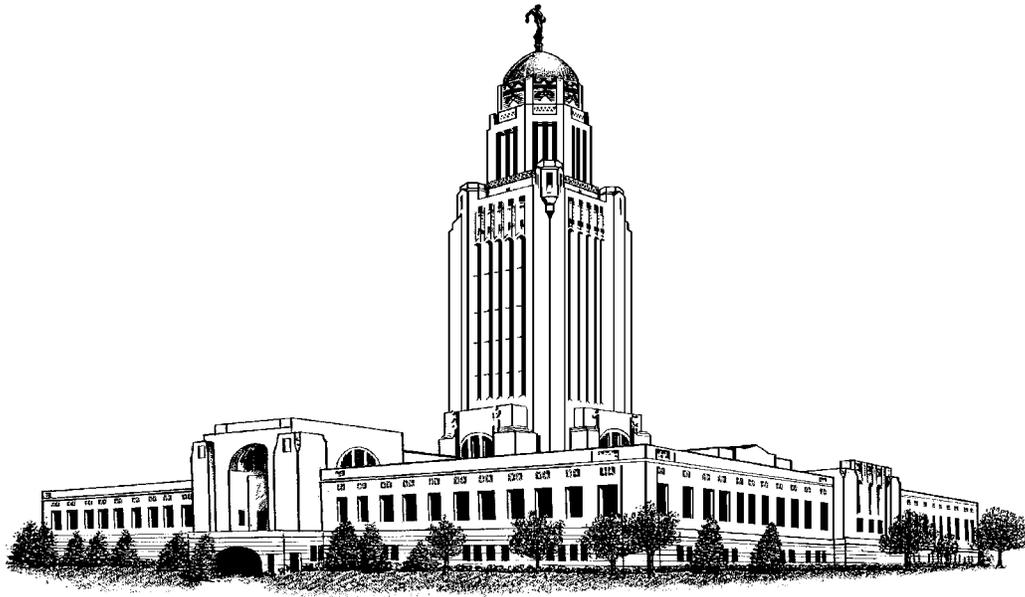


# **State of Nebraska**



## **Purchasing Card Program**

# TABLE OF CONTENTS

	Page
<b>STATE STATUTE.....</b>	<b>3</b>
<b>OVERVIEW OF THE PROGRAM.....</b>	<b>4</b>
<b>PROGRAM ADMINISTRATOR.....</b>	<b>5</b>
Program Administrator’s Responsibilities.....	5
<b>AGENCY COORDINATOR(S) .....</b>	<b>6</b>
Agency Coordinator’s responsibilities.....	6
<b>CARDHOLDER’S RESPONSIBILITIES .....</b>	<b>6</b>
<b>ACCOUNTING CONTROLS .....</b>	<b>7</b>
Business Unit and Account Code .....	7
Cardholder monthly spending limit .....	7
Cardholder single-purchase limit.....	7
Merchant Category Classification (MCC) code blocking .....	7
<b>TO OBTAIN A CARD .....</b>	<b>8</b>
<b>TO USE YOUR CARD.....</b>	<b>8</b>
<b>CARD RENEWAL .....</b>	<b>8</b>
<b>LOST OR STOLEN CARDS.....</b>	<b>8</b>
<b>DISPUTES / UNAUTHORIZED CHARGES .....</b>	<b>8</b>
<b>STATE OF NEBRASKA NEW ACCOUNT INFORMATION RECORD .....</b>	<b>9</b>
<b>PURCHASING CARD USES .....</b>	<b>11</b>
Acceptable uses .....	11
• Airlines (agency card only).....	11
Unacceptable uses .....	11
<b>QUESTIONS WITH ANSWERS .....</b>	<b>12</b>

## STATE STATUTE

STATUTE 81-118.02 STATES ...

*“A state purchasing card program shall be created. The State Treasurer shall contract with a purchasing card vendor and The Department of Administrative Services shall administer the program.”*

*“Any state official, state agency, or political subdivision may utilize the state purchasing card program for the purchase of goods and services for and on behalf of the State of Nebraska.”*

*“An itemized receipt for purposes of tracking expenditures shall accompany all state purchasing card purchases. In the event that an itemized receipt does not accompany such a purchase, the Department of Administrative Services shall have the authority to temporarily or permanently suspend state purchasing card purchases in accordance with rules and regulations adopted and promulgated by the department.”*

*“Upon the termination or suspension of employment of an individual using a state purchasing card account, such individual’s state purchasing card account shall be immediately closed and he or she shall return the state purchasing card to the department or agency from which it was obtained.”*

*“No officer or employee of the state shall use a state purchasing card for any unauthorized use as determined by the department by rule and regulation.”*

## Overview of the Program

The State Treasurer contracted with U.S. Bank VISA® for a purchasing card program. The program is intended to help make state government more efficient and cost-effective by modernizing the purchasing process. The purchasing card is an alternative to invoicing by providing for direct pay. Direct pay allows more purchasing options and can significantly reduce costs associated with accounting transactions.

The program is not intended to avoid or bypass policies that are in the Nebraska Information System (NIS) Manual or in place at the agencies. Rather, the purchasing card is to be used within the guidelines of existing policies. Expenditures that would not normally be incurred should not be made using a purchasing card. Continued usage of the purchasing cards within the state government requires that cards not be abused.

The purchasing card may be used for payment with suppliers who accept the Visa card throughout the United States and internationally. The program can be used for in-store purchases as well as mail, telephone, Internet, and fax orders. Since the State of Nebraska is exempt from paying Nebraska sales tax, no sales tax should be charged on purchases made in Nebraska. Therefore, **tell the vendor, before the purchase is processed, that the purchase is exempt from Nebraska sales tax.**

All cards are issued at the request of an agency in an employee's name. Under no circumstances can a card be used for personal use. Card usage will be audited and either the Department of Administrative Services or the agency may rescind the card at any time. Failure to comply with the guidelines of this program may result in severe consequences, up to and including termination of employment.

A monthly payment is processed by State Accounting to pay for every cardholder's purchasing card charges. The transactions are coded to the default line of coding specified, for the cardholder, on the Purchasing Card Account Information Form. Cardholders will receive from U.S. Bank a Monthly Reconciliation Statement, which will report all activity during the statement period. It is the cardholders' responsibility to match the receipt obtained, at the time of the purchase, to the Monthly Reconciliation Statement and to submit such statement and receipts to their Agency Coordinator. Cardholders must immediately notify their Agency Coordinator of any discrepancies and assist with the resolution of the discrepancy.

## **Program Administrator**

The Program Administrator is the State Accounting Division within the Department of Administrative Services. The Program Administrator is responsible for the Purchasing Card Program administration to any agency, official, or political subdivision of the State.

### **Program Administrator's Responsibilities**

A Program Administrator's responsibilities are to:

- Obtain transmissions of purchasing card transactions from U.S. Bank.
- Receive monthly account statements from U.S. Bank.
- Prepare an upload file of the transactions for electronic submission into the Nebraska Information System.
- Notify the agency coordinators when the purchasing card journal entry is available for the agencies to change the expense account codes.
- Review New Account Information Records upon receipt. Check for a business unit and verify the spending limits and other relevant data.
- Obtain the signature from the State Accounting Administrator on all new Account Information Records.
- Enter all new Account Information Records through U.S. Bank's Internet site for processing.
- Maintain file copies of each New Account Information Record received.
- Cancel cards immediately upon notification of employee termination.
- Serve as a primary contact for agency coordinators and a liaison between agencies and U.S. Bank
- Develop and provide cardholder and agency coordinator training.
- Establish and maintain statewide communication. Develop and distribute program literature and materials.
- Identify and promote future program initiatives.

## **Agency Coordinator(s)**

Agency Coordinators at each agency train cardholders, distribute cards, and obtain from the cardholders the receipts for all purchases. If authorized by the Agency Director, Agency Coordinators may have the authority to approve card requests for the Purchasing Cards within their agency.

### **Agency Coordinator's responsibilities**

- Maintain a file copy of all New Account Information Forms and a log of all card numbers.
- Forward completed New Account Information Forms to the Plan Administrator at State Accounting, DAS for processing.
- Distribute training, Purchasing Cards and policy manuals to cardholders.
- Ensure that reconciled monthly statements, monthly transaction logs, and associated charge slips/receipts are received for each Purchasing Card.
- Notify the Plan Administrator of any card cancellations due to termination or employee transfer, or any maintenance changes, such as an address change or name change.
- Ensure that cards issued to the agency are properly utilized.
- Notify U.S. Bank's Customer Service immediately of a lost/stolen card.

### **Cardholder's responsibilities**

- Obtain a receipt for every purchase and attach the receipts to your monthly cardholder statement.
- Submit your monthly cardholder statement with receipts attached to your agency coordinator soon after receiving from the bank.
- Purchase the item from a contract vendor when the item is available on a statewide contract.
- Understand the agency's accounting / auditing procedures concerning the availability of funds to cover the expense.
- Purchase only the number of items, at the quantity and quality needed.
- Notify U.S. Bank's Customer Service immediately of a lost/stolen card.

## **Accounting controls**

### **Business Unit and Account Code**

The business unit and the account code is a key piece of information that will be used as a default for the charges made on the card. The business unit is eight digits. The default account code is 539500 - Purchasing Card Suspense. The business unit and the accounting code allow automated import into the accounting system. It is the Agency Coordinator's responsibility to ensure that the journal entry decreases the suspense account and increases the appropriate expense account.

### **Cardholder monthly spending limit**

The cardholder's monthly spending limit is the maximum dollar amount authorized for a cardholder within a 30-day period. It is replenished automatically the day after the billing date. The monthly spending limit is \$10,000.00 for individual cards and \$25,000.00 for the agency card.

### **Cardholder single-purchase limit**

The single-purchase restricts the amount of any single purchase made by a cardholder. It can be comprised of a single or multiple items purchased at one time at a single supplier. The single-purchase limit is \$2,000.00 for individual cards and \$5,000.00 for the agency card.

### **Merchant Category Classification (MCC) code blocking**

In the Visa system, suppliers are assigned a 4-digit code according to their Merchant Category Classification (MCC). These codes are used as a reference to block certain supplier purchases.

## **To obtain a card**

Please read this document in its entirety before requesting your U.S. Bank Purchasing Card. After you read this document and understand the procedures outlined, complete the New Account Information Record on the next page. The instructions for the New Account Information Record are provided on page 10.

Obtain agency approval for your card request. Your Agency Director or their designee must sign the New Account Information Record. All requests will be processed through State Accounting, DAS. Cards will be mailed to the Plan Administrator in seven to ten business days from the bank's receipt of a completed application.

## **To use your card**

When you receive your card, read carefully and sign the Agreement to Accept the Purchasing Card, which comes with each card.

Call the 800 number listed on the card to activate your account.

Sign the back of the card and always keep it in a secure place. Although the card is issued in your name, it is the property of the State and is only to be used for State purchases as defined in this document.

## **Card renewal**

A renewal card will automatically be mailed to cardholders at the address on file two years from issue date, and every two years thereafter for the term of the program.

## **Lost or stolen cards**

The purchasing card is state property and should be secured just as you would secure your personal credit cards. If your purchasing card is lost or stolen, immediately notify U.S. Bank Customer Service. Customer Service representatives are available 24 hours a day, 365 days a year at 1-800-344-5696. Upon receipt of your call, further use of the card will be blocked. Prompt action in these circumstances can eliminate fraudulent charges. Written confirmation of cancellation must then be accomplished by mail or fax.

## **Disputes / unauthorized charges**

If there is an incorrect charge on your Monthly Reconciliation Statement, first try to resolve it directly with the supplier. If the supplier refuses to issue a credit or otherwise fails to resolve the problem, call Customer Service at 1-800-344-5696 and also complete a Cardholder Dispute Form and forward to U.S. Bank.

If there is an unauthorized charge on the Monthly Reconciliation Statement, notify U.S. Bank Customer Service at 1-800-344-5696, immediately. If the charge appears to be fraudulent, the account will be closed and a new account will be opened.

# STATE OF NEBRASKA NEW ACCOUNT INFORMATION RECORD

COMPLETE INFORMATION IS REQUIRED EXCEPT WHERE NOTED AS OPTIONAL

## TO ADD NEW ACCOUNT:

1. Indicate "New Account" under Type of Request.
2. Complete all fields on the form.

## TO CHANGE INFORMATION ON AN EXISTING ACCOUNT:

1. Indicate Type of Request.
2. Fill in card account number \_\_\_\_\_
3. Fill in current name on card:

\_\_\_\_\_  
First Name

\_\_\_\_\_  
Middle Initial

\_\_\_\_\_  
Last Name

4. Complete only the fields to be changed in the following sections.

## CARD INFORMATION

\_\_\_\_\_  
First Name - 12 characters maximum  
(Embossed on card)

\_\_\_\_\_  
Middle Initial - 1 character  
(Embossed on card)

\_\_\_\_\_  
Last Name - 20 characters maximum  
(Embossed on card)

\_\_\_\_\_  
Social Security Number - 9 characters  
(Required)

NE STATE TAX EXEMPT \_\_\_\_\_

\_\_\_\_\_  
Organization Name - 19 characters maximum  
(User definable - embossed below cardholder name on plastic)

\_\_\_\_\_  
Address - 36 characters maximum

\_\_\_\_\_  
Accounting Code - Business Unit - 8 digits

\_\_\_\_\_  
City - 25 characters maximum

\_\_\_\_\_  
State - 2 characters

\_\_\_\_\_  
Zip - 5 characters

\_\_\_\_\_  
Zip Expansion - 4 characters

\_\_\_\_\_  
Monthly Credit Limit

\_\_\_\_\_  
Single Transaction Limit

\_\_\_\_\_  
Business Phone - 10 characters

\_\_\_\_\_  
Cardholder Home Phone - 10 characters

## UNIT

\_\_\_\_\_  
U.S. Bank Company Number

\_\_\_\_\_  
Division - 5 characters  
(Numeric)

\_\_\_\_\_  
Department - 4 characters  
(Numeric)

\_\_\_\_\_  
Unit - 5 characters

## TYPE OF REQUEST:

- A. New Account:
  - Plastic  No Plastic
- B. Address Change
- C. Dept./Div./Acct. Code Change
- D. Account Closure
- E. Name Change
- F. Credit Line Adjustment
- G. Single Transaction \$ Limit
- H. Other

## AUTHORIZATION

\_\_\_\_\_  
Agency name

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Agency Coordinator Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Plan Administrator Signature

\_\_\_\_\_  
Date

## PROCEDURES FOR ESTABLISHING A NEW PURCHASING CARD ACCOUNT

- I. Under Type of Request Indicate “New Account”
- II. Indicate “Plastic” or “No Plastic”
  1. Plastic - a plastic card account is a 16-digit account number and expiration date printed on a plastic card and issued to an individual employee.
  2. No Plastic - a cardless account where a 16-digit account number and expiration date is issued to a cardholder who makes repetitious purchases where no plastic card is needed. Cardless accounts are limited to purchases that require only a card number such as purchases placed by mail, fax, Internet, or phone.
- III. Complete all fields in the Card Information Section
  1. First name, middle initial and last name will be embossed on the front of the card for a plastic account.
  2. Social Security number is required of all cardholders.
  3. The Organization Name is already printed. (NE STATE TAX EXEMPT)
  4. The address field should indicate the billing address where the cardholder’s Monthly Reconciliation Statement is to be mailed. The address can be the cardholder’s home address or work address.
  5. The Business Unit is a key piece of information that will be used as a default for the charges made on the card. The business unit is eight digits. **Note:** The default account is 539500 - Purchasing Card Suspense.
  6. Monthly Credit Limit - either \$10,000.00 or \$25,000.00
  7. Single Transaction Limit - either \$2,000.00 or \$5,000.00  
**Note:** If the Single Transaction Limit is \$2,000.00, the Monthly Credit Limit is \$10,000.00. If the Single Transaction Limit is \$5,000.00, the Monthly Credit Limit is \$25,000.00. Airline fare expenditures can only be made with cards that have a Single Transaction Limit of \$5,000.00 and a Monthly Credit Limit of \$25,000.00.
  8. Business phone number with area code is required for reference by U.S. Bank Customer Service.
  9. Home phone number with area code is required.
- IV. Complete required fields in the Authorization Section
  1. Agency Name
  2. Employee must sign and date
  3. Agency Coordinator must sign and date
- V. Unit section is left blank.

Send a completed and signed form to State Accounting, DAS.

## **Purchasing Card Uses**

- Examples -

### **Acceptable uses**

- Newspaper and magazine subscriptions, books, video tapes
- Conference registration
- Utilities
- Photo development
- Employee awards and recognition
- Heating, plumbing, and air condition repairs
- Hardware stores
- Equipment parts
- Miscellaneous maintenance requirements
- Computer maintenance expenses
- Postage
- Airlines (agency card only)

### **Unacceptable uses**

- Items available through statewide contracts. (i.e. Office Depot)
- Any merchant, product, or service normally considered to be inappropriate use of State funds
- Meals while traveling on State business. Meals are reimbursed through an Expense Reimbursement Document
- Lodging while traveling on State business. Lodging may either be directly billed to the agency or claimed on an expense reimbursement
- Any item that exceeds the established per transaction limit

## **Questions with Answers**

### **How does my agency obtain a card?**

Complete a purchase card application which can be obtained from DAS State Accounting or found at the State Accounting website at <http://www.das.state.ne.us/accounting/forms/forms.htm>

### **How many cards can my agency have?**

Agencies are allowed a purchasing card for all individuals who are required to make purchases in the normal course of their job. Each agency is allowed only one card that can be used for purchasing airline tickets and this card should be issued to the Director.

### **How does the cost get into the accounting system?**

All purchases made on your card will be charged to the agency through identifier specified on your original application using account 539500 - Purchasing Card Suspense. Once the charges post, the agency will need to prepare a journal entry to charge the correct expense account.

### **Do I receive a document when State Accounting makes purchasing card payments?**

When State Accounting pays the bank, no paper transaction will be created. An email message will be sent to the agency coordinator notifying them that a purchasing card payment has occurred. The agency will see a disbursement on their daily posting.

### **Will U.S. Bank do a credit check on my personal credit before the card is issued?**

No, card issuance is based on the credit of the State of Nebraska.

### **Will my U.S. Bank Visa® Purchasing Card affect my personal credit rating?**

The account will not be used for personal charges; therefore, U.S. Bank does not report monthly activity to any credit bureau.

**Will my purchases be audited?**

YES! Each month you are required to submit receipts to your agency coordinator for approval. Also, there are random audits to verify compliance, so the agency must retain all statements and receipts.

**Do I pay sales tax?**

No, since the state is a tax-exempt government no Nebraska sales tax should be charged. On the front of each purchasing card there is a disclosure that reads NE STATE TAX EXEMPT.

**What if I need to return an item that I have purchased?**

Return the item to the store or contact the supplier and arrange for the return. Be sure to obtain the credit receipt from the purchase and submit the credit receipt to your account coordinator along with your Monthly Reconciliation Statement.

**How do I reconcile my Monthly Reconciliation Statement?**

You will receive a Monthly Reconciliation Statement from U.S. Bank listing all purchases by supplier and amount of the charge or the credit. Use your receipts to verify that the statement charges match your records.

**What limits are placed on the card?**

Standard limits include: a maximum dollar amount per transaction, a maximum monthly total, and blocked use of certain nonbusiness-related as well as travel and entertainment purchases.

**Can I use the card over the telephone?**

Yes, just as you might use your personal Visa Card. The supplier will ask for the card number and expiration date. Instruct the supplier to provide you with a detailed receipt showing the purchases.