POLICY STATEMENT:

The Department shall implement the State of Michigan Procurement Card Program which enables authorized staff to make legitimate business purchases of goods and services with a credit card on behalf of the State of Michigan.

POLICY:

GENERAL INFORMATION

A. A procurement card shall be used only for purchases that are within the agency dollar limit designated by the Department of Management and Budget (DMB). It shall be used only for goods or services that are not required to be purchased under a State contract and not required to be purchased from specific vendors (e.g., Michigan State Industries). It shall not be used to purchase items for personal use or for any other reason prohibited by DMB procedures.

B. The Procurement Card Program shall be coordinated by local Procurement Card Department Administrators. The Procurement Card Department Administrator for a Correctional Facilities Administration (CFA) institution shall be the Administrative Officer. Procurement Card Department Administrators for Field Operations Administration (FOA) shall be designated by the FOA Deputy Director or designee. With the exception of FOA, Procurement Card Department Administrators for Central Office, including the Bureau of Correctional Industries, shall be designated by the Administration & Programs (A&P) Deputy Director or designee. All Procurement Card Department Administrator assignments are subject to the approval of the A&P Deputy Director or designee.

C. The A&P Deputy Director or designee shall serve as overseer of the Department's Procurement Card Program. S/he shall maintain a list of all authorized Procurement Card Department Administrators and shall act as the liaison with DMB; however, individual Procurement Card Department Administrators also may communicate directly with DMB regarding the program.

D. A procurement card shall be used only by the employee whose name is embossed on the card. The card is not transferable between cardholders. However, a cardholder may make authorized purchases for a non-cardholder. The non-cardholder may pick up such purchases provided s/he returns all documentation received to the cardholder. A cardholder who uses his/her procurement card to make a purchase for a non-cardholder shall be responsible for properly recording all accounting information.

E. Procurement cards that are used in violation of this policy or DMB Procurement Card Program requirements shall be confiscated and the procurement card account closed by the appropriate Procurement Card Department Administrator. Employee misuse of the procurement card may result in revocation of use privileges and disciplinary action in accordance with PD 02.03.100 "Employee Discipline".

PROCUREMENT CARD DEPARTMENT ADMINISTRATOR RESPONSIBILITIES

F. Each Procurement Card Department Administrator is responsible for ensuring compliance with this policy and DMB Procurement Card Program requirements in his/her respective area. Procurement Card Department Administrators shall establish, and adjust as necessary, specific spending limits and
approved merchant categories for each cardholder. Procurement Card Department Administrators shall monitor the program on an ongoing basis to ensure that purchases, payments and documentation are in accordance with this policy.

G. Subject to the approval of the Warden, SAI facility Administrator or appropriate bureau/office Administrator, each Procurement Card Department Administrator shall determine who shall be issued procurement cards in his/her area. Cards shall not be issued to Procurement Card Department Administrators. A sufficient number of procurement cards shall be issued in each area, or alternate purchasing methods implemented, to permit authorized purchases to be made in a cardholder's absence.

H. Each Procurement Card Department Administrator shall authorize individual transaction limits for each procurement card issued. Purchases over an individual cardholder's transaction limit shall not be separated into more than one transaction in order to avoid exceeding the transaction limit. If it is necessary to make more than one purchase from the same vendor on the same day, the cardholder shall provide written justification for the purchases to the Procurement Card Department Administrator when verifying charges pursuant to Paragraph Q. A cardholder shall be responsible for notifying the appropriate Procurement Card Department Administrator if s/he needs an adjustment of his/her individual transaction limits.

I. Each Procurement Card Department Administrator shall furnish a copy of DMB's Procurement Card Program Cardholder Manual and detailed instructions in card usage to each cardholder in his/her area and answer any questions from the cardholder regarding card usage. A Cardholder Agreement shall be signed before a procurement card is issued. The original signed Cardholder Agreement shall be kept on file by the Procurement Card Department Administrator for at least three years after closure of the account.

CARDHOLDER RESPONSIBILITIES

J. Purchases made by the State of Michigan are tax exempt by law. The Procurement Card Program Cardholder Manual contains a certificate to be used for claiming tax exempt status; the cardholder shall present the certificate to the vendor upon request.

K. A cardholder who no longer needs a procurement card or is no longer eligible to use the card shall immediately cut the card in half and return it to the appropriate Procurement Card Department Administrator.

L. Cardholders shall be responsible for the safety and security of their procurement card at all times. If a cardholder's procurement card is lost or stolen, the cardholder shall immediately notify the credit card company at the number listed in the Procurement Card Program Cardholder Manual. The cardholder also shall notify the appropriate Procurement Card Department Administrator as soon as possible during normal business hours.

M. If the procurement card is rejected by a vendor for technical reasons (e.g., over spending limit, incorrect category code) and the purchase is an emergency, the cardholder may request the appropriate Procurement Card Department Administrator to contact the credit card company in order for the purchase to be manually authorized. If a permanent change in the cardholder's authorization is needed rather than just a one-time emergency authorization, the appropriate Procurement Card Department Administrator shall follow the process set forth in the Procurement Card Program Cardholder Manual.

N. The cardholder is responsible for the return of items to the vendor for credit as necessary.

ACCOUNTING PROCESS

O. Except in FOA, cardholders shall submit all accounting information (i.e., Index, PCA and Agency Object Code) for each purchase to the appropriate business office at least every two weeks to ensure timely
and accurate payment of the bill. FOA cardholders shall immediately forward all sales slips, register receipts, credit slips and invoice/packing slips received for each purchase made with his/her procurement card to the appropriate business office. The appropriate business office shall make payment to the credit card company within time frames agreed upon in the Procurement Card Program contract between DMB and the issuer of the procurement card. Full payment shall be made when due. Any discrepancies in the amount due shall be reconciled after payment is made to avoid incurring additional charges due to late payment.

P. At least every two weeks, each Procurement Card Department Administrator shall retrieve the Cardholder Transaction Report from the Purchasing and Reporting Interface System (PARIS) for each procurement card account in his/her area. The report shall be forwarded to the appropriate cardholder or, in FOA, business office for reconciliation against the sales slips, register receipts, credit slips and invoice/packing slips received for that cycle period.

Q. After reconciliation, the cardholder's supervisor or, for FOA, appropriate business office staff shall ensure that written verification that all charges were authorized is sent to the appropriate Procurement Card Department Administrator or designee. Any discrepancies shall be noted. Except in FOA, the cardholder also shall forward to the appropriate Procurement Card Department Administrator all sales slips, register receipts, credit slips and invoice/packing slips received for that cycle period. The Procurement Card Department Administrator or designee shall verify that all required documentation is provided and follow-up on any discrepancies noted.

OPERATING PROCEDURES

R. The A&P and FOA Deputy Directors and CFA Regional Prison Administrators shall ensure that within 60 days of its effective date, procedures necessary to implement this policy directive are developed.

AUDIT ELEMENTS

S. A Primary Audit Elements List has been developed and shall be provided to the FOA Deputy Director, the Bureau of Fiscal Management Administrator and Wardens to assist with self-audit of this policy, pursuant to PD 01.05.100 "Self Audit of Policies and Procedures".

BM:OPH:10/17/00