



CIRCULAR

STATE OF NEW JERSEY

DEPARTMENT OF THE TREASURY

NO: 25-09-DPP	ORIGINATING AGENCY: DIVISION OF PURCHASE AND PROPERTY	PAGE 1 OF 6
EFFECTIVE DATE: IMMEDIATE	EXPIRATION DATE: INDEFINITE	SUPERSEDES: 24-14-DPP
SUBJECT: STATE OF NEW JERSEY PURCHASING CARD PROGRAM		
ATTENTION: DIRECTORS OF ADMINISTRATION, CHIEF FISCAL OFFICERS, AND AGENCY PURCHASING ADMINISTRATORS		
FOR INFORMATION CONTACT: LISA AMES STATE PURCHASING CARD ADMINISTRATOR		
		PCARD-TRAVELSUPPORT@TREAS.NJ.GOV

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 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 or any approved Fiscal Representative may use the card.

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's Program Administrator, the Agency's Program Administrator and the Program vendor of any unauthorized purchases. The Program vendor can be contacted by calling the customer service number, 1-800-344-5696, found on the back of the card and/or the 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 advertised contract purchases up to \$50,000 per transaction;
2. Approved contracts acquired through waiver purchases up to \$50,000 per transaction;
3. Delegated Purchasing Authority ("DPA") purchases up to \$50,000 per transaction; 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 the Travel Card Circular;
5. Entertainment; or
6. Purchase of gift cards.

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;
 - 8. Reporting inappropriate card activities to the appropriate parties; and
 - 9. Administering appropriate action to those who abuse their card privileges.
- 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. If and when applicable, creating purchase order(s) in NJSTART prior to making a P-Card transaction(s);
 - 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. Obtaining proper pre-approvals before placing orders.
 - a) Pre-approvals must be included for all transactions regardless of dollar amounts.
 - b) In case of an emergency purchase, the Cardholder must attempt to obtain pre-approval. If the Cardholder is unable to receive pre-approval, they must start the process of obtaining the transaction approval by the next business day from their procurement/fiscal unit along with a proper justification. Abuse of using the P-Card for emergency purchases is prohibited;
4. 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 must be attached to the transaction log.
 - b) Agencies should maintain a log for all P-Card purchases for reconciliation and audit purposes;
5. 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 over \$1,000 shall have three price quotes, a receiving report (e.g., packing slip), and the invoice attached;
6. 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;
7. If necessary, reporting disputed charges to the Program vendor via calling customer service, submitting the request online, or by mailing or faxing a detailed letter explaining the reason for the dispute along with the transaction information; and appropriate agency personnel within 60 days from the date of the first statement on which the item was billed. If a dispute case is initiated beyond the 60-day timeframe, the Program vendor may no longer be able to assist with the transaction;
8. Reporting fraudulent charges immediately to the Program vendor and appropriate agency personnel via telephone so that the Program vendor can cancel the card upon notification;
9. 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 receipt of fraud;
10. When necessary and as part of fraud cases, complete the Statement of Fraud (SOF) form to confirm that the cardholder did not authorize the flagged transactions;
11. Reporting a lost or stolen card immediately after the loss is realized to the Program vendor and by the next business day to the Agency Program Administrator and to vendors from whom recurring transactions have been authorized;
12. Notifying the Agency Program Administrator of absence from the office, planned or otherwise, for more than 10 business days; and
13. Relinquishing the P-Card to the Agency Administrator and reconciling transactions prior to a change of job duties or separation from an agency.

V. P-CARD POLICY

In an effort to facilitate P-Card usage for the agencies, the Division of Purchase and Property streamlined the process for limited dollar purchases (LDOs) made via the P-Card. A limited dollar purchase is the acquisition of goods and services (through Delegated Purchasing Authority (DPA)) in which the total purchase amount does not exceed \$1,000.

NOTE: For P-Card purchases exceeding \$1,000, agencies are required to create purchase orders in NJSTART prior to using the P-Card for those purchases. If a vendor is not registered in NJSTART, the agency must reach out to the vendor and instruct them to register. If they do not comply, the agency should contact Division of Purchase and Property for further instructions.

Agencies must utilize NJSTART when purchasing products and services from **existing State contracts regardless of dollar amount**.

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. The Procurement Unit must have a pre-approval process in place for all P-Card purchases regardless of purchase amount. Any questions should be directed to DPP staff.

A. Recommended procedures for P-Card purchases:

1. Upon receipt of the monthly statement from the P-Card provider, verify the purchase(s) on the statement against the receipt(s) and purchase log – see attached log, Appendix B, provided for this purpose;

Note: The log may be modified to meet the agency's needs; however, it must contain at a minimum the information provided in the attached log, Appendix B.

2. Once the purchases are verified, the agency fiscal agent must process required documents as stated in the user guides and then forward paperwork to the agency's designated approval officer(s);
3. Once approved, document(s) are submitted to the P-Card Administrator. The Agency P-Card Administrator must then pay the Program Vendor through NJSTART by using the correct Vendor ID number.

Note: All payments are expected to be made in NJSTART unless your agency is approved to use another payment method.

B. All agencies must maintain appropriate and adequate internal controls with regard to the P-Card 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 P-Card 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 P-Card 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.

VI. NJSTART PROGRAM VENDOR PAYMENTS

A. Payment Method

The State uses the check payment method for P-Card payments, which requires, at a minimum, an additional two business days before payment can be sent to 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.

Note: The P-Card billing cycle occurs on the 25th of every month.

1. Payments to the P-Card must be made in accordance with the terms and conditions of the contracted agreement.
2. Payments made to the Program vendor **must** reference the 16-digit managing account number followed by a unique identifier in the invoice # field of NJSTART.
3. All P-Card transactions under \$1,000 may use object code 2810; we expect 2810 to be utilized for these payments. Transactions over \$1,000 can utilize their correct object code.
4. The Agency Program Administrator is responsible for ensuring that their agency billing account remains in current status.
5. The Agency fiscal staff must reconcile purchases to monthly billing statements and logs to NJSTART, where applicable.
6. Agency fiscal staff authorizing P-Card payments must ensure pre-approval is included for all purchases, regardless of dollar amount. If pre-approval was not obtained, a written explanation must be attached.
7. Billing inquiries and disputes should be made by the Cardholder to the Program vendor. Disputes must be made by phone or online.

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.

VII. REBATES

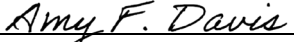
Rebates are based on the statewide total, eligible P-Card spend for the preceding calendar year, and each of the top three participating State agencies with the highest total spend will receive 50% of the rebates earned for their respective eligible P-Card spending.

Agencies should make every effort to maximize the rebate amount. The most efficient way to maximize rebates is to make prompt/timely payments. The earlier the payment, the more basis points are earned.

VIII. APPENDICES

Appendix A - Cardholder Agreement

Appendix B - Purchasing Card Transaction Log for NJSTART purchases (all purchase amounts)



Amy F. Davis, Acting Director
Division of Purchase and Property

APPENDIX A

STATE OF NEW JERSEY PURCHASING CARD PROGRAM CARDHOLDER AGREEMENT

From: <insert Program Administrator email address here>

Date: <insert date here>

Subject Line: Acknowledgement of Card Receipt and Use

Dear <insert employee name here>,

The U.S. Bank <insert appropriate solution here Corporate Travel Card, Purchasing Card or One Card> represents <insert organization name here>'s trust in you. Your signature below is verification that you agree to comply with the following responsibilities and acknowledge receipt of the card ending in these four digits: _____.
_____.

1. I understand the card is for approved purchases only and I agree not to charge personal purchases. Improper use of this card can be considered misappropriation of funds. This may result in disciplinary action up to and including termination of employment.
2. If the card is lost or stolen, I will immediately notify U.S. Bank by telephone. I will confirm the telephone call by notifying the program administrator at <insert telephone and email address here>.
3. I agree to surrender the card immediately upon termination of employment, whether for retirement, voluntary or involuntary reasons.
4. I will receive a Monthly Reconciliation Statement (MRS), which will report all activity during the statement period. Since I am responsible for all charges on the card, I will resolve any discrepancies by either contacting the supplier or U.S. Bank.

_____ or _____

I will receive a Monthly Reconciliation Statement (MRS), which will report all activity during the statement period. Since I am responsible for all charges as well as payment of all individual T&E charges, I will resolve any discrepancies by either contacting the supplier or the bank.

5. The charges made against my card are automatically posted to the cost center assigned by management. This code cannot be changed without management involvement.
6. I understand that a card is not necessarily provided to all employees. Assignment is based on business needs. My card may be revoked based on change of assignment or location. I understand that the card is not an entitlement nor reflective of title or position.

Please print, sign and scan fully signed form within five business days of receipt and send to <insert Program Administrator email address here> or forward to <Program Administrator to insert mailing details such as inter-office mail code, street mailing address, etc. for those who don't have access to a scanner>.

Employee Signature

Employee Printed Name

Date

PURCHASING CARD LOG

Agency Name: _____

Card Number: _____

Cardholder Name: _____

Month: _____

Cardholder Signature/Date. _____

Approving Official Signature/Date_____