PROCEDURE 0510.19
Issued October 3, 2005

SUBJECT: Procurement Card Policy on Minimum Usage

APPLICATION: Executive Branch Departments and Sub-units.

PURPOSE: To establish the usage requirements for a procurement card account.

CONTACT AGENCY: Department of Management and Budget (DMB) – Financial Services

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SUMMARY: Procurement cards provide State of Michigan personnel with the ability to effectively and efficiently make small, delegated purchases. Open accounts may present a financial risk to the State of Michigan if they are not closely monitored. A business need is required for all accounts.

PROCEDURES:
Accounts with less than six purchases in the past year will be closed unless the state procurement card program manager approves a business need and notifies the service provider to retain the account.

I. DMB-Financial Services State Procurement Card Program Manager:

The state procurement card program manager is responsible for the statewide administration of the state's procurement card program.

The state procurement card program manager responsibilities regarding open accounts include:

- Notify department administrators of cardholders with six or less transactions per year for the review period. Request written business justification for retaining this account. If adequate justification is not received demonstrating the business need, the account will be closed.
- Notify the department administrator's monthly of any unused accounts in the last twelve months. Request justification for retaining these accounts. If substantial justification is not provided, the account is closed.
- Notify department/agency procurement card program manager of accounts that have been closed with instructions on obtaining and destroying the plastic card.
- Work with the procurement card provider to retain accounts that do not meet minimum usage standards, but are justified in remaining open.

II. Department/Agency Procurement Card Administrator:

Each department/agency will have an agency procurement card administrator responsible for the administration of all procurement card activities within their department/agency.

Responsibilities relating to minimum card usage include:

- Participate in an annual review for the number of transactions performed on an account. If there has been six or less transaction activity on an account in the last twelve months, contact the supervisor and cardholder to determine the need for the account. Examples of accounts to retain with low use are:

1) Emergency designated accounts for the health, safety and welfare of the employees and citizens of the State of Michigan.
2) Travel accounts while travel restrictions are in place.
3) Seasonal work locations or similar types of job duties.
4) Program changes that will affect the use of the procurement card.

- Provide written response to request to retain a low use account.
- Forward copy of written justification and your recommendation to statewide procurement card program manager for review.
- Include in the cardholder file with the application
  1) The justification.
  2) Your recommendation to the state card program manager.
  3) The actions taken on the account.

III. Department/Agency Cardholder:

The cardholder is the person authorized to use a given procurement card.

Cardholder's responsibilities related to minimum card usage include:

Notifying supervisor and the department/agency procurement card administrator of the non-use of their procurement card account allowing for the account to be closed and thereby the risk associated with an unused account.

IV. Cardholder's Supervisor

This employee is typically the direct supervisor of the cardholder and is responsible for the work performed by the employee.

Cardholder's supervisor responsibilities related to minimum card usage include:

- Participate in the review of account usage for their employees.
- Make recommendations to the department/agency procurement card administrator for retaining or closing a low use account.