



# Commonwealth of Massachusetts

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**MMARS Policy: Payments**

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## Commonwealth Procurement Card Program Policy and Procedure

### Executive Summary

The Commonwealth's Procurement/Credit Card (P-Card) Program establishes the standards for the use of the Commonwealth's P-Card by each card holder Department. Once a Department requests an application for a P-Card, and the CFO completes the training given by the Office of the Comptroller (CTR), the Department Head or his designee authorizes cardholders and determines their individual transaction limits and credit limits. The P-Card model allows for flexible restrictions or targeted purchasing when a Department chooses to authorize multiple Department purchasers. It is the Department and the Cardholder's responsibility to be knowledgeable of and to follow this policy and the procedures that follow, as well as all applicable purchasing laws and guidelines. In addition to the policies in this Chapter, Departments are also responsible for the policies in [Contracts - State Finance Law and General Requirements](#) and any other related contract policies issued by CTR.

The primary goal of the Commonwealth P-Card program is to simplify and expedite a Department's routine purchases under 801 CMR 21.00, including incidental purchases. The program can also be used to minimize reimbursable travel processing costs or as an alternative payment method when purchasing under statewide contracts. The P-Card purchasing process includes pricing inquiry, order placement, delivery of goods, invoices and voucher review. In addition, the program offers individual detailed purchase entries, payment entry and disbursement processing which are significantly streamlined using the P-Card. The Commonwealth P-Card will assist Departments to fulfill immediate or non-office hour purchasing needs and dramatically shorten and simplify the payment cycle processing.

Establishing a comprehensive Internal Control Plan ensures Departmental compliance with the guidance provided in this policy. It is the CFO's responsibility to develop and document appropriate internal control procedures to ensure that P-Card usage is consistent with this document and to develop guidelines for distribution to cardholders. In those instances where it is determined that internal controls are not adequate, CTR has the authority to request policy improvements and/or place card restrictions on the Department until the internal controls are established, documented and implemented.

Departments will be responsible for reconciling receipts with the monthly statement issued by the Contractor and for making timely payments to the Contractor for all P-Card purchases made by the Department during a monthly billing cycle.

Department payment activity is subject to Quality Assurance reviews. A criterion of the quality assurance review includes checking backup documentation for payments, spending authorization, procurement compliance and validation of monthly bill paying statements/reconciliations. MMARS is the official financial

record of the Commonwealth. All supporting documentation must reflect the information provided in each transaction. The P-Card contract has a 25 day payment schedule which must be adhered to in order to avoid finance charges:

**Departments must manage the review of charges and schedule the payment to be received by the due date to avoid finance charges.**

### **Commonwealth P-Card Use Policy**

1. The standard P-Card limit for each account per monthly billing cycle will be determined based on the business need of the Department as determined by the Department Head and the Office of the Comptroller. This limit may be adjusted for any one Cardholder or all Cardholders by a Department as part of its Department Internal Controls P-Card Use Policy.
2. The Cardholder of a Commonwealth P-Card will have his/her name embossed on the card and it may ONLY be used by the Cardholder. NO PERSON OTHER THAN THE APPROVED CARDHOLDER IS AUTHORIZED to use that P-Card. The Cardholder may make expenditures on behalf of others in their department based on pre-authorization in accordance with Departments Internal Control P-Card Use Policy. However, the Cardholder is responsible for all use of his/her card. The Cardholder MAY NOT give or allow any other person to use his/her card for any reason. It is the Cardholder's responsibility to safeguard the P-Card and account number to the same degree that a Cardholder safeguards his/her personal credit information.
3. The Department CFO is responsible for ensuring that sufficient funds are encumbered to cover the charges anticipated under all cards issued to Department Cardholders. The CFO must have sufficient controls in place and routinely communicate with Cardholders to ensure that charges are not incurred (with special attention to the end of the fiscal year) that will exceed encumbered or available appropriations or other available funds for payment (or result in goods being received after the close of the Fiscal Year). Departments are encouraged to encumber funds on an annual basis based upon anticipated use and to carefully monitor charges and payments on a monthly basis against amounts encumbered.
4. P-Card Usage:  
Departments can use the P-card to purchase goods, services, including travel expenses consistent with established policies and procedures and the internal control of the Department. Approved business expenses generated while engaged in job related activities away from the regular place of employment may be placed on a P-Card. Travel expenses include but are not limited to the following:
  - Telephone, electric, gas and heating oil
  - Office supplies
  - Registration fee payments
  - Airline ticket payments
  - Vehicle rental payments
  - Gasoline for rental vehicles
  - Other transportation ticket payments
  - Hotel folio payments including business related costs such as business phone charges and business internet access.
  - Payment for food up to the allowed amount in the Red Book or any other approved rates.  
(Note: To reap the benefit of payment efficiencies that the P-Card offers, the card holder should not charge more than the authorized amount and "repay" the Department. The Cardholder should split the payment and only charge the authorized amount to the P-Card and pay the balance in cash or other means.)

Except where otherwise exempted by statute or rule, an itemized receipt must be obtained for each transaction placed on the P-Card. The receipt must be legible, itemized (reflecting the good or services purchased), and contain the Vendor name, date of purchase and price of items. Receipt documentation may be paper or electronic and shall be retained by the Department as an audit trail. A receipt description, which only states "Miscellaneous" or "Merchandise" or only includes a Vendor's stock or item number, is not acceptable. Departments should not honor any payments unless properly documented invoices (statements) are provided by the Cardholder.

5. All items purchased with a P-Card should be received by the Department PRIOR to the end of the monthly billing cycle of the P-Card purchase provided, however, that the items must be delivered NO LATER than June 30th of any fiscal year for payments to be made for that fiscal year. No backordering of merchandise will be allowed
6. The Cardholder shall inform all MA Vendors that the Commonwealth is a Tax Exempt entity and that items purchased are NOT to be taxed. The Cardholder should not accept payments which include Massachusetts sales or meal tax. On the Hologram side of the cards the words "MA TAX EXMPT ID 046002284" are embossed.
7. The Commonwealth P-Card SHALL NOT BE USED for the following:
  - Cash Advances (ATMs);
  - Gift Cards
  - Legal Services
  - Medical services
  - Alcohol purchases;
  - A single purchase that exceeds the lower of the card limit (or other amount as determined by the Office of the Comptroller);
  - Personal expenses of the Cardholder
  - Any additional restrictions identified by the Department in its Internal Controls.

Note: the P-Card may not be used for personal charges even if the cardholder plans to repay back the Department.

## **Procedure**

The following procedures apply to the P-Card program and have the force of policy. The current Contractor Bank of America offers an enhanced web product for Commonwealth managed account changes, on-line invoicing and robust reporting features.

## **Procedures for Department Approval of Use of Commonwealth P-Card**

### **Department Eligibility for Approval to Receive Commonwealth P-Card:**

P-Cards are issued upon written request of the Department Head or his/her designee and will be issued to state employees only. All Cardholders must comply with:

1. **The Commonwealth P-Card Use procedures of the Office of the Comptroller.**
  - a) The Department's Internal Controls must include policies and procedures for use of the P-Card.
  - b) The Department agrees to review documentation when there are relevant policy modifications or at least annually.
  - c) Before a P-Card may be issued to an employee, the Department must confirm that the employee (Card holder) has been trained on how and when to use the card and how to retrieve billing statements from the Contractor's web product.
  - d) Each Cardholder signs a Cardholder Agreement Form before the issuance of the Card. (See 3 c. and d.)
2. **P-Card Use Training.**
  - a) The Department CFO must have attended P-Card training.
  - b) The CFO must be present at all Departmental Procurement card user trainings unless on-line training is developed by the Department.
  - c) The Department CFO must certify that all Cardholders identified for P-Card use have been trained on both the Commonwealth and Internal Department P-Card Use Policies and Procedures and agree to comply with the terms of these policies.
  - d) Billing personnel and Cardholders will run monthly reports and statements in the Contractor's web product.
3. **Cardholder Requirements.**
  - a) P-Cards under this contract may be issued solely to state employees. Contract Employees may not be authorized to use a Commonwealth P-Card.
  - b) Each Cardholder (state employee) identified for P-Card use must have a MMARS Security profile as a Department Head Authorized Signatory for Procurement or P-Cards. See Security Request Form at: <http://www.mass.gov/osc/docs/forms/security/mmars-document-id-and-signoff-form.doc>.

- c) Cardholders/Employees must be informed that issuance of the P-Card is voluntary and that they may refuse to accept issuance of a P-Card. Acceptance of a P-Card may not be made a mandatory condition of employment and an employee may not be disciplined in any manner for refusing to accept a P-Card. Departments found to have coerced, threatened or otherwise pressured Employees to accept a P-Card may have their authority to receive P-Cards revoked by the Office of the Comptroller.
- d) Each Cardholder identified for P-Card use must execute a Commonwealth P-Card Use Policy Employee Agreement certifying that they have been trained on and shall comply with Internal Department P-Card Use Policies and Procedures, including accounting and providing supporting documentation for all purchases made under the card. Individuals holding a Commonwealth of Massachusetts Credit Card at the time of transition to the Commonwealth of Massachusetts Procurement Card will not be required to sign a new agreement at the time of the transition.

2. **Encumbrance of Funds for P-Card Payments.**

The Department CFO is responsible for ensuring that sufficient funds are encumbered to cover the charges made under all cards issued to Department Cardholders. The CFO must have sufficient controls in place and routinely communicate with Cardholders to ensure that charges are not incurred (especially towards the end of the fiscal year) that will exceed encumbered or available appropriations or other available funds for payment. Departments are encouraged to encumber funds on an annual basis based upon anticipated use and to carefully monitor charges and payments on a monthly basis against amounts encumbered.

**Account Management for Department Use of P-Card**

- 1. A Department agrees that any P-Cards issued to its Cardholders will be used for business purposes only and that a Department will maintain adequate internal control procedures to assure the P-Card use is limited to business purposes. P-Cards may not be used to circumvent procurement requirements for purchases outside the authorized scope of the P-Card program.
- 2. All Procurement Cards remain the property of the Contractor and must be returned to the Contractor promptly upon request. The Contractor is not responsible for any Vendor's refusal to accept the P-Card. (The Contractor agrees to treat all Cardholder information supplied by a Department as confidential and not to use this information for any purpose other than the Commonwealth P-Card program.)
- 3. Each card will have a credit limit that will appear on the monthly statement for that Account. Requests for increases in Account credit limits must be approved and entered into web product by the Office of the Comptroller. Any balance in excess of an Account's credit limit must be repaid in full upon demand.
- 4. Each Cardholder will have access to a monthly statement of account in web product. The statements will show for the period covered, all currently posted purchases, any fees, charges, credits, the old balance, the new balance and the average daily balances for purchases.
- 5. The Department agrees to follow a 25 day payment cycle to avoid finance charges. Departments must enter the 16 digit "Corporate Account Number" that appears on the monthly Company Billing Detail in the "Vendor Invoice #" field of the GAX when making payment. The Department must ensure that the GAX "Scheduled Payment Date" is set to be no more than 24 days after the "Cycle End Date" of the invoice to ensure EFT receipt on the 25th day. (In scheduling payment, Departments should consider delays that might be caused due to weekends and holidays such as Thanksgiving and Christmas, for example.)
- 6. A Department agrees to pay all amounts incurred by the use of any Cardholder P-Card, or any additional charges provided for under the Commonwealth P-Card Contract. In no event will the Contractor seek direct payment from any individual Cardholder or any other entity other than a Department.
- 7. Once the Contractor has issued P-Cards to a Department, and a Department has issued these to the designated Cardholders, all charges incurred by each Cardholder will be considered authorized unless and until the Office of the Comptroller receives written notice from a Department that a Cardholder is no longer authorized to use a P-Card.
- 8. **A Department will be liable for any unauthorized use by anyone whether due to the loss, theft or other misuse of a P-Card. To the extent that the Cardholder or Department learns of or becomes aware of such a loss, theft or misuse, the Cardholder or Department agrees**

**to immediately notify the Comptroller and the Contractor, in writing, of such loss, theft, or misuse.**

9. A Department will notify the Comptroller, in writing, immediately when any Cardholder is no longer employed by a Department or is otherwise no longer authorized to use a designated P-Card. A Department agrees to obtain and destroy the card prior to the employee's separation from employment or to make reasonable efforts to obtain the return of the card for destruction.
10. A Department or the Office of the Comptroller may cancel any Account(s) at any time by notifying the Contractor in writing and returning the P-Cards or certifying destruction of the card(s) for the Account(s). If the Account(s) are canceled prior to the use of the Account(s), a Department will not pay any fees associated with the Account(s). If the Account(s) are canceled after being used, a Department shall be responsible for paying for all amounts previously charged and any associated fees in accordance with the Contract.

### **Making P-Card Purchases**

1. The Cardholder must consider the following factors about a potential Vendor when evaluating the P-Card use:
  - a. Purchases requiring tax reporting such as services
    - VERIFY that the selected Vendor is INCORPORATED (which means that no reporting will be required and that Vendor can be used).
      - A Cardholder may not use the Commonwealth P-Card for services with any non-incorporated business entities.
      - See Expenditure Classification Handbook to determine if an anticipated purchase requires tax reporting.
      - To avoid the need for tax reporting, Vendors must be incorporated, irrespective of whether they accept the card.
2. The Department is required to conduct a competitive procurement for non-incidentals purchases under 801 CMR 21.00.
3. Cardholders should review the SOMWBA listing of certified Minority Business and Women Owned Business Enterprises as suppliers of a needed item. This listing is available at: <http://www.somwba.state.ma.us/BusinessDirectory/BusinessDirectory.aspx>
4. The Cardholder must verify that the selected Vendor accepts P-Cards
  - a. Vendor Refund Policy must include credit to P-Card NOT store credit or cash refund.
5. P-Card invoices, packing slips or other confirmation of P-Card purchases should include:
  - a. The date of the P-Card transaction;
  - b. The Vendor Name (and address; if available);
  - c. The Vendor order number or other identification number for the transaction;
  - d. Department name (delivery address; if shipped);
  - e. Cardholder's name;
  - f. Indicate purchase is a P-Card Purchase;
  - g. Identify items purchased, prices and other charges;
  - h. ETA – expected delivery date which must be within the payment account's fiscal year.
6. Prior to signing any P-Card slip, or confirming a telephone charge, the Cardholder is responsible for verifying the accuracy of this information on the P-Card slip.

### **P-Card Returns or Disputes**

1. If an item is not satisfactory, received incorrectly, damaged and/or defective, duplicate order, etc., the Cardholder should make contact with the Vendor to explain the problem and arrange for return or correction.
2. A Cardholder must not accept cash or a store credit refund for a purchase made with a Commonwealth P-Card but must obtain a credit to the P-card account or a replacement product.
3. If items purchased by the use of the P-Card are found to be unacceptable, the Cardholder is responsible for obtaining replacement or correction of the item as soon as possible. If the Vendor has not replaced or corrected the item by the date the Cardholder receives his/her monthly statement, then, upon written notification to the Contractor, the purchase of that item will be considered in dispute. (see Dispute Procedure at the end of this section)

4. If the Cardholder is disputing a charge, he/she shall complete a Dispute Form and include it with the statement package to the Approving Supervisor. (see Dispute Procedure at the end of this section)
5. If an item has been returned and a credit received, the Cardholder shall verify that this credit is reflected on the monthly statement and follow up with the CFO until matter resolved.

#### **Dispute procedure:**

After attempting to resolve a problem with the Vendor the Cardholder should attempt to resolve the problem by contacting the Contractor's Customer Service Desk, they may be able to assist you in resolving the problem but cannot open a dispute over telephone. If necessary, complete a COMMERCIAL CARD CLAIMS STATEMENT OF DISPUTED ITEM which includes:

- Vendor Name and address
- Item Reference number from the Statement
- Nature of the dispute
- Who was contacted (individual name) at the Vendor in an attempt to resolve it
- Vendor's response to contact

#### **Lost or Stolen P-Cards**

If a Commonwealth P-Card is lost or stolen, the Cardholder SHALL IMMEDIATELY NOTIFY the Contractor.

**The Helpline is available 24 hours a day 1-800-822-5985.** Cardholder must advise the representative that the call is regarding a lost or stolen card. The Approving Supervisor and Chief Fiscal Officer must also be notified immediately by the Cardholder. The CFO must notify the Comptroller's Office. A P-Card that is subsequently found by the Cardholder after being reported lost or stolen must be destroyed.

A new card shall be promptly issued by the Office of the Comptroller to the Cardholder after the reported loss or theft is vetted by all parties concerned.

#### **Cardholder Record Keeping and Expenditure Log Management Responsibilities**

1. Whenever a P-Card purchase is made, either over the counter, by telephone or Internet, the Cardholder is required to retain or maintain documentation as proof of the purchase. This documentation should include at a minimum, the information that a Cardholder is required to verify before signing a P-Card slip, or confirming a telephone charge, as outlined in the previous section above.
2. If required by the Department Internal P-Card Use Policy, Cardholders shall also document P-Card transactions on the Department Expenditure Log or other similar log.
3. Cardholders will be responsible for certifying as part of this documentation that items purchased by P-Card have been received and the date of receipt. Such documentation will be used to verify the purchases listed on the Cardholder's monthly statement of account and the Department monthly billing invoice, prior to payments to the Contractor.
4. At the end of each monthly billing cycle, the Cardholder shall review the monthly statement on web product to ensure the accuracy of statement and validate charges incurred are for approved departmental business only. The Cardholder shall check each transaction listed against his/her P-Card receipts, Department expenditure log (if required) and any shipping documents to verify the accuracy of the monthly statement.
5. Cardholders shall be responsible for timely submitting receipts, monthly Cardholder statements of account and expenditure log to the Approving Supervisor(s) as required by the Department Internal P-Card Use Policy and the Department's internal schedule of expenditure log management necessary to make timely P-Card monthly payments.
6. If an item has been returned and a credit received, the Cardholder shall verify that this credit is reflected on the monthly statement of account.
7. If purchased items or credits are not listed on the monthly statement of account, the appropriate expenditure documentation shall be retained by the Cardholder until the next monthly statement. If the purchase or credit does not appear on the statement within 60 days after the date of purchase, the Cardholder shall notify the Approving Supervisor and the Vendor, in writing, and submit the expenditure documentation for correction.

8. Failure of a Cardholder to timely submit invoices, or any other failure to adhere to the Commonwealth or Internal Department P-Card Use Policies and Procedures shall be grounds for cancellation of Cardholder P-Card privileges.

### **Department Monthly Account Summaries**

Department Monthly Billing Statements, listing all transactions, shall be made available via the Bank system - web product - to the appropriate Department's Accounts Payable Unit and other individuals as requested. These listings will allow the Department's Accounts Payable Unit to track their Cardholder's activities and act as a checklist for the Department's Accounts Payable Unit or other Department staff to anticipate which approved monthly statements are due from which Cardholders.

### **Monthly Transaction Statement Reconciliation**

Departments will have access to the web product software for statement information on the purchase of goods and services and all account activity. Departments will use MMARS to pay the Contractor but they will use WEB PRODUCT to reconcile the monthly billing statements. Via web product, Departments will receive electronic billing statements on a monthly basis. The statement closing date will be the 27th day of the month. Participating Departments must review all transactions to ensure that they are legitimate, for official State business, and that all required documentation is included. Depending on the magnitude of purchases, a Cardholder may be required to sign an individual statement and submit it to the appropriate office in accordance with the Department's guidelines. The signed statement should be filed with that month's corresponding receipts. Upon completion of reconciliation, it is advised that the CFO or DHSA should sign the reconciled document.

### **Cardholder Termination or Separation from Employment**

Prior to termination or separation from employment, the Cardholder shall surrender the P-Card, P-Card receipts, monthly statements of accounts and current expenditure log (if used) to his/her Approving Supervisor. Upon their receipt, the Approving Supervisor will review, approve and forward to the Accounts Payable Unit the month end P-Card statement and destroy the card. CFO's are responsible for obtaining control of all credit cards PRIOR to termination from employment. If this is not possible, then the CFO is responsible for immediately terminating access to the credit card.

### **Expenditure Log Management and Payments**

P-Card transactions should always have sufficient backup documentation that entail why, when the goods/services were rendered, and how much was paid. If paying other than the amount due on the monthly statement, an explanation must accompany that explains why a different amount has been paid. Departments may choose to implement an internal management control such as the expenditure log.

1. The Approving Supervisor(s) shall check each Cardholder's receipts, monthly statement and/or expenditure log and confirm and approve to the Department's Accounts Payable Unit that:
  - the P-Card purchases were authorized purchases and within the Cardholder's designated P-Card purchase limits;
  - That sufficient supporting documentation was submitted for each P-Card purchase;
  - that all P-Card purchase items or services were received or performed prior to the end of that monthly billing cycle for the P-Card purchase and no later than June 30th of any fiscal year for payments to be made for that fiscal year;
2. For any returned items that have received a credit, that the credit is reflected on the monthly Department statement of account and monthly invoice.
3. Upon approval of the P-Card purchases for the monthly billing cycle, the Account Supervisor(s) shall timely remit such approval to the Department's Accounts Payable Unit in accordance with the Department Internal P-Card Use Policy to enable reconciliation of the Department monthly P-Card invoice to ensure that timely payments can be made to the Contractor.

### **Department Application for P-Card Use**

Departments desiring to use the Commonwealth P-Card must identify the number of Cardholders and the individual limits that will be placed on each P-Card account.

The Application also includes a "Commonwealth P-Card Use Policy Employee Agreement" - A statement that must be executed by all Cardholders certifying that they have been trained on and shall comply with both the Commonwealth and Internal Department P-Card Use Policies and Procedures.

The Application should also contain any Internal Department P-Card Use Policies such as Department specific P-Card use restrictions and administrative procedures in addition to the provisions outlined in the Commonwealth P-Card Use Policy.

**Wet Signature Applications for Procurement Card Department Setup must be submitted for prior approval to:**

Office of the Comptroller  
Commonwealth P-Card Program  
One Ashburton Place – 9th Floor  
Boston, Massachusetts 02108  
Attn: Payee/Payment Unit

In certain circumstances the Office of the Comptroller may ask for a documented Departmental Procurement Use plan prior to approval.

Approved Department's Request for:

- New Cards
- Request for Credit limit increases/decreases
- Special Profiles
- Card cancellations

Must be submitted by the CFO using the P-Card setup and maintenance form to [P\\_Card@state.ma.us](mailto:P_Card@state.ma.us)

The Chief Fiscal Officer shall be responsible for maintaining all records of P-Card Applications, requests for changes, additions or deletions of Cardholders, single purchase and single cardholder card limits, and lost/stolen/destroyed card information.

### **Adding Cardholders after Initial Application Approval Process**

With the exception of the cancellation of any Department Cardholder P-Card, or the reporting of lost or stolen P-Cards that must be made immediately by the Cardholder to the Contractor, Applications for the addition of Cardholders must follow the same Application approval process through the Office of the Comptroller.

### **Suggestions for Developing an Effective Internal Department P-Card Use Policy**

Developing an effective Internal Department P-Card Use Policy Attachment is one of the most important features of the Commonwealth P-Card program. The Commonwealth P-Card Use Policy sets minimum standards for use of P-Cards on a statewide basis. However, the development of an Internal Department P-Card use policy enables a Department to establish additional controls and administrative procedures for the use of P-Cards for the particular needs of its Department.

Departments should consider the following when developing the Internal Department P-Card Use Policy Attachment:

- The volume and type of petty cash and incidental purchases currently made in the Department that could be made using a P-Card as opposed to the standard employee reimbursement and/or Payment Request procedures;
- The type of petty cash and incidental purchases that would be authorized for the Department as a whole, and for each individual Cardholder if desired;
- An estimated annual fiscal year amount of funds that will be encumbered for P-Card purchases. A portion or all of this amount needs to be encumbered prior to issuance of P-Cards to Department;
- The opportunity to reduce or eliminate travel advances;
- The "Single Card Limit" that will be assigned to each Cardholder issued a P-Card;

- The Department's current Internal Control procedures on monitoring and approving expenditures must be updated to reflect the Department's P-Card policies. These must be available for review prior to Department card issuance;
- The process for individual Department Cardholder training on the Commonwealth and P-Card Use Policies and Procedures and any Department restrictions to the Commonwealth Policies and Procedures;
- The process that employee Cardholders will use to remit P-Card receipts, expenditure logs and/or Cardholder monthly statements of account for the purposes of expenditure log management of P-Card purchases with monthly billing invoices;
- The individual who will act as the Approving Supervisor(s) for approving individual Cardholder P-Card receipts, expenditure logs and/or Cardholder monthly statements for prior to or for expenditure log management purposes with monthly billing invoices;
- The process for reconciliation of P-Card expenditures, payments, and other post payment audit procedures;
- The process for disciplining a Cardholder who makes unauthorized purchases or carelessly uses the credit, including the type of internal Department disciplinary action that the Cardholder may be subject to in accordance with internal employment practices.

### **Internal Controls**

It is essential that every Department have Internal Controls for Department P-Card use. These internal controls will be considered part of a Department's Internal Control Plan. At a minimum, the Internal Department P-Card Use Policy must be the adoption of the Commonwealth P-Card Use Policy. An Internal Department P-Card Use Policy Attachment must be completed by the Department containing any Department specific P-Card use restrictions and administrative procedures in addition to the provisions outlined in the Commonwealth P-Card Use Policy. Departments are responsible for ensuring that all Department Cardholders are trained initially and periodically thereafter and adhere to both the Commonwealth and Internal Department P-Card policies and other Internal Control policies as applicable.

### **Additional Contractor Forms**

Bank of America Procurement Card **Company** Setup Form. Department Head wet signature required.  
<http://www.mass.gov/osc/docs/forms/accounts-payable/p-card-dept-setup.doc>

Bank of America Procurement **Cardholder** Setup Form. May be sent electronically from CFO.  
<http://www.mass.gov/osc/docs/forms/accounts-payable/p-card-cardholder-setup.doc>

Commonwealth Procurement Card Use Employee Agreement  
<http://www.mass.gov/osc/docs/forms/accounts-payable/p-card-empl-agreement.doc>

### **Information Sources**

Related Procedure –

- Related Policies:
  - This policy applies to all payments made by the Commonwealth and applies to all relevant MMARS policies.
  - [Key State Finance Law Compliance Appointments and Responsibilities](#)
  - [Contract Policies](#)
  - [Contracts - State Finance Law and General Requirements](#)
  - [Contracts – Goods and Services](#)
  - [Accounts Payable \(Payments\) Policies](#)
- Legal Authority –
  - [Expenditure Classification Handbook](#);
  - [M.G.L. c. 7A](#) (Office of the Comptroller); [M.G.L. c. 29](#) (State Finance Law);
  - [M.G.L. c. 133](#) (Uniform Electronic Transactions Act);

- [M.G.L c. 7, § 22](#) (OSD – Goods and Services); [M.G.L. c. 30, §. 51](#); (OSD – Goods and Services)  
[M.G.L. c. 30, §. 52](#); (OSD – Goods and Services)
- [M.G.L. c. 29, §. 29A](#) (Consultants) (Level III – Executive only);
- [M.G.L. c. 29, §. 29B](#) (Human/Social Services) (Level III - Executive only)
- [M.G.L. c. 29, § 27B](#) (IT equipment)
- [M.G.L. c. 15A](#) and [M.G.L. c. 73](#) (state and community colleges);
- [M.G.L. c. 75](#) (UMASS); General or special laws governing expenditures;
- [Massachusetts Executive Orders](#) (Level III – Executive Only);
- [Administrative Bulletins](#)(Level III – Executive Only);
- [Comptroller regulations](#) (815 CMR 2.00 - 10.00);
- [M.G.L. c.29, § 66](#) (State Finance Law Violations)
- Attachments –
  - [Appendix I](#)
- COMMERCIAL CARD CLAIMS STATEMENT OF DISPUTED ITEM
- Links
  - [Commonwealth P-Card Use Employee Agreement](#)
  - [Procurement Card Company Setup Form](#)
  - [Procurement P-Card Cardholder Setup Form](#)
  - [Department Head Signature Authorization and Electronic Signature for MMARS Documents](#)
  - [801 CMR 21.00](#) (Required for Executive Departments (Level III),
  - [Procurement Information Center](#)
  - See OSD Update for additional contract information - PRF19designatedOSC
  - Contacts – CTR Help Desk 617-973-2468
- [Comptroller Web Portal Homepage](#)

## **APPENDIX I – GLOSSARY**

### **Definitions/Responsibilities**

**Approving Supervisor** – A Department individual(s) who will review and approve a Cardholder's monthly P-Card receipts, statement of account, and/or expenditure log prior to, or for the purposes of expenditure management with, the monthly Department reconciliation of P-Card invoices. If a reviewer finds an instance of unlawful use, possible fraud, misappropriation, or mismanagement with the P-Card he/she must report such discovery to the Chief Fiscal Office (CFO) immediately. The Chief Fiscal Officer shall report to the Department Head, State Auditor <http://www.mass.gov/SAO/chapterform.htm> and the Office of the Comptroller within 24 hours of his/her discovery.

**Cardholder** - A Department employee who has voluntarily agreed to be issued a Commonwealth P-Card and who is an authorized signatory to make purchases in accordance with the Commonwealth and Department Internal P-Card Use Policies and Procedures. Each Cardholder identified for P-Card use must execute a Commonwealth P-Card Use Policy Employee Agreement. Contract Employees may not be authorized to use P-Cards under this Contract.

**Cardholder Expenditure Log** – A daily log of P-Card expenditures made by Cardholder(s). Expenditure logs may include all P-Card purchases made by each Cardholder. A Department will determine, as part of its Internal Department P-Card Use Policy, requirements and Cardholder responsibilities for completing Cardholder Expenditure Logs, if such logs are used.

**Chief Fiscal Officer** – The Department Chief Fiscal Officer (CFO) responsible for managing the use of P-Cards by the Department in accordance with the Commonwealth's and the Department's Internal P-Card Use Policies and Procedures. Unless there is a prior agreement between the Department and CTR, the Chief Fiscal Office (CFO) will be considered the P-Card Coordinator. He/she will be required to attend training prior to the approval of the P-Card. The training will include P-Card policies, procurement policies and WORKS overview.

The Chief Fiscal Officer responsibilities include, but are not limited to, the following:

- Reviewing, the compliance/practice of the P-Card program with the Comptroller's Policies and Procedures and their internal procedures and other applicable requirements;
- Taking an immediate corrective action if errors/omission is detected;
- Reporting to the Department Head, the State Auditor and the Office of the Comptroller if possible fraud and misuse of P-Card has been discovered;
- Verifying potential Cardholder eligibility to obtain a P-Card on behalf of the Department;
- Ensuring proper completion and submission of applications and Cardholder agreements;
- Assuring monthly statements are reviewed and reconciled on a timely basis;
- Ensuring Cardholders follow all P-card policies and procedures;
- Providing updated contact information to the Office of the Comptroller;
- Disseminating updated P-Card information to Cardholders;
- Ensuring that P-Cards are cancelled and destroyed upon termination or separation from employment;
- Identifying possible ethics law violations related to inappropriate activity by Cardholders and Vendors including the possession of gifts, bribes, etc.;
- Addressing and establishing additional controls/policies, in a timely manner, as recommended by external or internal audits and reviews.

**Company Billing Detail** - This is the monthly listing of all transactions made by Cardholders that is made available via the Internet through web product by the Contractor to each Cardholder and Department CFO for reconciliation and in a consolidated format to the Department for payment.

**Contractor** – The P-Card Contractor responsible for administering the Commonwealth P-Card Program in accordance with the P-Card Services Contract.

**Commonwealth P-Card Use Policy Employee Agreement** - A statement that must be executed by all Cardholders certifying that they have been trained on and shall comply with both the Commonwealth's P-Card Contractor and Internal Department P-Card Use Policies and Procedures.

**P-Card Training** –The CFO and the cardholder must receive training prior to receiving the P-Card. Training will be performed by the Office of the Comptroller for all new enrollees into the P-Card program. Training may be in person or via web cast. The training will include P-Card and purchasing policies as they relate to P-Card, utilization and ethics. P-Card will not be issued until the CFO and any Cardholder successfully complete the P-Card training provided by the Office of the Comptroller. CFOs are responsible for providing departmental training for all assigned Department Cardholders.

**Department Internal Control Plan** - Sufficient internal controls must be in place at each Department to ensure compliance with applicable laws, rules and regulation, P-Card Policies and Procedures, and other governing instruments. Each Department is required to develop and document internal control procedures that ensure P-Card usage is consistent with this manual and to develop guidelines for distribution to Cardholders to ensure that programs and functions operate effectively and efficiently and in conformance with applicable laws and regulations. MGL requires an annual review and update of the plan for any major changes. The Department Internal Plan must include these policies and any additional P-Card use policies and procedures specific to the Department. In those cases where it is determined that internal controls are not adequate, the Office of the Comptroller has the authority to request improvements and/or place P-Card restrictions on the Department until such controls are established documented and implemented.

**Dispute** – Is a disagreement between a Cardholder and a Vendor which has been documented, signed and sent to the Contractor either by U.S. Mail or an overnight delivery company. Once received by the Contractor, payment for the item, finance and late charges associated with non payment of the disputed item are suspended until the dispute is resolved. If the dispute is resolved in the favor of the Cardholder, the disputed charge and associated finance and late charges do not apply. However, if the dispute is resolved in the Vendor's favor, the Department is responsible for the disputed amount and finance and late charges back to the original statement date of the purchase. The Contractor must be notified in writing of disputes within 60 days of the receipt of the statement. Disputes do not include billing issues with the Contractor.

**E30** - Expenditure Classification object code for a monthly P-Card invoice payment which may not include any finance charges. For finance charge portion, use object code E31.

**E31** - Expenditure Classification Object Code for the portion of any monthly P-Card invoice representing a finance charge. For monthly invoice payment, use object code E30.

**Helpline** – 24 hours/7 days per week toll free number operated by the Contractor to be used to report lost or stolen card or for other inquiries: 1-800-822-5985. Changes in card limits and issuance of new cards must be submitted through the Office of the Comptroller and not directly to the Contractor.

**Incidental Purchase** –“Incidental Purchase” Purchase of commodities or services under 801 CMR 21.00 that are isolated, unique, one-time, individual purchases with a total value of less than \$5,000.00 or other amount as determined jointly by the Office of the Comptroller and the Operational Services Division.

**Services** - The Commonwealth P-Card must not be used for the purchase of medical services or for any services provided by any entity that is not incorporated. Departments may not use the Commonwealth P-Card for any purchase requiring tax reporting.

**Single Card Limit** - A dollar amount limitation of purchasing authority for a P-Card per monthly billing cycle delegated to a Cardholder, which may not exceed the limits set by the Office of the Comptroller or the Department Head of the Department. In other words, individual transaction limits and credit limits are determined by the Department Head upon approval by the Office of the Comptroller. It is a violation of

policy to manipulate the ordering, billing or payment process in order to circumvent established Cardholder limits.

**Signatory Authority** – Annual authorization by a Department Head identifying individuals authorized to sign documents and obligate Department funds on his/her behalf. Cardholders must have Department Head signatory authorization (set up as a MMARS Security profile for Procurement or P-Cards) for the use of a Commonwealth P-Card.

**Vendor** - A company from which a Cardholder is making purchases of Commodities or Services. Departments may not use the Commonwealth P-Card for services or other tax reportable purchases with any entity that is not incorporated.

**Web product** – The Contractors application for Procurement Card management and reporting. Cardholders will have view access to their own reports and profiles. CFO will have access to group (in most cases group equals department) reports.