

Purchase Card Quiz 101

State of Iowa Purchase Card Program

June 2024



Iowa Purchasing Card Program Policy and Procedures Manual

Roles and Responsibilities



Cardholder Roles and Responsibilities

- Complete Required Training
- Purchase Authorized Goods and Service Only
- Use Approved Contracts and Suppliers
- Retain Original, Itemized Receipts
- Monitor and Reconcile Transactions
- Adhere to Assigned Card Limits
- Submit Signed Statements with Supporting Documentation for Payment Processing



To Do List upon Receipt of a Purchase Card

- Activate New Card in US Bank Access Online or by Phone
- Sign the Back of the Card
- Register your new Cardholder Account in US Bank Access Online
- Enable Notifications to Automatically Receive Monthly Statement Notices

Purchase Card Usage Compliance

- While purchasing cards add convenience to the procurement process, they are not to be used to avoid or bypass State procurement or accounting policies and procedures. Regardless of payment method, all goods and services must be purchased in accordance with policies and procedures pursuant to the transaction. (See Other State Policies and Procedures) To help ensure compliance, follow these steps when making a Pcard purchase:
- Check current Master Agreements (MAs) and Certified Targeted Small Businesses (TSBs) to see whether a contract for the desired goods or services exists. Purchases may be made directly from an MA up to any limits specified in the agreement, and up to \$25,000 from Certified TSBs.

Purchase Card Usage Compliance-Continued

- If no MA or TSB vendor exists and the purchase amount is:
 - Goods and services up to \$15,000 if you have Level 1-Basic Procurement Authority, you may proceed with the transaction. Informal quotes are always recommended but not required unless specified by internal Agency procedures.
 - Greater than \$15,000 for goods and services (up to \$50,000), competitive procurement is required and at least three (3) informal quotes must be obtained, unless the Agency is unable to locate three prospective vendors (see Informal Quote Documentation Form). You must have Level 2- Advanced Procurement Authority.
 - Refer to the PCard-Accepting Vendor List to see whether your supplier or a potential supplier is a PCard-accepting vendor. PCards may be used with both MA vendors and non-contract suppliers. (Remember - even suppliers not listed may accept card payments!)

Purchase Card Usage Compliance-Continued

- Don't Forget: Agencies are exempt from payment of state sales and use tax. (See Tax Exempt Status and State Sales Tax Exempt Letter)
- For Additional Resources: See PCard, Travel Card Flowcharts Other purchasing reminders
- DAS State Accounting Enterprise requires a Pre-Contract Questionnaire (PCQ) with any service purchase of \$1,000 or more (one-time or in aggregate)
- IT hardware or software purchases estimated in excess of \$25,000 require prior approval by the Office of the Chief Information Officer (OCIO). Contact ITrequests@iowa.gov.
- Certain Equipment purchases and service contracts above \$25,000 may require Iowa Department of Management (IDOM) approval. (Refer to IDOM Equipment/Service Justification Form.)

Purchase Card Usage

Card Controls

- A variety of control features at the Cardholder and Agency level add protection against potential risk.
- Card controls are determined during the application process by Supervisors and Agency PCard Coordinators, as well as any additional internal approvals an Agency may require.
 - Single Transaction Limits (Required)

All cards must be assigned a single transaction limit (STL). An STL is the maximum amount allowed for an individual purchase, including any tax or shipping (if applicable)

Purchase Card Usage Card Controls

- Monthly Credit Limits (Required)

All PCards must have a monthly credit limit - the maximum total dollar amount that may be charged within a billing cycle. The monthly credit balance resets at the beginning of every billing cycle.

- Velocity Settings (Optional)

Velocity settings limit the number of transactions or dollar total allowed during a specified period, such as no more than five (5) transactions or \$500 per day

Purchase Card Usage

Card Controls

- International/Foreign Currency Transactions

In the interest of card security, foreign currency transactions are prohibited unless otherwise requested by the Agency. For infrequent international purchases, a manual transaction may be requested by the Agency PCard Coordinator and arranged by State PCard Program management.

- Merchant Category Codes (MCCs)

MCCs are assigned by a supplier's merchant bank based on the types of goods and/or services provided. Restricting certain codes helps protect the State against unauthorized or prohibited purchases.

All requests for adjustments to card limits or other controls must be made by the Agency PCard Coordinator via the PCard/Travel Card Change Request Form. State PCard Program management reserves the right to review, approve, or deny Agency card controls.



Transactions and Purchases

- All goods and services must be purchased in accordance with policies and procedures pursuant to the transaction, including any additional that may be required by your agency.
- There are different procurement thresholds for goods versus services being purchased.



Transactions and Purchases

Prohibited Purchases

- Cash Advances
- Gift Cards-Exceptions may be requested. An example would be providing volunteers(non-state employees) a gift card as a reward.
- Personal Expenses-including food and beverages
- Payment to another state agency (interdepartmental expense)



Transactions and Purchases

Permitted Purchases

- PayPal and eBay provided procurement thresholds and card limits are adhered to.
- Fuel for state-owned equipment-lawn mowers, ATV's, etc.
- Conference of meeting room rental for hosting non-employee business events.
- Auto-billing—Recurring expenses for software, communications, etc.
- Memberships in retail business when it is determined to be a cost effective method of procuring goods and/or services.

Transactions and Purchases Convenience Fees

In recent years, convenience fees and surcharges have become more common. Per credit card industry requirements, convenience fees and surcharges **must be disclosed prior to a transaction**. If a convenience fee or surcharge will be applied to a transaction, the Cardholder or Agency shall determine whether convenience fees or surcharges are prudent. **If purchasing from a State Contract, review the contract to ensure the merchant is following the purchasing card/method of payment policy.**

- **Convenience fees** are charged as a flat fee (regardless of the total cost) when purchases are made via one form of payment channel over another - online or by phone vs. in-store or by mail, for example.
- **Surcharges** are imposed as an extra fee when payments are made by credit card vs. another payment method, such as cash or check. Surcharges cannot exceed 4%.

Cardholder Responsibilities

Receipts, Documentation & Retention

- Regardless of purchasing method or vendor, all purchases and credits require itemized transaction documentation from the vendor. This includes: credit card receipts, credit memos, shipping/packing slips, as well as any informal quotes, business purpose explanations, correspondence or other evidence related to vendor disputes, or additional information that may help explain expenses to an independent reviewer or external auditor.
- If an itemized receipt cannot be obtained, a list of detailed charges from the vendor must be attached to the receipt showing unit prices and the total amount charged.
- When purchasing goods or services from State of Iowa Master Agreement (MA), it is the Cardholder's responsibility to verify contract pricing and receipt of all items, in addition to purchase or credit documentation

Cardholder Responsibilities

Receipts, Documentation & Retention

- If an itemized credit card receipt or credit memo is lost, the Cardholder is responsible for obtaining a copy from the vendor. The Cardholder must certify the original charge or credit slip, etc., is lost and the replacement must be treated as an original by printing “only invoice available-original lost” on the replacement document with Cardholder’s signature and date. Frequently misplaced documentation may lead to disciplinary action or card revocation.

Document Retention

- Each Agency has its own retention requirements for purchasing card statements, receipts, credit memos, and supporting transaction documentation. Contact your Agency’s Financial Manager for details.



Cardholder Responsibilities

Credits and Disputes

- Disputed charges can result from failure to receive goods or services, unauthorized charges, defective merchandise, incorrect amounts, duplicate charges, or credits not processed, among other reasons.
- Cardholders are responsible for reviewing their monthly billing statements and verifying all transactions. It is also the Cardholder's responsibility to contact and follow up with the supplier on any erroneous charges, returns, or disputed items as quickly as possible.

Cardholder Responsibilities

Credits and Disputes

To avoid late fees or potential suspension, all statements must be paid in full. If discrepancies are noted on the monthly statement (incorrect quantity, price, duplicate billing, credits from prior transactions, or charges for items not yet received), the Cardholder should take the following steps:

- Contact the supplier and try to resolve the differences. Keep a record of all vendor communication, documenting the discrepancy and steps taken by the Cardholder and others within the Agency to resolve the issue.
- If resolution does not occur after follow-up with the vendor, contact the Agency Pcard Coordinator or U.S. Bank Customer Service (800-344-5696) for assistance. Disputes must be initiated within 60 days of the first statement reflecting the alleged error. After 60 days, dispute rights are waived and the Agency will be held responsible for the charges.
- Follow-up with U.S. Bank if the next statement does not reflect the proper credit. This can be completed by the Cardholders or Agency administrators.

Cardholder Responsibilities

Online Transactions

When purchasing online, remember that online PCard transactions may only be made:

- From trusted, secure websites (featuring logos such as VeriSign, TRUSTe, BBBOnline, or “https” in the website’s URL address)
- Via secure internet connections (no public Wi-Fi or free “hot spots”)
- Using encrypted, State-issued computers or mobile devices with the most current security software updates available for the operating system, application and browser
- Card information should NEVER be emailed to merchants or third parties.
- If a device used for online procurement card purchases is lost or stolen, Cardholders should notify their Agency PCard Coordinator immediately.
- Agencies may have more restrictive internal policies regarding online transactions



Cardholder Responsibilities

Fraud, Lost & Stolen Cards

- In the event of fraudulent transactions or lost or stolen cards, Cardholders are responsible for notifying U.S. Bank immediately:
- 800-344-5696 when cards are Lost or Stolen
- 800-523-9078 in the event of Fraudulent Activity
- After notifying U.S. Bank, Cardholders should email their Supervisor(s), Agency Pcard Coordinator(s), and State PCard Program management (Pcard@iowa.gov). Upon notification, compromised cards will be canceled and new cards will be issued.



Cardholder Responsibilities

Fraud, Lost & Stolen Cards

- The Agency is responsible for paying all charges resulting from stolen or misused cards. Once U.S. Bank has been notified and completes an investigation, charges will be reversed and reflected on a later statement.
- U.S. Bank provides zero fraud liability for unauthorized transactions reported within 60 days of the transaction date. Failure to notify U.S. Bank of fraud, lost or stolen cards may result in Agency liability for charges incurred.
- In the event of confirmed fraudulent activity, please see the Fraud Checklist for next steps.

US Bank Access Online

Basics for Cardholders

- Once User Profile information and passwords are registered in Access Online, Cardholders can:
- Monitor account activity-Review all posted transactions prior to the statement cycle end date
- Verify and allocate transactions (unless other internal arrangements are made)
- Print Cardholder Statements Resources:
- Access Online for Cardholders
- Pcard Training webpage - additional Access Online resources and web-based training (WBTs) for Cardholders



Purchase Card Team

Thank you for your participation!

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