

0510.17 Procurement Card

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PURPOSE

To prescribe the policies and procedures for procuring or payment processing using a state of Michigan procurement card.

APPLICATION

Executive Branch Departments and Sub-units.

CONTACT AGENCY

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Statewide Procurement Card and Administrative Services

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SUMMARY

Procurement cards provide a method to allow state of Michigan employees to purchase and make payment for low dollar/risk delegated purchases and approved contracts. The state of Michigan utilizes two categories of cards: procurement card and fuel credit card. Any other type of store, business, or corporate credit card account is not allowed.

APPLICABLE FORMS/DOCUMENTS

Department Administrator Manual

Department Administrator Agreement Form DTMB-3565

Supervisory Manual

Supervisory Agreement Form DTMB-3564

Cardholder Manual

Cardholder Application

User Access Application

Cardholder Agreement Form DTMB-3563

DTMB-2117 Statewide Procurement Card Program Exemption Request

Procurement Card Account Maintenance Request

Proper Use of Procurement Card

- The procurement card may be used for any single transaction that is \$2,500 or less in accordance with administrative guide procedures, DTMB Procurement Policy, and Executive Directives in place at the time of purchase/payment.
- Only the employee whose name appears on the face of the procurement card is authorized to initiate transactions with the card. Use of the card by any other person is considered misuse of the card, even if the purchase is for legitimate state business.
- The procurement card must **not** be used for:
 - Personal use.
 - Contracted items unless prior approval has been provided by DTMB Procurement. Contracts approved for procurement card use are found on the [Alternate Payment List](http://inside.michigan.gov/Procurement/pcard/Pages/default.aspx) (<http://inside.michigan.gov/Procurement/pcard/Pages/default.aspx>).
 - Splitting orders (multiple transactions to same vendor for one purchase) to circumvent the \$2,500 single transaction limit or the cardholder's single transaction limit.
 - Services that require Civil Service reporting. Select services may be approved on a case-by-case basis. Departments must have a plan in place and approved by both the Statewide Procurement Card Administrator and Civil Service to ensure compliance with required reporting.
 - Cash advances.
 - Gift cards and pre-paid cards.
 - State travel-related expenses.
 - Information technology purchases without DTMB approval. See the [Delegated IT Memo](http://inside.michigan.gov/Procurement/pcard/Pages/default.aspx) (<http://inside.michigan.gov/Procurement/pcard/Pages/default.aspx>) for exemptions.
 - Fuel for state travel or state vehicles.
 - Accumulating reward points on personal accounts.
 - Purchases from other state departments, except from Michigan State Industries.
 - Alcohol.
- Exemptions may be requested from the Statewide Procurement Card Administrator using the Statewide Procurement Card Program Exemption Request (DTMB-2117).

Program Responsibilities

DTMB Financial Services Statewide Procurement Card Administrator

- The Statewide Procurement Card Administrator is responsible for the overall administration of the state's Procurement Card Program, which includes:
 - Develop the Statewide Procurement Card Program Policy.
 - Central point of contact on all issues of policy and procedure.
 - Liaison between the Bank and all program users.
 - Liaison between the Bank and Department Procurement Card Administrators for potential fraudulent activity and data compromise notification.
 - Reconcile cycle amounts due to cycle amounts paid to the Bank and resolve any differences.
 - Establish profiles within the Bank's web-based program.
 - Communicate program updates and enhancements to Departments.
 - Provide training and consulting to staff as requested.
 - Determine department mandatory reports to ensure compliance with the Statewide Procurement Card Program.
 - Review/respond to exemption request to modify accounts.
 - Maintain list of accounts approved for exemption.
 - Ensure that no user with administrator rights within the Bank's web-based program is issued a procurement card.

Department Procurement Card Administrator

- Departments must designate a Department Procurement Card Administrator as a contact person responsible for the administration of procurement cards. The Department Procurement Card Administrator will serve as the liaison between the department and the Statewide Procurement Card Administrator. Department Procurement Card Administrators are responsible for all activities related to procurement cards within the department, which includes:
 - Understand Department Procurement Card Administrator role and responsibilities as described in the Department Procurement Card Administrative Manual.
 - Development of department policies/procedures to ensure the usage is consistent with state policies and directives.
 - Ensure that any additional department requirements for the procurement card are not less restrictive than the Statewide Procurement Card Administrative Guide Procedure or Manuals.

- Ensure that a process is in place for the completion of a secondary review of all transaction reports after the supervisor review. At a minimum, the review is to be completed by running a transaction report independently from what is submitted to reviewer by cardholder/supervisor.
- Comply with all reporting requirements to ensure compliance with the program.
- Monitor the department's compliance with the statewide policies. When areas of non-compliance are found, determine the appropriate course of action needed to correct the non-compliance, document the action plan, and detail the corrective action(s) taken.
 - Report suspected misuse to the Statewide Procurement Card Administrator. Must comply with [Section 487 of P.A. No. 431 of 1984, Section 18.1487](http://www.legislature.mi.gov/(S(avqi1ki0ds0osqsf1zjhfoza))/mileg.aspx?page=getObject&objectName=mcl-18-1487) ([http://www.legislature.mi.gov/\(S\(avqi1ki0ds0osqsf1zjhfoza\)\)/mileg.aspx?page=getObject&objectName=mcl-18-1487](http://www.legislature.mi.gov/(S(avqi1ki0ds0osqsf1zjhfoza))/mileg.aspx?page=getObject&objectName=mcl-18-1487)).
- Ensure Department is compliant with the state's Retention Schedule.
- Obtain completed application, supervisor agreement form, and card holder agreement form before issuance of the procurement card.
- Review new procurement cards and confirm name and second line of embossing before issuance.
- Ensure only one authorized user per card.
- Ensure cards are placed in the correct Merchant Category Code group.
- Ensure spending limits requested are within the delegated authority. If a spending limit is requested above the delegated authority, an exemption request must be submitted to the Statewide Procurement Card Administrator for approval using the Statewide Procurement Card Program Exemption Request (DTMB-2117).
- Assign the default account coding, payee ID, employee ID, and second line of embossing ensuring it contains the department initials and bureau/division identifier.
- Maintain a current cardholder and supervisor/designated approver listing.
- Update existing cardholder accounts (e.g., new phone numbers, changes in account limits, and account closures).
- Upon notification of cardholder's departure, cancel the procurement card immediately.
- Ensure a separation of duties between the cardholder and approver of transaction reports.
- Ensure that no user with Administrator rights within the Bank's web-based program is issued a procurement card.

- Departments that have a need for an emergency procurement card must establish department policies and procedures for its use. As part of a department emergency preparedness plan, emergency procurement cards may be requested prior to an emergency.

Cardholder's Supervisor/Delegated Approver

- Understand supervisor role and responsibilities as described in the Supervisor Procurement Card Manual.
- Approve the procurement card application for assigned employees if it meets a business need for the department.
- Recommend single transaction limit and cycle limit for the application.
- Forward completed application to the Department Procurement Card Administrator.
- Review transaction report to ensure each transaction is for an appropriate purchase, receipts match the dollars spent, and no Michigan Sales and Use Tax was charged.
- Resolve differences in transaction report and receipts provided by cardholder.
- Approve transaction report with full signature and date.
- Notify the Department Procurement Card Administrator to cancel the procurement card immediately when a cardholder resigns, transfers or is terminated.
- Notify the Department Procurement Card Administrator to cancel the procurement if an employee's responsibilities no longer include the use of a procurement card.
- Respond to Statewide Procurement Card Administrator or Department Procurement Card Administrator request for explanation of purchases.
- Notify the Department Procurement Card Administrator of any misuse of the procurement card by the cardholder.

Cardholder

- The procurement card is to be used for state of Michigan purchases. Personal use is strictly prohibited. Cardholders should:
 - Use the procurement card only for approved purchases/payments.
 - Ensure all purchases comply with state policies and procedures, internal department policies or procedures, and the Cardholder Manual.
 - Ensure that no other individual uses the assigned procurement card.
 - Maintain security of the account number, expiration date, personal identification number (PIN), and security code at all times.

- When purchasing meals or catering for group meetings, obtain a list of attendees, document the business purpose of the meeting, and ensure that the cost per meal does not exceed the applicable travel rates.
- Request tax exemption from a state of Michigan vendor, providing a copy of the tax-exempt letter as requested. All purchases for the state are eligible to be exempt from the Michigan Sales and Use Tax.
- Follow department procedures for the reconciliation and approval of procurement card purchases.
- Ensure each transaction on the transaction report is accurate.
- Obtain all sales receipts and related documents. Attach all documentation to a department described transaction report with full employee signature and date for supervisor/delegated approver review and approval.
- Ensure credits are processed on the card account. Credits cannot be obtained by any other method, including cash, gift card, gift certificate, or store credit.
- Report lost/stolen cards or suspected fraud immediately to the Bank and the Department Procurement Card Administrator.
- Return the procurement card to the supervisor when departing state service, changing departments, or the procurement card is no longer needed in current position.
- Ensure a merchant does not split a purchase/payment when the combined total is more than the cardholder's single transaction limit.
