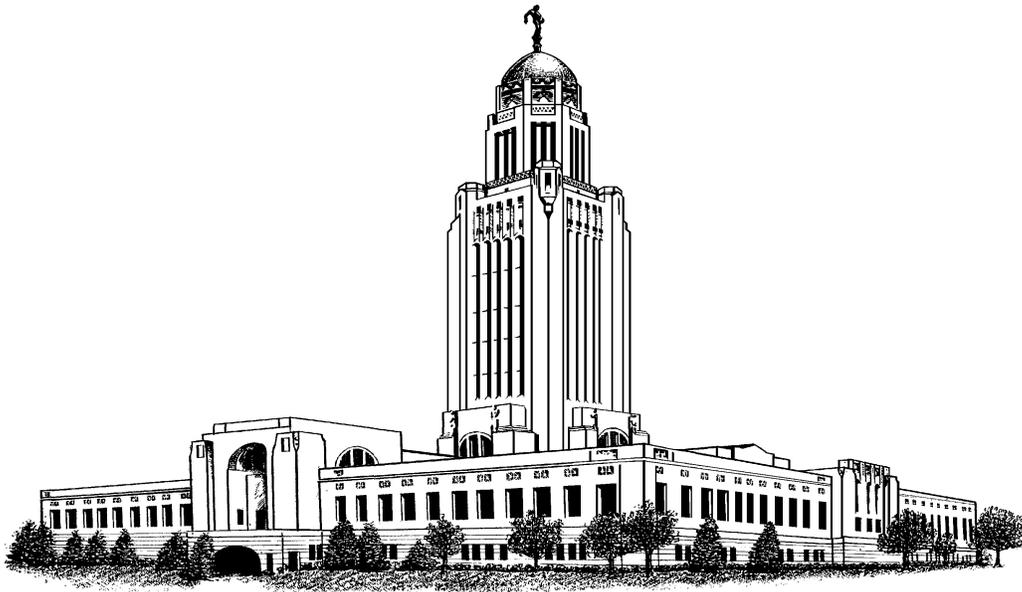


State of Nebraska



Purchasing Card Program

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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 has contracted with UMB Bank 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 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 by the Agency. Cardholders will receive from UMB 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 UMB Bank.
- Receive monthly account statements from UMB 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 Card Request Forms upon receipt. Check for a business unit and verify the spending limits and other relevant data.
- Obtain the signature from the State Accounting Administrator or his/her designee on all new Account Card Request Forms.
- Enter all new Account Card Request Forms through UMB Bank's Internet site for processing.
- Maintain file copies of each New Account Card Request Form received.
- Cancel cards immediately upon notification of employee termination.
- Serve as a primary contact for agency coordinators and a liaison between agencies and UMB 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 Card Request Forms and a log of all card numbers.
- Forward completed New Account Card Request 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 UMB 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 UMB 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 seven or eight digits. The default account code is 539500 - Purchasing Card Suspense. This object code must be attached to any business unit used as a purchasing card default. 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 UMB Bank Purchasing Card. After you read this document and understand the procedures outlined, complete the New Account Card Request Form on the next page. The instructions for the New Account Card Request Form are provided on page 10.

Obtain agency approval for your card request. The Agency Director or their designee must sign the New Account Card Request Form. All requests will be processed through AS State Accounting. 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 UMB Bank Customer Service. Customer Service representatives are available 24 hours a day, 365 days a year at 1-888-494-5141. 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 1-888-494-5141 and also complete a Cardholder Dispute Form, if requested, and forward to UMB Bank.

If there is an unauthorized charge on the Monthly Reconciliation Statement, notify UMB Bank Customer Service at 1-888-494-5141, immediately. If the charge appears to be fraudulent, the account will be closed and a new account will be opened.

STATE OF NEBRASKA PURCHASING CARD REQUEST

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. Last 4 digits of card account number _____
3. Current name on card: _____

Name

4. Complete only the fields to be changed in the Card Information section.

TYPE OF REQUEST:

A. New Account:

Type of card: Individual Agency Travel Automotive

B. Address Change C. Name Change D. Account Closure

CARD INFORMATION

Name - 26 characters maximum
(Embossed on card)

NIS Address Book Number (used for identification purposes in place of SSN)

Address Line 1 - 26 characters maximum

Address Line 2 - 26 characters maximum

City - 18 characters maximum

State

Zip + 4

Business Phone

Home Phone (optional)

Default Business Unit

Agency Reporting Hierarchy (optional)

AUTHORIZATION

Agency name

Employee Signature

Agency Coordinator Signature

Date

Date

Plan Administrator Signature (State Accounting)

Date

For Accounting Division only:

object 539500 set up

VIMS default set up

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. Full name to be embossed on the front of the card for a plastic account.
 2. NIS Address Book number is used for cardholder identification rather than Social Security Number.
 3. The Organization Name is already printed.
 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 seven or eight digits. **Note:** The default object account is 539500 - Purchasing Card Suspense. This object must be attached to any Business Unit used as a purchasing card default.
 6. Monthly and single transaction credit limits will be set by default based on the type of card requested. Adjustments to those defaults would have to be requested through State Accounting.
 7. Business phone number with area code is required for reference by UMB Bank Customer Service.
 8. Home phone number with area code is optional.
- IV. Complete required fields in the Authorization Section
 1. Agency Name
 2. Employee must sign and date
 3. Agency Coordinator must sign and date.

Send a completed and signed form to AS State Accounting.

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)
- Lodging while traveling on State business. **Room charge**

only. This is subject to audit and this use can be revoked at any time. (agency card only on request)

• 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
- 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 AS 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 adjust the prepared 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 UMB 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 UMB Bank Visa® Purchasing Card affect my personal credit rating?

The account will not be used for personal charges; therefore, UMB 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 UMB 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.