

# Georgia Department of Public Safety Policy Manual

SUBJECT <b>PURCHASING CARD</b>	POLICY NUMBER <b>7.17</b>
DISTRIBUTION <b>ALL EMPLOYEES</b>	REVISED DATE <b>8/3/2018</b>
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## 7.17.1 Purpose

To establish guidelines for the appropriate use of state issued purchasing cards.

## 7.17.2 Policy

It is the policy of the Georgia Department of Public Safety to insure that all State of Georgia issued Purchasing Cards are used in accordance with State mandates and Departmental policies.

## 7.17.3 Introduction

The Department of Public Safety (DPS) Purchasing Card (Pcard) Program is designed for DPS employees to make small dollar purchases. Per the State Accounting Office (SAO), the Pcard is for payment of unplanned, non-routine, or urgent point of sale purchases. The dollar amount cannot exceed the Pcard holders approved single transaction limit amount. Point of sale transactions include purchases made at a physical store, in person, online, or over the phone.

Use of the card is meant to simplify and streamline the purchasing process and lower overall transaction costs. Cardholders are expected to use good and reasonable judgment to ensure that a competitive price is being obtained. The card shall not be used to circumvent state policy regarding the use of mandatory source, statewide contracts, or agency contract purchases. Use of the card does not diminish the need for internal control of expenditures and good record keeping. The policies and procedures set forth in the DPS Purchasing Card Policy must be adhered to at all times. The DPS Purchasing Card Policy is located on MyDPS.

Cardholders will have limits that are defined by the State of Georgia and the Georgia Department of Public Safety. These limits will be enforced at the point of purchase by the purchasing card system. Limitations are established for spending amounts per transaction, types of vendors from whom purchases can be made, and total dollar purchases per billing cycle.

The DPS Purchasing Card Policy will be reviewed and updated on an annual basis. Questions regarding Pcard policies and procedures should be directed to the Pcard Administrator.

#### **7.17.4 Standard Pcards**

- A. Cardholders are limited to one active Pcard. Pcards can only be used for official State of Georgia business. Cardholders must be permanent, part-time or full-time State employees, whose jobs require the use of a Pcard.
  - 1. Cards will not be issued in the name of a Department or work unit (e.g. Facilities Maintenance) to be shared by multiple employees.
  - 2. Only the employee whose name is shown on the face of the card is authorized to make purchases with the card. Use by any other person, even if for State business purposes, is considered misuse of the card.
  - 3. The job titles and/or functions that are allowed to have a Pcard are:
    - a. Post Secretary, Troop Secretary, Confidential Secretary;
    - b. Trooper (only if there is not a Post secretary or they are in a specialty unit, such as GTF, SWAT, CIU);
    - c. Specialty Unit Support Personnel;
    - d. MCCD Officer;
    - e. Pilot, Aviation Mechanic;
    - f. Scale Technician, Electronic Scale Technician;
    - g. Communications Director, Facility Manager, Fleet Manager, Fleet operations specialist, Supply Manager, Maintenance supervisor, Maintenance/Facility worker, and
    - h. Information Technology Director.
  - 4. Each cardholder is responsible for:
    - a. The security of his/her card.
    - b. Keeping receipts and statement copies in your assigned office for the required records retention period, which is five years from the transaction date.
    - c. Following State and Agency regulations concerning allowable purchases.
    - d. Returning their card to the Pcard administrator when they leave the agency, or transfer to another section/division/office, where they do not need the Pcard or isn't in one of the above listed positions.

#### **7.17.5 DPS Program Roles and Responsibilities**

DPS is required to have an approved Pcard plan. Amendments must be submitted for approval as business needs change. All Pcard plans and amendments must be reviewed and approved by the Agency Head and the Chief Financial Officer.

- A. Agency Pcard Administrator - The Pcard Administrator serves as the official liaison between DPS and State Purchasing Division (SPD) personnel for all matters related to the program. The Administrator performs an annual review of spend analysis to determine if limits are reasonable. The Administrator serves as the main point of contact for all card program personnel. The Administrator is responsible for the following:
1. Develops and maintains the internal Pcard policy.
  2. Cannot be a Pcard holder.
  3. Works with management to identify job titles or positions that require a Pcard.
  4. Develops internal procedures for requesting new cards and/or changes to existing cards (e.g. change in spending limits). Develops internal procedures for reconciliation processes, including the use of Peoplesoft Financials for reconciliation of transactions and disputing a transaction with the bank.
  5. Works with management and the CFO to determine appropriate spending limits based on budget restrictions, job requirements, historical spending patterns, and overall procurement practices.
  6. Evaluates cardholder spending limits against actual usage at least annually and terminates cards that show consistently low usage or no usage within one year.
  7. Establishes written procedures to ensure compliance with State procurement laws, the Georgia Procurement Manual, the Statewide Purchasing Card Policy, and the internal Pcard policy. Develops procedures for requesting exceptions to State or internal policies.
  8. Develops internal controls for Pcard procedures, including ordering and cancelling cards, reporting and documenting actual or potential cardholder abuse or misuse, and ensures that transactions are audited at least annually.
  9. Develops DPS specific training for all cardholders and approvers. Develops refresher training to be delivered at least annually. Ensures that all card program personnel receive notification of changes in State and internal policies and Official Announcements from SPD.
  10. Processes new card applications and all account changes. Establishes the cardholder's profile in Works Payment Manager and receives and distributes VISA purchasing cards after ensuring that the cardholder has successfully submitted the correct forms and completed the required training.
  11. Conducts the Internal Self and submits to DOAS no later than December 1st each year.
- B. Agency Head – DPS' Commissioner is responsible for reviewing and approving the Pcard plan and all amendments prior to submission to the Department of Administrative Services (DOAS) and the Office of Planning and Budget (OPB). The DPS Commissioner cannot be issued a Pcard.
- C. Chief Financial Officer – The CFO is responsible for overseeing the card program. Duties of the CFO include successful completion of the CFO Card Program Training module, submission of the completed CFO card program acknowledgement form, the

appointment of a card pcard administrator, approval of qualified cardholders and approvers, review and approval of the Annual Self Audit of DPS'card program, review and approval of policies, review and approval of the Pcard plan and all amendments, and submission of the plan to DPS' Commissioner.

- D. Supervisors/Approving Officials – Supervisors or approvers responsible for reviewing transactions must have a thorough knowledge of the cardholders' job responsibilities in order to determine if purchases are job-related or otherwise authorized. Supervisors/approvers are responsible for the following:
1. Before approving the Pcard transactions, either by signing a transaction log or statement and signing off on the transactions electronically, the approver must carefully review all documentation to ensure it meets the minimum requirements.
  2. Ensure that passwords are not shared or delegated for others to use in order to review and approve transactions.
  3. Sign off on all transactions in Peoplesoft Financials, within the timeframe established by the Pcard Administrator.
  4. Ensure all documentation is submitted according to internal procedures and State requirements.
  5. Maintain knowledge of State and internal procurement policies and procedures related to use of the Pcard.
  6. Coordinate with the Pcard administrator for ordering and cancelling cards for employees, and establishing reasonable spending limits.
- E. Cardholders – all cardholders are de facto purchasing agents for the State of Georgia and DPS and must have a minimum understanding of State procurement laws and the requirements of the Georgia Procurement Manual. Under no circumstances is a cardholder permitted to use the VISA purchasing card for personal purchases. Using the state Pcard for personal purchases may result in disciplinary action, up to and including termination from state employment and criminal prosecution. Cardholders are responsible for the following:
1. Ensure that no other persons have access to any card information (card number, expiration date, security code). Ensures the security of the card and maintains it in a secure location. Does not lend the card to another person for use.
  2. Ensure that all purchases comply with State and internal policies. Maintains knowledge of State and internal procurement policies and procedures related to use of the Pcard.
  3. Completes all required training prior to receiving or using the Pcard. Completes a mandatory credit check at issuance and renewal.
  4. Ensures that all invoices and receipts meet minimum requirements for adequate documentation of transactions. Signs off on all transactions in Peoplesoft Financials as appropriate, within the established timeframe. Reconciles the monthly credit card statement to the Purchasing Card log.
  5. Notifies Bank of America immediately of a lost, stolen, compromised or damaged Pcard at 1-888-449-2273. Customer Service hours are 24 hours a day, 365 days

a year. Also, the Pcard Administrator should be notified immediately of this occurrence during normal business hours.

### **7.17.6 Card Program Training**

The Pcard Administrator is responsible for developing and implementing training for cardholders and supervisors or other approving officials specific to DPS's needs. Training must include relevant portions of the Georgia Procurement Manual, the Statewide Purchasing Card policy and the internal procurement and Pcard policies. The Pcard Administrator is also responsible for developing and implementing refresher training to be conducted at least annually.

- A. All cardholders must sign a cardholder agreement (Exhibit 7.17-3) that contains the terms and conditions for use of the Pcard.
- B. The applicant requesting a purchasing card must complete the DOAS SPD on-line classes "Purchasing Card" TGM100W, "Introduction to Purchasing Card Principles" 6600W and "Introduction to State Purchasing" (1000W) and pass the corresponding tests prior to receiving their Pcard. The applicant should forward the certificates to the Pcard Administrator. They must also review DPS' Purchasing Card Policy, which will be provided to them by the Pcard Administrator.
- C. The supervisor or approver must also attend training. They must complete "Purchasing Card" TGM100W and "eProcurement for Approvers" TGM30W and "Introduction to State Purchasing" (1000W) and pass the corresponding tests. Refresher training will be provided at least annually to Pcard holders and approvers. The Pcard Administrator must take "Evaluating Pcard program management" and the CFO must take "Pcard for the CFO" training.

### **7.17.7 Internal Controls**

#### **A. General Requirements**

A strong system of internal controls is essential for detection and deterrence of fraud, cardholder misuse or abuse of the Pcard. Internal controls include policies, procedures, and training in addition to spending limits and Merchant Category Code (MCC) restrictions.

DPS has established an internal control structure that ensures compliance with State Procurement laws, the Georgia Procurement Manual, the Statewide Purchasing Card Policy, sound accounting practices, and internal policy. Including:

- 1. Separation of duties between ordering cards (card administrator), making transactions (cardholders) and review or approval of transactions for payment (supervisors/approving officials).
- 2. A minimum of two approvers before a purchase is made.
- 3. Reconcilers are limited to one per card and cannot be a subordinate of the cardholder. Each card must have only one reconciler.
- 4. The Pcard Administrator cannot be a cardholder.
- 5. Approvers cannot be subordinates of cardholders for whom they are responsible.

6. Sharing of log-in information or passwords is strictly forbidden.

B. Approval Memos

An approval memo through the chain of command to the appropriate Commanding Officer is only required for a purchase of \$5,000 or more. Troops, Regions or other, can establish an approval process (memo) for a lower dollar amount but this does not need to be routed to the appropriate Commanding Officer.

### 7.17.8 Cardholder Policies and Procedures

A. Obtaining a State Purchasing Card

1. The potential cardholder must complete the required forms, "Purchase Card Authorization for Release of Information" and the "Cardholder Profile Form. (Exhibit 7.17-2)" These forms should be turned in to the Pcard administrator, who will verify that the potential cardholder's title is one that allows a Pcard and that the forms are complete and accurate. The "Cardholder Profile Form" must be complete and have the required signatures (of the employee, supervisor, department head, Pcard administrator, and Chief Financial Officer -CFO).
2. O.C.G.A. 50-5-83 requires credit checks on all employees issued a purchasing card. Credit checks are conducted through existing statewide contract vendor and procedures including standardized reports that indicate acceptance or denial of the request for a card based on predefined criteria. For denials, DOAS will review the report to determine eligibility, and provide the decision to Human Resources.
3. The CFO, card approvers, and potential cardholders must meet all of the training requirements as described in this policy. Approver and cardholder training must be completed prior to receiving the Pcard.
4. Documents related to the issuance of accounts to employees (release of information and profile form) are maintained according to the requirements of Credit Card Administration Records, as listed in the official Records Retention Schedule for the State of Georgia.

B. Renewal of State Purchasing Cards

Credit checks will also be run at the time of account renewal, and the cardholder must complete the "Purchase Card Authorization for Release of Information" and the "Cardholder Profile Form" for renewals.

C. Legal Issues

All procurement laws in the Official Code of Georgia, Annotated, and administrative rules found in the Georgia Procurement Manual apply to the use of the Pcard. Any cardholders, program users, CFO's, or supervisors/approving officials who knowingly, or through willful neglect, fail to comply, may be subject to suspension or termination of account privileges or other disciplinary action, up to and including termination of employment and criminal prosecution to the fullest extent of the law.

1. Personal Purchases Prohibited – Cardholders and other program personnel are prohibited from using the Pcard for the purchase of any goods or services not directly

or indirectly related to official State of Georgia business. Intentional use of or approval for the use of the card for personal purchases will result in disciplinary action, up to and including termination from State employment and criminal prosecution.

2. Split Purchases Prohibited – Cardholders are prohibited from splitting a transaction between two or more transactions using the Pcard in order to circumvent competitive solicitation requirements, or to circumvent the single transaction limit imposed on the card, regardless of the amount of the single transaction limit.
3. Payment of Sales and Use Tax - O.C.G.A. 48-8-3 exempts purchases made by State Agencies from State Sales and Use Tax when payment is made with appropriated funds. Cardholders must present the Department of Revenue Sales and Use Tax exemption, Form ST-5, to suppliers upon request.
  - a. The requirement for out-of-state suppliers to charge Sales and Use Tax on shipments to purchases in the State of Georgia does not apply to tax-exempt State Entities. In order to avoid confusion, the cardholder must provide out-of-state suppliers with a copy of the ST-5 prior to placing an order to be shipped into the State of Georgia. If the supplier refuses to remove taxes, the cardholder must make the purchase from a different supplier whenever possible.
  - b. Cardholders are responsible for ensuring that merchants do not charge tax or provide a credit for inadvertent charges. If taxes are charged, the cardholder must contact the merchant to obtain a credit to the account. Sales tax cannot be disputed with the Bank.
  - c. Credits cannot be obtained by any other method, including, but not limited to cash, gift cards, or store credit.
  - d. Documentation of attempts to obtain credit for any State Sales and Use Tax charged in error must be maintained with the documentation for the transaction where the tax was charged.
  - e. State Entities may apply to the Georgia Department of Revenue for a refund of sales taxes paid in error or because a supplier/merchant refused to remove taxes. The form to use for this request is the Department of Revenue's Claim for Sales and Use Tax Refund, Form ST-12. In addition to the ST-12, the State Entity must also submit either (1) a Waiver of Vendor's Rights, Form ST-12A, or (2) a Purchaser's Claim for Sales Tax Refund Affidavit, Form ST-12B. These forms contain instructions for their use and are located at <http://dor.ga.gov>.
4. E-verify – The Georgia Security and Immigration and Compliance Act, O.C.G.A. 13-10-91, requires suppliers to file an affidavit that the supplier and its contractors have registered and participate in the federal work authorization program known as E-verify. This program is intended to ensure that only lawful citizens or lawful immigrants are employed by the supplier or subcontractor. All State Entities are required to obtain this signed and notarized affidavit from suppliers prior to entering into any service contract \$2,500 or greater involving the supplier's physical performance of services within the State of Georgia.

For Pcard transactions that meet this definition, the cardholder is responsible for ensuring receipt of this affidavit. A copy of this affidavit must be included with all transaction documentation, including uploading a PDF version to Peoplesoft Financials.

#### D. Card Management and Reconciliation Systems

All transaction reconciliation is to be completed electronically in Peoplesoft Financials (Pcard module of PeopleSoft). The billing cycle closes on the 27th of each month. Transactions must be reconciled and allocated to the General Ledger within 30 days of the statement billing date. DPS must use the Works Payment Manager system provided by the Bank for card administration and account maintenance.

After making the purchase, you must record the transaction. Use Purchasing Card Log (Exhibit 7.17-4) to record your purchasing card transactions. The Purchasing Card Log should be turned in with your VISA statement monthly and a new log began each billing cycle. The purchasing card log and statement should be signed by both you and your supervisor. Additional details provided below in section 7.17.8, E.

#### E. Documentation and Accounting

Cardholders must maintain documentation for all transactions, including an itemized receipt, invoice, or charge slip. The receipt must contain the complete supplier/merchant information (name, location) and the line item details, including quantity, description, unit price and total price.

1. Cardholders must maintain a manual log (Exhibit 7.17-4) of all transactions. The transaction log and the monthly billing statement must be signed by the cardholder and supervisor or approver. Signature stamps are not permitted. All invoices/receipts must be attached to the log and maintained at the location in accordance with the state records retention policy for Accounts Payable records of 5 years.
2. Monthly Reconciliation in Peoplesoft Financials - a copy of the signed manual log and billing statement must be attached to the first transaction in Peoplesoft Financials. Cardholders, supervisors or approvers MUST enter comments for each transaction. Comments should include the purpose of the purchase, for whom the purchase was made, and other relevant information to allow outside parties to determine that the expense was business related. A copy of the receipt or invoice must be uploaded to the transaction in Peoplesoft Financials. In addition, the Pcard holder should ensure the correct account code and charging information is entered for each transaction.
3. Timely allocation of charges to the General Ledger is essential to ensure compliance with State accounting and budgetary policies. DPS must ensure that all transactions are allocated to the General Ledger within 30 days of the statement billing date.

#### F. Purchasing Card Statements



1. The Cardholder's Statement will be mailed monthly. If the cardholder does not receive the statement, please contact Bank of America and Purchasing Card Administrator. If the cardholder would prefer to receive statements electronically, inform the Purchasing Card Administrator, and the cardholder will be signed up.
2. All charges that were electronically received and processed by Bank of America during the billing cycle (XX/28/XX to XX/27/XX) will appear on this statement.
3. The cardholder must review statements each cycle to ensure that a receipt or other acceptable documentation supports each purchase. Failure to have the appropriate supporting documentation, authorization signatures, etc. may result in revocation of the card. Each Purchase Card Request and backup receipt(s) will be audited for compliance to this Purchasing Card Manual and all other procedures.

#### G. Lost Receipt and/or Invoice

If the original invoice slip is lost, complete the Lost Receipt Affidavit (Exhibit 7.17-6) signed by both the cardholder and the Supervisor identifying the charge, who purchased it, what item(s) was purchased, and the results of the contact with the vendor to obtain a duplicate slip. A pattern of missing invoices will result in revocation of purchasing card privileges.

#### H. Merchant Category Code Authorization

Merchant Category Codes (MCC) are codes assigned by a supplier's merchant bank based on the types of goods and/or services provided. By allowing or blocking certain codes, the State has some protection against unauthorized or prohibited purchases. The Bank creates MCC groups upon request by the State Cards Program Director. State Entities can request activation of additional MCC's for inclusion in a State authorized group and/or approval to create an MCC group to meet specific needs.

#### I. Cardholder Spending Limits and Utilization

To reduce financial exposure to DPS, spending limits are established for each cardholder based on job responsibilities. Cardholder spending limits must be reviewed at least annually to determine if actual usage is consistent with spending limits and increases or decreases made as needed.

1. Cycle (Credit) Limit (CL) – Mandatory spending limit that restricts the total value of purchases a cardholder can make in one billing cycle. DPS cardholder CL's are based on position.
2. Single Transaction Limit (STL) – mandatory limit that restricts the amount of a single purchase regardless of the cycle limit on the card. DPS cardholder STL's are based on position.
3. Dormant Cards – the Pcard Administrator will review card usage at least annually and terminate cards that are dormant for one year.
4. Suspected Fraudulent Use of Purchasing Card – should any individual suspect that a DPS employee is misusing a State purchasing card, they should report this through their chain of command, or may contact Internal Affairs directly with their suspicions. Misuse of the Pcard will result in disciplinary action, up to and including termination from State employment and criminal prosecution.

5. Procedures – When a cardholder is terminated from employment or transfers to another position within DPS that does not require a Pcard, the employee or supervisor should return his/her card to the Pcard Administrator with the Cancellation Form. The Pcard Administrator will close the account in Works, will shred the card and will remove TGM/PeopleSoft access that is no longer needed.

J. Use of the Purchasing Card

All purchases made through the program must be for official State business. Only the employee whose name appears on the face of the card is authorized to initiate transactions with the card. Use of the card by any other person, even if the purchase is for legitimate State business, is considered misuse of the card.

K. Allowable Purchases

1. All purchases must be within assigned spending limits unless prior written approval is received to exceed those limits. The Pcard can be used for official purchases of supplies, materials, equipment or services where not otherwise prohibited or restricted. Allowable purchases include goods and services used in the furtherance of DPS's mission and the purchase of goods or services intended for official State of Georgia work-related use that are not otherwise excluded by the prohibited purchases section of this policy. DPS is adopting the Statewide Purchasing Card Policy from DOAS for allowed and prohibited purchases.
2. P-cards can be used to purchase items that are hard to plan for but may be routine. The following lists provides DPS specific examples and is not intended to be an all-encompassing list but to provide guidance. If you have questions about an item, please contact the Pcard Administrator. Examples include:
  - a. Blood or urine test kits;
  - b. Intoximeters supplies and repairs;
  - c. Thermal paper;
  - d. Car DVDs;
  - e. Radar repairs and calibrations;
  - f. Small car parts (batteries, wipers, brake pads – under \$1,000);
  - g. Repair: of small equipment – lawnmowers, hedge trimmers;
  - h. Emergency post/station repair;
  - i. Stamps and other mailing costs;
  - j. Training registrations;
  - k. US/State Flags;
  - l. Cameras for use at accident scenes;
  - m. Software, Data Plans, and “Apps,” and

- n. Software, unless prohibited by other DPS policy, can be purchased with the following restrictions:
  - 1) Data plans, software, or applications (apps) for State-issued computers, smart phones, and tablets only (e.g. iPhone, Android, iPad).
  - 2) Purchases cannot be made for personal devices even if used for DPS purposes.

L. Prohibited Purchases

The following types of purchases are strictly prohibited either by Official Code of Georgia, Annotated (O.C.G.A.), or to meet reporting requirements of the State or specific State Entities:

1. Goods or services not directly related to job responsibilities or other official State of Georgia business (i.e. personal purchases).
2. Data plans, software, or applications (apps) for non--DPSissued devices, including, but not limited to, smart phones, laptop computers, and tablets.
3. Memberships at wholesale warehouses and shopping clubs (e.g. Sam's, Costco, Amazon Prime) Cash advances.
4. Gift cards, stored value cards, calling cards, and similar products.
5. Employee travel expenses related to lodging and meals.
6. Entertainment (e.g. in-room movies for State employees traveling on business).
7. Tobacco products.
8. Fuel, mechanical repairs, and maintenance for State-owned or rental vehicles. This restriction does not apply to non-mechanical body shop repairs (e.g. dented bumper) not covered under the State's vehicle maintenance contract. This restriction does not apply to auto parts for in-house use (e.g. DPS operated repair shops) or for teaching purposes.
9. Airline tickets.
10. Routine Office Supplies.
11. Post Cleaning Supplies.
12. Car Cleaning Supplies.
13. Light bulbs – mandatory state contract.
14. Small dollar furniture, linens, pillows, etc. for sleeping quarters.
15. HVAC filters.

M. Declared Emergencies and Natural Disasters

The Georgia Procurement Manual grants authority to forego standard procurement requirements for needs arising from unforeseen causes. In cases involving the welfare of the general public, extreme weather conditions, or official declared emergencies, the Pcard Administrator is allowed to obtain after-the-fact approval for exceptions to this policy.

1. The Pcard Administrator must submit the Form SPD-PC003, Special Approval Request, to notify the State Cards Program Director and OPB within 72 hours of any actions taken in response to these emergencies and the nature of the actions taken.
2. Documentation for transactions must follow guidelines for emergency purchases as contained in the *Georgia Procurement Manual*, including use of and retention of Form SPDNI005, Emergency Justification Form, available in the SPD Official Forms section of Agency Resources on the State Purchasing Division website.

#### N. Surcharges

1. Surcharges and convenience fees – many suppliers charge a credit card processing fee or convenience fee for accepting credit cards, including the Pcard. These types of fees are strictly regulated by Visa and MasterCard.
2. Credit card surcharges are allowed but cannot be more than the amount the supplier's bank charges them for processing the transaction. The maximum allowable surcharge is 4% and must be shown as a line item on the detailed invoice or receipt. Whenever a supplier charges a surcharge, the supplier must have provided Visa and their merchant bank at least 30 days' notification of intent to impose surcharges and the fact that the supplier imposes these charges must be clearly posted on the door and at point of sale for physical locations and on websites for internet sales, and they must inform the customer of the exact percentage, that it is being assessed by the supplier and is only applicable on credit transactions, and that it is not greater than what the supplier pays to Visa.

#### O. Convenience Fees

1. Convenience fees for certain transactions can be paid if they are charged in compliance with Visa rules. The State of Georgia P-Card and other accounts are Bank of America Visa accounts; therefore, Visa regulations apply.
2. Convenience fees are allowed if they are charged in compliance with Visa rules. For merchants who offer an alternate payment channel (i.e., mail, telephone, or e-commerce) for customers to pay for goods or services, a convenience fee may be added to the transaction amount. If the merchant chooses to assess a convenience fee to its customers, the merchant must adhere to the following rules.
  - a. The fee is being charged for a bona fide convenience of using an alternative payment channel outside the merchant's normal business practice.
  - b. The fee:
    - 1) Must be disclosed to the customer as a charge for the alternative payment channel convenience.
    - 2) Is applied only to transactions that are not face-to-face.
    - 3) Must be a flat or fixed amount, regardless of the amount of the payment due.

- 4) Is applied to all forms of payment products accepted in the alternative payment channel.
  - 5) Is included as part of the total transaction amount.
  - 6) Cannot be added to a recurring transaction.
  - 7) Is assessed by the merchant that provides the goods or services to the cardholder and not a third party.
- c. The customer must be given the opportunity to cancel prior to the completion of the transaction.
3. Visa is very clear about what a convenience fee is and how and when it can be charged. As a result, many suppliers that charge fees do so incorrectly and are therefore out of compliance with Visa regulations.
  4. Examples of common violations of Visa's convenience fee policy include, but are not limited to, the following:
    - a. Charging a tiered or percentage based fee. Only a flat fee regardless of the transaction amount is allowed.
    - b. Charging a fee for a transaction below or above a certain dollar amount. Convenience fees must be charged on all transaction regardless of amount.
    - c. Charging the fee in person for face-to-face or point of sale transactions. The fees can only be applied to transactions via the mail, telephone or internet.
    - d. Charging only for Visa or credit card transactions. Convenience fees must be applied to all payment methods accepted via that channel.
    - e. Calling the fee a processing fee, credit card fee, surcharge or anything other than a convenience fee. The fee is designed to offset the cost of the convenience, not the cost of accepting credit cards.
    - f. Charging higher prices for credit card purchases versus checks or cash. Note: Suppliers may offer a cash discount to customers paying with cash in person.
    - g. Charging a convenience fee via the internet when that is the supplier's only normal business practice. If the supplier sells only on the internet, there is no convenience versus coming in to a retail location; therefore, no convenience fee can be charged.
  5. There are many ways a supplier's actions can fall outside Visa's guidelines. As such, only suppliers in compliance with the guidelines are allowed to receive convenience fees via the P-Card and/or other accounts.
  6. One example of an allowable convenience fee is a utility that charges a convenience fee for paying a bill via the phone or internet versus having to come to an office and drop off a payment. As long as the convenience fee is a flat fee and is charged to all transactions accepted via the phone or internet (such as all card types, electronic checks, etc.), it is acceptable on a P-Card transaction.

7. Convenience fees charged in accordance with the Visa guidelines quoted above are permitted on the P-Card or other accounts. For clarifications, please consult with the P-Card Administrator. Violations of the Visa guidelines should be reported to the Pcard Administrator who will report to the State Cards Program Director as merchants can be reported to Visa through Bank of America.

P. Renewal of the State Purchasing Card

The Purchasing Card does not expire until the last day of the month of the expiration date. A new Purchasing Card will be mailed to the Purchasing Card Administrator approximately every two years. O.C.G.A. 50-5-83 requires a new credit check on the cardholder with each renewal of the purchasing card. The cardholder will receive a new form from Human Resources or the Pcard Administrator requesting permission to run the credit check. Once the credit check has been ran and approved, Human Resources will inform the Purchasing Card Administrator to move forward with releasing the renewed purchasing card to the cardholder.

Q. Changing Card Limits & Updating Cardholder Information

The purchasing cards will be reviewed annually by the Card Administrator, Comptroller and CFO. The CFO will determine if the cardholder's limit needs to be lowered, increased or canceled due to infrequent use.

R. Change of Position, Leave of Absence or Termination

Should you leave state employment, change positions, or not need the card for any other reason; you should request cancellation of your state purchasing card through your Supervisor. Cut the card in half and give to your Supervisor who will prepare a written request to cancel the account. The Supervisor will then forward the purchasing card pieces and the cancellation notice to the Pcard Administrator.

S. How to Use the Purchasing Card

1. Pcard Transaction Steps

- a. Determine whether the Purchasing Card is the most appropriate tool to use for the purchase (check the authorized and unauthorized list in Section 7.17.8, K and L of this policy) to make sure it is not a restricted item, and then determine the order of precedence to purchase the item (Exhibit 7.17-1).
  - b. Only the cardholder should use the pcard to make the purchase.
2. Ensure that no sales tax is charged. *Should the cardholder have a dispute related to sales tax charged, the bank will not credit the account. A sales tax dispute can only be resolved by getting the vendor to issue a credit to the cardholder's pcard.*
- a. Obtain a receipt at the time of purchase. The receipt must be itemized and provide prices for each item and a total for the sale.
  - b. When receiving the goods, always retain all boxes, containers, special packing slips, etc. until you are certain you are going to keep the item(s). The cardholder is responsible for inspection the goods upon arrival. Refer to Section 7.17.8, S, 3 for instructions about returning an item.

3. Returns, Damaged Goods, Credits

- a. If goods bought with a Purchasing Card need to be returned, the Cardholder should work directly with the Vendor. Many vendors require you to obtain a "Return Authorization Number" before they will accept the returned merchandise. If you neglect to get this number when it is required, the package may be refused and/or no credit issued to your account. You must request a credit memo/invoice for all returned merchandise.
- b. In some cases there may be a restocking fee; this is usually a percentage of the purchase price. If the Vendor is completely responsible for the error/problem, you should not have to pay any fees. You may use the Purchasing Card to pay this fee as long as it does not exceed any of your limits.
- c. Finally, make sure that the charge for the returned item does not appear on your monthly statement or is credited properly.

#### 4. Disputed Transactions

##### a. Disputed Items

If there is a problem with an item that you purchased with the purchasing card, the cardholder should first try to reach a resolution with the Vendor. In most cases disputes can be resolved directly between the Cardholder and the Vendor. The resolution may be that the item is returned and the Vendor processes a Visa Credit to the account. The cardholder must request a credit memo for all returned items or disputed charges

##### b. Cardholder Statements of Disputed Item

- 1) If the cardholder and the vendor cannot resolve a disputed transaction, it should be reported to Bank of America immediately when it is clear that the vendor will not offer a credit or exchange. If there is a charge that is not recognized by the cardholder, the cardholder should submit a Cardholder Statement of Disputed Item form (Exhibit 7.17-5) to Bank of America via email or fax. A copy of the form should be attached to the transaction in Peoplesoft Financials.
- 2) When the investigation is complete, Bank of American will notify the cardholder of the resolution. If not satisfied with this resolution, the cardholder should contact the Pcard Administrator immediately.
- 3) Sales Tax: Should the cardholder have a dispute related to sales tax charged, the bank will not credit the account. A sales tax dispute can only be resolved by getting the vendor to issue a credit to the cardholder's pcard.