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.

Section III. A. 1.a) requires the agency to develop the internal policy governing the use of the P-Card including:

* Compliance with State P-Card Policy
* Provides for unique needs of the agency
* Responsibilities of agency P-Card Personnel and process for changes in personnel
* Criteria for obtaining P-Card
* Acceptable use of P-Card that cannot be less restrictive than State P-Card Policy

Internal Controls should be documented and sufficient to reasonably ensure compliane:

* Separation of duties
* Hierarchical review and approval of purchases
* Cardholder cannot approve his own transactions
* Provision for independent audit at least annually

Ensure the agency has sufficiently documented internal controls and audits to prevent and/or detect misuse or fraudulent use of the P-Card.

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

Adopt forms 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 9/9/21

| **Index** | **Description** | **Location** |
| --- | --- | --- |
|  | **Program Overview** |  |
|  |  |  |
|  | **Program Administration** |  |
|  | Merchant Category Codes |  |
|  | Spending Limits - Agency’s framework and criteria for establishing single transaction limits (STL) and credit limits |  |
|  | Emergency Procedures |  |
|  |  |  |
|  | **Program Compliance** |  |
|  |  |  |
|  | **Program Administration** |  |
|  | Responsibilities of agency P-Card program personnel and  Process for changes in personnel |  |
|  | **Use of the P-Card**  Acceptable use of the P-Card  (cannot be less restrictive than State P-Card Policy) |  |
|  | Standards of Conduct |  |
|  | Allowable and prohibited transactions   * Cash advances * Oder Splitting |  |
|  | Procedures to ensure security over P-Card account information |  |
|  | Method for reporting suspected misuse or fraudulent use |  |
|  | Provision for review of the internal policy for adequacy at least annually |  |
|  | **Accounting requirements** |  |
|  | **Reconciliation procedures and timelines** to ensure timely payment of statement |  |
|  | Agency procedures for compliance with State Policy regarding documentation of transactions |  |
|  | **Record retention policy** for program administration and transactions |  |
|  |  |  |
|  | **Provision for audit or other independent review** of all areas of program administration and transactions at least annually |  |
|  | **Program Auditor** – an employee, not associated with the agency’s P-Card program, 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. |  |
|  |  |  |
|  | **Procedures for requesting P-Cards and approving Cardholders**. |  |
|  | Agency criteria for obtaining a P-Card |  |
|  | 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 and documented before card issued.  Cardholder provided a list of prohibited transactions at time of card issuance. |  |
|  | Cardholder Spending Limits |  |
|  | **Single Transaction Limits** - Agency’s framework and criteria for establishing single transaction limits (STL) and credit limits  Responsibility for determination and approval of individual STLs and credit limits based on budget constraints assigned, Cardholder job responsibilities, knowledge, skills and abilities, historical spending patterns, and overall procurement practices. |  |
|  | **Cardholder Agreement**:   * Cardholder acknowledges responsibility to use card according to State and Agency P-Card Policy and that training completed. * No prohibited transactions * Single Transaction Limit * Credit Limit * Supervisor/Approver named |  |
|  |  |  |
|  | **Roles and Responsibilities of P-Card positions** |  |
|  | **P-Card Program Positions**  roles and responsibilities assigned as required for the size of the program, i.e., volume and size of transactions, span of control, and separation of duties. |  |
|  | Provision to provide **written designation of PCA** to the DPS P-Card Coordinator. Group A agencies also provide written designation to the OCG. |  |
|  |  |  |
|  | **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. |  |
|  | Assign Cardholders to Supervisors/Liaisons  Span of Control must be reasonable |  |
|  | Ensure that a STL and a credit limit is assigned to each card and record the dollar amounts of those limits on the employee cardholder agreement |  |
|  | Agency 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 to maintain security over P-Card account information |  |
|  | Develop default **accounting codes** |  |
|  | Monitor Cardholder accounts at least annually for inactivity and promptly close accounts and cards that are no longer needed |  |
| . | Provide documented **Level I and II training** programs and a documented record and acknowledgement of training for every employee with program responsibility. |  |
|  | **P-Card Statement Certification** monthly by due date |  |
|  |  |  |
|  | **Supervisor/Approvers** |  |
|  | Monitor transactions to ensure purchases are for legitimate State business |  |
|  | Review all documentation and sign and date monthly statement – this responsibility cannot be delegated |  |
|  | Requirement that the supervisor’s signature signifies that the supervisor has examined all documentation, determined that the transaction was business related, and that all required documentation is in the file and agrees to the statement. |  |
|  |  |  |
|  | **Liaisons** |  |
|  | **Department Liaison** – an employee in each department who is responsible for reviewing transactions of individual Cardholders to make sure the transactions are classified properly and comply with State P-Card Policy. |  |
|  | Documented review of cardholder transactions for compliance with State P-Card Policy  The Liaison will create and sign a separate copy of the checklist for each statement reviewed, and include in the file with the statement |  |
|  |  |  |
|  | **Cardholders** |  |
|  | Spending limits |  |
|  | Placing an order |  |
|  | Document all transactions |  |
|  | Reconciliation procedure and due date |  |
|  | Sign and date monthly statements |  |
|  |  |  |
|  | **Types of Accounts** |  |
|  | Standard |  |
|  | Ghost |  |
|  | Lodging |  |
|  | Social Media |  |
|  |  |  |
|  | **Legal Issues** |  |
|  | Consequences for misuse of the P-Card |  |
|  | Detail list of consequences of misuse or fraudulent use, and responsibility for reporting and executing corrective actions assigned |  |