

DIVISION OF PROCUREMENT SERVICES
MATERIALS MANAGEMENT OFFICE
SOUTH CAROLINA PURCHASING CARD
POLICY AND PROCEDURES

Revised

May 5, 2010

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INTERNAL PROCEDURES FOR THE PURCHASING CARD (P-Card) PROGRAM

I. Program Overview

The State of South Carolina Purchasing Card (P-Card) is a charge card designed to enable authorized, full-time State of South Carolina (State) employees to make small value purchases of supplies, materials, equipment, and services for State business use. The program streamlines payments by eliminating the administrative burdens and costs associated with traditional methods of payment.

The P-Card Program (Program) utilizes a VISA© purchasing card issued by Bank of America (Bank) pursuant to a contract awarded to the Bank by the Materials Management Office (MMO), in cooperation with the Comptroller General's Office (OCG). The P-Card can only be used for official State business and must be surrendered upon termination of employment or upon demand by the State or by the cardholder's employer.

The P-Card is the only purchasing card authorized for use by employees of any State Agencies and by authorized employees of State Colleges and Universities.

All Entities are required to use the Works™ Payment Manager (Works™) system provided by the Bank, or other system approved by MMO, for card administration and monthly billing statement reconciliation.

The terms of the contract with the Bank also permit Counties and Local Political Subdivisions to use the P-Card. MMO recommends that Counties and Local Political Subdivisions participating in the P-Card Program adopt and adhere to this Statewide Purchasing Card Policy; however, it is the responsibility of the appropriate governing body to put into place a P-Card policy and ensure their local entity adheres to that policy.

Use of the P-Card is subject to the small purchase procedures established by the State Consolidated Procurement Code (Code) and Agency purchasing policies and procedures.

II. Statewide Program Administration

A. Administration

1. The MMO P-Card Coordinator serves as the Statewide Contract Administrator for this Program, including the provision of liaison services between the OCG, the Bank, and the customer Agencies. The P-Card Coordinator's name and contact information follow:
Richard Brinkley, CPPB, GFOA, Procurement Manager
1201 Main Street, Suite 600, Columbia, SC 29201
(803) 737-3620, (803) 737-0639 fax
rbrinkley@mmo.sc.gov
2. The OCG is responsible for day-to-day oversight and payment administration for any State Agency which has its payments disbursed through the OCG (Group A Agencies). The list of Group "A" Agencies may be found online at:
http://www.mmo.sc.gov/webfiles/UPLOADS/Group_A_Agency_Listing.xls.
3. Institutions of Higher Education (Group B Agencies) have delegated authority that allows payments to be made from Agency checking accounts. Purchases of supplies and services are

generally limited to transactions under \$2,500, but these Agencies may authorize greater purchases in accordance with the Code.

4. Counties & Local Political Subdivisions (Group C entities) include cities, counties, school districts, special purpose districts, and other local government entities with payments being made from their own checking accounts. These entities shall determine supply/service purchases and develop their own purchasing limitations.

B. State P-Card Policy

1. This State P-Card Policy (Policy) establishes minimum standards for use of the P-Card in order to ensure compliance with all applicable State laws pertaining to purchasing as contained in the State Code. The version of the Policy posted on the MMO website is the official Policy governing the P-Card Program. The effective date of the Policy is on the cover page of this document. MMO maintains an archive of previous versions of the Policy, which is available upon request.

2. It is the policy of the State to use the P-Card for purchases up to the Code's Small Purchase, "no compete" limit of two thousand five hundred and no/100 dollars (\$2,500). The P-Card may not be used for any of the following reasons absent express PRIOR authorization from the Agency P-Card Administrator:

- a. requirements that necessitate other than routine terms and conditions
- b. requirements that are too complex to be conveyed verbally
- c. requirements listed as 'not authorized' to purchase with the P-Card
- d. situations in which the Cardholder believes the State's best interest will be served by purchasing via the Code procedures.

3. **Utilization of Minority-Owned Business (MBE) and Woman-Owned Business (WBE) Enterprises.** The Code and MMO encourage use of certified MBEs and WBEs in all State procurements. The P-Card is a convenient payment tool to encourage efficiencies to government and the business community in both the procurement and invoicing processes. In order to effectively maximize the sharing of business opportunities with certified MBEs and WBEs, use of the P-Card is highly encouraged for acquisitions under \$2,500. A list of certified MBEs/WBEs may be found at <http://www.govoepp.state.sc.us/osmba/directory.html>. Additional information regarding the Governor's Office of Small and Minority Business Assistance may be found at <http://www.govoepp.state.sc.us/osmba/>.

4. **Greening.** Green Purchasing is designed to promote environmentally responsible purchasing by the State. Currently, statutes assign duties to MMO and the Department of Health and Environmental Control (DHEC) to develop specifications for recycled products, encourage the purchase of recycled and recyclable products, and thereby reduce the waste stream in the State. An effort in research, training and advocacy activities is underway to inform and train agency officials on what Green Purchasing really means and to assist them in that effort. The National Institute of Governmental Purchasing (NIGP) and the National Association of State Procurement Officials (NASPO) has new Green Purchasing initiatives underway. These organizations can provide help and information on Green Purchasing at their respective websites, www.nigp.org and www.naspo.org.

C. Merchant Category Code Authorizations

1. Merchant Category Codes (MCCs) are assigned by the Bank to each merchant or vendor based on the type of goods and services that merchant or vendor typically provides. Allowing or

blocking certain MCCs, does not provide fail-safe protection against unauthorized use of the P-Card; however, doing so provides a measure of protection against unauthorized or prohibited purchases.

2. MCCs govern where P-Cards may be used. The OCG establishes and manages the State-authorized MCC groups that are eligible for use by Group A Agencies. This is intended to make sure that only vendors appropriate to the needs of a public agency are allowed to accept P-Cards and to reduce the potential for unauthorized purchases. Unless hereafter approved by the OCG, MCCs shown on the following list as “blocked” (designated by “x”) have been blocked by Bank and may not be patronized by P-Card holders:
http://www.mmo.sc.gov/MMO/webfiles/MMO_main/forms_pubs/GroupAMCC.xls.
3. **Latest Update: Please see the Comptroller General’s P-Card Update Memo for additional guidance regarding MCCs:**
http://www.mmo.sc.gov/MMO/webfiles/MMO_main/forms_pubs/Update.pdf
4. Unless otherwise noted in this Policy, MCC blocks do not apply to Group B Agencies and Group C Entities unless imposed by that Entity’s own P-Card Policy.
5. If a Group A Agency P-Card Administrator desires to have specific MCCs for specific cards unblocked for a stated purpose and time frame, the Agency may request written authorization from the OCG to unblock the MCCs for use by that Agency. The Agency requests to unblock MCCs shall be directed to the OCG. (Sandra Pratt will serve as the primary point-of-contact for requests to unblock codes.) The OCG shall give prompt attention and full consideration to all requests but may decline such requests based on its assessment of the needs and best interests of the State. To obtain a list of the unblocked MCC Codes, click on the following link:
http://www.mmo.sc.gov/webfiles/UPLOADS/Unblocked_MCCs_05-01-2009.pdf

The contact information for OCG is as follows:

Jennifer Muir, CPA
Deputy Comptroller General
1200 Senate St., 305 Wade Hampton Building, Columbia, SC 29201
(803) 734-2132, (803) 734-2064 fax
jmuir@cg.sc.gov

Sandra T. Pratt
Assistant Comptroller General
1200 Senate St., 305 Wade Hampton Building, Columbia, SC 29201
(803) 734-2550, (803) 734-2064 fax
spratt@cg.sc.gov

D. Dollar Limits

1. Each P-Card is subject to the “no compete” Purchase Limit, a Billing Cycle Purchase Limit, and a Billing Cycle Office Limit. Neither Cardholders, nor merchants may exceed the Small Purchase limit or split the purchase in order to accommodate for the P-Card limit or circumvent the Small Purchase thresholds of the Code. Along with dollar limits, transaction limits can also be set by: (1) Maximum number of transactions allowed per day, and (2) the maximum number of transactions allowed per billing cycle.
2. To raise or lower the Single Purchase Limit, the P-Card Administrator must submit the requested change in writing (E-mail or memo) to the MMO Chief Procurement Officer (CPO) as follows:

R. Voight Shealy, CPM
Chief Procurement Officer
1201 Main St., Suite 600, Columbia, SC 29201
(803) 737-0635, (803) 737-0639 fax
vshealy@mmo.sc.gov

E. Emergency Procedures

During the time of an emergency such as a natural disaster, Agency P-Card Administrators may request that either the OCG temporarily un-block certain MCCs, MMO temporarily raise the transaction limits for specific cards, or both. Requests must be made in writing to OCG (see C.4 above) and/or MMO (see D.2 above).

III. State Agency Roles and Responsibilities

A. Department Head Responsibilities. Any or all of the following administrative responsibilities may be delegated to any one or more P-Card Administrators or Department Liaisons, depending on the size and complexity of the local program.

1. Program Administration

- a) 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;
 - 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;
 - viii. Create a provision for review of the internal policy for adequacy at least annually; and
 - 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 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 close accounts that are no longer needed.
 - xii. Establish written internal procedures for compliance with State Policy regarding documentation of transactions.
- b) Work with management throughout the Agency to determine the appropriate spending limits for the Program as a whole and for individual Cardholders based on budget constraints, Cardholder job responsibilities, historical spending patterns, and overall procurement practices.
- c) Designate the following Program administrative positions as needed and ensure coordination among the positions:
 - i. P-Card Administrator; 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 MMO

- ii. Department Liaison: an employee in each department who is responsible for reviewing transactions of individual Cardholders to make sure the transactions are legitimate public expenditures and are classified properly.
 - iii. Internal Auditor: an employee responsible for auditing all statements of account information and associated documentation verifying purchases are contract related and notifying the P-Card Administrator of any discrepancies, including delinquent reconciliations and paperwork.
- d) Provide written designation of P-Card Administrator and alternate to the MMO P-Card Coordinator. Group A Agencies shall also provide this written designation to OCG. Successor designations shall also be communicated as indicated herein.
 - e) Work with management to identify job titles/positions within the organization that require a P-Card or that would be good candidates for use of the P-Card.
 - f) Develop written internal procedures for requesting P-Cards and approving Cardholders. Department Head approval delegates transaction authority to the Cardholder.
 - g) Ensure that a credit limit is assigned to each P-Cardholder Account and record the dollar amount of this credit limit on the employee Cardholder Agreement to be acknowledged by the prospective Cardholder upon receipt of a P-Card Account.
 - h) Develop default accounting codes for purchases on the P-Card.

2. Program Compliance

- a) Establish written procedures to ensure compliance with, or request exceptions to, the Code, the State P-Card Policy, and the internal P-Card policy.
- b) Coordinate any requests for exceptions to the State P-Card Policy with the MMO P-Card Coordinator. Document review of the status of all exceptions on an annual basis to determine if the exceptions should still be granted and notify the MMO P-Card Coordinator of any revocations.
- c) Ensure that the Agency has sufficiently documented internal controls and other measures (e.g. 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 to include:
 - i. Ordering and receiving new and replacement cards;
 - ii. Reporting lost or stolen cards to the Bank and to the P-Card Administrator;
 - iii. Collecting and destroying cards when cardholders transfer to jobs not requiring a P-Card, resign, or are terminated; and
 - iv. Canceling cards in the Works™ system immediately upon notification of theft/loss of the card or upon termination of Cardholder's employment for any reason.
- e) Establish written procedures to ensure that misuse or fraudulent use of the P-Card is documented. Minimum requirements include:
 - i. Documentation of the transaction (e.g. copies of receipts, invoices);
 - ii. Evidence of who conducted the transaction, who approved the transaction, and when and how the misuse or fraud was discovered;
 - iii. Documentation of personnel actions taken (e.g. Cardholder was terminated); and
 - iv. Notifying the Bank immediately when fraud or card misuse occurs in order to properly meet the Bank's guidelines regarding Bank reimbursement of transactions related to fraud or card misuse.

3. Establish appropriate limits on the number of Cardholders assigned to a supervisor or approving official in order to ensure adequate review of business need and documentation (transaction logs, receipts/invoices, and monthly billing statement) for each purchase.
4. Training – Develop a mandatory Agency-specific training program for all prospective Cardholders and supervisors/approving officials prior to issuance of the P-Card.
 - a) Level I training is the initial training all prospective Cardholders must receive prior to issuance of a P-Card. This training permits purchases up to the “no compete” threshold. Level I training shall include:
 - i. Mandatory Cardholder Agreement specifying terms and conditions for use of the card;
 - ii. State P-Card Policy;
 - iii. Internal P-Card policy;
 - iv. User manual; and
 - v. Familiarity with all forms, including the transaction log.
 - b) Level II training, also referred to as “Procurement Official” training, is in addition to Level I training. This training permits purchases requiring simple quotes for items/services without statements of work for requisitions exceeding the “no compete” threshold. Level II training shall include:
 - i. Prior completion of Level I training (or have the components of subsection 4.a above included in Level II training);
 - ii. Review of the Code for authority/limitations for purchases above the “no compete” threshold;
 - iii. Certification of understanding of Level II authority and agreement to abide by Code policies and procedures.
5. Accounting Requirements
 - a) Designate the storage location for all original transaction documentation.
 - b) Establish billing discrepancy procedures, including disputed transactions.
 - c) Establish reconciliation procedures between cardholders, supervisors/approving officials, and Accounts Payable to ensure timely payment of the corporate monthly billing statement.

B. Supervisors / Approving Officials

Supervisors or other persons assigned the responsibility of reviewing Cardholder transactions must have a thorough knowledge of the job responsibilities of the Cardholders under his/her supervision in order to determine if purchases are reasonable. Before approving the P-Card log and/or monthly billing statement, the supervisor must carefully review all documentation. Supervisor responsibilities also include:

1. Maintain knowledge of State P-Card Policy and internal policies and procedures on use of the P-Card.
2. Request P-Cards for employees under his/her supervision.
3. Notify the P-Card Administrator when a Cardholder resigns, transfers, or is terminated from employment.
4. Monitor transactions and card activity to ensure that all purchases are for legitimate State business use.
5. Review all documentation to ensure:
 - a. Invoices/receipts and transaction logs have the required information;
 - b. State Sales and Use Tax was not charged;
 - c. Purchases were for legitimate State business use;
 - d. Transaction logs and Cardholder monthly billing statements contain the Cardholder’s original signature;

- e. Sign the monthly billing statement and/or the Cardholder transaction logs signifying review and approval for payment. This responsibility cannot be delegated to another person;
 - f. All signatures are original signatures. Signatures made with rubber stamps are prohibited;
 - g. Submit all documentation and monthly billing statements for payment according to internally established procedures to ensure timely payment of the corporate billing statement.
- 6. Attend Level I training.
 - 7. Attend Level II training if supervising a Cardholder with Level II authority.

C. Cardholders

All Cardholders are de facto purchasing agents for the State and their individual employers. Accordingly, all Cardholders must have a minimum understanding of State purchasing laws and regulations as contained in the Code, and internal purchasing rules. Cardholder responsibilities and procedures include:

- 1. Prospective Cardholders must attend a Level I training course. The Cardholder and Card Approving Official (e.g. the Cardholder's supervisor) will sign the Terms and Conditions for Use of the P-Card confirming that he/she has been fully trained and understands and will abide by all policies and procedures regarding the card usage prior to receiving a P-Card.
- 2. Additional Level II training must be taken in order to make purchases above the "no compete" threshold. Cardholders must certify that they understand and will abide by the additional policies and procedures of the Level II training.
- 3. Maintain security of the account number, expiration date, and security code at all times.
- 4. Maintain knowledge of State P-Card Policy and internal policies and procedures.
- 5. Ensure all purchases are allowable purchases according to State and internal P-Card policies.
- 6. Ensure all purchases comply with purchasing requirements of the Code.
- 7. Ensure that funds are available prior to making any purchase
- 8. Obtain "best value" for the State when making purchases with the P-Card.
- 9. Maintain all documentation required by State and internal P-Card policies for a minimum of twelve months following each purchase. Minimum documentation requirements are:
 - a) Monthly acquisition file for audit and/or review;
 - b) Itemized receipt or invoice;
 - i. If receipt has been lost and a duplicate cannot be obtained, the P-Card Administrator can determine if internal policy will allow use of a Lost Receipt Affidavit. If allowed, a single Cardholder can use the form no more than three times in one fiscal year.
 - ii. Use of the affidavit more than three times in one fiscal year will result in suspension of card privileges.
- 10. Monthly billing statement sent to the Cardholder from the Bank.
- 11. Ensure the supplies or services are described in sufficient detail so the vendors and/or merchants have a clear understanding of what is being acquired. Some requirements, because of their complexity, may not be suitable for purchase using the P-Card and may necessitate the use of a written Purchase Order.
- 12. P-Card Purchases \$2,500.00 and under may be made without securing competitive quotations or any type of value analysis if the prices are considered reasonable. If a Cardholder, through prior experience (e.g., comparison with prices paid previously for the same or similar items, familiarity with the supply/service based on frequent purchasing) knows that the proposed price is fair and reasonable, he/she does not have to do any further prior evaluation or analysis. However, if the Cardholder suspects or has information to indicate the price may not be reasonable or is purchasing a supply or service for which no comparable pricing information is

- readily available, action should be taken to verify that the price is reasonable and supporting documentation maintained by the Cardholder for twelve months following the date of purchase.
13. Determine price reasonableness for purchases above \$2,500.00 by comparing pricing or pricing factors. This action must be documented and approved by the Agency P-Card Administrator prior to making the purchase.
 14. Cardholders who are buyers within a governmental agency may use the P-Card as a payment mechanism. The documentation requirements will be the same as those required for any other type of acquisition or purchase, except that Code compliance will also be required for each acquisition. For proper allocation of funds, a purchase requisition is prepared and a different reconciliation program may need to be utilized. To place the order and accept delivery the following procedures shall be followed:
 - a) Confirm the vendor will accept the State P-Card.
 - b) Ensure the merchant does not charge a “premium” for the use of the P-Card. If a merchant attempts to impose a premium, percentage (often 3%) or additional charge on the purchase, remind them that premiums/surcharges are prohibited by VISA. If the merchant does not remove the charge, cancel the purchase and notify Tracey Wopperer at the Bank immediately:

Tracey M. Wopperer (Vice President, Senior Account Manager
For State Agencies & Political Subdivisions)
(980) 388-7297 Office
(980) 233-7643 Fax
tracey.wopperer@baml.com

- c) Delivery instructions: instruct the vendor to use the following format and list the following information on the shipping label and packing slip:

Agency Name
Attn.: PC# /Name and Building
Building 1050 – Main Street
Columbia, S.C. 29201

- d) When a telephone order is placed for pick-up at a merchant’s facility, the Cardholder may designate a staff member to pick up the order. If someone other than the Cardholder picks up the order they should sign as having received the item(s). Their signature is not an approval for the purchase on the P-Card but for receipt of the product.
15. Sign the transaction log and the monthly billing statement. All signatures must be original signatures. Signatures made with rubber stamps are prohibited.
16. Submit all documentation to the supervisor or other approving official by internally established deadlines in order to ensure timely payment of the monthly billing statement.
17. **Data Entry** - Enter purchase information into the Bank P-Card System or form. The information description of each item purchased must be clearly & easily identifiable by any reviewer. This is required each time the P-Card is used for a purchase, whether it is done over the counter, by telephone, or online. The order must be entered (header and vendor ID required to secure a P-Card number from the System prior to placing the order on the telephone or internet as the purchase order number is generated for the P-Card System. When a purchase is made over the counter, the Cardholder may enter the information into the System after the purchase (same day). The Cardholder must also obtain a customer copy of the charge slip.

18. **Reconciliation** - The Cardholder will receive the Statement of Account (SOA) each month or one will be made available thru the WorksTM Program. The monthly transactions shall be processed & reconciled no later than the fifth day after receipt. The P-Card Reconciliation Program allows for daily reconciliation of transactions. The Cardholder is notified via e-mail each time a transaction is posted from the Bank and allows for immediate reconciliation in lieu of waiting for the SOA at the end of the month to reconcile the charge.
19. If the Cardholder will be absent from his/her office for more than four days after the SOA is received, he/she should notify the Agency P-Card Administrator if no system delegation has been made to another employee in the program area to reconcile the account. The P-Card System is set-up to enable daily reconciliation by the Cardholder. The System allows delegation to another employee for reconciliation purposes as well. If the absence is extensive and no delegation has been made, the Cardholder's Supervisor shall review the receipts/documentation and sign the SOA with an explanation as to why the Cardholder could not process the SOA in a timely manner. The SOA with receipts/documentation will be forwarded to the Agency P-Card Administrator for processing the reconciliation. The Agency P-Card Administrator shall provide training for an administrative alternate in the program area. Failure to review and/or process the SOA in a timely manner will be grounds to suspend and/or terminate the P-Card.

IV. Use of the P-Card

A. The P-Card is FOR OFFICIAL USE ONLY. The P-Card has the Cardholder's name embossed on it, and in accordance with VISA International regulations and State policy, can ONLY be used by that individual. Use of the P-Card by a Cardholder for a personal purchase and/or a purchase of supplies or services which the Cardholder had no authority to make, and/or use of the P-Card by a person other than the Cardholder are unauthorized and strictly forbidden. Unauthorized use of the P-Card for personal purchases or use of the P-Card by a person other than the Cardholder may result in disciplinary action, up to and including termination from State employment and criminal prosecution. Supervisors or other approving officials who knowingly, or through willful neglect, approve personal or fraudulent purchases are subject to the same disciplinary actions as Cardholders.

B. Cash Advances. Use of the P-Card to obtain cash advances or withdrawals is also strictly forbidden. Use of the P-Card to obtain such cash advances or withdrawals is not in compliance with the Contract and may subject both the Cardholder and the Bank to sanctions.

C. Allowable Purchases. The P-Card can be used for small value purchases of supplies, materials, equipment, or services, where not otherwise prohibited or restricted. All purchases must be within Cardholder assigned spending limits unless prior, written approval is received to exceed these limits. Ordering methods such as verbal, Internet or fax can be used under simplified acquisition procedures to acquire any type of supplies or services WITH THE EXCEPTION OF those items identified on the list of blocked Merchant Category Codes (MCCs). The P-Card can be used for orders placed against Statewide Term Contracts by the Materials Management Office such as the Laboratory Supplies, Office Supplies, and Personal Computers. Purchases from open market sources shall be distributed equitably among the qualified suppliers.

D. Prohibited Purchases

The following types of purchases are strictly prohibited by State policy. No exceptions will be granted unless otherwise indicated. This list must be included in lists of prohibited purchases in policies at the local program level:

1. Personal purchases of any kind (Personal purchases are defined as purchases of goods or services intended for non-work related use or use other than official State business).

2. Cash advances including use of the card or card number at Automated Teller Machines (ATMs), inside bank branches or at cash advance, quasi-cash and money transfer locations such as Western Union, Telecheck, etc.
3. Gift cards, stored value cards, calling cards, pre-paid cards or similar products.
4. Employee travel expenses, including lodging, transportation (except airline tickets), and meals.
5. Entertainment, including in-room movies.
6. Alcoholic beverages.
7. Tobacco products.
8. Fuel, repairs, and maintenance of State-owned or rental vehicles. Many of these purchases may be made with the State Fuel Credit Card, an alternate program.
9. Professional services.
10. Food for consumption by State employees.

E. STANDARDS OF CONDUCT

Contractors and State employees expending public monies hold a public trust; their conduct must meet the highest ethical standards. All State government employees and contractors must use the P-Card only to purchase supplies and services within the guidelines of this Policy. Cardholders and the Cardholder's Supervisor who make false statements on the P-Card records may be terminated from their position and may be fined, imprisoned, or both, as stated in the S.C.Code Ann. § 16-13-210. Contractor employees are subject to the standards of ethical conduct imposed by each contractor.

V. Program Compliance

A. Internal Controls. Each Agency's internal P-Card policy must establish an internal control structure that ensures compliance with the Code and State P-Card Policy. Internal controls shall include:

1. Appropriate separation of duties between making transactions (Cardholders), review and approval of transactions for payment (approving officials), and payment of the monthly billing statement (Accounts Payable).
2. Weekly independent review of all card maintenance activity if the P-Card Administrator is also a Cardholder.
3. Appropriate hierarchical review and approval of purchases by someone with supervisory authority over the Cardholder and/or with the authority to question purchases if needed.
4. No Cardholder can provide approval for payment for his/her transactions or of the corporate monthly billing statement. Review and approval responsibilities cannot be delegated to someone else.
5. Appropriate limits on the number of Cardholders assigned to a supervisor or approving official in order to ensure adequate review of business need and documentation (transaction logs, receipts/invoices, and monthly billing statement) for each purchase.
6. Provision for an annual independent audit or review of the P-Card Program by the P-Card Administrator, Internal Audit unit, or other unit assigned audit responsibilities. Reviews must address:
 - a) Adequacy of internal policies and procedures;
 - b) Appropriateness of cardholder spending limits;
 - c) Adequacy of review, reconciliation, and payment procedures; and
 - d) Adequacy of documentation for transactions.

B. Cardholder Spending (Credit) Limits. Spending limits enable management to provide Cardholders with the purchasing power to accomplish the needs of the job without exposing the State or the organization to unnecessary risk. Spending limits should be based on job responsibilities of the

Cardholder and/or of the job title. Cardholder spending limits must be reviewed at least annually to determine that actual usage is consistent with spending limits. Spending limits that are available are:

1. Cycle (Credit) Limit – The cycle limit is a mandatory spending limit that restricts the amount of purchases a cardholder can make in one billing cycle.
2. Single Transaction Limit (STL) – The STL is a mandatory spending limit imposed on each Cardholder account.
3. Number of Transactions per Day (Optional) - Management can choose to impose a maximum number of transactions on a Cardholder account in order to control use of the P-Card.

C. Card Issuance Requirements

1. Issuance is limited to one P-Card per Cardholder.
2. Cardholders must be full-time State employees. There will be no exceptions to the following:
 - a) Cards may not be issued to part-time employees, temporary workers, or contractors.
 - b) Cards will not be issued in the name of a Department or work unit to be shared by multiple employees.
 - c) Cards will not be issued to employees of foundations associated with any Agency.
3. An employee's supervisor and the Department Head must approve a Cardholder's application for a P-Card.
4. All training requirements as described in this Policy must be met before an employee receives the P-Card.

VI. Legal Issues

A. Failure to Comply with Laws, Policies, and Procedures. Cardholders or supervisors/approving officials who knowingly, or through willful neglect, fail to comply with the following may be subject to suspension or termination of card privileges or other disciplinary action, up to and including termination of employment and criminal prosecution to the fullest extent of the law.

1. The Code
2. State P-Card Policy
3. Internal policies and procedures governing procurement and the P-Card Program.

The MMO P-Card Coordinator reserves the right to withdraw any authority or delegated approval due to non-compliance with applicable laws, rules, regulations, policies, and procedures, or the terms of any conditional approval.

B. Internal Revenue Service 1099 Reporting

1. Sections 6041 and Section 6041A of Internal Revenue Service (IRS) rules require any organization, including governments, to report "reportable transactions" in excess of \$600 per year using the Form 1099-MISC. Each Entity is responsible for establishing procedures to ensure compliance with all federal laws applicable to reporting purchases from these vendors.
2. The Bank provides all P-Card Administrators with access to the VISA® Information Management System. This system reports purchases at the MCC's that the IRS has designated as "reportable" for purposes of issuing the Form 1099.

Appendix

Sample Suspension Memorandum for Delinquent Accounts

The below memorandum will be sent by mail as well as an e-mail attachment to both the cardholder and the card approving official:

Date:

To: Cardholder/Agency

Through: Agency Department Head

From: Cynthia Farling,
XYZ Purchasing Department

Subject: Suspension of Procurement Card Privileges

Bank of America has notified me your account is 30-60 days past due. Please complete your reconciliation and/or submit your delinquent paperwork within two weeks of the date of this memorandum or your P-card privileges may be suspended. Upon approval of your card approving official, your card will be reactivated for later use.

If you need any assistance with the reconciliation of your account or supporting documentation, please contact myself or Amy Stovall at extension 5415 or 1705.

Please contact me if you have any questions. Thank you for your prompt attention to this matter.

Sample Suspension Memorandum for Inappropriate Use

The below memorandum will be sent by mail as well as an e-mail attachment to both the cardholder and the card approving official:

Date:

To: Cardholder

Through: Agency Department Head

From: Cynthia Farling,
XYZ Purchasing Department

Subject: Suspension of P-card Privileges for Inappropriate Use

The Purchasing Department has identified a transaction on your purchase card that does not comply with the terms and conditions of the P-card program. A memo signed by the Agency Department Head must be sent to the P-card Administrator detailing the circumstances of the occurrence and stating full compliance.

If the memo is not received within five business days, the account will be suspended until receipt of the documentation.

If you need any assistance with the supporting documentation, please contact myself or Ann Turner at extension 5415 or 1705.

Please contact me if you have any questions. Thank you for your prompt attention to this matter.

COMMERCIAL CARD CLAIMS
STATEMENT OF DISPUTED ITEM

Instructions: Your company should first make good-faith efforts to settle a claim for purchases directly with the merchant. If assistance from Bank of America is required, please complete this form, and fax or mail with required enclosures within 60 days from the billing close date to:

Bank of America – Commercial Card Services Operations
P. O. Box 53101
Phoenix, AZ 85072-3101
Phone (800) 410-6465, FAX (888) 678-6046

Company Name: _____

Account Number: _____

Cardholder Name: _____

This Charge appeared on my statement, billing close date: _____

Transaction Date: _____

Reference Number: _____

Merchant Name/Location: _____

Posted Amount: _____ Disputed Amount: _____

(Cardholder Signature) (Authorized Participant Signature) (Date) (Phone Number)

Please Check Only One

1. _____ **Unauthorized Transaction:** I did not authorize, nor did I authorize anyone else to engage in this transaction. No goods or services represented by the above charge were received by me or anyone I authorized. My Bank of America card was in my possession at the time of the transaction.
2. _____ **Charge Amount Does Not Agree With Order Authorizing the Charge:** The amount entered on the sales slip was increased from \$_____ to \$_____. I have enclosed a copy of the unaltered sales slip.
3. _____ **Merchandise or Services Not Received: I have not received the merchandise or services represented by the above transaction. The expected date of delivery of services was _____. (Please describe your efforts to resolve this matter with the merchant, the date(s) you contacted them and their response.)**
4. _____ **Defective or Wrong Merchandise:** I returned the merchandise on _____ because it was (check one):
_____ defective; _____ wrong size; _____ wrong color; _____ wrong quantity.
(Please describe your efforts to resolve this matter with the merchant, the date(s) you contacted them, their response and proof of the return of merchandise. Please provide a detailed description of the wrong or defective nature of the merchandise.)
5. _____ **Recurring Charges After Cancellation:** On _____ (date), I notified the merchant to cancel the monthly/yearly agreement. Since then my Bank of America account has been charged _____ time(s). (Please enclose a copy of the merchant's confirmation of your cancellation request.)
6. _____ **Recurring Charges Already Paid by Other Means:** I already paid for the goods and/or services represented by the above charge by means other than my Bank of America Commercial Card. (Please provide a copy of the front and back on the cancelled check, money order, cash receipt, credit card statement, or other documentation as proof of purchase/payment. Describe your efforts to resolve this matter directly with the merchant, the date(s) you contacted them, and their response.)
7. _____ **Credit Appears as a Charge:** The enclosed Credit Voucher appeared as a charge on my Bank of America Commercial Card account.
8. _____ **Credit From Merchant Not Received:** I did not receive credit for the enclosed Credit Voucher within 30 calendar days from the date it was issued to me by the merchant shown above. (Please describe your efforts to resolve this matter with the merchant, the date(s) you contacted them and their response. Provide a detailed statement explaining your reason(s) for disputing this charge.)
9. _____ **Hotel Reservation Cancelled:** I made a reservation with the above hotel which I later cancelled on _____ (date) at _____ (time). I received a cancellation number which is _____. (Please describe how the reservation was cancelled, proof of cancellation and attempts to resolve this issue with the merchant.
_____ I was not given a cancellation number.
_____ I was not told at the time that I made the reservation that my account would be charged for a "No Show".
_____ I was not informed of the cancellation policy.

Cardholder Maintenance Form

A. General Information

Bank #:

Company Name:

Company#:

Cardholders Name:

Acct#(sixteen digits):

B. Standard Changes

Name Change		Address Change	
Name Line 1:		Address Line 1:	
Name Line 2:		Address Line 2:	
Reporting Unit Change		City/State/Zip:	
From:		Phone Number Change	
To:		Phone Number:	

C. Parameter Changes

Parameter Changes		Cash Advance Changes	
Credit Limit	<input type="text"/>	Cash Advance Capability:	<input type="text"/>
Single Purchase Limit	<input type="text"/>	% of Credit Limit:	<input type="text"/>
Daily Transaction #	<input type="text"/>	Send Pin #:	<input type="text"/>
Daily Dollar Limit	<input type="text"/>	MCCG Changes	
Monthly Transaction #	<input type="text"/>	Group Name:	<input type="text"/>
Cycle Transaction #	<input type="text"/>	Group Name:	<input type="text"/>
<input type="text"/>	<input type="text"/>	Group Name:	<input type="text"/>
<input type="text"/>	<input type="text"/>	Group Name:	<input type="text"/>
Internal Audit Code	<input type="text"/>	Group Name:	<input type="text"/>
Fleet Parameter Changes			
Vehicle/Driver Card:	<input type="text"/>		
Product Type Code:	<input type="text"/>		
Embossed Fuel Only Code:	<input type="text"/>		
Product Restriction Code:	<input type="text"/>		
Miscellaneous Changes			
Reorder Convenience Checks:	<input type="text"/>	Rewards:	<input type="text"/>

D. Replacement Cards

Card Replacement

SEND REPLACEMENT CARD TO:

	Name:
	Address:
Cancellation/Reinstatement	City/State/Zip:
	Phone Number:

Authorized By:	Date:
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