



P-CARD MANUAL

NORTH
Dakota

Be Legendary.

INTRODUCTION

The Purchasing Card (P-Card) is a MasterCard through JPMorgan Chase and is administered by the Office of Management and Budget.

P-Cards offer state agencies the opportunity to streamline their procedures for procuring and paying for goods and services. The p-card program delegates the authority and capability of purchasing items directly to designated cardholders. It is a method of payment for employees to make purchases for official agency business. The p-card program reduces the volume of accounts payable transactions and the associated administrative costs by eliminating vendor invoices and consolidating multiple vendor payments into one monthly payment to JPMorgan Chase.

While the use of a p-card leads to accounting efficiencies, agencies must maintain strict internal control over the use of cards and ensure that relevant procurement guidelines are observed, especially those detailing the use of state contracts. The p-card should be always viewed as an efficient means of payment, not a substitute for proper procurement procedures. The following policies and procedures apply to the use of the p-card by all agencies of the state of North Dakota.

PROCUREMENT CERTIFICATION

All cardholders must follow procurement rules when making purchases. The OMB Procurement Officer Certification Program was created in 2002 to provide employees responsible for purchasing with training related to the type of procurement they conduct. The Program consists of four levels of procurement complexity.

- Level 1 Certification is for purchases less than \$10,000;
- Level 2 Certification is for purchases up at least \$10,000 but less than \$50,000;
- Level 3 Certification is for purchases at least \$50,000 but less than \$100,000; and
- Level 4 Certification is for purchases \$100,000 and over.

All cardholders must complete the Level 1 Certification Course, excluding cardholders who are issued a p-card strictly for travel purposes only (MCC Group of 962). If applicable, Level 2, Level 3, and Level 4 may also be required. Cardholders should complete the required certification prior to activation of their p-card. OMB may periodically require Procurement Officer Recertification training. For questions about procurement certification, email the [State Procurement Office](#) or call 701-328-2740.

ROLES

Program Administrator (PA)

Program Administrators (PA) are employed by the Office of Management & Budget. They are responsible for management and operation of the p-card program.

Card Administrator (CA)

Each agency is represented by a Card Administrator (CA). The CA is designated by their agency director and is responsible at the agency level for administering the p-card program. [Card Administrator Change Request \(SFN 59054\)](#) must be completed to add or delete a card administrator. To ensure adequate internal controls, a CA **cannot** be a cardholder.

Card Holder

A cardholder is an employee who has been assigned the responsibility to purchase goods and services for their agency. P-cards may be issued to full or part time employees. Card holders are required to complete a [Card Holder Employee Agreement \(SFN 59053\)](#) and submit it to their agency card administrator.

REALLOCATOR/PROXY

A reallocator/proxy reviews all transactions that have been downloaded into PeopleSoft and makes any necessary changes to the accounting distribution lines. [ConnectND Financials Security Access Request \(SFN 54418\)](#) must be completed with the NDS_ALL_PCARD role added. You must be assigned proxy to each cardholder to view and reallocate their transactions. A cardholder can also be assigned proxy to their own account and reallocate their transactions. [ConnectND Financials Security Access Request \(SFN 54418\)](#) must be completed with the NDS_ALL_PCARD_REALLOCATOR role added. [Instructions to add proxy to p-card accounts and reconcile transactions.](#)

RESPONSIBILITIES

Card Administrator:

- Sign and maintain original [Card Holder Employee Agreement \(SFN 59053\)](#) forms.
- Issue p-card accounts to cardholders within PaymentNet.
- Ensure accuracy and periodically review cardholders MCC group, limits and speed chart.
- Routinely monitor cardholder activity within agency.

- Ensure p-cards accounts are promptly closed and destroyed upon termination or separation from employment.
- Assists with disputed charges that cannot be resolved by the cardholder.
- Notify program administrators of any misuse of the p-card.
- Maintain accurate records for audits.
- Distributes information from program administrators to cardholders.
- Responsible for overseeing that all reallocation is completed in the time allotted for each cycle.
- At the end of each billing cycle, process a [monthly cardholder/company statement report](#) in PaymentNet. This is considered your JPMorgan Chase central bill statement. Run NDSALL_PCARD_JP_CURRENT_STMT or NDSALL_PCARD_JP_CURRENT_STMT_AP (for the business units that have separate AP units) query in PeopleSoft for each billing cycle.

Verify totals on cardholder statements, monthly cardholder/company statement report, PeopleSoft query and screen print from the Payments Tab on your agency's voucher in PeopleSoft.

Cardholder:

- Complete and sign [Cardholder Employee Agreement Form \(SFN 59053\)](#) and submit to card administrator.
- Comply with all policies and procedures relating to the use of the p-card. Abuse or misuse may result in disciplinary action up to and including termination and possible criminal charges.
- Return the p-card upon transfer, leave of absence, termination, retirement or upon request to card administrator.
- Immediately report lost or stolen p-cards or fraudulent charges to JPMorgan Chase and card administrator.
- Retain receipts for all purchases.
- Identify disputed items and contact merchant directly to resolve issue.
- Ensure the physical security of the p-card.
- Attach receipts to monthly statement, sign statement and submit documents to designated agency official for approval.

PaymentNet

PaymentNet is JPMorgan Chase's internet-based p-card system. It is a secure website, which is hosted and maintained by JPMorgan Chase. PaymentNet is available to card administrators and cardholders.

CARDHOLDER EMPLOYEE AGREEMENT FORMS

The [Cardholder Employee Agreement Form \(SFN 59053\)](#) signifies that the cardholder agrees to comply with the Purchasing Card Manual and agreement. All cardholders are required to sign the agreement and submit it to their card administrator before a p-card can be issued.

BILLING CYCLE

The program operates on a monthly billing cycle. The billing cycle will end on the last business day of the month.

RECEIPTS

Original receipts are required for all transactions. The receipts should include merchant name, transaction amount, transaction date and itemized description of item(s) purchased. Credits are also considered a transaction and require a receipt.

SPLITTING PURCHASES

The splitting of transactions is prohibited. Split transactions occur when a transaction exceeds the cardholder's limit and the transaction is split into two or more transactions to bypass the limit.

CARDHOLDER LIMITS

Single Amount Limit

This limit allows card administrators to designate the maximum dollar amount allowed for cardholders to spend on each transaction.

Credit Limit

This limit allows card administrators to designate the total amount a cardholder can spend during the monthly billing cycle.

Card administrators should set the limits based on the cardholder's need/usage. Limit changes saved in PaymentNet go into effective immediately and can be changed permanently or temporarily.

MERCHANT CATEGORY CODE (MCC) AND MERCHANT CATEGORY CODE GROUPS (MCCG)

Merchant Category Codes (MCC) are codes assigned by a merchant's acquiring bank based on the types of goods and/or services provided. By allowing or blocking certain codes, the State has some protection against unauthorized or prohibited purchases.

Merchant Category Code Groups (MCCG) are a subset of MCC codes that are allowed in that particular group. MCCG are established and defined by the State as follows:

ND950	Allows purchases of most goods and services. <ul style="list-style-type: none">• Restricts travel, lodging, cash, entertainment, food, or liquor.
ND951	In addition to 950, it will also allow airline tickets, conferences, car rentals, lodging, food, and meals (should not be used for per diem meals). <ul style="list-style-type: none">• Restricts cash, entertainment, or liquor.
ND952	Allows purchases of most items. <ul style="list-style-type: none">• Restricts jewelry, cash, etc.
ND962	Used for travel related items only (airline, car rental, lodging, transportation, and fuel)

TRAVEL

The p-card can be used for most travel expenses. Travel must be for official business for the state of ND. The p-card should not be used for per diem food allowance.

Allowable types of travel expenses include:

- Conference registration fees
- Airfare
- Lodging¹
- Car rental
- All ground transportation costs
- Hotel and Airport Parking
- Luggage charges²

¹ The cost of the room, internet access for business purposes, business phone calls and parking at the hotel are acceptable p-card purchases. Any incidental expenses are the responsibility of the employee and must be processed on the employee's personal credit card.

² Employees should be reimbursed for their first piece of checked luggage. It is up to each agency to decide if employees should be reimbursed for additional checked luggage, overweight luggage and subsequent charges.

SALES TAX EXEMPT

Purchases made by cardholders are exempt from paying ND sales tax. Cardholders are responsible for informing merchants of the tax-exempt status before initiating a transaction. This includes telephone and internet purchases. The state of ND's tax exempt number is embossed on the card. If tax was charged, the merchant should be contacted immediately for a refund to the p-card. The cardholder is responsible for getting the tax refunded.

CONVENIENCE FEES AND SURCHARGES

Merchants can charge a convenience fee or surcharge fees to customers who pay with a p-card and the fee must be disclosed prior to processing the transaction. If a fee will be applied, the cardholder and agency shall determine if they want to pay the fees or find an alternate merchant. If purchasing from a state contract, review the contract to ensure the merchant is following the purchasing card/method of payment policy.

1099 REPORTING

The merchant's issuing bank is responsible for issuing 1099's for purchases made with a p-card. As a result, the p-card can be used for all 1099 reportable purchases. If a 1099 reportable purchase is not made using a p-card, the agency is responsible for issuing a 1099 for those purchases.

RETURNS, CREDITS, DISPUTED ITEMS

Returns and Credits: When a return is made, the credit should be issued on the cardholder's p-card. **Do not accept a refund in cash, gift card or check form.** The credit may appear on the same billing statement as the original charge or on a subsequent billing statement. Maintain documentation of all credits, returns, and exchanges. The documentation should be attached to the monthly cardholder's statement.

Disputed Items: Individual cardholders are responsible for following up with the merchant on any erroneous charges, disputed items, or returns as soon as possible. Disputed items can result from failure to receive the goods charged, defective merchandise, incorrect dollar amounts, duplicate charges, credits not processed, as well as fraud and misuse.

If the cardholder has an issue with a purchased item or billing resulting from use of the p-card, the cardholder should first try to reach a resolution with the merchant. In most cases, disputes can be resolved directly between the cardholder and the merchant.

If the cardholder has a disputed charge and cannot reach resolution with the merchant, the cardholder or card administrator must dispute the charge in PaymentNet within 60 days from the transaction date.

DECLINES AT POINT OF SALE

If a cardholder is declined at the point of sale, the cardholder should contact their agency card administrator. The card administrator has the ability to view the declined transaction and make the necessary adjustments to the account within PaymentNet.

Some reasons for a decline include:

- The cardholder has failed to activate the card by calling the toll free number listed on the sticker placed on the front of the card.
- The cardholder has exceeded the designated single amount limit or monthly credit limit.
- The cardholder attempts to use the card for a blocked merchant category code (MCC).

P-CARD SECURITY

P-cards are issued with the name of the cardholder and the cardholder's agency name embossed on the front of the p-card. Authorized use of the p-card is limited to the person whose name appears on the front of the p-card. The use of the p-card results in a liability to the agency not a personal liability for the cardholder. The cardholder's credit rating will not be affected. However, it is important to remember that the cardholder agrees to the terms and conditions in the [Cardholder Employee Agreement \(SFN 59053\)](#) and is personally liable for any misuse of the p-card. JPMorgan Chase provides liability protection to the state once notification of any loss, theft, or fraudulent use is made. However, the same level of liability protection does not apply to p-cards that are made available to multiple users.

GENERAL GUIDELINES FOR CARDHOLDERS AND CARD SECURITY

- Sign the back of the p-card upon receipt.
- Only the person whose name appears on the card is authorized to use the card.
- Cardholders should retain the p-card in a secure location.
- Never make a photocopy of a card.

- Never fax or e-mail the entire account number.
- Should only be used on secured internet sites

REPORTING LOST OR STOLEN P-CARDS

Report lost or stolen p-cards immediately to your agency card administrator and JPMorgan Chase. To report a lost or stolen p-card to JPMorgan Chase, call 1-800-270-7760. This number is available 24 hours a day, 7 days a week.

CARD SUSPENSION

Program and card administrators have the ability to suspend cards. This option can be used for various reasons including:

- History of abuse
- Not retaining receipts for all purchases
- Cardholder is on extended period of leave such as Military, Disability, Medical, Seasonal, etc.

TERMINATION OF EMPLOYMENT OR TRANSFER TO ANOTHER AGENCY

Upon termination of employment or transfer to another state agency, the cardholder must return the p-card to their agency's card administrator. The card administrator must immediately close the account in PaymentNet and destroy the p-card.

RANDOM AUDITS

OMB and Office of the State Auditor may conduct random audits of p-card use. The primary purpose of the audit is to ensure that:

- P-card program and state procurement procedures are being followed.
- The p-card is being used for appropriate transactions.
- Supporting documentation is complete.

CARDHOLDER STATEMENTS

A monthly cardholder statement is available electronically within PaymentNet. It is the cardholder's responsibility to reconcile their monthly statement with their receipts. If

inaccuracies and/or erroneous information exist, the cardholder must immediately notify their agency card administrator. The cardholder should sign the monthly statement and submit it along with the receipts to the designated agency official for approval.

The cardholder's supervisor, card administrator or another designated employee (other than cardholder) should:

- Review information submitted by cardholder. The reviewer should match receipts to the cardholder statement submitted by the cardholder.
- Verify purchases are for state business use only. Sign cardholder statement to certify that purchases comply with appropriate rules and regulations to the best of the reviewer's knowledge.
- Verify that no personal transactions are on statement. If personal transactions occur, the employee must repay the state, including any applicable sales tax. Even though tax is not charged by the merchant, the employee must remit the tax to the State Tax Commissioner. If it is determined that personal or other unauthorized charges are occurring on the p-card, appropriate steps, up to and including dismissal, will be taken to resolve the misuse/abuse of the p-card.

PAYMENT TO JPMORGAN CHASE

The p-card is individually billed and centrally paid by OMB. Once the billing cycle has completed, OMB will download the transactions from PaymentNet into PeopleSoft using the default speed chart that has been assigned to each cardholder. Agencies will be notified by e-mail when the transactions have been downloaded and will be given a timeframe of when they can reallocate or make changes to the default coding before payment is processed in PeopleSoft. If the transactions are not reallocated within the timeframe, they will be processed as is using the default coding and will have to be adjusted later by a journal voucher in PeopleSoft. OMB will create the vouchers in PeopleSoft to generate payment to JPMorgan Chase. Agencies will need to make a screen print from the payments tab on the voucher in PeopleSoft and attach it to their monthly p-card statements.

RECORDS RETENTION SCHEDULE

Per the general records retention schedule created by North Dakota Information Technology, the records retention for p-card records is listed below.

011003

STATE ACCOUNTING RECORDS

Description: This series includes bank statements, deposit records, accounts payable/receivable records (including but not limited to: payment vouchers, travel expenses, abstracts for payment, claims, vendor invoices, receipt/payment of cash, etc. for the disbursement or collection of revenue funds), reports to the State Treasurer's office, journal vouchers, general ledger documentation, purchase orders, purchase card documentation, interdepartmental billings (IDBs) for the transfer of funds between state agencies, and all supporting documentation.

Retention: ACFY+3 – After Current Fiscal Year Plus 3 Years

CONTACTS

Program Administrator

Renae Heller 328-4936

JPMorgan Chase Customer Service: 1-800-316-6056

JPMorgan Chase Program Coordinator: 1-800-969-3519

(Agency Card Administrator Use Only)