, chapter 92, of the Idaho Code.
- Items that fall under the Capital Outlay category. Capital outlay items are single items with a cost that exceeds \$2,000 and that have a useful life (estimated lifespan) of greater than two years. (See definitions.)

3. Purchasing Card Spending Limits

The IDOC has predetermined spending limits on purchasing cards which are as follows:

- \$1,500 per transaction
- \$2,500 per day
- \$4,000 per month

If an employee knows they will need to make a purchase that is above the predetermined limits, they must notify the P-card administrator to have the limit temporarily raised. In an emergency, any fiscal staff member may be contacted.

Limits can be raised immediately to accommodate operational needs. However, P-card users are not allowed to attempt to avoid the spending limits by having the vendor split the transaction into smaller amounts.

4. Duties and Responsibilities

Cardholder

Once the cardholder has received their P-card, they are responsible for:

- Complying with the requirements of this SOP.
- Using the P-card for state purchases and approved items only.
- Notifying vendors of the department's Idaho state tax-exempt status.
- Maintaining all supporting documentation (e.g., proper receipts in sufficient detail to support the charges, vendor order forms, cash receipts, *P-Card No Receipt Form*, and timely submission of support to the accounting unit as appropriate for the department.
- Accounting for all travel related uses of the P-card by recording the transactions on their travel reimbursement voucher, noted as "paid by P-card".

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- Ensuring receipt of goods and communicating with the vendor to resolve disputes and arranging for returns, credits, and delivery problems.
- Notifying the P-card administrator immediately if the P-card is lost or stolen.
- Safeguarding P-card security at all times. All precautions must be used to maintain confidentiality of the cardholder account number and expiration date of the P-card. The account number must never be left in a conspicuous place. Only the person whose name appears on the face of the card may use the P-card. The only exception to this is if a Group Card is used (see section describing group card issuance).
- Verifying receipt of all purchases and returns must be forwarded to the cardholder's supervisor or person responsible for approving transactions within 30 days of transaction.
- Immediate repayment of improper charges and acceptance of personal liability for misuse.
- Returning the card to the P-card administrator immediately upon request or upon termination of employment (including retirement).

Approver

As a key component of internal control, each program area will assign a supervisor or other approver(s) to review and approve cardholder P-card transactions including related receipts and invoices in sufficient detail to support the charges. The fiscal unit provides a final review process as an additional control.

Fiscal Unit

The department's fiscal unit is responsible for the following duties:

- Processing payments to the bank
- Recording each fiscal years' activity by June 30. To comply with federal regulations relating to the Statewide Indirect Cost Allocation Plan, it is important that the reduction of cash and recording the expenditure occur in the same year. Detailed procedures related to processing the June P-card transactions and paying the bank can be found in the *P-Card User Manual* on the State Controller's web site.
- Reconciling P-card transactions to the accounting system. The P-card liability general ledger accounts must be reconciled and adjusted at least monthly. Reconciliations must be reviewed and approved by a supervisor.

P-Card Administrator

The department has designated a P-card administrator in the fiscal unit. This person is responsible for:

- Card issuance, change, and cancellation.
- Maintenance of cardholder lists and documentation in a secure location at all time (locked cabinet).
- Maintenance of card limits and restrictions.

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- Maintenance of cardholder agreements.
- Assisting cardholders in verifying and resolving returns, credits and discrepancies.
- Conducting training for cardholders.
- Evaluating and documenting P-card distribution to ensure that only those individuals with ongoing legitimate business needs receive a P-card, and that P-card limits are set accordingly.
- Selecting and administering “black-out” dates at fiscal year-end.

5. Internal Control

Standards have been set for the fiscal unit to provide an acceptable level of departmental internal control systems guiding the use of the P-card. The following items comprise the minimum level of acceptable standards:

- Internal control systems must be clearly documented and readily available for inspection or audit.
- Persons authorized to use P-cards must be identified by name.
- All transactions must be recorded, classified, and reconciled within 30 days of the transaction.
- Transactions may be only be authorized by persons acting within their scope of authority.
- Key duties and responsibilities will be assigned systematically to a number of individuals to ensure that effective checks and balances exist.
- All P-card transactions related to travel must be accounted for and referenced on a travel voucher so that related receipts and invoices can be inspected to support the charges.
- Spending limits must be set for cardholders, including single purchase and/or monthly limits.
- Qualified and ongoing supervision will be provided to ensure that internal control objectives are achieved.
- Access to resources and records will be limited to authorized individuals as determined by the director or designee.

6. Misuse of Purchasing Cards

Types of Purchasing Card Misuse

The following types of P-card misuse must be reported immediately to the P-card administrator:

- Non-compliance with documentation standards
- Not verifying P-card transactions within 30 days
- Use of P-card for employee personal purchases

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- Use of P-card by individual other than cardholder
- Use of the P-card to purchase non-allowable items
- Use of the P-card in violation of state acquisition and procurement policies and procedures (failure to use existing department contracts or state open contracts)
- Splitting transactions at the point of sale to avoid the single transaction limit

Consequences of Purchasing Card Misuse

Misuse of purchasing cards is prohibited. Improper use of P-cards may result in loss of use privileges as well as disciplinary action and/or prosecution.

The consequences of misusing a P-card include:

- Repayment of non-allowable charges
- Notification sent to the cardholder's immediate supervisor

In addition, consequences of misuse may include any one or combination of the following:

- Verbal notification of the infraction
- Written notification with copies included in the individual's personnel file
- Temporary suspension of cardholder privileges
- Mandatory re-training
- P-card suspension with permanent loss of privileges
- Disciplinary action up to and including dismissal
- Personal liability, repayment of all personal and other non-authorized expenses, prosecution, and repayment of all costs incurred, including, but not limited to, legal costs incurred by the state in the investigation and prosecution for any misuse of a P-card

Reactivation of card privileges will not occur unless all deficiencies have been corrected. A request for reactivation of a P-card must be made to the employee's division chief. If the division chief approves the request, the division chief will forward the request to the P-card administrator to reactivate the P-card.

DEFINITIONS

Capital Outlay: Any single item costing over \$2,000 with an estimated useful life of greater than two years.

Useful Life: The estimated lifespan of a depreciable fixed asset during which it can be expected to contribute to department operations.

Fixed Asset: A long-term tangible piece of property that a department or firm owns and uses in its operations.

REFERENCES

[147.06.06.001](#), *Purchasing and Contracting*

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Department of Administration IDAPA Rule 38.05.01

Idaho *State Procurement Act*, title 67, chapter 92, Idaho Code.

Statewide Indirect Cost Allocation Plan

State Board of Examiners' [*Travel Policies and Procedures*](#)

[*IDOC Purchasing Card Manual*](#)

[*Request for New P-Card User*](#)

[*Cardholder Purchase Card Agreement*](#)

[*Work Group Card – Cardholder Agreement*](#)

[*P-Card No Receipt Form*](#)

Federal regulations relating to the Statewide Indirect Cost Allocation Plan

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