**PROCUREMENT AND CONTRACTS
STATE PROCUREMENT CARD (P-Card) PROGRAM PROCEDURES***(revised July 2017 )*

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**100 P-CARD PROGRAM SUMMARY**

The State of Kansas contracts with UMB Bank for the State Procurement Card (P-Card) program. The P-Card program allows agencies to purchase commodities, services, and capital items (within program guidelines) with P-Cards issued by UMB Bank (UMB) to agency employees. Cardholders obtain detailed (itemized) receipts for all transactions. P-Card transactions are uploaded from VISA to SMART on a daily basis and are electronically reconciled and approved in SMART. Agencies retain original receipt documents and any other documentation supporting transactions in their files.

**110 Interagency Agreement**

In order to participate in the P-Card Program, the agency must complete an Interagency Agreement for Procurement Card Program. The Interagency Agreement specifies agency and Department of Administration responsibilities regarding the agency's P-Card program.

**120 Responsibilities of Key Individuals in the P-Card Process**

1. P-Card Administrator. The agency P-Card Administrator is responsible for the overall operation of the program at the agency, including P-Card issuance and cancellation, reporting of lost or stolen P-Cards, changing limitations of expenditures placed on individual P-Cards, and setting-up cardholder profiles for P-Cards in SMART. The P-Card Administrator is also responsible for cardholder training, maintenance of an up-to-date agency P-Card Manual, and shall have authority to enforce compliance with all accounting and purchasing statutes, regulations and policies to ensure the valid use of all P-Cards.
2. P-Card Approver. The P-Card Approver is responsible for approving transactions uploaded from VISA to SMART:
	1. The Approver shall ensure that transaction details per SMART are reconciled on a current basis at the cardholder detail level and authenticate the validity of each transaction to detailed transaction receipts and any other documentation supporting transactions.
	2. The Approver shall ensure that all disbursement data in SMART is accurate, authorized, properly coded, adequately documented, and that the goods and services purchased through use of the P-Card were received by the agency.
	3. The Approver shall have complete access to all documentation to support the data entering the accounting system.
	4. The Approver shall immediately follow-up on any unusual P-Card activity with the cardholder, the P-Card Administrator and any other appropriate agency officials.

C. P-Card Cardholder. The cardholder must be a State employee and is responsible for maintaining security over the P-Card, using the P-Card only for official state business and for compliance with State accounting and purchasing statutes, regulations and policies including all policies the cardholder's agency implements in the use of the P-Card. In addition, the cardholder is responsible for obtaining detailed (itemized) receipt documents supporting all P-Card transactions.

D. Procurement and Contracts.

1. Procurement and Contracts is responsible for providing ongoing program information to P-Card Administrators and providing necessary assistance to agencies upon the request of P-Card Administrators.

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2. Procurement and Contracts is also responsible for auditing the agency's P-Card transactions on an annual basis to ensure compliance with all applicable accounting and purchasing statutes, regulations and policies in the operation of the P-Card Program.

E. Agency. The agency is responsible for maintaining necessary internal controls and implementing recommendations resulting from audits by the Procurement and Contracts and other independent audits of the Program, including the Legislative Division of Post Audit. Also, the agency is responsible for maintaining written procedures for the agency’s P-Card program.

**130 Acceptance of P-Card**

The P-Card may be used for appropriate purchases from vendors who accept the VISA card (in-store purchases, as well as mail, telephone, Internet and fax orders).

**140 P-Card Allowed for Official State Business Only**

P-Cards are issued at the request of an agency in an employee's name and are the property of the State to be used for the State purposes defined in this document. Since P-Cards are restricted to State use only, a cardholder's personal credit history is not reviewed as part of the P-Card issuance process. P-Card usage is audited by both the agency and the Department of Administration.

A. The cardholder may not make personal purchases with the card.

1. In the first instance of a personal purchase with a P-Card, the personal purchase may be left on the P-Card if immediate reimbursement is received from the cardholder.
2. State agencies should correct any subsequent personal purchases by reversing the original charge rather than by receiving reimbursement from the cardholder.
3. In addition, the card should be cancelled if personal purchases are made with the P-Card on an ongoing basis.

B. P-Cards are issued for official State business. Items which will not be paid through the State accounting system (i.e., funds in the State Treasury) may not be purchased with the P-Card.

C. Cash advances are prohibited P-Card transactions.

**150 Compliance with State Policies and Procedures**

The P-Card is not intended to avoid or bypass State policies and procedures. Rather, the P-Card is to be used within the guidelines of existing policies. Purchases that would not normally be allowed should not be made using a P-Card.

**160 Reporting of Lost or Stolen P-Cards**

Lost, stolen or compromised P-Cards should be immediately reported to the agency P-Card Administrator and also to UMB Bank at the phone number listed below.

 **800-821-5184 (24 hours a day; 7 days a week)**

**170 P-Card Card Issuance and Activation**

1. P-Cards are issued in the names of specific State employees. A P-Card should only be used by the employee to whom it was issued. P-Cards should never be shared among employees of a work unit, etc.
2. Employees are not personally liable for charges to P-Cards, unless P-Cards are used inappropriately.
3. The agency's P-Card Administrator is responsible for requesting P-Cards from UMB Bank.
4. UMB Bank forwards new P-Cards to the Agency P-Card Administrator.
5. The Agency P-Card Administrator provides training to cardholders and completes a Procurement Cardholder Agreement, to be signed by the cardholder. The completed and signed Cardholder Agreement should be retained by the agency.
6. Upon completion of the above steps, P-Cards are given to the cardholders.
7. Cardholders should sign cards immediately and store cards in secure locations.
8. The card issuer (UMB Bank) has implemented a card activation feature for all P-Cards. The nine-digit activation number is the cardholder's social security number unless other arrangements have been made between the agency Administrator and UMB Bank. This procedure includes new issuances, normal expiration reissues, and replacement cards for damaged or lost cards. If an Administrator requests a reissue, the account is deactivated immediately. Administrators are responsible for ensuring that cardholders are aware of the activation code.
9. P-Cards are generally reissued every two years.
10. **Cardholder Profiles must be set-up in SMART for all P-Cards. If a Cardholder Profile is not set-up in SMART for a P-Card, transactions associated with that card will be in a ‘suspense’ status in SMART until a Cardholder Profile is subsequently added to SMART.**

**180 Rebates Received From UMB Bank**

A. Agencies participating in the State's P-Card Program receive rebate checks from UMB bank for transactions charged to P-Cards in the previous calendar year. Rebate amounts are calculated based on a percentage of the amount of transactions charged to P-Cards during the rebate period. Rebate rates are summarized in contract 42641.

The Department of Administration receives a percentage of the rebate distribution to offset the cost of administering the program, i.e., annual audits, providing assistance to agencies, conducting training, etc.

B. Rebates received should be deposited in the State Treasury and may be coded as a reduction to current fiscal year expenditures.

**200 - P-CARDS – CARDED AND CARDLESS ACCOUNT OPTIONS**

The P-Card program has both carded and cardless options available, as described below:

**210 P-Cards (Plastic)**

Commodities, capital outlay items and contractual service items (coded in the 52000, 53000 and 54000 series of account codes) may be charged to P-Cards (Plastic). Individual P-Card transactions are limited to $5,000 per purchase. Orders charged to P-Cards shall not be split in order to avoid P-Card transaction limits. If account limits are not sufficient for the cardholder’s needs, the cardholder should request that the agency’s P-Card Administrator raise the limits, if appropriate. The ongoing occurrence of split orders will result in Card cancellation.

1. 1099 reportable transactions are allowable P-Card purchases. IRS regulations require Merchant Banks (not the State) to be responsible for 1099 reporting for P-Card transactions.
2. Agencies are free to establish transaction dollar limits of less than $5,000 ($500, $1,000 or $2,000, for example). In addition, agencies have an option to set limits on the number of daily and billing cycle transactions for each P-Card. Desired P-Card transaction limits should be communicated to UMB Bank.
3. Billing cycle limits should initially be set no higher than $10,000 for P-Cards, unless historical usage justifies higher limits.
4. P-Cards (Plastic) shall always be issued in the name of an individual. Only one regular P-Card should be issued to an individual, unless an exception is approved by the Department of Administration.
5. P-Card Accounts with no usage for one calendar year should be reviewed and cancelled if future usage is not anticipated, or deactivated (credit limit reduced to $1) if future usage is anticipated.

**220 P-Cards (Plastic) with Travel Expense Option**

P-Cards (Plastic) with the travel expense option can be used by State employees to pay for most travel expenses while on official State business. In addition, those cards can also be used for purchases of commodities, capital outlay items and contractual service items. Use of P-Cards (Plastic) with the travel expense option is optional, not mandatory. Agencies also have the option of limiting the types of travel expenses charged to P-Cards (Plastic) with the travel expense option (for example, lodging only cards, etc.).

1. Billing cycle limits should initially be set no higher than $10,000, unless historical usage justifies higher limits.
2. P-Cards (Plastic) with the travel expense option shall always be issued in the name of an individual and are limited to $5,000 per transaction.
3. Cardholders must sign Cardholder Agreements.
4. Most travel expenses are appropriate transactions for P-Cards (Plastic) with the travel expense option (lodging, vehicle rentals, travel tickets, local transportation expenses, conference registration, fuel purchased for State-owned or rental vehicles, parking and other miscellaneous expenses, such as supplies, postage, etc.)
5. **Meals are prohibited P-Card transactions.**
6. **Room service, personal phone calls, movies, laundry and other miscellaneous personal charges, and any other charges not considered reimbursable under the State Travel Expense guidelines are also prohibited P-Card purchases.**

1. Travel expenses charged to P-Cards (Plastic) with the travel expense option must be in compliance with the requirements of the State’s Travel Expense Reimbursement Handbook. Special emphasis should be placed on compliance with the following sections of the State Travel Expense Reimbursement Handbook:

Section 3300 – Travel by Public Transportation

Section 3400 – Travel by Charter or Rental of Special Conveyance

Section 4003 – Travel to High Cost Geographic Areas

Section 4200 – Lodging Expense Reimbursement

Section 5000 – Miscellaneous Expenses

1. Agencies are responsible for minimizing risks associated with P-Cards (Plastic) with the travel expense option:
	1. Set reasonable transaction and credit limits in the VISA transaction validation system (for example a $1,000 limit for a lodging only card). UMB has set-up several strategies in the VISA transaction validation system for P-Cards (Plastic) with the travel expense option.
	2. Limit valid merchant types associated with P-Cards (Plastic) with the travel expense option as much as possible in the VISA transaction validation system. For example, if a card is only authorized by the agency for lodging transactions, valid merchant types in the VISA transaction validation system should be limited to lodging establishments.
	3. Be selective in issuing P-Cards (Plastic) with the travel expense option to agency employees. Cancel P-Cards if the cardholder has multiple instances of inappropriate usage (non-compliance with State travel and P-Card requirements, no show charges for lodging, personal expenses charged to the card, etc.) In addition, any personal expenses charged to the card must be immediately reimbursed to the agency by the cardholder.
2. Agencies are responsible for adequately documenting transactions charged to P-Cards (Plastic) with the travel expense option.
	* 1. Obtain detailed, legible receipt documents for all transactions.
		2. Include written agency out-of-state travel approval documentation with documentation for travel transactions.
		3. Input a brief ‘purpose/description of travel’ into the ‘Description’ field for all travel transactions when reconciling transactions in SMART.
3. Refer to Procurement and Contracts Informational Circular 13-02 for additional guidance regarding use of P-Cards (Plastic) with the travel expense option.
4. In addition, the guidance provided in sections 210 and 240 of this document also applies to P-Cards (Plastic) with the travel expense option.
5. In instances where one night's lodging must be prepaid as a condition of making lodging reservations for an employee, the one night's lodging prepayment may be charged to an agency P-Card (Plastic) with the travel expense option..

**230 P-Card Contract Accounts (Cardless Accounts)**

Contract Accounts are established to purchase only those commodities, capital items and contractual services (as specified in Section 210) included on statewide open-end contracts **(only if the name of a procurement officer from Procurement and Contracts is referenced in the contract)** and items offered in the state use catalog (State of Kansas Products and Services Catalog). **If the name of a procurement officer from Procurement and Contracts is not listed in a contract, purchases from that contract vendor shall not be made with Cardless Contract Accounts.**

* + - 1. Items not included on statewide open-end contracts and the state use catalog shall not be purchased with Contract Accounts.
			2. Transaction limits may exceed $5,000 and shall be negotiated with UMB Bank.

* + - 1. Billing cycle limits should initially be set no higher than $10,000, unless historical usage justifies higher limits.
			2. **Contract Accounts shall always be issued in the name of an individual.**

**240 P-Card Travel Accounts (Cardless Accounts)**

Agencies are authorized to establish one central P-Card Travel Account (cardless VISA account) or one P-Card Travel Account at each significant business unit level for the payment of lodging, conference registration fees, airfare and car rentals for employee travel on state business.

* **Meals are prohibited P-Card transactions. Room service, personal phone calls, movies, laundry and any other miscellaneous personal expenses, and any charges not considered reimbursable under the State Travel Expense guidelines are also prohibited purchases for P-Card Travel Accounts.**  Refer to Procurement and Contracts Informational Circular 13-02 and Section 220 of this document for additional guidance regarding the use of P-Cards for travel expenses.
* Billing cycle limits shall be negotiated with UMB Bank and should initially be set no higher than $10,000, unless historical usage justifies higher limits.

• The use of P-Card Travel Accounts is restricted to travel for state business, i.e., the P-Card Travel Account shall not be used for personal travel.

* P-Card Travel Accounts are not required to be issued in the name of an individual.

A. Travel Tickets

1. Use of the P-Card Travel Account, or a P-Card (Plastic) with the travel expense option, is mandatory for the purchase of all airline travel and optional for rail travel made through the State’s contractor for Travel Agency Management Services. Use of the P-Card Travel Account is optional for purchases of all air and rail tickets not made through the State’s contractor for Travel Agency Management Services.

2. In order for agency employees to use the P-Card Travel Account to purchase airfare through the contract vendor for Travel Agency Management Services, the agency must first provide the account number and expiration date to the contract vendor.

3. As travelers are making reservations through ticket outlets other than the State's contractor for Travel Agency Management Services, they need to be aware that air carriers have varying policies regarding the presentation of the actual credit card used to purchase airfare at the airport.

* 1. Baggage insurance ($1,250) is provided to employees if tickets are purchased with a P-Card Travel Account or with a P-Card (Plastic) with the travel expense option.
	2. Flight insurance is provided to State employees if tickets are purchased with a P-Card Travel Account or with a P-Card (Plastic) with the travel expense option.

State employees are covered by travel insurance if a plane goes down for mechanical reasons.

* If there is a mechanical failure of the aircraft and a loss of life of the traveler, there is coverage of $500,000 which is paid to the estate of the employee.
* If there is a loss of life of the traveler from an act of "war" or "terrorism", the employee is not covered by travel insurance. This noncoverage of travel insurance is a result of the United States being officially “at war" since September 11, 2001.

 B. Lodging

1. Both in-state and out-of-state lodging arrangements can be charged to the P-Card Travel Account.

2. The agency is responsible for ensuring that lodging rates are within the State guidelines for the particular location and that only room and taxes are charged to the P-Card Travel Account.

3. Upon request, UMB Bank will provide the agency with a transmittal document containing account verification information that can be provided to lodging establishments when making reservations.

4. While acceptance of the P-Card Travel Account for lodging is high overall, lodging establishments occasionally will not accept the account for payment of a traveler’s lodging charges. If a traveler experiences acceptance issues, the agency should contact UMB Bank to resolve those issues.

C. Payment of Prepaid Lodging

One night’s lodging prepayment may be charged to the agency P-Card Travel Account or a P-Card (Plastic) with the travel expense option in those instances where one night's lodging must be prepaid as a condition of making lodging reservations for an employee.

D. Car Rentals

1. In order for agency employees to charge car rentals to the P-Card Travel Account or a P-Card (Plastic) with the travel expense option, the agency must first provide the account number, expiration date and CVV code to the contract vendor(s) for Vehicle Rental Service.

2. The contract vendor(s) will then provide the agency with the vendor’s internal account number that is associated with the P-Card Travel Account or P-Card (Plastic) with the travel expense option. This number should be referenced by agency employees when renting vehicles from the contract vendor.

3. VISA provides your agency protection from collision damage liability when renting automobiles, mini-vans and sport utility vehicles with either P-Card Travel Accounts or with P-Cards (Plastic) with the travel expense option. Employees should choose to decline the Loss Damage Responsibility Waiver (LDW) when renting these types of vehicles from the contract vendor (Hertz). (The Loss Damage Responsibility Waiver (LDW) is referred to elsewhere in the rental car industry as Collision Damage Waiver (CDW.)

* **Please note that protection from collision damage liability is only provided by VISA when the person driving the vehicle is listed on the rental agreement with the car rental company. If multiple drivers are anticipated, those drivers must be included on the rental agreement in order for your agency to have protection from collision damage liability.**
* VISA does not provide protection from collision damage liability when agencies rent large size passenger vans, pickups, or cargo vans with either P-Card Travel Accounts or P-Cards (Plastic) with the travel expense option. However, Collision Damage Waiver (CDW) protection is included in the statewide contracted rates for those vehicles (Contract 37354).

4. Claims for damage (collision damage waiver protection) to rental vehicles (automobiles, mini-vans and sport utility vehicles) should be reported to VISA as soon as possible after an accident / damage occurs. Refer to ‘Accidents’ at the State Agency Vehicle Usage tab on the Facilities (Department of Administration) web-page.

E. Expiration Dates for P-Card Travel Accounts

UMB Bank will communicate new expiration dates and CVV codes to your agency prior to the current expiration date of the P-Card Travel Account. The agency should communicate this information to the contract vendor(s) for Vehicle Rental Service and Travel Agency Management Services prior to the account’s current expiration date in order to avoid disruption in service of the account.

**250 Automotive P-Cards (Plastic)**

Purchases of fuel for agency owned or rental vehicles may be charged to Automotive P-Cards.

1. Two card options are available for Automotive P-Cards:
	1. Automotive P-Cards assigned to agency owned vehicles - These cards are embossed with the agency name and vehicle (State tag) number, and are limited to purchases of automotive fuel and minor vehicle repair / maintenance charges.
	2. 'Generic' Automotive P-Cards - These cards are limited to purchases of automotive fuel for vehicles rented from the contract vendor for Vehicle Rental Service. Generic Automotive P-Cards are embossed with the agency name and are identified as "Hertz 1", "Hertz 2", etc.
	3. Rental charges for vehicles rented from the contract vendor for Vehicle Rental Service should never be charged to Automotive P-Cards. Also, repairs for rental vehicles are not appropriate P-Card transactions.
2. We strongly recommend that signatures not be attached to Automotive P-Cards. (Attaching signatures to Automotive P-Cards restricts usage of the P-Card when the vehicle is being driven by an employee other than the person who signed the card.) UMB Bank has indicated that transactions would be authorized if the following procedures are performed:
	1. Signature blocks on the back of cards should be left blank.
	2. Labels stating "For official State business only" should be attached to card signature blocks.
	3. Card users should be prepared to verify that they are State employees.
	4. Vendors can easily verify that vehicles are either state-owned or rental vehicles.
3. Employees should sign Procurement Cardholder Agreements if agency owned vehicles are permanently assigned in their name. Although Cardholder Agreements are not required for cards assigned to "pool" vehicles or for "Generic" Automotive P-Cards, we recommend that someone be assigned these cards for safekeeping and usage tracking purposes.
4. Agencies are encouraged to obtain card jackets for Automotive P-Cards. Cards and receipts documenting purchases can be stored in card jackets and vehicle keys can also be attached. Use of card jackets can significantly reduce the number of lost receipts
5. Federal excise tax is charged when automotive fuel is purchased with Automotive P-Cards. Each agency is responsible for taking appropriate action to claim any refunds of Federal excise taxes available to the agency.

**300 APPROPRIATE P-CARD PURCHASES**

In addition to the general guidance provided in Section 200 regarding P-Card usage, clarification regarding the appropriateness of specific purchases is detailed below:

**310 Clarification of Specific Allowable P-Card Purchases**

1. Hazardous chemicals and materials, controlled substances and radioactive materials may be purchased with the P-Card, if the cardholder has the appropriate certifications on file with the vendor. VISA has no restriction on the purchase of these types of commodities other than that they must be obtained legally. If the vendor is willing to accept orders using the P-Card, it is the vendor's responsibility to ensure that the appropriate paperwork is on file with its business.
2. Animals (for lab or research use) may be acquired with the P-Card.
3. Purchases may be made from vendors located in Canada, Australia and the United Kingdom. All other international purchases will be rejected by the VISA transaction validation system, unless prior arrangements have been made by the agency P-Card Administrator with UMB Bank.
4. Internet purchases are allowable P-Card transactions. Refer to best practice information regarding Internet purchases available at Section 506 of this document.
5. PayPal transactions should receive special review to ensure that items purchased and vendors used were appropriate for official State business. Agencies frequently purchase items on-line from vendors that use PayPal as the payment vehicle. While there are benefits associated with purchasing items from vendors that use PayPal as the payment vehicle (items frequently are not available elsewhere and are often priced lower than at other sources), use of PayPal can result in using vendors that are normally blocked electronically by the VISA transaction validation system.
6. Cardholders should never use personal PayPal and ebay.com accounts for State business. When State business requires using these services, the cardholder should set-up an account specifically for State business.

**320 Prohibited P-Card Purchases**

The items listed below are prohibited P-Card purchases:

Alcoholic beverages

Business cards

Cash advances

Construction, renovation or installation

Food (Food purchases are acceptable for agencies with persons under their care including, but not limited to: inmates – prisons; patients – hospitals; students – higher education institutions and residential education facilities; In addition, food purchases are allowable if fees are collected for the purchase of food from meeting attendees or if food items are purchased for classroom / research use.)

Gift Cards (Unless prior approval has been obtained from Procurement and Contracts)

Hospitality or Entertainment (Hospitality purchases are allowable if the following requirements have been met: Paid from the agency’s official hospitality funds; In compliance with PPM 3,351 – Official Hospitality Guidelines; Required internal agency approval for hospitality is attached.)

Honorariums (including reimbursement of travel expenses)

Incentive earnings (ward or inmate)

Personal items

Purchases from other State agencies – Payment for purchases from other State agencies should always be processed as interfund transactions (e.g., items purchased from Kansas Correctional Industries, etc.).

Real Estate Leases

Recruitment expenses

Travel and travel related expenses- Most travel expenses are appropriate P-Card transactions.

* **Meals are prohibited P-Card transactions.**
* **Room service, personal phone calls, movies, laundry and any other miscellaneous personal charges, and any charges not considered reimbursable under the State Travel Expense guidelines are prohibited P-Card purchases.**
* Refer to Procurement and Contracts Informational Circular 13-02 and Sections 220 and 240 of this document, for additional guidance regarding the use of P-Cards for travel expenses.)

Weapons and ammunition (except for law enforcement purposes)

**330 Sales Tax**

Since the State of Kansas is exempt from paying Kansas sales tax, no sales tax should be charged for P-Card purchases made in the State of Kansas. Cardholders should inform vendors that the purchase is exempt from Kansas sales tax before the purchase is processed. K.S.A. 79-3606(b) is the statutory reference for the sales tax exemption and is included on the back of the P-Card. When Kansas sales tax is inadvertently included in a transaction, agencies are not required to subsequently obtain credit for tax paid if the sales tax associated with the transaction is five dollars or less.

**340 Request for Program Exception**

1. A requisition / purchase order must be processed in SMART (before making a purchase with a p-card), if the purchase amount is greater than $5,000.

(The only exception to this requirement is that the agency P-Card Administrator may authorize the one-time purchase of items **exceeding $5,000** from a state contract **if the name of a procurement officer from the Office of Procurement and Contracts is referenced in the contract as the Contract Administrator / Buyer, as described in B. below.**)

* SMART will automatically route the requisition / purchase order to the Office of Procurement and Contracts for approval by a procurement officer.
* Once the transaction has been approved by the Office of Procurement & Contracts, the agency must then request one-time approval from the State P-Card Administrator, for a program exception in the VISA transaction validation system.
	1. In order to obtain a program exception in the VISA transaction validation system, the agency P-Card Administrator should send an e-mail message to Procurement and Contracts (Tim Hund) prior to purchasing the item. Include transaction details in the message (vendor / merchant name; transaction amount; description of item to be purchased; **Requisition ID number from SMART**; cardholder name; and any other pertinent information).

2. Procurement and Contracts will reply to the agency (and also notify UMB Bank) that the transaction is approved or disapproved.

3. If the transaction would be rejected by the VISA transaction validation system at the time of purchase, UMB will temporarily assign an override strategy to the account.

4. Agencies should retain copies of exception approval documents with transaction documentation in agency P-Card files.

1. Agency P-Card Administrators may authorize one-time over-rides in the VISA transaction validation system for purchases of items **(within the guidelines of existing p-card policies) costing less than $5,000** from (a) international vendors or (b) vendors with blocked merchant category codes.

In addition, the agency P-Card Administrator may authorize the one-time purchase of items **exceeding $5,000** from a state contract (in the VISA transaction validation system), if the name of a procurement officer from the Office of Procurement and Contracts is referenced in the contract as the Contract Administrator / Buyer. **The agency P-Card Administrator may not authorize the one-time purchase of items exceeding $5,000 from an agency contract, if the name of a procurement officer from the Office of Procurement and Contracts is not referenced in the contract as the Contract Administrator / Buyer.**

1. Usage of **Contract Cardless Accounts** is restricted to the criteria specified in section 230 of this procedures document.

**400 COMPLIANCE WITH STATE REQUIREMENTS**

Use of the P-Card does not exempt a state agency or its officers and employees from complying with statutory requirements and the State's purchasing and accounting guidelines.

**410 Sources of State Guidance**

Guidance regarding specific issues can be obtained from the following sources:

1. [The Office of General Services Policy and Procedure Manual](http://www.da.ks.gov/ar/ppm/ppm01001.htm)
2. Kansas Statutes Annotated
3. Kansas Administrative Regulations

**420 Examples of State Requirements**

Examples of state accounting and/or purchasing requirements include, but are not limited to, the following items:

1. Required purchases (K.S.A. 75-3321) from the State of Kansas Products and Services Catalog (State Use Catalog).
2. Required purchases from Kansas Correctional Industries (K.S.A. 75-5276).
3. Required purchases from statewide open-end contracts. If you have specific questions, please contact your agency's Purchasing Director or Procurement and Contracts.
4. Purchases exceeding $5,000 must be competitively bid by Procurement and Contracts unless (a) the name of a procurement officer from Procurement and Contracts is referenced in a state contract as the Contract Administrator / Buyer, or (b) the agency has obtained Prior Authorization for the purchase in advance from Procurement and Contracts.
5. Transactions with other state agencies shall be processed as interfund transactions.
6. Capital items charged to P-Cards shall be included in the agency's inventory records. The agency is responsible for compliance with the requirements of Filing No. 13,001 (Property Inventory) of the Office of General Services Policy and Procedure Manual.
7. Travel transactions charged to P-Cards must be in compliance with the State Travel Expense guidelines.
8. The agency is responsible for compliance with the requirements of this manual.

**500 SECURITY ISSUES**

Each agency is responsible for establishing an appropriate internal control environment for P-Card responsibilities, including approvals, auditability, adjustments, record keeping, reporting, reconciliation, segregation of duties and supervision.

**501 Agency P-Card Administrator**

The agency P-Card Administrator may not be a P-Card cardholder.

**502 Account Numbers on Paperwork**

Care should be taken in handling paperwork that contains ‘active’ account numbers. Paperwork containing ‘active’ account numbers should always be filed in a locked file cabinet.

**503 P-Card Credits**

1. The agency is responsible for ensuring that outstanding credits are subsequently received and for following-up with vendors and UMB Bank, as necessary.
2. Credits for items returned to vendors should always be posted to a cardholder's P-Card account. Cardholders should never accept cash refunds or store credits for returned items.

**504 Lost, Stolen or Compromised Accounts**

Lost, stolen or compromised P-Cards should be immediately reported to the agency P-Card Administrator and UMB Bank for cancellation. (Refer to Section 160 of this document.) Also immediately report any unexplained charges on the P-Card statement to the agency P-Card Administrator and UMB Bank.

**505 Account Maintenance**

Agencies are responsible for performing periodic reviews of P-Cards and communicating required changes to UMB Bank on a timely basis.

A. P-Cards that have been dormant for more than one year should be cancelled, if future usage is not anticipated. Cancellation of P-Cards with less than three transactions per year is also strongly recommended, if usage is not anticipated.

B P-Cards that have been dormant for more than one year should be deactivated (credit limit reduced to $1), if future usage is anticipated.

C. Override strategies (in the VISA transaction validation system) requested by agencies for specific P-Cards should be immediately cancelled once the associated transactions have been processed.

D. Transaction or billing cycle limits that are unnecessarily high should be lowered.

E. The return of P-Cards to the agency P-Card Administrator should be incorporated into the agency's exit interview process to ensure that "active" P-Cards are cancelled and properly accounted for. In addition, transactions charged to P-Cards in the billing periods directly preceding and following the cardholder’s termination date should be reviewed closely.

F. Also, the Department of Administration will review transaction limits, dormant and low usage P-Cards, and P-Cards with over-ride strategies on a periodic basis. The Department of Administration will communicate desired changes to the respective agencies.

**506 Internet Security**

Suggested best practices for shopping on the Internet are listed below. Be aware that an outside party could gain access to your P-Card account number if a vendor's Internet site is not secure.

* + - 1. **Do not use your credit card unless you are in a secure environment, i.e., the location / address box on your browser starts with https://.**
			2. Use sites that include a BBB (Better Business Bureau) Accredited Business seal. The seal should link to a page confirming that the business is BBB accredited. Be cautious if the seal is not linked to a BBB page confirming accredited business status. It could be a sign of unauthorized use of the mark.
			3. If you are not familiar with an online merchant, verify its reliability with outside organizations, such as the Better Business Bureau (<http://www.bbb.org/> and <http://www.bbbonline.org/>.
			4. If an online purchasing website asks you to create an account with a password, protect that password.
* Use a different password for each website that you utilize. (Do not use the same password for more than one website.) This procedure will help protect your p-card, if the password for a specific website is compromised.
* Change passwords for online purchasing websites on a regular basis.
	+ - 1. Know who you are doing business with before placing an order. Use Web sites that provide clear contact information (phone number, address in the real world, customer service contact) for the company, as well as warranty, return and refund policy.
1. Do not provide personal information, such as Social Security, bank account or personal phone numbers or your home address.
2. A site should have a privacy policy explaining how the merchant will protect the information you submit when making a purchase. If you cannot find that policy, request that information.
3. Understand prices, shipping and handling charges, the terms of any product or service guarantees and the expected delivery date.
4. Check your order for keystroke errors to avoid ordering the wrong item or quantity.
5. Always print and retain a copy of each purchase order with a confirmation number and pricing information attached. It’s also a good idea to print the “address” (Uniform Resource Locator) of the company site that you are doing business with.

**600 TRANSACTION DOCUMENTATION AND APPROVAL**

**Agencies are responsible for obtaining detailed (itemized) receipt documents (for all transactions) and inputting meaningful transaction descriptions into SMART (for all transactions). In addition, all transactions must be approved by an individual other than the cardholder.**

**610 Detailed Receipt Documents**

Detailed receipt documents are critical to the overall internal control of the State P-Card program.

1. Detailed (itemized) receipt documents, issued by vendors, must be obtained by cardholders for all p-card transactions. Missing documentation is not indicative of a strong internal control environment.
2. Examples of receipt documents include charge receipts, invoices, packing slips, screen prints, etc.
3. If a receipt document cannot be obtained from a vendor, we recommend that a note summarizing the transaction be prepared and retained. A note is also recommended if the only documentation provided is a credit card charge receipt, which does not include transaction details.
4. Receipt documents must contain a description of the items purchased that is sufficient to support the coding used.
5. If a vendor provides a packing list, but not an invoice, write the missing information on the packing list. Also write "only receipt available" on the document.
6. Unit cost, quantity and total cost must be available on the receipt document or other supporting documentation.

**620 Transaction Logs**

1. If your agency’s P-Card transactions are electronically uploaded from VISA to SMART, your agency’s cardholders are not required to prepare P-Card transaction logs outside of SMART.
2. If your agency’s P-Card transactions are not electronically uploaded from VISA to SMART, your agency’s cardholders are required to prepare transaction logs. The purpose of transaction logs is to provide a basis for the cardholder and agency to control and monitor P-Card transactions.

1. The P-Card log shall include columns to record the following information for each transaction: vendor name; order date; amount; description; account code the transaction will be charged to; the statewide open-end contract number for items purchased from statewide contractors. Additional information can be included on the log, at the agency's discretion.

2. The amount of each P-Card transaction shall be posted as a separate item on the P-Card log. Posting the net amount of multiple transactions detracts from the log's usefulness as an internal control tool.

3. Always post disputed transactions to the P-Card log. Care shall be taken to write necessary supporting notes on the P-Card log regarding such transactions.

**630 Transaction Reconciliation and Approval**

* 1. If your agency’s P-Card transactions are uploaded from VISA to SMART, those transactions must be reconciled / approved in SMART on a current basis. Weekly reconciliation is highly recommended.
	2. **All transactions must be approved in SMART by an individual other than the cardholder.**
	3. **The transaction approver in SMART should determine that goods or services were received by the agency, whether the transaction is an appropriate State expenditure, for official state business, and in compliance with the State’s accounting and purchasing rules.**
	4. **Vendor names, transaction dates and transaction amounts per SMART should be agreed to detailed supporting receipt documents provided to the cardholder by the merchant, at the point of sale.**
	5. Contact the vendor or UMB Bank to resolve disputed transactions and to obtain credits for those transactions. Agencies are not required to obtain credits for small dollar differences (under five dollars per transaction) between SMART and receipt document amounts.
	6. Disputed transactions should not be reconciled / approved in SMART until associated credits (if any) have also been posted in SMART. The original transaction and the associated credit should be reconciled / approved in SMART on the same day, so that both amounts will be included on the same voucher in SMART. This requirement enhances transaction transparency and tracking.
	7. **A meaningful description must be input into SMART for each transaction during the transaction reconciliation process.**
* **Descriptions should generally be of an alpha / word nature rather than numeric.**
* **Descriptions should clarify / summarize information included on detailed receipt documents.**

* **Descriptions input into SMART during transaction reconciliation / approval carry-forward to associated payment vouchers in SMART.**
	1. If the purchase was made from a state contract vendor, the associated contract number should be input into SMART during the transaction reconciliation / approval process (unless the contract number was previously entered into SMART on an associated purchase order document).
	2. If your agency’s P-Card transactions are not uploaded from VISA to SMART, P-Card logs should be reconciled, as described below.

1. The P-Card log shall be reconciled to supporting receipt documents and the associated monthly P-Card cardholder statement received from UMB Bank, as soon as possible after the statement has been received.

2. The reviewer should determine that goods or services were received by the agency, whether the transaction is an appropriate state expenditure, for official state business, and in compliance with the state’s accounting and purchasing rules.

3. Any differences between the P-Card log and the UMB statement should be documented on the P-Card log. Examples of such differences include partial shipments, damaged goods received, etc. Contact the vendor or UMB Bank to resolve disputed transactions and to obtain credits on future cardholder statements.

4. Also, agencies occasionally discover that the transaction amount on the UMB statement and the receipt document are different. An agency is not required to obtain credits for small dollar differences (under five dollars per transaction) between statement and receipt documents.

5. The P-Card cardholder shall sign and date the completed and reconciled P-Card log (unless Procurement and Contracts has approved an alternative procedure).

6. The supervisor / reviewer of the P-Card Cardholder shall indicate his / her approval of the completed and reconciled P-Card log by attaching his / her signature and date to the log (unless Procurement and Contracts has approved an alternative procedure).

**640 Monthly Statements Received from Card Provider**

1. **Control Account Statements**
* Agencies receive a statement for the agency’s control account(s) from the card provider, at the end of the billing period.

The control account statement summarizes activity (purchases, payments, credits, other adjustments, etc.) posted to the control account (in the card provider’s system) during the billing period, for all p-cards associated with the control account.

* It is a best practice (not a requirement) for an agency to assign all of the agency’s p-cards to one control account. Having only one agency-wide control account significantly reduces the risk of a payment being posted to an unintended control account, by the card provider.
* The ending balance per the control account statement is the amount that your agency would owe to the card provider, if your agency’s card program was terminated at the end of the statement billing period.
* Agencies should agree activity per the control account statement to transactions uploaded to SMART for the billing period.
* Follow-up with the SMART Team if any transactions included on the statement are not included in SMART, or were not processed appropriately by SMART.

Emphasize verifying that credit adjustments included on the statement have been included on payment vouchers for p-cards. We are aware of a few instances in which the card provider incorrectly coded small credit adjustments as payments (in the card provider’s internal system). Consequently, SMART incorrectly processed those credits as payments, when they were approved by agencies in the P-Card Module of SMART.

* Follow-up with the card provider if you do not understand an adjustment that is included on the statement.
* Follow-up with the card provider if a purchase made by your agency is not included on the statement.
* Dispute any fraudulent transactions included on the statement, with the card provider.
* Contact the card provider immediately to cancel compromised cards (to protect your agency from liability for fraudulent charges).

* Investigate any past due balances noted on the control account statement. Past due balances may be caused by the following items:
* Past due un-reconciled p-card transactions in SMART
* Suspended p-card vouchers in SMART
* Payments posted to an unintended control account, by the card provider
* Timing differences
* Inconsistent card roll-ups to control accounts in VISA and / or SMART, etc.
* Follow-up with the card provider if the control account statement has a past due balance, to avoid cards being shut-down due to late-payment.
1. **Cardholder Statements**
* Agencies receive cardholder statements for all of the agency’s p-cards, at the end of the billing period.
* It is a best practice (not a requirement) for cardholders (or other responsible individuals) to review and sign cardholder statements. This procedure provides increased transparency if cardholders do not review transactions in SMART.

**650 Past Due Report from UMB Bank**

UMB Bank provides a monthly report of P-Card control (billing) accounts with past-due or credit balances, to the State P-Card Administrator. Past-due balances can result from posting errors made by UMB Bank when payments are received from agencies, un-reconciled past-due and suspended p-card transactions in SMART, un-processed vouchers in SMART for P-Card transactions, mapping problems between P-Cards and associated control accounts in SMART and / or VISA, etc.

1. The State P-Card Administrator notifies individual agencies of ‘past-due’ or ‘credit balances’ (if any) included on the Past Due Report. Agencies are responsible for taking necessary actions (including contacting UMB Bank) to resolve any such balances.
2. **It is UMB Bank’s procedure to shut-down P-Cards associated with control accounts that have balances in the 90 day past-due category. It is highly recommended that past-due balances be resolved as soon as possible, in order to avoid disruption in card usage.**

**660 Fiscal Year Determination**

1. If your agency’s P-Card transactions are electronically uploaded from VISA to SMART, Fiscal Year End guidance for P-Card transactions is provided in the ‘Guide to Fiscal Year XXXX – Year End Closing Process’ document, issued annually by the Department of Administration. All current fiscal year transactions (as defined in that document) must either be reconciled / approved in SMART or be encumbered before the end of the current Fiscal Year.
2. If your agency’s P-Card transactions are not electronically uploaded from VISA to SMART, all P-Card transactions posted to cardholder accounts on the P-Card statement(s) received from UMB Bank in the month of June are considered to be old Fiscal Year transactions. Transactions not included on the June P-Card statement (for the period beginning after the June statement cut-off date and ending on June 30) can be charged to the old or new Fiscal Year, at the agency's option. If a listing of P-Card transaction activity between the June P-Card statement cut-off date and June 30 would be helpful, the agency P-Card Administrator can contact UMB Bank and make arrangements for delivery of this information.

**670 Retention of P-Card Records**

P-Card records shall be maintained in accordance with the Public Records Preservation Act (K.S.A. 45-401 et seq.).

**700 Standard Kansas Strategies**

Standard strategies for the Statewide P-Card program in the VISA transaction validation system are included on the Kansas P-Card Program – Standard Strategies Schedule, which is available upon request from Procurement and Contracts.

* + - 1. Strategies allow an agency to define a P-Card’s transaction limit and valid vendor types, based on Merchant Category Codes (MCCs) for a P-Card.
			2. Temporary over-ride strategies may be utilized by an agency for certain transactions, as defined in Section 340 of this document. When selecting an override strategy, the agency should select the most restrictive override strategy that will allow a specific transaction to process.
			3. Certain vendors (or specific credit card terminals) have been hardcoded into certain strategies (for example, specific contract vendors have been coded into the strategy used for cardless contract accounts.)

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