

Agency Management of the Procurement Card (FMC 3.5 – January 1, 2022)

Section 1 – Definitions:

A “Procurement Card (P-Card)” is a credit account established by a commercial financial institution on behalf of the State upon which the cost of purchasing goods and services may be charged.

“The P-Card Management Plan” is a document that describes the Agency's internal controls and reports the results of the program and should be revised as needs and circumstances require.

A “Travel Card (T-Card)” is a credit account established for official State travel for those State Employees that travel frequently or are using the Travel Card as the core source of procuring airfare and/or hotel lodging on behalf of Agency Travelers.

“Internal Controls” are policies or procedures put in place to mitigate risk (e.g., blocks on merchant category codes (MCCs), cardholder credit limits, etc.) and are more fully described in FMC 6.1.

Section 2 – General Policy: It is the general policy that all State agencies that employ Procurement or Travel cards must adhere to the State P-Card requirements. All conduct is subject to the Indiana Code of Ethics. All program policies and necessary documents (user agreements, manuals, etc.) are available via the Indiana Department of Administration (IDOA) website at <http://www.in.gov/idoa/2804.htm> (click “Procurement/Travel Card QPA 10156”).

To demonstrate compliance, agencies must submit P-Card Management Plans to IDOA, on an annual basis.

These P-Card Management Plans will be subject to audit and approval by IDOA. A P-Card Management Plan template will be provided by SBA and IDOA to facilitate development. Once developed and initially approved by IDOA, the P-Card Management Plan should be updated, at a minimum, annually on the anniversary date of the agency P-Card program in order to remain current.

Section 3 – P-Card Personnel Management Requirements: Agencies are required to appoint a Program Administrator (PA) and an Agency Fiscal Agent (AFA).

A PA manages an agency’s P-Card card program. As PA, he/she is responsible for monitoring and identifying delinquencies, fraud, misuse, and abuse of the P-Card and ensuring the agency is compliant with State requirements.

An AFA is responsible for certifying payments and ensuring that the cards are recorded to the correct account or project. Agencies that require multiple AFAs due to number and/or proximity of cardholders (cardholders at multiple branches/sites) may appoint a Head Fiscal Agent (HFA) to manage and appoint AFAs.

Depending on the number of cards issued within each agency, IDOA may allow agencies to appoint one person as both PA and AFA. If an AFA is a cardholder, he/she may not approve his/her own purchases. In this situation, another AFA or, in the case that the agency only has one AFA, the AFA's direct supervisor must approve the purchases. These arrangements will be subject to IDOA and State Budget Agency (SBA) approval.

In addition, agencies must develop a process for appointing cardholders. State guidelines require that a P-Card cardholder must be an employee of the State and have a daily business responsibility which would require the use of a P-Card to effectively complete his/her job. A T-Card holder must travel for State business on a regular basis (i.e., more than four trips annually). IDOA will make the final determination on all cardholder applications.

When a cardholder's employment is terminated or transferred, State guidelines require the cardholder to turn in their P-Card or T-Card to the PA at the time of separation. The agency PA is then responsible for canceling the card via the appropriate P-Card system (i.e., PaymentNet) and destroying the card.

Section 4 – P-Card Training Requirements: The State requires all P-Card cardholders to complete the IDOA P-Card training prior to appointment and annually thereafter. Travel cardholders are required to complete training prior to appointment and biennially thereafter. HFAs and AFAs will be required to complete the standard IDOA P-Card training as well as the IDOA training on the P-Card module of PeopleSoft Financials. As the Agency manager of the P-Card Program, the PA will be required to complete the IDOA P-Card training, the IDOA training on the P-Card module of PeopleSoft Financials, and the IDOA PA training.

IDOA will keep a record of training completion for each cardholder, HFA, AFA, and PA. Cards will be revoked by IDOA if cardholders do not comply with the annual training requirement.

Section 5 – Cardholder Responsibility: Every P-Card and T-Card will be assigned to a specific employee. Once the cardholder has signed the user agreement and completed the P-Card training, he/she is subject to the IDOA P-Card Suspension Policy upon failure to adhere to State P-Card policies and procedures. In addition to suspension, cardholders are personally financially liable for any inappropriate purchases made with the P-Card.

Examples of inappropriate use of the card include (but are not limited to):

- The P-Card is used for personal or unauthorized purposes.

- The P-Card is used to purchase alcoholic beverages or any substance, material, or service which violates any SBA, State Personnel Department (SPD), or agency office policies, laws or regulations.
- The cardholder splits a purchase to circumvent the limitations of the P-Card.
- The cardholder uses another cardholder's card to circumvent the purchase limit assigned to either cardholder or the limitations of the P-Card.
- The cardholder fails to provide receipts for all transactions.
- The cardholder fails to provide, when requested, information about any specific purchase.
- The cardholder accepts a cash refund in lieu of credit to the P-Card account.
- The cardholder neglects to report a lost or stolen card in a timely manner, in accordance with policy.
- The cardholder neglects to review and verify all transactions in a timely manner, in accordance with policy.
- The cardholder does not adhere to any other P-Card policies and procedures as provided in the IDOA cardholder manual.
- A T-Card holder uses their travel card for anything other than direct travel expenses (prohibited purchases include meals, gasoline, cab/taxi fares and parking).

Possible penalties for misuse include suspension of account, termination of account, disciplinary action, personal financial liability, and termination of employment. Card use is subject to the Indiana Code of Ethics and jurisdiction of the Office of Inspector General (OIG). In addition, the P-Card is subject to 42 IAC 1-5-12 which states “A state officer, employee or special state appointee shall not make use of state materials, funds, property, personnel, facilities or equipment for any purpose other than for official state business unless the use is expressly permitted by a general written agency, departmental or institutional policy or regulation.”

Section 6 – Risk Management Requirements: Risk management controls, policies, and practices are a critical tool for ensuring the efficiency and integrity of charge card programs by eliminating payment delinquencies, charge card misuse, fraud, and other forms of waste and abuse.

Several internal controls are set up to mitigate the risks. First, IDOA has established a standard Merchant Category Code (MCC) list for the P-Card and Travel card programs which apply to all agencies. This list authorizes specific vendor types based on typical government purchasing needs. For an agency to give its cardholders authorization to purchase from vendor types that are not included in the standard MCC list, the agency PA must make the request to IDOA with written justification. IDOA can approve or deny the request.

Second, IDOA will establish an agency-wide credit limit for each agency. The agency has discretion as to how the credit is distributed among cardholders, but this will be reviewed as part of the annual P-Card Management Plan approval. Next, a single purchase limit will be established for each cardholder. Generally, the single purchase limit will be set at \$500;

exceptions are subject to IDOA approval. Finally, IDOA will continually monitor agency purchases and payments for fraud, misuse, and abuse.

Section 7 – Merchant 1099 Information Collection: Service purchases are subject to the Auditor of State’s 1099 reporting requirements.

Section 8 – Tax Recovery: Each P-Card and Travel card is marked “tax-exempt” and includes the State’s tax-exemption number. It is the cardholder’s responsibility to ensure that vendors are aware of the tax-exempt status and to supply the correct tax-exempt form upon request.

Section 9 – Agency Considerations before Using the P-Card: IC 5-22-4 establishes that IDOA is the purchasing agency for all agencies under the executive branch with noted exceptions. IDOA is also charged with establishing policies and procedures to oversee this task. To ensure compliance, each agency should establish policies and practices to ensure that all P-Card purchases are being made after all State purchasing rules are considered (e.g., IDOA Procurement Division Streamline Delegation rules, current Quantity Purchase Agreements (QPAs), Buy Indiana, etc.).



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