CIRCULAR

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY

NO.: 13-14-DPP	ORIGINATING AGENCY: DIVISION OF PURCHASE AND PROPERTY	PAGE 1 OF 7
EFFECTIVE DATE: 01-21-13	EXPIRATION DATE: INDEFINITE	SUPERSEDES: 04-10-OMB/DPP
SUBJECT: STATE OF NEW JERSEY PURCHASING CARD PROGRAM		
ATTENTION: DIRECTORS OF ADMINISTRATION, CHIEF FISCAL OFFICERS AND AGENCY PURCHASING ADMINISTRATORS		
FOR INFORMATION CONTACT: AFRICA NELSON STATE PURCHASING CARD ADMINISTRATOR		PHONE: 609-984-6233

I. PURPOSE

The State of New Jersey's Purchasing Card Program ("Program") was established to provide governmental agencies a convenient method to purchase goods and services. The purpose of this Circular is to outline policies in the use of the Purchasing Card ("P-Card") by State government employees.

II. GENERAL

The Department of the Treasury is responsible for administering the P-Card Card Program, including establishment of State Program policies and procedures, and the appointment of a State Purchasing Card Program Administrator ("State Program Administrator").

State statutes and regulations for procurement and accounting, including those outlined in Circulars, are in effect for all purchases made with the P-Card.

Participating agencies will be subject to periodic audit reviews by the Office of Legislative Services, Department of the Treasury's Internal Audit Unit, Division of Purchase and Property's Contract Compliance and Audit Unit, and the Office of Management and Budget.

Unauthorized use of the P-Card may result in revocation of the card privileges and/or disciplinary action, with the State reserving the right to demand employee reimbursement for such purchases.

III. POLICIES

Participation in the Program is at the discretion of an agency. State agencies that wish to participate in the Program must contact the State Program Administrator.

Participating agencies must identify and name an Agency Purchasing Card Program Administrator ("Agency Administrator").

Failure to adhere to this Circular including, but not limited to, statutes governing purchasing, may result in the revocation of an individual or an agency's P-Card privileges.

Only the employee whose name appears on the face of the P-Card may use the card.

P-Cards are to be used for official State business only.

Improper use of the P-Card may result in disciplinary action, up to and including termination of employment.

A. Internal Controls

Internal controls should be in place at each agency to ensure compliance with applicable laws, rules and regulations, P-Card policies and procedures and other governing instruments.

It is recommended that each agency develop and document internal control procedures that ensure P-Card usage is consistent with this Circular as well as any other applicable governing instruments.

B. Card Abuse

Use of the P-Card for reasons other than authorized official State business and untimely payment of charges incurred is considered abuse of the privilege of having use of such card.

The Program vendor will not hold an agency liable for any unauthorized transaction which occurs after the agency notifies the Program vendor of an unauthorized use of the card.

The agency shall immediately notify the State Program Administrator and the Program vendor of any unauthorized purchases by calling the customer service number listed on the billing statement.

C. Separation of Duties

No one employee should handle all aspects of the P-Card process, i.e. the Cardholder shall not also be the Agency Program Administrator.

The duties of purchase, reconciliation/monitoring, and payment should be performed by different individuals to ensure an independent verification of the process; however, if it is not practical, especially for small agencies, compensatory controls must be implemented so that additional oversight is in place.

D. P-Cards are to be used for official business only, as follows:

1. State contract purchases up to $50,000 per transaction;

2. Approved waiver purchases up to $50,000 per transaction;

3. Delegated Purchasing Authority ("DPA") purchases up to $36,000 per transaction (please refer to Circular 11-10-DPP); and

4. Hotel meeting room rentals for agency sponsored events including conferences, conventions, receptions, or special meetings.

Note: The State's Program Administrator must approve all Merchant Category Codes and Merchant Category Code Group ("MCCG") templates.

E. Transactions are **not** to be split to circumvent the procurement statutes or Program policies. In addition, P-Cards shall **not** be used for:

1. Personal use;

2. Cash advances (ATM withdrawals);

3. Fuel for vehicles (including State vehicles, except in a case of an emergency when an acceptable justification has been provided to and approved by the State's Program Administrator);

4. Travel (the Travel Card should be used for State business travel expenses. Please refer to Circular 13-03-DPP); or

5. Entertainment.

IV. RESPONSIBILITIES

A. The State's Program Administrator will exercise overall responsibility for policy and program implementation for the State's P-Card Program, which includes:

1. Establishing and publishing Program policies;

2. Acting as Program point of contact for the Program vendor and Agency Program Administrator;

3. Approving Agency Program participation;

4. Providing assistance and training for Program participants;

5. Approving Agency MCCG templates and template changes;

6. Processing Program enrollment applications;

7. Monitoring Agency Program compliance; and

8. Reporting inappropriate card activities to the appropriate parties.

B. The Agency's Program Administrator is responsible for the overall administration of the Agency's Program, which includes:

1. Establishing written internal policies and procedures consistent with this P-Card Circular;

2. Ensuring that Cardholders (employees whom an agency has entrusted to make purchases with a P-Card on its behalf) and other applicable participants understand the Program and procurement policies and guidelines by providing them with the relevant Circulars;

3. Providing assistance and training to Cardholders and disseminating updates;

4. Developing an appropriate MCCG master template, and if warranted, individualized Cardholder MCCG templates;

5. Acting as point of contact with the State Administrator and the Program vendor;

6. Enrolling Program participants, including the establishment of participant profiles, such as agency cycle limits and transaction limits for each Cardholder;

7. Completing Program forms and maintaining Program files;

8. Receiving and distributing P-Cards after verifying accuracy of card data;

9. Determining if a card is needed; evaluating transaction activities for appropriate use and informing the State Administrator of inappropriate card activities, and adjusting limits accordingly;

10. When necessary, creating purchase orders in MACS-E prior to making a P-Card transaction;

Note: Limited dollar purchases as defined in Section VI do not require a purchase order.

11. Ensuring monthly reconciliation of all Cardholder accounts and that the reconciliation information remains on file for future audits;

12. Ensuring timely payment to the Program vendor to ensure eligibility of payment for rebates; and

13. Promptly notifying the Program vendor in writing of Program participant changes and cancellations to affected vendors from whom recurring transactions have been authorized.

C. The Cardholder is responsible for:

1. Understanding Program and procurement policies and guidelines;

2. Notifying vendors of tax-exempt status of purchases;

3. Maintaining a transaction log including card receipts and supporting documentation for all purchases.

   a) If a card receipt is lost, or not available, a written explanation is to be attached to the transaction log.

   b) Agencies should maintain a separate log for purchases over $1,000 and for purchases under $1,000 for reconciliation and audit purposes;

4. Providing the monthly P-Card Transaction Log, supporting documentation, P-Card receipts, monthly statement and certification of the month's transactions to the agency designated payer for payment to the Program vendor.

   a) Reconciliation information must remain on file for seven years from the time the record was created in accordance with the State of New Jersey's General Records Retention Schedule.

   b) All non-contracted P-Card transactions shall have three price quotes, a receiving report and the invoice attached;

5. Discussing a disputed charge with the merchant prior to contacting the Program vendor. If the charge has not been corrected by the next billing statement, or the merchant does not agree to reverse the disputed charge, contact the Program vendor;

6. If necessary, reporting disputed charges to the Program vendor and appropriate agency personnel within 60 days from the date of the monthly statement via the P-Card Dispute form;

7. Reporting fraudulent charges immediately to the Program vendor and appropriate agency personnel via telephone and in writing so that the Program vendor can cancel the card upon notification.

   Vendors from whom recurring transactions have been authorized must be notified via telephone and in writing by the Cardholder, as the Program vendor will cancel the card immediately upon report of fraud;

8. Reporting a lost or stolen card immediately after the loss is realized to the Program vendor and by the next business day to Agency Administrator and to vendors from whom recurring transactions have been authorized;

9. Notifying the Agency Program Administrator of absence from the office, planned or otherwise, for more than 10 working days; and

10. Relinquishing the P-Card to the Agency Administrator and reconciling transactions prior to a change of job duties or separation from an agency.

V. MACS-E

A. Payments

1. Payments to the P-Card must be made in accordance with the terms and conditions of the contracted agreement. The agreement stipulates that payment is due, in full, upon receipt of the monthly billing account statement.

2. Payments made to the Program vendor should reference only the 16 digit account number, no special characters, spaces, dashes or other characters.

3. The Agency Program Administrator is responsible for ensuring that their agency billing account remains in current status.

4. The Agency fiscal staff must ensure that all purchases are entered into MACS-E.

   Note: Limited dollar purchases as defined in Section VI no longer require pre-authorization or the creation of a P-Card purchase order in MACS-E.

5. The Agency fiscal staff must reconcile purchases to monthly billing statements and to MACS-E, where applicable.

6. Billing inquiries and disputes should be made by the Cardholder to the Program vendor. Disputes must be made in writing.

7. The following procedures will apply to past due charges:

   a) At 30 days past due, a delinquency notice will appear on the billing account statement;

   b) At 60 days past due, the P-Card company will automatically suspend the billing account's spending ability;

   c) At 180 days past due, the P-Card company will send the account to collections; and

   d) The privilege to use the P-Card is subject to suspension and/or revocation due to misuse or non-payment.

Note: The New Jersey Prompt Payment Act requires State agencies to pay for goods and services within sixty (60) days of the agency's receipt of a properly executed State Payment Voucher or within sixty (60) days of receipt and acceptance of goods and services, whichever is later. Interest will be paid on delinquent accounts.

B. Payment Method

The State uses the ACH payment method for P-Card payments, which requires, at a minimum, an additional two business days before payment can be received by the Program vendor.

Agencies should take into consideration the additional processing time when making payments. Waiting until the due date to process payments will reduce or eliminate rebates.

VI. LIMITED DOLLAR P-CARD POLICY

In an effort to facilitate P-Card usage for the agencies and maximize rebates for the State, the Division of Purchase and Property streamlined the process for limited dollar purchases (LDOs and LDCs) made via the P-Card.

A limited dollar purchase is defined as the acquisition of goods and services (through DPA or contract) in which the total purchase amount does not exceed $1,000. Purchases that meet this definition no longer require pre-authorization or the creation of a P-Card purchase order in MACS-E.

Note: For P-Card purchases exceeding $1,000, agencies are still required to get pre-approval and create purchase orders in MACS-E prior to using the P-Card for those purchases. Agencies are also expected to utilize existing contracts to purchase products and services that are available under the limited dollar threshold.

Each agency should develop and document its own internal control procedures to ensure P-Card usage is consistent with this P-Card Circular, as well as any other applicable governing policies and procedures.

Recommended procedures for limited dollar P-Card purchases only:

1. Upon receipt of the monthly statement from the Card provider, identify all limited dollar purchases ($1,000 or less);

2. Verify the limited dollar purchase(s) on the statement against the receipt(s) and limited dollar purchase log(s) – see attached log provided for this purpose;

3. Once the limited dollar purchases are verified, forward paperwork to the agency's designated approval officer;

4. The agency fiscal agent will process payment for the limited dollar purchase(s) as a Using Agency Payment Voucher (U1) on NJCFS to pay the card provider;

   Note: An Accounting Bureau Payment Voucher (A1) may be utilized to pay Citibank for limited dollar purchases if funds are encumbered via Agency Order (AO, type H) at the close of the fiscal year for the limited dollar procurements recorded on the Agency Procurement Card Log but not yet billed by the credit card company.

5. The vendor code referenced for Citibank on the U1 must be 460208961 08;

6. The Payee Reference field of the U1 must contain only the 17 character company account number with no leading spaces or characters. No other descriptive information should appear following the credit card account number;

7. Object Code 2810, "Limited Dollar P-Card Purchases," must be utilized on these payments; and

   Note: Since object code 2810 will be utilized, we expect "Materials and Supplies" accounts (IPB object code 2x) to be utilized for these payments. If necessary, reimbursements from other accounts to support the expenditures should be made via Intra-Governmental Payment (UA or AV, type 4) with object code 2899, "Limited Dollar P-Card Reimb" on the seller side of the transaction.

8. If the statement contains purchases that exceed $1,000, those purchases must still be reconciled in MACS-E prior to paying the card provider.

   Note: Each month, there may be two payments to the card provider – a U1 for the limited dollar purchases, and another using PPAY for the remaining purchases that exceed $1,000.

All agencies must maintain appropriate and adequate internal controls with regard to the limited dollar purchases, which should ensure:

1. Adequate controls over the issuance of P-Cards. Monthly spend limits should be appropriately based on the title/level of the cardholder;
2. Adequate oversight and review of all limited dollar purchases. Use of the P-Card for reasons other than authorized State business is considered abuse of the card;
3. Sufficient funds are available to pay for all limited dollar purchases;
4. Separation of duties – one employee should not be responsible for the P-Card purchases and payment to the card provider;
5. Physical security of all P-Cards and retention of all P-Card records;
6. All applicable State policies and procedures are followed and adhered to; and
7. Compliance with the Department of the Treasury, Internal Audit Unit's periodic and random reviews of the P-Card Program.

VII. REBATES

Rebates are based on the statewide total, eligible P-Card spend for the preceding calendar year, and each participating state agency will receive 50% of the rebates earned for the agency's eligible P-Card spending.

Agencies are required to maximize the rebate amount. The most efficient way to maximize rebates is to make timely payments. For example, payments received by the Program vendor by the third day after the billing cycle (the 4th of each month) shall receive one added basis point for every day the payment is early.

VIII. FORMS

Appendix A – Cardholder Agreement
Appendix B – Purchasing Card Transaction Log (purchases over $1,000)
Appendix C – Limited Dollar Purchasing Card Log (purchases under $1,000)

From Citibank website (see link below) or the State Program Administrator, but not limited to the following:

- Government Agency/Organization Program Coordinator Setup Form
- Government Approving Official Setup Form
- Government Purchase Card Setup Form
- Government Purchase Card Maintenance Form
- Government Cardholder Dispute Form

http://www.citigroup.com/transactionservices/home/card_solutions/commercial_cards/fed_govt_svcs/reference/appendixb.jsp

Jignasa Desai-McCleary, Director
Division of Purchase and Property

STATE OF NEW JERSEY
PURCHASING CARD PROGRAM
CARDHOLDER AGREEMENT

The _____ authorizes _____
(Agency Name) (Employee Name)

to make official State purchases on the agency's behalf using the Purchasing Card. As a cardholder, I agree to:

- Comply with procurement and Purchasing Card Program policies and procedures;
- Accept the responsibilities outlined in the Purchasing Card Program Circular;
- Ensure the security and safekeeping of the Purchasing Card.

In accepting the State of New Jersey Purchasing Card issued in my name, I agree to the terms and limitations placed on the use of the card. I understand that I will be personally responsible for any unauthorized purchases that I make with the card, and that the State of New Jersey can take the necessary steps to recover payment from me for such purchases.

_____ _____
(Employee Signature) (Date)

_____ _____
(Supervisor Signature) (Date)

_____ _____
(Agency Program Administrator Signature) (Date)

STATE OF NEW JERSEY

PURCHASING CARD LOG FOR PURCHASES OVER $1,000

APPENDIX B

Agency Name: _____

Cardnumber: _____

Cardholder Name: _____

Month: _____

Requester	Date Ordered	Supplier	Item Description	Price	Shipping Charges	Total Amount Charged	Scheduled Delivery Date	Date Received	NJCFS Account Number	NJCFS Object Code	Reason for purchase
				$ -	$ -						
				$ -	$ -	$ -					
				$ -	$ -	$ -					
				$ -	$ -	$ -					
				$ -	$ -	$ -					
				$ -	$ -	$ -					
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				$ -	$ -	$ -					
				$ -	$ -	$ -					
				$ -		$ -					
				$ -		$ -					
			Total estimated cost:	$ -	$ -	$ -					
			Total billed cost:								
			Remaining Commitments:			$ -					

Cardholder Signature/Date_____

Approving Official Signature/Date_____

STATE OF NEW JERSEY

LIMITED DOLLAR PROCUREMENT CARD LOG FOR PURCHASES UNDER $1,000

APPENDIX C

Agency Name: _____

Cardnumber: _____

Cardholder Name: _____

Month: _____

Requester	Date Ordered	Supplier	Item Description	Price	Shipping Charges	Total Amount Charged	Scheduled Delivery Date	Date Received	NJCFS Account Number	NJCFS Object Code	Reason for purchase
				$ -	$ -						
				$ -	$ -	$ -					
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				$ -	$ -	$ -					
				$ -	$ -	$ -					
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				$ -		$ -					
				$ -		$ -					
			Total estimated cost:	$ -	$ -	$ -					
			Total billed cost:								
			Remaining Commitments:			$ -					

Cardholder Signature/Date_____

Approving Official Signature/Date_____