

**A&F Administrative Bulletin #22**  
**Credit Card Use Policy and Procedures**

All state agencies in the Executive Department under the jurisdiction of an Executive Office established under M.G.L. c. 6A, § 2 must comply with the provisions of this bulletin.

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**Purpose and Scope**

The Commonwealth Procurement Card (or “P-Card”) Program is governed by the Commonwealth Procurement Card Program Policy and Procedure (the “Commonwealth P-Card Policy”) issued by the Office of the Comptroller. The Commonwealth P-Card Policy provides substantial guidance on the appropriate use of P-Cards in state government, and should be consulted regularly for guidance.

The Commonwealth P-Card Policy requires each agency or office that participates in the P-Card Program to also issue its own internal controls policy to implement the Comptroller’s guidance. That document enables such agencies or offices to shape their own forms of oversight and constraints on the use of state-issued credit cards, as long as those protocols satisfy the minimum standards set out in the Comptroller’s guidance.

This bulletin is intended to provide further guidance to Executive Department agencies on whether to participate in the P-Card Program, and how best to implement the use of P-Cards where it is determined that participation may be necessary. Each Executive Office established under M.G.L. c. 6A, § 2 shall incorporate into its Internal Control Plan (“ICP”) a policy that is applicable to each of its constituent agencies and, at a minimum, complies with the Commonwealth P-Card Policy, this bulletin, and the standards adopted by A&F in its A&F Credit Card Use Policy and Procedures (attached to this bulletin).

P-Cards that are currently issued to any state employees other than the Department CFO, and which the Department head determines do not satisfy the standards set forth in this bulletin for issuance of a P-Card, should be returned to the Department CFO immediately and destroyed, and the accounts associated with such cards canceled by contacting the Office of the State Comptroller. These actions should take place no later than December 31, 2016.

At all times, Cardholders must be aware that their use of state-issued credit cards results in the spending of taxpayer dollars, and the Cardholders’ use of such cards must be consistent with this awareness.

## **Credit Card Use Policy Guidelines**

This bulletin addresses three topics:

- Who can own/use a state-authorized credit card?
- What usages are permissible for Executive Department agencies?
- What minimum forms of oversight are required of Executive Department agencies in order to ensure the proper use of state-issued credit cards?

### **Who can own/use a state-authorized credit card?**

Except in extraordinary circumstances, a participating Executive Office or other Executive Department agency (collectively, the "Department") should significantly restrict the number of state-owned credit cards issued within the Department. If the Department determines that a state-owned credit card is necessary, the permitted users of the card should generally be restricted to the Department's Chief Financial Officer (CFO). The Department may authorize additional employees to receive a P-Card if it is necessary to cover frequently incurred and extraordinary travel costs to conduct agency business, or if the employee's official duties require the use of a P-Card to make emergency purchases; in either case, a P-Card should not be issued if the purchases may be made in advance by the CFO. These exceptions should be strictly enforced, and granted only in extraordinary circumstances where the unavailability of a P-Card will result in substantial inefficiencies in making travel-related or emergency purchases.

The issuance of a P-Card to anyone (including the Department's CFO) must be approved in writing by the head of the Department. If the head of the Department believes that anyone other than the CFO should be authorized to have a P-Card, the head of the Department should set forth in the written approval the extraordinary circumstances described above, which warrant authorizing a credit card to that employee.

If the head of a Department believes that he or she requires use of a P-Card, he or she must obtain written approval from the Secretary of the Executive Office that oversees the Department.

The written approval must establish a limit on any single transaction, and the applicable monthly credit limit. The per-transaction limit should not exceed \$1,000. The monthly credit limit should not exceed \$5,000. For either of these limits, if special circumstances warrant a higher limit, the head of the Department shall identify those circumstances in the approval letter or may authorize exceptions on a transaction-by-transaction basis with approval by the CFO.

### **What usages are permissible for Executive Department agencies?**

Even when issued, the P-Card is to be used by a Department only as a "payment of last resort," namely, (i) where the good or service being purchased is not susceptible of being procured in the ordinary course under the Commonwealth's laws governing procurement; (ii) where the selected vendor will not invoice or bill the Commonwealth for the purchased goods or services; or (iii) where requiring the employee to seek reimbursement for the purchase would cause substantial

hardship to the employee or the Department as determined by the Department CFO. The use of a P-Card should supplement, not replace, other payment methods if they are otherwise available. Each purchase must serve a legitimate public purpose, and not be intended primarily to confer a personal benefit or a benefit to another individual or entity.

Allowable expenses for P-Card use include the following, in cases where direct billing is not available or where the good or service being purchased is not susceptible of being procured in the ordinary course under the Commonwealth's laws governing procurement:

- Conference registrations
- Conference expenses for trade shows (e.g., electric, carpet)
- Airline ticket purchases
- Emergency office supplies
- Vehicle rental payments
- Gasoline for rental vehicles
- Other transportation ticket payments
- Hotel payments for overnight accommodations. Please make sure that the hotel bill does not include the cost of meals during approved overnight travel; the bill may include business related phone charges and internet access charges.

CFO approval is required for the expenses above, in accordance with Department needs and internal procedures. Travel Authorization Form (TAF) approval under A&F Bulletin #8 may also be required for certain expenses.

State issued P-Cards SHALL NOT BE USED for the following:

- Cost of meals, snacks, or coffee (whether during travel or otherwise)\*
- Cash Advances (ATMs)
- Gift Cards
- Legal services
- Medical services
- Alcohol purchases
- A single purchase that exceeds the card limit or the single purchase limit determined by the CFO (usually \$1,000)
- Personal expenses of the Cardholder
- Gasoline for personal vehicle
- Books, magazines, and other entertainment items while employee is travelling
- Gifts for colleagues
- Galas or other after-hours events

Cardholders must adhere to all restrictions on P-Card usage, even if the Cardholder plans to reimburse or arrange for reimbursement of the Department for impermissible expenditures.

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\* The Cardholder may seek reimbursement for the cost of meals up to the allowed amount in the Red Book, in accordance with the Department's internal procedures.

This list is not intended to limit the additional restrictions a Department may choose to adopt in its Internal Control Plan.

**What minimum forms of oversight are required of Executive Department agencies in order to ensure the proper use of state-issued credit cards?**

The Commonwealth P-Card Policy serves as a sound starting point for the steps that should be taken to ensure oversight of the use of state-issued credit cards. The Commonwealth P-Card Policy “sets minimum standards for use of P-Cards on a statewide basis,” and “[a]t a minimum, the Internal Department P-Card Use Policy must be the adoption of the Commonwealth P-Card Use Policy.”

Departments should adopt and document the following additional items in their ICPs, as reflected in the A&F Credit Card Use Policy and Procedures attached to this bulletin:

- Departments should limit the ability of a Cardholder to carry a P-Card in the Cardholder’s wallet or otherwise to remove a P-Card from work premises, unless doing so is necessary for the use of the P-Card (e.g., travel).
- At least annually, Departments should review all purchase activity in the last 12 months and compare the actual activity with the Department’s ICP, this bulletin and the Commonwealth P-Card Policy, and certify compliance.
- Departments should institute blackout periods for P-Card purchases near the end of the fiscal year.
- Each Department must explicitly address in its ICP the protocol for reporting unauthorized use of a P-Card and the consequences for such unauthorized use.
- The Department CFO should require that the Cardholder maintain an expenditure log and certify that each purchase on the log complies with the Department’s ICP, including any use restrictions imposed beyond the Comptroller’s policies.
- BOTH the CFO and the Cardholder must review the monthly statement, expenditure log, and related receipts and other documentation to validate charges and ensure other compliance issues, such as whether the Commonwealth was charged sales tax. The Department’s CFO must sign off on this validation.
- Monthly billing statements MUST be made available to the Department’s CFO, together with the expenditure log and other required documentation.
- The Cardholder should be held liable for any unauthorized charges, including sales tax erroneously charged to the Commonwealth. The Department should also specify other disciplinary measures that will result from abuse of the privilege to use a P-Card.

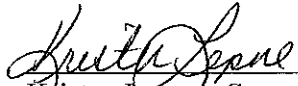
**Forms and Links**

The A&F Credit Card Use Policy and Procedures, incorporated into A&F’s ICP, is attached to this bulletin.

Other guidance can be found in the Commonwealth P-Card Use Policy and Procedures, available at <http://www.mass.gov/comptroller/publications-and-reports/policies/payments.html>.

**A&F Secretary Approval and Effective Date**

This Administrative Bulletin published by the Executive Office for Administration and Finance shall be effective as of the date below, and shall continue in effect until amended, superseded, or revoked by a subsequent Administrative Bulletin.

  
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Kristen Lepore, Secretary

11/16/16  
Date