The manual is developed by agency management to establish the scope and manage the risk of the program. It also serves as a reference and training tool for employees with program responsibility. An effective procedure manual provides step by step instructions for the management and operations of the program and serves as a guide for employees assigned responsibility under the program. We recommend screen shots from any software being used to demonstrate procedures.

For ease of reference, recommend agency manuals follow the same order and indexing as the State P-Card Policy

Provide definitions for terms specific to the program. Policies and responsibilities should generally be separate from definitions.

Adopt forms provided by Bank for executing such things as approval and assignment P-Cards to simplify and ensure compliance with state and agency policy, and cross-reference them as appropriate in the procedure manual.

State P-Card Policy, dated 3/6/20

| **Index** | **Description** | **Location** |
| --- | --- | --- |
| **I** | **Program Overview** |  |
| **II** | **Statewide Program Administration** |  |
| C | Merchant Category Codes |  |
| D | Single Transaction Limits |  |
| E | Emergency Procedures |  |
| **III.** | **Program Administration** |  |
| A. 1a) | requires agencies to “Develop the internal policy governing the use of the P-Card, to include the following minimum requirements: |  |
| i | Ensure compliance with the State P-Card Policy |  |
| ii | Provide for unique needs based on Agency mission |  |
| iii | Define responsibilities of agency P-Card program personnel and establish process for changes in personnel |  |
| iv | Define criteria for obtaining a P-Card |  |
| v | Define acceptable use of the P-Card that cannot be less restrictive than State P-Card Policy |  |
| vi | Provide a method for reporting suspected misuse or fraudulent use |  |
| vii | List in detail consequences of misuse or fraudulent use, and assign responsibility for reporting and executing corrective actions |  |
| viii | Create a provision for review of the internal policy for adequacy at least annually |  |
| ix | Create a provision for audit or other independent review of all areas of program administration and transactions at least annually |  |
| x | Establish written internal procedures covering properly setting up the profile for each P-Card (including all blocked MCCs; see State P-Card Policy II. C.) and how to use the P-Card, including telephone, fax, and internet orders in order to maintain security over P-Card account information |  |
| xi | Monitor Cardholder accounts for inactivity and promptly close accounts and cards that are no longer needed |  |
| xii | Establish written internal procedures for compliance with State Policy regarding documentation of transactions |  |
| b) | Provide the agency’s framework and criteria for establishing single transaction limits (STL) and credit limits for the agency and assign responsibility for determination and approval of individual STLs and credit limits based on budget constraints, Cardholder job responsibilities, knowledge, skills and abilities, historical spending patterns, and overall procurement practices. |  |
| c) | Designate the following program administrative positions and assign roles and responsibilities as required for the size of the program, i.e., volume and size of transactions, span of control, and separation of duties. |  |
| i | P-Card Administrator (PCA) – the central administrator located in the agency purchasing department who coordinates the P-Card Program for the agency and acts as the agency liaison with the Bank, OCG, and DPS. |  |
| ii | Department Liaison – and employee in each department who is responsible for reviewing transactions of individual Cardholders to make sure the transactions are legitimate public expenditures, are classified properly and comply with State P-Card Policy. |  |
| iii | Internal Auditor – an employee responsible for auditing agency compliance with the State and agency P-Card Policy and notifying the PCA of any discrepancies, including delinquent reconciliation and paperwork. |  |
| d) | Require written designation of PCA to the DPS P-Card Coordinator. Require Group A agencies to also provide written designation to the OCG. |  |
| f) | Develop written internal procedures for requesting P-Cards and approving Cardholders. |  |
| g) | Ensure that a credit limit is assigned to each card and record the dollar amount of that limit on the employee cardholder |  |
| h) | Develop default accounting codes |  |
| 2. c) | Ensure the agency has sufficiently documented **internal controls** and audits to prevent and/or detect misuse or fraudulent use of the P-Card. |  |
| d) | Establish written procedures to ensure security over P-Card account information… |  |
| 3. | Assign Cardholders to Supervisors/Liaisons |  |
|  | Span of Control is reasonable |  |
| 4. | Require the development of documented **Level I and II training** programs and a documented record and acknowledgement of training for every employee with program responsibility. |  |
| 5. | Accounting requirements |  |
|  | Establish and document a record retention policy for program administration and transactions |  |
|  | Establish reconciliation procedures to ensure timely payment of statement |  |
| **III** | **Roles and Responsibilities of P-Card positions** |  |
| B | Supervisor/Approvers |  |
|  | Monitor transactions to ensure purchases are for legitimate State business |  |
|  | Review all documentation and sign monthly statement – this responsibility cannot be delegated |  |
| C | Liaisons |  |
|  | Documented review of cardholder transactions for compliance with State P-Card Policy |  |
| D | Cardholders |  |
|  | Spending limits |  |
|  | Placing an order |  |
|  | Sign Monthly Statements |  |
|  | Document all transactions |  |
|  | Reconciliation |  |
| **IV** | **Use of the P-Card** |  |
|  | Cash advances |  |
|  | Oder Splitting |  |
|  | Allowable and prohibited purchases |  |
|  | Standards of Conduct |  |
| **V** | **Program Compliance** |  |
| A | Internal controls |  |
| 1 | Separation of duties |  |
| 3 | Hierarchical review and approval of purchases |  |
| 4 | Cardholder cannot approve his own transactions |  |
| 6 | Provision for independent audit at least annually |  |
| 7 | P-Card Statement Certification |  |
| B | Cardholder Spending Limits |  |
| C | Card Issuance Requirements |  |
|  | One Card per Cardholder |  |
|  | Must be permanent employee; full or part-time |  |
|  | Issued in name of employee |  |
|  | Approved by employee’s supervisor and Department Head |  |
|  | Training requirements met before card issued |  |
| **VI** | **Types of Accounts** |  |
|  | Standard |  |
|  | Ghost |  |
| **VII** | **Legal Issues** |  |
|  | Consequences for misuse of the P-Card |  |