

State of Oklahoma Purchase Card Procedures

***Issued by:
Oklahoma State Purchasing Director
Department of Central Services
Central Purchasing Division***

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1.0. Program Description

1.1. Program. The State of Oklahoma purchase card (p/card) program establishes the use, by designated State employees, of commercial purchase cards to facilitate the acquisition of lower dollar goods and services needed for conducting official State business. State entities are encouraged to use the p/card in lieu of purchase orders and authority orders. It is intended that p/cards be issued to selected State employees when the use of the p/card will enhance agency effectiveness or economy of operation. Cards are issued in the name of the State but also bear the name of the cardholder and the cardholder's unique account number. Liability for payment to the p/card provider rests with the State. Employees involved in the program are subject to State ethics laws and directives.

Legislation, passed in 2004, allows for the issue of a Statewide Contract p/card that agencies may use to make purchases of any amount from Statewide Contracts issued by the Department of Central Services/Central Purchasing Division. Only a limited number of these cards will be issued to each agency. A Travel p/card is also available that allows agencies to purchase airfare (only) for any amount, when purchased through a travel agent listed on the Statewide Contract for Travel Agent Services (SW100) issued by the Department of Central Services/Central Purchasing Division. Only one Travel p/card will be issued to each agency embossed with the agency's name. The Travel p/card shall only be used by the entity designated primary and back-up travel coordinators.

1.2. Transaction flow. A typical p/card transaction consists of the following steps:

- Cardholder makes purchase from merchant using p/card, retains receipt from walk-in purchase and maintains a log of all p/card purchases including those by phone or internet.
- Merchant delivers goods or service and submits transaction to credit card company.
- JPMorgan Chase pays merchant.
- JPMorgan Chase furnishes State entity with a monthly report (memo statement) for purchases.
- JPMorgan Chase provides agencies access to on-line transaction information for continuous reconciliation and funding verification prior to data transmission to the State accounts payable system.
- Cardholder reconciles receipts and transaction logs monthly with electronically generated memo statement and forwards to State Entity Approving Official.
- State Entity Approving Official (s) reviews and approves reconciliation and forwards to entity accounting.

- Agency makes single monthly payment for the amount of the entity memo statement to JPMorgan Chase on the scheduled due date.

1.3. Program benefits. The federal government, 49 states, and numerous well-known private sector companies successfully use p/cards. Examples of benefits are reduced paperwork and transaction costs, ease of purchasing, prompt payment to merchants, good audit trail, safeguards against card misuse, and an expanded number of merchants willing to do business with the State. In some cases, use of a p/card will result in lower prices.

1.4. State of Oklahoma contract. As the result of competitive bidding, a prime contract was awarded to Bank One, Oklahoma, NA. Acting as first tier subcontractors to the prime contractor are Bank One, NA of Chicago, IL, MasterCard International of Purchase, NY, and ProCard of Golden, CO. The contract is a **mandatory** statewide contract. Oklahoma political subdivisions including counties, school districts and municipalities may also use the prime contract. However, they must execute sub agreements and establish their own method of payment with Bank One.

JPMorgan Chase Bank, NA acquired Bank One, NA in November 2004.

1.5. Program authorization. The program is authorized by the State of Oklahoma Central Purchasing Act (74 O.S., § 85.5 C. 15. & L.).

1.6. Conditions of participation. State entities, as a condition of participation in the program and use of the statewide contract, shall abide by the terms of these procedures unless a Request for Exception form is submitted and approved by the State Purchasing Director. Requests shall cite the specific paragraph(s) of these policies and procedures for which the exception is requested. The State Entity Purchase Card Administrator, State P/Card Administrator, and the Audit Division of the Department of Central Services shall keep approved exceptions on file. A Request for Exception to State Purchase Card Procedures (DCS/Purchasing- Form 030) is included as Attachment 8 of these procedures.

State entity p/card procedures shall be made a part of their internal purchasing procedures. State entities must submit their revised internal purchasing procedures to the Audit Director of the Department of Central Services within 6 months of completing the program implementation process (See Section 4.0).

Failure to comply with all conditions of participation may result in a state entity's removal from the p/card program by the State Purchasing Director.

1.7 Exemption. Institutions of higher education and political subdivisions may develop and implement their own procedures in lieu of these procedures.

2.0. Definitions

“Acquiring Bank” means the bank that signs a merchant to accept Master Card. Synonymous with “merchant bank.”

“Cycle” means a period of time ending on the same date. For example, cycle 27 ends at midnight on the 27th of each month. If the cycle occurs on a Saturday, Sunday, or a holiday, the cycle ends on the next business day. Synonymous with “billing cycle.”

“Invoice” means a document sent by JPMorgan Chase to an organization to effect payment for goods and services purchased using the p/card, also available via the Pathway Net System (RPT 500- Invoice). For state entities (except institutions of higher education), payment will be made by the agencies directly to the bank. (See memo statement.)

“Issuing Bank” means the bank issuing the p/card to an organization. For the State of Oklahoma, JPMorgan Chase is the issuing bank.

“Memo Statement” means a document listing p/card account activity sent to a state entity by JPMorgan Chase, and available via the Pathway Net System (RPT 121- Cardholder Statement (Central Bill)). Used for management and reconciliation purposes as well as the basis for payment.

“Merchant” means a business or other organization that may provide goods or services to a customer. Synonymous with “supplier” or “vendor.”

“Merchant Category Code (MCC)” means a standard code that the credit card industry uses to categorize merchants based on the type of goods or services provided by the merchant. A merchant is assigned an MCC by the acquiring bank.

“Merchant Category Code Group (MCCG)” means a defined group of merchant category codes. MCCGs are used to control whether or not cardholders can make purchases from particular types of merchants.

“Point of Sale Code (POS)” means a cardholder defined code entered by the merchant at the time of sale that can be used to enhance accounting data.

“ProCard” means the subcontractor to JPMorgan Chase that provides Internet based access to p/card transaction information via Pathway Net. The website is <https://pwnet.procard.com/stateofoklahoma/>.

“State Entity” means a unit of state government. It includes, but is not limited to, any agency, office, officer, bureau, board, counsel, court and associated organizations, commission, institution, unit, division, body of the executive, judicial and legislative branches, whether elected or appointed. It excludes only political subdivisions of the state. Synonymous with “entity.”

“Split Purchasing” means the dividing of a known quantity or failing to consolidate a known quantity of goods or services with the intent of and for the purpose of evading (1) the p/card statutory single transaction limit of \$2500.00. and/or (2) limit(s) established for an individual p/card and/or (3) a competitive bidding requirement.

“Statewide Contract Purchasing Card” means a credit card to purchase off of SW Contracts issued by the Department of Central Services/Central Purchasing Division, for any amount.

“Total System Services” means the subcontractor to JPMorgan Chase that processes p/card authorization requests and posts cardholder information for JPMorgan Chase.

“Transaction” means a single purchase. A credit also constitutes a transaction.

“Travel Purchasing Card” means a credit card for purchasing airfare (only) for any amount. This card shall only be used for airfare purchases made through a travel agent listed on the mandatory Statewide Contract for Travel Agent Services (SW100) issued by the Department of Central Services/Central Purchasing Division.

3.0. Organization and Training

3.1. Executive Steering Group: Provides overall guidance and directions for the p/card program. It is chaired by the Director of Central Services/Secretary of Administration. Other members are the State Treasurer; the Director, Office of State Finance and the State Auditor and Inspector.

3.2. State Purchasing Director: Responsible for management of the p/card program.

3.3. State P/Card Administrator: The Central Purchasing staff member designated to assist the State Purchasing Director with implementation and operation of the p/card program.

3.4. Contracting Officer: The designated Central Purchasing staff member with authority to contractually commit the State. Assists with program implementation and operation.

3.5. State Entity P/Card Administrator: The state entity individual designated by the entity Chief Administrative Officer to manage, on a day-to-day basis and in detail, the p/card program for the entity. This employee and any designated back-up or Authorized Signer are the only employees authorized with JPMorgan Chase to designate or change cardholder and card limits for their state entity.

3.6. State Entity Approving Officials: One or more agency staff members designated by the State Entity P/Card Administrator to review and approve cardholder transactions.

3.7. Cardholders: One or more state entity staff members designated by the Entity P/Card Administrator to execute purchases using their assigned p/card.

3.8. Organization chart. A p/card organization chart is at Attachment 1.

3.9. Training: Entity P/Card Administrators and designated back-ups, Authorized Signers, Approving Officials, and Cardholders must successfully complete the training prescribed by the State Purchasing Director prior to assuming their duties and prior to being issued p/cards. SW Contract cardholders and their approving officials must also go through another training session, covering use & familiarization with SW Contracts.

3.10. Purchase Card Employee Agreement. Entity P/Card Administrators and designated back-ups, Authorized Signers, Approving Officials, and Cardholders must sign the State of Oklahoma Purchase Card Employee Agreement form prior to assuming their duties and being issued p/cards. A sample form is at Attachment 2.

3.11. Employee status. Personnel serving as Entity P/Card Administrators and designated back-ups, Authorized Signers, Approving Officials, and Cardholders must be a full time or permanent part time (not temporary) employee of a state entity.

4.0. Implementation

4.1. Implementation instructions. Each State Entity P/Card Administrator will receive a Bank One/JPMorgan Chase prepared “Commercial Card Program Guide” (Guide) and implementation training. The guide and these procedures provide the information needed to implement a state entity program. The State P/Card Administrator will provide training schedules.

4.2. Implementation submissions. State entities are to prepare and submit the following documents. Where the State P/Card Administrator receives the original document (not copies) he/she will process the necessary forms to JPMorgan Chase. Forms are found in Appendix A of the Guide.

Document	Signed by	Submitted to	Notes
Letter appointing Agency P/Card Administrator & Back-up P/Card Administrator	Entity Chief Administrative Officer (Agency Head)	Original to appointee Copy to State P/Card Administrator (Central Purchasing)	
Commercial Card Authorized Signers Form	Entity submits for signature by State Purchasing Director	Original to State P/Card Administrator (Central Purchasing)	Note 1
Hierarchy Forms, Levels 2-5	Entity P/Card Administrator	Original to Bank. Copy to Entity P/Card Administrator	Note 2
Commercial Card Company Record Form	Entity P/Card Administrator	Original to Bank. Copy to State P/Card Administrator (Central Purchasing)	Note 3
Commercial Card Cardholder Account Form	Entity P/Card Administrator	Original to Bank	Note 4
Entity P/card Procedures	Process per Central Purchasing Codified Rules (580:15-6-3)	Audit Director (DCS)	Note 5

Note 1: Include as “Authorized Signers” only the Entity P/Card Administrator and back up. Do not include Entity Approving Officials or cardholders.

Note 2: State Entity hierarchy must integrate with hierarchy model developed for statewide use.

Note 3: By the statements “Send New Cards To” and “Send Renewal Cards To”- Check “Other” and complete the address as follows:

State Purchase Card Administrator
Attn: Christina Balmer
Department of Central Services/Central Purchasing Division
2401 N. Lincoln Blvd, Suite 116
Oklahoma City, OK 73105

Note 4: Fax acceptable. See Bank One Program/JPMorgan Chase Implementation Guide for fax numbers.

Note 5: Entity p/card procedures shall be made a part of entity purchasing procedures. State entities must submit their revised internal purchasing procedures to the Audit Director of the Department of Central Services within 6 months of completing the p/card program implementation process.

5.0. Financial Operations

5.1. Encumbering funds. State entities shall establish encumbrances as “authority order” purchase orders in the State Purchasing System. Agencies are required to create a minimum of one authority order for each type of P/Card in use. Separate authority orders should be established for the regular P/Card, the statewide contact P/Card, and the Travel P/Card. Change orders to amend these encumbrances may be processed as necessary.

The appropriate vendors are:

Vendor ID 0000001101 – Authority Order-PCARD

Vendor ID 0000001105 – Authority Order-PCARD SWC (for state-wide contract)

Vendor ID 0000001108 – Authority Order-PCARD Travel (for airline tickets only)

5.2. Account codes. As with any purchase, state entities shall establish internal procedures to ensure that each payment voucher uses valid account (object of expenditure) codes. A generic account code shall not be used with any accounts payable voucher.

Default account codes will be assigned based on the MCC codes for each merchant. However, these default codes may not be appropriate in some circumstances and the correct account codes should be assigned on-line by the purchaser or other agency personnel. On-line review and correction of account codes should be done using the bank’s website at least weekly or possibly daily to permit quick processing during the short payment window at the end of the billing cycle.

5.2.1. Funding Lines. Each P/Card will be coded with default funding line information. These default codes may not be appropriate in every circumstance and the correct funding should be assigned on-line by the purchaser or other agency personnel. On-line review and correction of funding lines should be done using the bank’s website at least weekly or possibly daily to permit quick processing during the short payment window at the end of the billing cycle. Payments from true ASAs (accounts that begin with a “1”) should be made through a 700 fund, which can be reimbursed from the ASA.

5.3. P/Card payment. Each state entity shall make **one**, single monthly payment to the appropriate P/Card vendor to satisfy all transactions listed for the billing cycle, in the time and manner agreed to by the State and the servicing bank regardless of the number of purchase orders utilized. The actual payee will be automatically populated on the voucher payment page with JPMorgan Chase Bank, NA, Vendor ID 0000097137, LOC 0003.

Late payment or non-payment of P/Card purchases will result in an entity’s cards being frozen or canceled, and may include additional action to obtain the payment and/or any interest accrued.

5.4. Payment procedures. Agencies will create the accounts payable voucher for the full amount of the invoice from the JPMorgan Chase transaction file using the State accounts payable system voucher-build program, and process it for payment. Also, each State Entity P/Card Administrator will receive a separate memo statement from JPMorgan Chase reflecting the amount due from said entity that should balance to the voucher.

5.4.1. Processing timing. The P/Card closing period is the 27th of the month, unless on a holiday or other non-banking day, then closing is the following banking day. Office of State Finance (OSF) must receive agency vouchers no later than the 11th calendar day after the closing date. This is to allow OSF appropriate time to process the voucher and for the EFT payment to reach the servicing bank by the 14th calendar day.

The timing of each processing procedure is as follows (dates may vary slightly from month to month):

- A. Agencies have through the 1st of each month to edit the Pathway Net fields.
- B. On the 2nd of each month the Pathway net file will be loaded into PeopleSoft through an interface. Each agency will create one accounts payable voucher each month per vendor ID using the PeopleSoft batch voucher request process for "Procurement Card." Agencies will review the process error reports online, correct any errors (missing or incorrect data), and rerun the process if necessary. A separate Core training manual is available for this process.
- C. Agencies have through the 6th of each month to edit the voucher fields for object code/account and other funding changes and **print** the vouchers to send to OSF.
- D. OSF will process the payments on the 7th of each month or if on a weekend or banking holiday the next business day.
- E. Payments sent to Office of State Treasurer (OST) on the 7th will be forwarded to the banking system on the 8th.
- F. JPMorgan Chase will receive and credit payments on the 9th day of the month.

5.4.2. Payment in full. Agency payments shall be made in full, even though memo statements may contain transactions, which are disputed by the state entity. A dispute must be filed through the proper channels provided for resolutions. Once resolution of the dispute is made, an adjustment will appear on a subsequent memo statement from the bank and an appropriate offset against the current transactions may be taken at that time. State entities shall assume full responsibility for reconciling and documenting all P/Card transactions.

5.4.3. Voucher documentation. Vouchers for P/Card transactions shall have the Pathway Invoice RPT 500 attached when submitted to OSF. If an agency has multiple card types, i.e., regular card, statewide contract card and the travel card, these amounts will all show cumulative on the RPT 500. Therefore, such agencies are required to separate out the totals for each card type and write them on the RPT 500. Copies of the report can be put with the multiple vouchers.

These vouchers will be considered similar to those processed under the alternate claim procedure (62 O.S., §41.21) and are subject to post-audit for all state entities participating in the p/card program. Therefore, detail documentation (i.e., purchase receipts, receiving documents, return receipts, transaction logs) supporting p/card transactions shall be retained by the state entity and made available upon request (see also 6.9.3.).

5.5. State Use Committee Levy. The Branch Chief, State Use office of the Central Purchasing Division shall provide the workshops with payment instructions for remitting the amount of the 1% levy based upon p/card purchases made from the workshop.

5.6. Inventory. State entities shall establish procedures to ensure that items acquired using the p/card and exceeding \$500.00 in cost, or a different amount if approved by the Director of Central Purchasing, are added to the inventory schedule pursuant to 74 O.S. § 110.1.

5.7. Cycle dates. The JPMorgan Chase p/card monthly purchasing cycle for the State account begins on the 28th day of each calendar month and will continue through the 27th day of the following calendar month.

5.8. Records retention. State entity p/card records shall be maintained in a central location as referenced in State entity p/card procedures. Records include, but are not limited to transaction receipts and logs, dispute documents, Cardholder and State Entity Approving Official approvals, and any other pertinent documents whether in paper or electronic form. Accounting records shall be maintained in the appropriate state entity accounting office. Records shall be maintained for seven (7) fiscal years. If audit, litigation or other action is started before the end of the seven year period, the records are required to be retained for two years from the date that all issues arising out of the action are resolved or until the end of the seven year retention period, whichever is longer.

5.9. IRS Form 1099 reporting. Information to meet IRS Form 1099 reporting requirements will not be supported directly by the State p/card program. State entities should ensure appropriate review and documentation of reportable transactions and subsequent submission to OSF for inclusion within the central Form 1099 reporting system. Additional guidance regarding these reporting requirements will be provided separately to State entities.

5.10. Revenue sharing. The contract with the servicing bank requires revenue sharing with contract users. Revenue will be calculated annually (calendar year) for each entity by the servicing bank and it is based on the total dollar value of entity transactions and average entity transaction value. Payment by the servicing bank can be expected in February of the following year and will be paid as described below.

5.10.1. Participating Entities. The servicing bank will send to each entity an annual check for its share of the revenue sharing rebate.

5.10.2. Other Organizations. Generally, other organizations may participate in the State's agreement with the servicing bank. This group will include institutions of higher education and political subdivisions. The servicing bank will send an annual check directly to these organizations.

5.11. Implementation notice. The State P/Card Administrator shall provide written notice to the State Comptroller (with a copy to the OSF Transaction Processing Department) in advance of any state entity beginning use of P/Cards. The notice shall include whether the entity will be issued the small dollar cards and/or the statewide contract cards.

5.12. Advance (pre-) payments. P/card purchases are subject to Office of State Finance Procedures Manual, Section 319, Special Procedures. A copy of the applicable page is attachment 7 of these procedures.

6.0. Purchase Card Operations

6.1. Issuing the P/Card.

6.1.1. Cardholders. The p/card is typically issued to those employees who have the need to actually purchase goods and services for official use of the State.

6.1.2. Application. Application for p/card(s) shall be made by the state entity submitting a Purchase Card Cardholder Account Form. A sample of the form is at Appendix B of the Bank One/JPMorgan Chase Commercial Card Program Guide. A blank form is included on the computer disk in the guide. The form must be signed by the Entity P/Card Administrator, and submitted with original signatures directly to JPMorgan Chase at the below address:

<u>Overnight Mail</u>	<u>Regular Mail</u>
JPMorgan Chase	JPMorgan Chase
Corporate Products	Corporate Products
2500 Westfield Drive Dept. B3	PO Box 2015
Elgin, IL 60123	Elgin, IL 60121

Application for p/card(s) is also available for completion and electronic submission to JPMorgan Chase on the Pathway Net System. Prior to electronic submission, the cardholder set up form must be printed out and signed by the Entity P/Card Administrator. The Entity P/Card Administrator shall retain signed copies of all mailed and electronic submissions. JPMorgan Chase will ship new cards to the State P/Card Administrator for redistribution to the respective Entity P/Card Administrator.

6.1.3. Employee p/card agreement. The Entity P/Card Administrator shall maintain the original employee signed copy of the State of Oklahoma Purchase Card Employee Agreement. A copy of the signed agreement shall be provided to the employee. The form shall also contain card limitations applying to the employee. An Employee P/Card Agreement form is included as Attachment 2 of these procedures.

6.1.4. Property of the State. All p/cards issued under this program are the property of the State of Oklahoma and shall be surrendered to the State Entity P/Card Administrator upon termination of employment with the state entity whose name is on the card or upon request of the cardholder's supervisor, State Entity Approving Official, Authorized Signer, State Entity P/Card Administrator or designated back-up, or State Purchasing Director.

6.1.5. Card controls and limits.

6.1.5.1. State entities are required to establish the following categories of controls and limits on each p/card. These mandatory limits are required by JPMorgan Chase and Master Card. The mandatory categories are:

- Credit limit (dollar amount per cycle),
- Single purchase limit (dollar amount per transaction and shall not exceed \$2500.00)
- Merchant Category Code Group (MCCG).

The Statewide Contract p/card has no mandatory limit on purchasing amounts. The card is to be used **ONLY** for making purchases off of statewide contracts issued by Central Purchasing.

The Travel p/card has no mandatory limit on purchasing amounts. The card shall be used for the purchase of airfare (**only**). The card shall **ONLY** be used for airfare purchased through a travel agent listed on the mandatory Statewide Contract for Travel Agent Services (SW100) issued by the Department of Central Services/Central Purchasing Division.

6.1.5.2. As an option, state entities may establish a dollar amount per day limit, number of transactions (authorizations) per day, and/or number of transactions per cycle. However, use of these additional limits is discouraged as the limits listed in 6.1.5.1. are deemed sufficient for most needs.

6.2. Using the p/card.

6.2.1. Methods of purchase. The p/card may be used for walk-in, telephone, and internet purchases. It is recommended that internet purchases be made from a merchant with a secured internet site.

6.2.2. Split purchases. Split purchases are prohibited and shall not be made. See Section 2.0. Definitions.

6.2.3. Other prohibited purchases. The p/card, Statewide Contract p/card, and Travel p/card shall **NOT** be used for the following types of purchases:

- Travel including, but not limited to, transportation, entertainment, food and beverages, travel agencies, and lodging unless such use is approved by the State Purchasing Director in accordance with paragraph 1.6. of these procedures. **This limitation does not apply to the Travel p/card, which may be used for purchasing airfare (only), when purchased through a travel agent listed on the mandatory Statewide Contract for Travel Agent Services.**
- Cash, cash advances, automatic teller machine (ATM) transactions.
- Purchase of any goods or services for personal use and not for official State use.
- Any transaction exceeding a total of \$2500.00. (State entities may establish lower dollar levels.) **This limitation does not apply to the Statewide Contract p/card or the Travel p/card.**
- Any transaction or series of transactions, which exceed the limits

established on an individual p/card.

-Motor fuel or fluids.

-Gift certificates. **This does not apply to gift certificate purchases made pursuant to 74 O.S., § 4121 (Employee Recognition).**

6.2.4. Certain conference and training fees. The p/card may be used to contract for conference/training course fees, conference equipment (such as audio or video equipment), conference/training rooms, conference/training set-up services, and conference/training materials. Goods and services prohibited by 6.2.3. are not considered certain training and conference fees. If advance (pre-) payment is contemplated, please see 5.12.

6.2.5. Merchant preferences. P/card purchases shall comply with the following preferences for certain merchants or types of contracts. The following are listed in the order of preference.

6.2.5.1. State Use Committee. State entities shall make p/card purchases from merchants on the State Use Committee procurement schedule unless the State Use Contracting Officer has issued a waiver to the entity prior to the purchase. State Use Committee statewide contracts are mandatory for use. State entities shall reference the State Use Committee procurement schedule to ensure p/card purchases are pursuant to 74 O.S. § 3007.

6.2.5.2. Oklahoma Corrections Industries (OCI). State entities shall make purchases from OCI pursuant to 57 O.S., § 549.1, if the vendor is deemed lowest and best.

6.2.5.3. Mandatory statewide contracts. State entities shall make purchases from mandatory statewide contracts regardless of the purchase price unless the State Purchasing Director has issued a waiver to the entity.

6.2.5.4. Additional information. Additional information on the above preferences may be obtained from an entity Certified Procurement Officer and are found in the Oklahoma Purchasing Division codified rules (580:15-6-5).

6.3. Prices paid. Cardholders shall ensure that prices paid for p/card purchases are fair and reasonable.

6.4. Transaction logs. Cardholders shall maintain a transaction log of all p/card purchases, returns, credits and disputed transactions as the transactions are made. A separate log shall be maintained for each p/card for each cycle. Attachment 3 is a sample p/card transaction log. Using entities may add additional data fields.

6.5. Receipts for purchase. Receipts shall be obtained for purchases. The receipt shall give an itemized and detailed description of the purchase. If a receipt is not furnished by the merchant (as may be the case with a phone or internet order), an order

confirmation, confirmation number, or packing slip should be obtained. If neither a receipt, confirmation information, nor packing slip is available for a transaction, documentation shall be attached to the transaction log notating all attempts made to obtain a receipt from the merchant. In the latter situation, cardholders should consider future use of another merchant who will provide a receipt or confirmation information. If a receipt is lost, the cardholder shall note the loss on the transaction log and complete a Lost Receipt Report (Attachment 4). The Lost Receipt Report shall be included in the cardholder's reconciliation submission. Repeated loss of receipts may be grounds for discontinuing a cardholder's p/card use or other disciplinary or legal action.

6.6. State sales tax. State entity purchases are exempt from the State of Oklahoma sales tax. Cardholders should exercise care to ensure that they are not being charged nor paying such tax. The sales tax identification number is provided on the face of each p/card.

6.7. Receiving goods and services.

6.7.1. Goods or services received at the time of purchase. The receipt for purchase (see 6.5. above) can also serve as the receiving document. The receiving document should be annotated "Received" and signed and dated by the receiving employee. The combination purchase receipt/receiving document shall be attached to the transaction log.

6.7.2. Goods or services received subsequent to the time of purchase. The document accompanying the goods or services (such as a packing slip or service order) serves as the receiving document and is processed as described in 6.7.1. above.

6.8. Returns, credits and disputed transactions.

6.8.1. Processing returns, credits, and disputes. In most cases, disputes can be resolved directly between the cardholder and the merchant. If an item needs to be returned for any reason, return the goods to the merchant in the manner agreed upon. The merchant should issue a credit for items that are returned. This credit will appear on a subsequent memo statement. Documentation of the credit receipt should be issued by the merchant. Keep on file all documentation pertaining to returns, credits, and disputes for reconciliation to the memo statement. Record the return, credit, or disputed transaction on the Transaction Log and attach copies of documentation.

6.8.2. JPMorgan Chase assistance. If the cardholder and merchant cannot resolve the issue, contact JPMorgan Chase Customer Service at (800) 316-6056. Disputed transactions which cannot be quickly resolved between the cardholder and merchant shall be reported to JPMorgan Chase immediately and, at the latest, no more than 30 days after the original transaction date. JPMorgan Chase will investigate the dispute on the cardholder's behalf and assist in resolution. A Transaction Dispute Form (Attachment 5) must be completed and transmitted to the bank. The form contains mailing and fax information.

6.9. Reconciling the monthly statement.

6.9.1. Cardholder responsibility. SW Contract p/card and Travel p/card holders must obtain approval for purchases daily from their Entity Approving Official. The Entity Approving Official shall indicate approval by initialing and dating the transaction log next to the purchase. Regular p/card, Statewide Contract p/card, and Travel p/card holders shall obtain an electronically generated memo statement upon closing of the bank's monthly billing cycle from the Pathway Net System. The memo statement shall be reconciled by the cardholder and submitted to the cardholder's designated State Entity Approving Official. In reconciling the statement, cardholders should use appropriate documents (ie, transaction log, purchase receipts, receiving documents, credit receipts) to verify that purchases and returns are accurately listed on the memo statement. After confirming the transactions on the memo statement, the cardholder shall sign and date the transaction log, indicating that the cardholder did make the purchases. The cardholder shall also sign and date the memo statement verifying that the transaction log and memo statement have been reconciled. All cardholders (including Entity P/card Administrators and Approving Officials for other cardholders) must have their reconciliation approved by an approving official at least one level above their position.

6.9.2. Entity approving official(s) responsibility. SW Contract p/card and Travel p/card Entity Approving Officials must review and approve the cardholders purchases daily. The Entity Approving Official shall indicate approval by initialing and dating the transaction log next to the purchase. State Entity Approving Official(s) shall review the regular p/card, Statewide Contract p/card, or Travel p/card holder's reconciled memo statement and supporting documentation for accuracy, completeness, appropriateness of the purchase and whether the transactions were conducted according to State statutes, rules, these procedures, and sound business practice. Any issue that cannot be resolved between the State Entity Approving Official and the cardholder shall be brought to the attention of the cardholder's immediate supervisor and the State Entity P/Card Administrator for resolution. To indicate concurrence with the reconciled statement, the State Entity Approving Official shall sign and date the memo statement and forward the memo statement and supporting documentation for payment as required by entity p/card procedures.

6.9.3. Entity retention of statements. Entity P/Card procedures shall designate where State Entity Approving officials shall retain reconciled statements and supporting documents and to make available upon request by OSF and/or DCS for review and audit purposes. Entities are responsible for achieving a status as the state entity of record for said documents through the State Archives and Records Commission.

6.10. Card security. Use of the p/card and Statewide Contract p/card is limited to the person whose name is embossed on the card. The card shall not be loaned to another person. In the event that a cardholder will be absent from work for an extended period of time, the entity may wish to request a p/card for another individual for the duration of the absence. However, the interim cardholder must attend training and sign the

employee agreement prior to receiving a p/card. The cardholder shall assure that the card is kept in a secure manner and that the p/card account number on the card is not posted or left in a conspicuous place. In the event that a cardholder changes jobs, the p/card shall be returned to the State Entity P/Card Administrator and shall not move with the cardholder to the new job. State entities shall establish an internal procedure to ensure that a p/card held by a terminated employee is promptly provided to the State Entity P/Card Administrator. **The State Entity P/Card Administrator shall document the date a p/card is cancelled with JP Morgan Chase.**

The Travel p/card is issued in the agency's name, to be used **ONLY** by the entity designated primary and back-up travel coordinators. Entity travel coordinators are classified as cardholders and must successfully complete the required program training and sign the purchase card employee agreement prior to using the card.

6.11. Lost or stolen cards. If a cardholder's p/card is lost or stolen, the cardholder shall immediately notify JPMorgan Chase at (800) 316-6056. This number is available 24 hours per day. Cardholders should keep this phone number in a readily available place but separate from the card location. [Note: you may be asked by these numbers to input the first four digits of the card number. If you do not know this number, hold for a customer service representative.] Upon notification, a customer service representative will block the use of the card. The cardholder shall record the date and time JPMorgan Chase was notified as well as the name of the JPMorgan Chase customer service representative contacted. Next, the cardholder shall complete a Stolen Card Notification form (Attachment 6) and provide it by the fastest possible means to the State Entity P/Card Administrator with a copy to the appropriate State Entity Approving Official. **The entity is responsible for purchases on lost or stolen p/cards until JPMorgan Chase has been notified.**

6.12. Management information and reports.

6.12.1. Paper reports. Account information may be received on a variety of paper reports available from JPMorgan Chase. The TBR 200 and TBR 400 are two very useful basic reports.

6.12.2. Information via the internet. Account information may be viewed and reports generated at the Pathway Net System website (<https://pwnet.procard.com/stateofoklahoma/>). Account information is maintained on the Pathway Net server for 13 months. State entities shall establish a procedure for maintaining necessary data before it is removed from the Pathway Net server. (See 5.8.)

6.13. Expiring card renewal. Prior to a p/card's expiration date, JPMorgan Chase will prepare a replacement card and send it to the State P/Card Administrator.

6.14. Replacement of defective, lost, stolen cards. P/Cards may be replaced when the original p/card is defective or mutilated or when the p/card has been lost or stolen. The State Entity P/Card Administrator shall submit a Commercial Card Cardholder Account Form in accordance with 4.2. JPMorgan Chase will prepare a new card with a new account number and forward it to the State P/Card Administrator. Additionally, in the case of a defective or mutilated p/card, the card shall be cut down the center of the magnetic stripe and forwarded to the State Entity Approving Official. The State Entity Approving Official shall forward the cut card to the State Entity P/Card Administrator for final disposal.

6.15. Merchant non-acceptance of Master Card. Cardholders may provide information to merchants who do not accept Master Card on becoming a Master Card merchant. Such merchants may establish the Master Card program through their own banking institution or through JPMorgan Chase in Chicago. The contact point for the latter is listed in Section 7.0.

7.0. Who To Call

JPMorgan Chase Customer Service

1-800-316-6056

My State Entity P/Card Administrator is:

Name _____, Phone _____

My State Entity Approving Official is:

Name _____, Phone _____

Department of Central Services/Central Purchasing Contacts

State P/Card Administrator: Christina Balmer (405) 522-3429
christina_balmer@dcs.state.ok.us -or-

Audit: JoRay McCoy (405) 522-1038
Joray_mccoy@dcs.state.ok.us

Branch Chief, Technical/Service Branch: Laura Lovell (405) 521-3046
Laura_lovell@dcs.state.ok.us

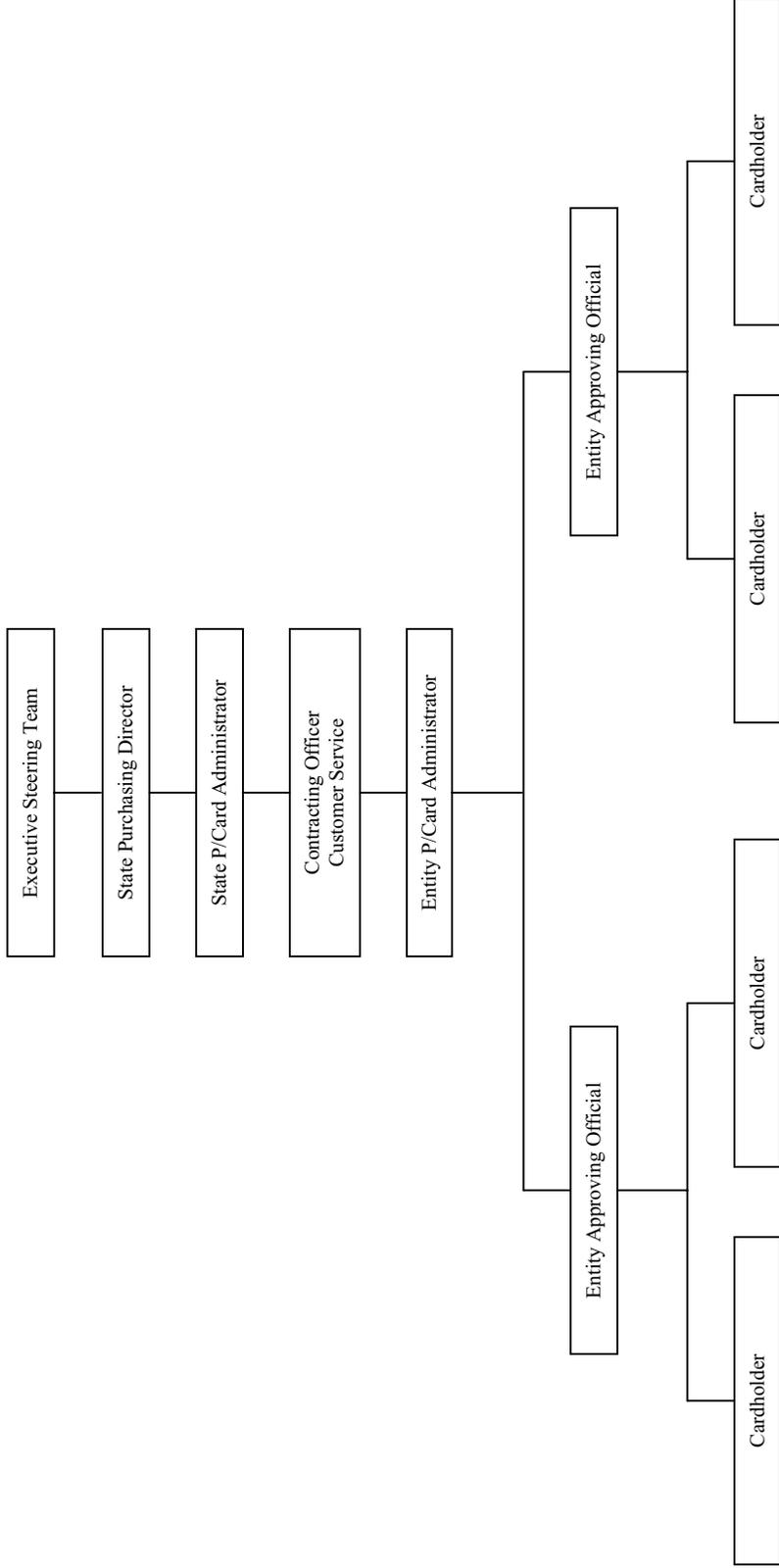
Merchant signup for Master Card from JPMorgan Chase

Michelle Geddie (918) 586-5734 or Rodney Payne (405) 231-6902

8.0. List of Attachments

<u>Attachment Number</u>	<u>Title</u>
1.	Purchase Card Organization Chart
2.	Purchase Card Employee Agreement
3.	Purchase Card Transaction Log
4.	Purchase Card Missing Receipt Form
5.	Dispute Form
6.	Lost or Stolen P/Card Notification Form
7.	OSF Procedures Manual (Sec. 319, Special Procedures) Advance (Pre-) Payments http://www.osf.state.ok.us/osfdocs/manual/300.pdf
8.	Request for Exception to State Purchase Card Procedures

Purchase Card Organization Chart



State of Oklahoma Purchase Card Employee Agreement

I, as an authorized and approved cardholder, State Entity P/Card Administrator, or State Entity Approving Official, fully understand and agree to the following terms and conditions regarding the use and safekeeping of the purchase card(s) (p/card) entrusted to me:

1. I accept full personal responsibility for the safekeeping of all p/cards assigned to me;
2. I understand I will be making financial commitments on behalf of the State of Oklahoma and will obtain fair and reasonable prices;
3. I have received training and agree to follow all procedures established for use of the p/card;
4. I will not use the card for any non-State related business or non-authorized purchases nor personal purchases nor cash advances;
5. I will immediately report the theft or loss of the card to Bank One, my Entity Approving Official and the Entity P/Card Administrator;
6. I understand that the use of the p/card does not exempt me from requirements to obtain certain supplies from required sources as set forth in statutes and p/card procedures;
7. I will surrender my p/card(s) upon (a) transfer to another organization of State government, (b) termination of employment with the State, or (c) request of my supervisor, Entity Approving Official, Entity P/Card Administrator or the State Purchasing Director;
8. I understand that any purchases made by me will be recorded and reviewed in management reports, for payments, and possible discrepancies and appropriateness of purchase; further, I acknowledge that I will have personal liability for any inappropriate purchases made by me;
9. I agree to reimburse the State for any purchases made by me which are deemed inappropriate;
10. I understand that I cannot use the p/card as a financial reference to obtain personal credit cards or loans;
11. I understand that I am personally responsible for obtaining all purchase and credit documents and submitting them in accordance with State p/card procedures;
12. I will use the card only within the limits and restrictions placed upon it unless the Entity P/Card Administrator has temporarily lifted same due to an emergency situation or other unique circumstance;
13. I understand that absolutely no one other than myself is permitted to use the p/card(s) assigned to me; and,

I understand that failure to follow any of the above listed terms & conditions or if found to have misused the p/card in any manner may result in (a) revocation of the privilege to use the card, (b) disciplinary action, (c) termination of employment, and/or criminal charges being filed with the appropriate authority. I hereby accept the above terms & conditions and acknowledge receipt of the p/card(s) identified below.

Employee Name Printed/Typed	Employee Signature	Date Signed
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-CONTINUED ON REVERSE-

Receipt for P/Card

Dollar and transaction limitations for this cardholder

Dollars per transaction (shall not exceed \$2,500.00)* _____

Dollars per cycle ("month")* _____

Transactions per cycle (optional) _____

Dollars per day (optional) _____

Transactions per day (optional) _____

*A dollar amount must be entered for the asterisk items. See P/Card Procedures 6.1.5. before establishing optional limits.

*This limitation does not apply to the Statewide Contract p/card or the Travel p/card.

I have reviewed and understand the dollar limitations on my p/card and I acknowledge receipt of the p/card.

Employee Signature

Date Card Received

Card account number _____

Cardholder SSN (Last 4 digits only) _____

State Entity _____ Division _____

Cardholder Telephone Number _____

Cardholder Work Location

Street Address

City/State

Zip

Immediate Supervisor _____

Name

Phone

Revised: 6/9/05

**State of Oklahoma
Purchase Card Program
Missing Receipt Form**

Cardholder name _____ Agency _____

Cardholder Phone _____ Date of this report _____

Card number (last 4 digits) _____

Merchant _____ Date of purchase _____

What Purchased _____ Cost _____

Briefly describe circumstances of missing receipt:

Cardholder Signature _____

Provide this report to Entity Approving Official as part of your monthly reconciliation paperwork.

DISPUTE FORM

CARDHOLDER NAME and
RETURN ADDRESS:

CARDHOLDER PHONE NUMBER: _____
CARDHOLDER FAX NUMBER: _____
CARDHOLDER ACCOUNT NUMBER: _____
MERCHANT NAME: _____
AMOUNT: _____
TRANSACTION DATE: _____
TRANSACTION REFERENCE #: _____

To assist our investigation, please indicate below the reason for your dispute. If you have any questions, please call our Dispute Representatives at 1-888-297-0768.

I did not make nor authorize the above transaction. (Please indicate the whereabouts of your Commercial Card.)

There is a difference in the amount I authorized and the amount I was billed.
(A copy of your charge must be enclosed.)

I only transacted one charge, and I was previously billed for this sales draft.
Date of previous charge: _____

The above transaction is mine, but I am disputing the transaction.
(Please state your reasons why in detail.)

Please send me a copy of the sales draft. (Your account will be charged \$5.00 for each copy supplied.)

I have received a credit voucher for the above transaction, but it has not yet appeared on my account. (A copy of the credit voucher must be enclosed.)

My account has been charged for the above transaction, but I have not received this merchandise. The date of expected delivery was: _____ The details of my attempt to resolve the dispute with the merchant and the merchant's response are indicated below.

My account has been charged for the above transaction, but the merchandise has since been returned. The details of my attempt to resolve the dispute with the merchant and the merchant's response is indicated below. (Please enclose a copy of your postal receipt.)

Other (Please explain):

Cardholder Signature: _____ Date: _____

Check here if signing on behalf of cardholder

Send completed form to:
Bank One Corporate Products-Disputes
P.O. Box 2015-Department B3
Elgin, IL 60121

Or Fax to: (847) 497-8298
(847) 622-2495
(847) 931-8861

**State of Oklahoma
Purchase Card Program
Lost or Stolen P/Card Notification Form**

STEP 1: Immediately upon knowing your p/card is lost or stolen, notify Bank One by phone (800) 848-2813 or (800) 316-6056. Record the date, time, and name of the Bank One representative you spoke with.

STEP 2: Next, complete and distribute this form.

Cardholder name _____ Agency _____

Cardholder phone _____ Date of this report _____

Card number (last 4 digits) _____

Card is believed stolen.

Card is believed lost.

Information on telephone notice to Bank One:

Date _____ Time _____

Bank One Employee Name _____

Briefly describe circumstances of loss or theft.

Cardholder Signature _____

Provide copies immediately to entity Approving Official and Entity P/Card Administrator.

Office of State Finance – Procedures Manual 7/01 – Chapter 300 (Pages 20-21)

L. Advance (Pre-) Payments

Past Attorney General's opinions have held that payment to a claimant (vendor) prior to the actual performance of work or receipt of product for which contracted, constitutes lending of credit or monies by the state, and therefore, violates the provisions of Art. 10, § 15, of the Okla. Constitution. In addition, pursuant to Title 74 O.S., Sec. 85.44B, payment of goods and services by a state agency, whether or not such state agency is subject to the Oklahoma Central Purchasing Act, shall be made only after products have been provided or services rendered. The exception is payments for subscriptions to magazines, periodicals, or books or for vendors providing subscription services. OSF will allow a six (6) week lead time in submitting the payment prior to the subscription commencement or expiration period, unless service is at risk of being interrupted, then payment will be accepted at a reasonable period of time in advance of the six (6) weeks. Additionally, due to the nature of such payments, the following situations are subject to approval for advance payment only when failure to pay in advance would preclude the agency from contracting for those goods or services:

1. Payments to the U.S. Government requiring prepayment, such as Superintendent of Documents for purchase of books are normally approved.
2. Payments to fair boards and other organizations, by agencies seeking booth rental at shows for the purpose of advertising or promoting the State of Oklahoma, will be considered by OSF if the facts of such prepayment requirement are properly documented with the claim.
3. Payments to official testing organizations requiring prepayment for attendance and/or grading of documents, for higher education or regulatory boards.
4. Registration fees for conferences, meetings, seminars, and similar events whereby in special situations an organization requires preregistration along with payment and by standard policy will not accept a state purchase order/contract in lieu of payment, documentation on the vendor's stationary describing this fact must be sent together with the claim to OSF for consideration of approval or disapproval.
5. Registration fees when a discounted fee is offered if registration is paid in advance. To qualify for this procedure, the registration fee must, 1) result in a discount to the state, 2) allow for substitution of participant, and 3) provide for 100% refund should the event be canceled. Documentation on the sponsor's stationary describing these facts should accompany the claim submitted for payment. In addition, any payment so approved shall be timed as to arrive at the sponsoring vendor not earlier than the absolute due date deadline for the discounted registration.

- CONTINUED ON REVERSE -

To operate under this policy, the payment must be made based on the “agency direct” method of payment and paid directly to the sponsoring vendor, using object of expenditure code 2215, ‘Registration - Agency Direct.’ In addition, for tracking such savings, there must be a credit amount listed with object code 221599 by using the agency use positions associated with the code. This will require encumbrance through entry to the DCS Purchasing System (also known as ADPICS) for the full amount. When ready to make the payment, it should be processed as follows:

Gross cost of registration fee - \$500.00 - 2215 (**amount to be encumbered**)

Advance payment discount - <100.00> - 221599

Claim total as net amount - 400.00

(Note: This will be the “Credit/Discount” step in your EDT record layout or the Add-On (discount) ICS Direct entry function.)

6. Maintenance agreements so long as a two pronged test is met. First, where it is the industry practice or standard for vendors to receive payment up front, and Second, where there is no reasonable alternative method of payment. However, in many circumstances, vendors will accept payment at the time services are rendered or after the fact if the agency alerts the vendor to this provision in state law and negotiates a legal payment arrangement with the vendor. Only when the marketplace (not the particular vendor) will not accept this type of payment arrangement is an advance payment justified. Accordingly, OSF requires a statement or an attachment to the claim certifying that both of these conditions are met before approving payment on a contract in which services are rendered after payment is made.



**State of Oklahoma
Department of Central Services
Purchasing Division**

**REQUEST FOR EXCEPTION
TO
STATE PURCHASE CARD
PROCEDURES**

To: State Purchasing Director, Central Purchasing Division
Department of Central Services
P.O. Box 528803
2401 N. Lincoln Blvd., Suite 116
Oklahoma City, OK 73152-8803.

The undersigned is the Appointing Authority for the State Entity named herein and is authorized to request an exception in accordance with the State Purchase Card Procedures.

1. State Entity Name/Number: _____
2. Address: _____
3. Telephone: _____ Fax: _____
4. State Entity Appointing Authority: _____
5. State Entity Purchase Card Administrator: _____
6. Describe Exception Requested for Approval and Justification for Need: _____

(If necessary, attach additional page, on agency letterhead, to provide justification.)

7. Cite specific paragraph(s) of State Purchase Card Procedures related to the exception:

By signing this request, I hereby affirm that the requesting entity has actual need for said exception.

Signature of Appointing Authority _____
Date

Signature of Entity Purchase Card Administrator _____
Date

This request is hereby: <input type="checkbox"/> Approved <input type="checkbox"/> Denied for the period of: _____ to _____ Comments: <div style="display: flex; justify-content: space-between; margin-top: 20px;"> _____ State Purchasing Director _____ Date </div>
