



Department of
Administrative Services

Professional Development

Providing Training for
State Purchasing Professionals

Customer Focused, Performance Driven



Overview of Revisions to the Statewide Purchasing Card Policy

February 2011

Department of Administrative Services
State Purchasing Division

statepurchasing.doas.georgia.gov



Webinar House Rules

- Webinar length- 2 hours
- Questions – Please hold until the end of the presentation



Your Presenter



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Webinar Objectives

The purpose of this webinar is to:

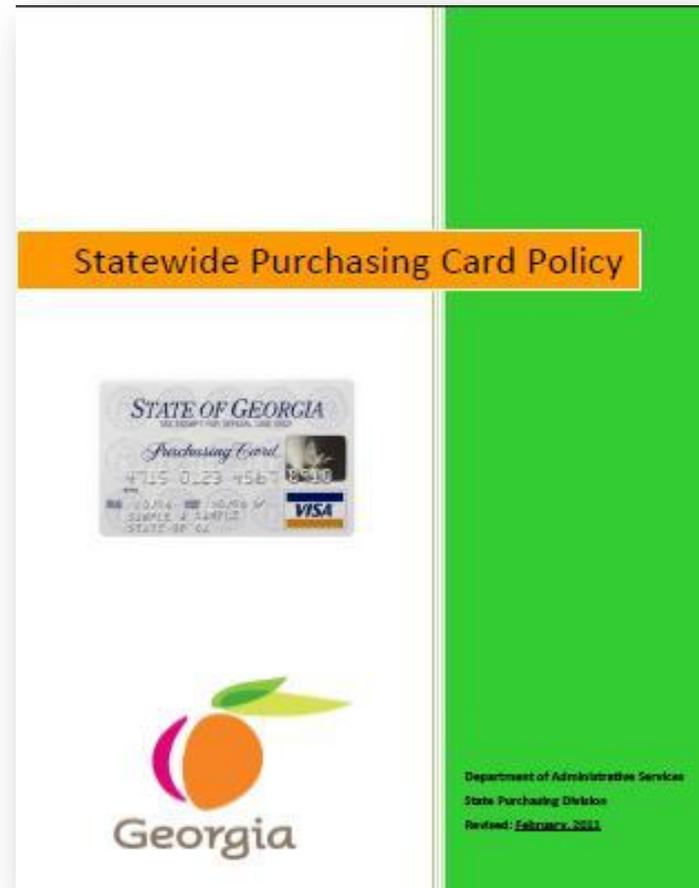


- Provide an overview of the latest revision to the Statewide Purchasing Card Policy, effective February 14, 2011
- Answer questions related to this latest policy revision

Why another revision?

According to the Policy, it is the responsibility of the State Cards Program Manager to **“Review the Policy at least annually to ensure that it is in keeping with ‘best practices’ in the purchasing card industry and that it allows participants in the Program to utilize the P-Card and related accounts to their utmost advantage in the procurement process within sufficient control guidelines.”**

The release of this revision was held to coincide with the release of the new Georgia Procurement Manual (GPM).



Easily find the latest version of the policy.

The latest version of the P-Card Policy can always be found on the DOAS website at doas.ga.gov.

- From the home page, under Features, click on Statewide Card Programs
- Click on “Learn more...”
- Look for the policy in the Purchasing Card section
- You’ll also find an executive summary of the latest revision





How are these changes arrived at?

- Changes are made based on recommendations from program participants
- The policy is updated based on legal and administrative updates
- Industry best practices are reflected
- Policies are revised based on observations from Policy Exception Approvals
- Updates are made based on recommendations from the DOAS Process Improvement Team or the state Department of Audits and Accounts
- Clarifications of previous policies or policy changes are made



Section IV: State Entity Program Roles and Responsibilities

IV.A.1.i. – Card Program Admin Responsibilities

Page 9

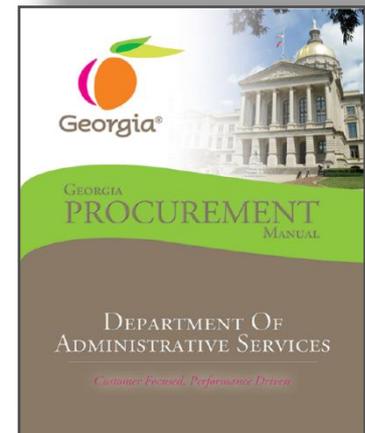
Overview:

Added language from Georgia Procurement Manual (GPM) requiring Program Administrators to:

- A. analyze entity spend at least quarterly, and
- B. monitor compliance with GPM

Comments:

This change aligns the responsibilities of the Program Administrator with requirements outlined in the GPM to ensure adherence to State purchasing regulations and laws.





IV.A.6.iii. – Card Program Admin Responsibilities

Page 11

Overview:

Prohibits generic “P-Card” general ledger accounts and requires allocating transactions to appropriate expenditure accounts.

Comments:

This is an industry best practice and stems from guidance from the Department of Audits and Accounts. It prevents P-Card transactions from being lumped together and allows for more accurate allocation and data analysis in compliance with State regulations.

IV.B.4 – Supervisors/Approving Officials

Page 12



Overview:

Added specific language on recommended timeline for transaction review. “DOAS recommends weekly review, but transactions must be reviewed at least monthly.”

Comments:

Again, this is based on industry best practices but is also required to ensure compliance for coverage under the Visa Liability Waiver program which protects participants from fraud or misuse. All disputed transactions must be reported to the Bank within two billing cycles.





IV.B.5.vii. – Supervisors/Approving Officials

Page 12 (Repeated in C.8. – Page 14)

Overview:

Language has been added to allow a paperless process for transaction logs while meeting the legal requirements as set forth in State Law. Also allows for “electronic sign-off” for the processes.

Comments:

Based on customer feedback and industry best practices, the goal is to support a paperless environment while maintaining the legal requirements for a transaction log.

Includes requirements for both Team Georgia Marketplace™ and non-Team Georgia Marketplace™ entities.



Section V: Use of the Card and Related Accounts



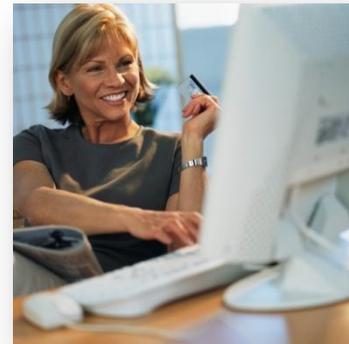
Opening – Page 14

Overview:

Throughout the policy, but specifically here in Section V, language has been added to include non-plastic card based accounts and their usage.

Comments:

Provides guidance on who may use various account types to include traditional cards as well as other accounts (such as Ghost Cards) where no plastic card is issued.



V.A. – Recommended Purchases

Page 14



Overview:

This is a new section added to promote and encourage use of P-Cards in Team Georgia Marketplace™.

Comments:

The P-Card is a perfect compliment to Team Georgia Marketplace™. In order to fully optimize the efficiencies of this eProcurement system, integration of payment with the P-Card is recommended.

- All transactions in Team Georgia Marketplace™ are eligible to be paid with the card
- The card can also be used for in store purchases as well as with Agency Contracts when ePro is used

V.B.5.iii. – Allowable Purchases

Page 16

Overview:

Added specific circumstances under which certain alcoholic beverages (such as cooking wine) may be purchased.

Comments:

Based on feedback from technical schools with culinary arts programs, we provided specific conditions which, if met, will allow the programs to purchase alcoholic beverages to be used in classroom settings only.





V.B.9. – Section *REMOVED*

Overview:

We have eliminated the prohibition of use of the card for professional services as defined by O.C.G.A. §14-7-2(2).

Comments:

The restriction of the use of the card for the professional services is believed to have been added to policy to comply with IRS 1099 rules. With the recent changes to these rules (addressed later in this presentation), it is no longer necessary to prohibit the use of the cards for these services.



V.C.8. – Prohibited Purchases

Page 17

Overview:

Language has been added to clarify which fleet related purchases may be made with the P-Card.

Comments:

- Fuel, mechanical repairs and maintenance of State-owned and rental vehicles remain prohibited
- Non-mechanical body shop repairs not covered under the ARI Vehicle Maintenance Contract will be permitted
- Exception process remains for the prohibited purchases
- DOAS, including the Office of Fleet Management , is currently reviewing the exception process for prohibited fleet related purchases

V.C.10. – Prohibited Purchases

Page 17

Overview:

Added language prohibits use of the cards to pay for retail or wholesale club memberships.

Comments:

Because of the potential for misuse as well as the potential for personal benefit through the use of such clubs, the decision was made to prohibit the use of the P-Card and related accounts for purchasing memberships to wholesale clubs such as Sam's Club, Costco and BJ's.





V.G. – Clarification on Credit Card Fees and Convenience Fees

New Section, Page 18

Overview:

The previous guidance regarding “convenience fees” charged by vendors as a condition of accepting the cards has been added to policy.

Comments:

- Based on VISA[®] regulations, vendors (or merchants) are permitted to charge convenience fees only under certain circumstances and may not impose surcharges or processing fees
- According to policy, “Convenience fees charged in accordance with Visa guidelines...are permitted “ on qualifying transactions. All other charges should not be paid
- If you have a questions about whether a fee was charged correctly, please contact the State Cards Program Manager



V.H. – Ghost Card Accounts

New Section, Page 19

Overview:

Verbiage has been added to allow for the use of “Ghost Cards”

Comments:

- “Ghost Cards” are cardless P-Card accounts established for the payment of monthly or other periodic charges to an established vendor of a State entity

- Not the same as “department cards” which remain prohibited by policy

- “Ghost Cards” are restricted to a particular vendor and secured by:
 - MCC restriction
 - Transaction and monthly cycle limit controls
 - Requirement of an account custodian



Section VI: Program Compliance



VI.D.2. – Account Issuance Requirements

Page 22

Overview:

Attempted to clarify account holder eligibility based on employment status.

Comments:

Based on input primarily from the Board of Regents, “Account holders must be permanent, part-time or full-time State employees whose job requires the use of a purchasing card or related account.”

- Still no student employees, temporary workers or contractors
- No “department cards”
- No foundation employees



Section VII: Legal Issues



VII.B & C. – Background & Credit Checks

Page 23

Overview:

The requirements for credit and background checks apply to non-card based accounts as well.

Comments:

P-Card products where no physical card is issued such as Ghost Cards and ePayables, fall under the same legal requirements as card based accounts: account users must meet the eligibility requirements and pass the credit check and background check required by policy and by State law.



VII.G. – Internal Revenue Service 1099 Reporting

Page 25

Overview:

Based on changes to the Internal Revenue Services (IRS) Internal Revenue Code, Sections 6050W, which affects sections 6041 & 6041A, card based transactions no longer fall under 1099 reporting requirements.

Comments:

In a significant industry shift, the burden of 1099 reporting will fall on a vendor's merchant services provider only for card based transactions. The end user will no longer be required to meet these requirements.

- Reporting for all other payment types remains the responsibility of the entity making the payment

- That includes checks and ACH

- Exemption also applies to TIPRA* 3% withholding

(*Tax Increase Prevention and Reconciliation Act of 2005)





Questions?

Use the chat or question box
to enter your questions.
Questions will be answer in
the order entered.

