	<b>State of Michigan</b> <b>Department of Information Technology</b> <b>POLICY AND PROCEDURE MANUAL</b>	<b>TYPE</b> <b>Policy/Procedure</b>
		<b>NUMBER</b> <b>600.12</b>
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<b>SUBJECT</b> <b>Procurement Card</b>	<b>EFFECTIVE DATE</b> <b>June 4, 2004</b>
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**Policy**

It is the policy of the state and the Department of Information Technology (DIT) that the DIT utilizes the state procurement card where appropriate. Operating within the guidelines established by the Department of Management and Budget (DMB) and DIT, credit cards are issued to employees to purchase items as allowed.

Procurement cards are available to DIT employees who make routine purchases for the DIT that can be paid for using a credit card.

**General Information**

- The statewide program began in 1992 as a way to expedite the acquisition and payment of small purchases.
- Purchases made with the state procurement card must be for state use only.
- DIT has contracted with DMB Financial Services to administer the procurement card program.

The card is to be used for purchases under \$2,500. The following cannot be purchased: items for personal use, gasoline for state vehicles, services, cash advances, or contract items not specifically allowed per Acquisition Services. (A list of contracts specifically allowed by Acquisition Services for alternative payment such as procurement card may be found at [www.michigan.gov/doingbusiness](http://www.michigan.gov/doingbusiness) under the "For State Agencies" section.) Conference registration costs are allowable as procurement card purchases; however, no other travel costs are allowed. Training costs are not allowable on procurement card. Information Technology items (i.e. palm pilots, software) are to be purchased by the DIT procurement team only. Only the cardholder is authorized to use the Procurement Card, it should not be lent to or used by others. Transactions are not to be split to circumvent the \$2,500 one time limit. The State of Michigan is tax exempt; cardholders must inform vendors of that to avoid being charged sales tax.

- Lost or stolen cards must be reported to JP Morgan Chase, 1-800-270-7760. Report the loss or theft to your supervisor and to the Agency Procurement Card Administrator.
- The cardholder is responsible for handling any charge dispute issues. In most cases, disputes can be settled directly between the cardholder and the vendor. If a dispute cannot be resolved with the vendor, the cardholder must complete a dispute form and forward to JP Morgan Chase.

Upon termination of employment, the card should be cut in half and turned into the cardholder's supervisor. The supervisor will initiate a request to close the account. Cards should be returned to the Agency Procurement Card Program Administrator if the cardholder: (a) leaves state service (b) moves to a new job, or (c) the account needs to be closed for any other reason. *Note:* If the employee

requires a procurement card in his/her new position, the new supervisor should initiate a request based on the individual's job responsibilities.

***Accountability - Card Usage Violations***

**1st Violation** – Cardholder and supervisor notified of violation. Cardholder is sent a current SOM Procurement Card manual with statewide rules as well as the DIT IT Procurement User Guide, and a letter with DIT rules.

**2nd Violation** – Supervisor notified to review transaction details. At supervisor's discretion, cardholder's use of procurement card may require specific approval before each.

**3rd Violation** - Cardholder card usage suspended for certain period of time or indefinitely.

**Procedures**

**To Request a Procurement Card**

<b>Responsibility</b>	<b>Action</b>
Employee	<ol style="list-style-type: none"> <li>1. Completes cardholder application. The form can be found on TechTalk.</li> <li>2. Forwards completed application to supervisor for approval.</li> </ol>
Supervisor	<ol style="list-style-type: none"> <li>3. Receives application from employee, reviews for completeness, and approves application if job responsibilities dictate a need for the procurement card. Forwards approved application to DMB, Financial Services, Operations.</li> </ol>
DMB Financial Services	<ol style="list-style-type: none"> <li>4. Receives completed application from supervisor and submits request for card to JP Morgan Chase.</li> <li>5. Receives card from JP Morgan Chase.</li> <li>6. Forwards the card, a current SOM Procurement Card manual with statewide rules, the DIT IT Procurement User Guide, a letter with DIT rules, and a cardholder agreement to the cardholder.</li> </ol>

Responsibility	Action
Cardholder	7. Signs the cardholder agreement and returns it to DMB, Financial Services, Operations. <ul style="list-style-type: none"> <li>a. If the agreement is not signed and returned, the card will be suspended.</li> </ul> 8. Maintains a copy of the letter supporting the state's tax-exempt status (included in the SOM P-Card manual) if vendor should request documentation.
Supervisor	9. Goes through all manuals and materials with the employee to ensure they understand all polices, procedures, and acceptable use of the card.

**Record-keeping Responsibilities**

Responsibility	Action
Cardholder	1. Cardholders need to retain copies of all receipts, invoices, and procurement card slips. <ul style="list-style-type: none"> <li>a. If purchasing via the Internet, cardholders should print screens that would confirm the items purchased and the cost.</li> <li>b. Cardholders who make purchases for other state agencies must log such procurements on the standard DIT Procurement Log for monthly submission to DMB Financial Services and the agency.</li> <li>c. For mail or phone orders, instruct the vendor to: include the charge slip with the item, not to write the credit card number on the shipping slip, note on the slip that the package is a credit card purchase.</li> </ul>
Supervisor	2. Receives transaction details every two weeks. 3. Forwards to cardholder.



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<b>Responsibility</b>	<b>Action</b>
Cardholder	<ol style="list-style-type: none"> <li>4. Verifies that each purchase is accurate and accounted for.</li> <li>5. Attaches all original receipts.</li> <li>6. Signs the detail reports.</li> <li>7. Submits reports to supervisor for approval.</li> </ol>
Supervisor	<ol style="list-style-type: none"> <li>8. Reviews transaction detail reports and receipts submitted by employee for compliance with card usage guidelines (e.g. appropriate purchase, tax exempt, split transactions, purchased only by cardholder, etc.). Approves detail reports by legibly signing and return to cardholder.</li> </ol>
Cardholder	<ol style="list-style-type: none"> <li>9. Receives approved detail reports from supervisor and returns the transaction detail report with the original receipts to DMB, Financial Services, Operations.*</li> <li>10. On a monthly basis, forwards procurement card log for each agency to DMB Financial Services Accounting and others as designated to assist timely reconciliation of monthly invoices to agencies.</li> </ol>
Supervisor	<ol style="list-style-type: none"> <li>11. Periodically reviews card usage and spending limits for employees under their direct supervision and recommend/submit changes to DMB Financial Services as necessary.</li> </ol>


\*The cardholder has two weeks to return the detail. Failure to return transactions details will result in notification to cardholder's supervisor and may result in suspension of the card. Supervisors must make sure that all spending is legitimate and documented.

**Reference**

Administrative Guide Procedure 0510.03.  
Acquisition Services <http://www.michigan.gov/doingbusiness>.

**Contact/Update Responsibility**

Any questions or concerns regarding this policy should be directed to DMB Financial Services.

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**Approving Authority**

Teri Takai, Director: *(signed by Director Teri Takai)*

Date: *(revision 06/07/2004)*