



PCard Internal Control	
<b>POLICY #412</b>	Page 1 of 8
<b>Effective Date:</b> 5/22/2023 <b>Prior Version Date(s):</b> 8/20/2009, 12/11/2014	Approved 5/22/2023 – Josette Manning, Cabinet Secretary

## 1. Policy Purpose

To establish internal controls and procedures for employees who have been issued a PCard and those who are responsible for managing the PCard program. The purpose is to ensure compliance with the state PCard rules detailed in the [State of Delaware Budget and Accounting Policy Manual](#) Chapters [11- Travel Policy](#) and [12 – PCard](#).

## 2. Scope

This policy pertains to all department employees who are issued a PCard.

## 3. Definitions

**PCard:** state credit card issued to employees for making state authorized purchases or travel arrangements. The State of Delaware has contracted with JPMorgan Chase (JPMC) to provide state agencies with a VISA procurement card for purchases and business travel. This program is known as the Procurement Card (PCard) Program.

**Cardholder:** state employee assigned a PCard. Only state employees are eligible for participation in the PCard program. State employees are defined as individuals who receive a paycheck through the Payroll Human Resource Statewide Technology (PHRST) system.

**Fiscal Accounting Services (FAS):** operational unit within the Division of Management Support Services (DMSS) responsible for processing state accounting and financial documents for DSCYF.

**FSF PCard Reconciler (Reconciler):** DMSS fiscal accounting services employee who works directly with PCard holders, their supervisors and management leadership teams, to ensure transactions are reconciled in First State Financials (FSF) by the monthly deadline.

**FSF PCard Approver:** DMSS fiscal accounting services employees (FSF internal approvers) who actively verify and approve PCard transactions in FSF, followed by approval of the PCard voucher by a DSCYF accounts payable (AP) business manager prior to final submission to the Division of Accounting (DOA) via FSF.

**PaymentNet Coordinator (Coordinator):** DMSS fiscal accounting services employee who actively manages the PCard program by working with division management leadership and

the controller in developing internal control procedures, approving PCard applications and change request forms, and acting as the point of contact for issues arising with the PCard and cardholder. The coordinator is responsible for preparing the monthly PCard reconciliation report for submission to DOA and the quarterly cardholder review.

**PaymentNet Back-up Coordinator:** DMSS fiscal accounting services employee who serves as the PaymentNet coordinator in their absence. Any procedures within this document designated for the coordinator will be completed by the back-up coordinator when necessary.

#### 4. Policy / Procedures

The PCard shall only be used for transactions authorized by the PCard holder's division. Employees involved or enrolled in the PCard program must review and adhere to the guidelines set forth in this policy, as well as the [Delaware Budget and Accounting Policy Manual](#) Chapters [11- Travel Policy](#) and [12 – PCard](#).

PCard reconcilers, approvers and PaymentNet coordinators may not establish cards for themselves or approve and/or reconcile their own PCard transactions. PCard charges made by a DSCYF AP business manager must be approved by the chief fiscal officer.

##### **Application for PCard**

1. Employees, with the approval of their supervisor, can contact their division's FAS coordinator to apply for a PCard. Their division's coordinator will verify the supervisor's approval for the PCard request and provide the applicant with information necessary to complete the online PCard enrollment request via the Account Request Manager (ARM) application. The employee applicant will be required to enter the coordinator's email address to submit the enrollment form into workflow.
2. The coordinator reviews the enrollment form for accuracy and enters the credit limit as per the division's guidelines. If approved, the coordinator enters the division director/signature authority's email address to approve the application.
3. The division director/signature authority receives an email notification that an enrollment form is pending approval, reviews the enrollment form and approves/declines.
4. The PCard usually arrives to FAS within 7-10 business days after the order is placed. The coordinator will notify the employee when the PCard is available for pick-up. The coordinator will maintain PCards in a secure location until distributed to the cardholder.

##### **Training Requirements**

All new cardholders must meet with their coordinator for an overview of their responsibilities under the PCard Program and related State of Delaware Budget and

Accounting Manual and department policies, procedures and expectations for documentation of expenditures prior to receiving the PCard from the coordinator.

Cardholders should contact their PCard coordinator if they have any questions about the appropriate use of the card.

### **Activation of PCard**

1. After receipt the cardholder must follow the instructions on the sticker attached to the front of the PCard to activate the PCard. The cardholder will be prompted to set up a PIN when activating the card.
2. The coordinator performs a review of the cardholder account status in PaymentNet to ensure PCards are activated timely. The coordinator will follow-up with the cardholder, if necessary, to request activation.

### **Card Security**

1. The PCard is embossed with the cardholder's name and must only be used by the cardholder. The cardholder is responsible for all charges to the PCard and must always maintain the PCard in a secure location. The PCard must only be used for purchases authorized by the cardholder's division and the cardholder must adhere to the purchase limits and restrictions of the PCard. The cardholder must not accept cash, check or a merchant credit for returned items in lieu of a credit transaction to the PCard account. Unauthorized use may result in removal of PCard privileges and disciplinary action up to and including dismissal.
2. All travel arrangements must be booked on the traveler's card. Insurance coverage on the PCard for traveling ONLY applies to the cardholder. In certain situations, a traveler utilizing the state's PCard may rely on an administrative liaison to manage travel arrangements and related transactions. If a traveler needs another individual to make travel arrangements on their behalf utilizing the state's PCard, the delegation of responsibility must be completed through the proxy process in JPMC's PaymentNet system. Cardholders who wish to assign a proxy user to their PCard account must contact their coordinator, who can initiate the assignment of a PCard proxy with the Division of Accounting. Assigning a proxy can take up to 7 workdays to complete.

### **Lost/Stolen PCard**

1. In the event of a lost or stolen card, the cardholder must immediately notify JPMC at 1-800-316-6056 and advise the representative that the call pertains to a lost State of Delaware Visa PCard. Bank representatives are available 24 hours a day, 7 days a week. JPMC will immediately deactivate the card.

2. The cardholder must also notify their coordinator or other approving official immediately during business hours, or as soon as practical during non-business hours, that their card has been lost or stolen.
3. The coordinator will notify DOA that the PCard has been stolen or lost. Once the replacement card is received the coordinator will distribute the new card to the cardholder.
4. Lost cards that have been found after they've already been replaced should be destroyed.

**View Card Activity Via PaymentNet**

1. The cardholder is provided view only access to their account profile in PaymentNet. The cardholder is encouraged to view their account at least weekly to validate transactions and account status.
2. The reconciler is assigned the "auditor" role and provided view only access to cardholders assigned to their department/division. The reconciler accesses PaymentNet to monitor cardholder accounts and print transaction detail reports. The reports are included with the reconciled invoices when submitted to the FSF PCard approver.
3. The coordinator is assigned the "auditor" role and provided view only access to all cardholder account profiles in PaymentNet. The accounts must be closely monitored for account status, credit limits and acceptable use compliance.

**Authorized Use**

All PCard transactions must comply with state and DSCYF accounting procedures, policies and purchasing laws. All PCard transactions, no matter the amount, require a pre-approved travel authorization, requisition, or FOCUS Funding Request.

**Unauthorized Use**

PCard cannot be used to purchase a money order, as per state policy.

Furthermore, prohibited PCard purchases include, but are not limited to, personal purchases, alcoholic beverages, traffic tickets, and movie rentals. If a purchase was erroneously made using the PCard, immediate reimbursement to the state is required. A copy of the receipt, reimbursement check, deposit slip, and detailed explanation must be submitted to the reconciler and sent to the Division of Accounting PCard team. Failure to provide reimbursement information may result in removal of the PCard privileges and disciplinary action up to and including dismissal.

The PCard shall not be used to charge expenses for family members or others accompanying the employee on official state business, even if the intention is to reimburse the state. A cardholder who intentionally makes unauthorized purchases or accidentally uses the PCard is

liable for the total dollar amount of the unauthorized purchase(s), plus any administrative fees charged by JPMC Bank in connection with the misuse. Failure to adhere to this may result in removal of PCard privileges and disciplinary action up to and including dismissal.

PCard is not to be utilized as personal identification.

### **Receipt Requirements**

1. PCard transactions over \$10 require itemized receipts, for transactions \$10 or less itemized receipts are preferred, but a simple total receipt with the vendors name, date, and amount is acceptable. All receipts must be retained as proof of purchase and be forwarded to the designated FAS reconciler within seven days of the purchase.
2. All travel transactions require itemized receipts unless exempted under the Travel Per Diem Exceptions provided in Chapter 11 of the State of Delaware's Budget and Accounting Manual. All travel documentation must be provided to the designated reconciler within seven business days after the completion of travel including the DSCYF Travel Authorization Form and a completed DSCYF Travel Expense Log with required receipts attached.
3. Receipts must be legible, itemized (reflecting the good or service purchased), and contain the vendor's name, date of purchase, and price of each item. A receipt description which only states "miscellaneous" or "merchandise," or only includes a vendor's stock or item number, is not acceptable. Receipt documentation may be paper or electronic. The Uniform Electronic Transaction Act (UETA) ([6 Del. C. 12A](#)) permits copies of receipts and electronic documentation including pictures of receipts taken with a smartphone or other electronic device.
4. Under extenuating circumstances, the employee may be unable to obtain an itemized receipt. In this case, the employee must complete an Affidavit for Missing and Non-Itemized Receipts (AP005). The employee must provide a detailed explanation as to why an itemized receipt is not available.
  - The affidavit must be approved and signed by the employee's immediate supervisor and division director if \$40 or less and submitted to FAS within 15 days of the transaction.
  - Affidavits for amounts between \$40 and \$100 must first be approved and signed by the supervisor and division director, and then forwarded to the cabinet secretary for final approval and signature before being submitted to FAS.
  - Missing receipts affidavits for amounts over \$100 should be approved and signed by the supervisor, division director, and cabinet secretary prior to their submission to FAS. FAS will submit the affidavit to DOA. The Office of Management and Budget (OMB) and DOA approval is only required for transactions exceeding \$100.

5. If the Affidavit for Missing and Non-Itemized Receipts is not submitted as required, the employee is expected to reimburse the state within 45 days from the transaction date.
6. Failure to submit timely/complete documentation will result in the following actions:
  - All transactions without approved supporting documentation will require state reimbursement either by check or payroll deduction.
  - FAS will suspend the employee's PCard when the cardholder does not respond to requests for required documentation or does not submit required affidavits timely as noted above. Prior to suspending the PCard, FAS will notify the employee's division director of the pending suspension and will only postpone the suspension at the division director's written request.
  - If there is a job-related need for purchases to be made on behalf of the cardholder while a card is inactivated or cancelled, the cardholder's supervisor will be responsible for making the purchases on their card and providing the logs/receipts as required.

### **Credit Limit Adjustments**

1. The cardholder is assigned a monthly credit limit and is responsible for tracking monthly expenses to avoid credit declines. Credit limit adjustments may be requested in writing to the employee's division director, and if approved to the designated FAS coordinator. Credit limit adjustment requests may take 7-10 business days to process.
2. The coordinator will process credit limit adjustment requests by completing a PCard Change Request Form (PO003), obtaining approval signatures and submitting the form to DOA. In addition to processing adjustment requests from the cardholder or reconciler, the coordinator also conducts a quarterly review of all cardholders, including a spending analysis. Credit limit or account profile adjustments are processed as needed. The coordinator will review the spending limit and available credit, provided by DOA annually, and will determine if spending limits need to be modified. Cards that have had no activity for 18 months will be purged from PaymentNet.

### **Transaction Dispute**

1. If a transaction posts to the PCard and is found to be faulty or in error, the cardholder must try to resolve the issue directly with the merchant. If the merchant is unresponsive by the end of the PCard billing cycle, the transaction should be reported as disputed or fraudulent to JPMC Bank by calling 1-800-316-6056. The cardholder or reconciler must complete the PCard Change Request Form (PO003) and flag the transaction in FSF as "In Dispute." The completed PCard Change Request Form (PO003) must be sent to the coordinator for processing.
2. The reconciler will assist in the dispute resolution process. The reconciler must flag the transaction in FSF as "In Dispute" and ensure the PCard Change Request Form (PO003) is submitted to the coordinator within one week. The reconciler ensures transactions are reconciled and disputes and credits are handled in a timely manner.

3. The coordinator will review the PCard Change Request Form (PO003), obtain the cabinet secretary/signature authority approval and submit the form to DOA as an official dispute report.
4. The cabinet secretary/signature authority will review the PCard Change Request Form (PO003) and approve/decline.

**Transaction Fraud**

1. If a transaction posts to the PCard and is not recognized, it is considered fraud. The cardholder must immediately report the fraud to JPMC Bank by calling 1-800-316-6056. JPMC Bank will flag the PCard account as “Lost/Stolen,” close the account and reissue a new PCard. The cardholder must also notify the coordinator. The cardholder or reconciler must flag the transaction in FSF as “Fraud.”
2. The reconciler will assist in the fraud resolution process. The reconciler must flag the transaction in FSF as “Fraud,” and ensure the credit is reconciled when received from JPMC Bank.
3. The coordinator will utilize the information provided to notify DOA of the fraudulent activity.

**Reconciliation**

1. The cardholder is responsible for submitting itemized receipts to the reconciler within seven days after making a purchase with the PCard and upon return from travel.
2. The reconciler must reconcile all transactions in FSF weekly (at a minimum) and forward required supporting documentation to the FSF PCard approver. The Reconciler is also responsible for ensuring PCard transactions are reconciled within 30 days from the end of the billing cycle.

**Separation/Transfer**

1. The cardholder must surrender the PCard and all receipts to the reconciler prior to separation from state employment, transferring to another state organization, or transferring to another division within DSCYF.
2. The reconciler must reconcile pending transactions in FSF for the departing cardholder and send the PCard to the coordinator with a request, in writing, to close the account. If the cardholder is transferring within DSCYF, the reconciler must notify the coordinator in writing, to process the transfer.



3. The coordinator will prepare and submit the PCard Change Request Form (PO003) to DOA to process the request to close or transfer the account. For internal transfers, the coordinator will update the proxies and default distribution in FSF as necessary.
4. The division director/signature authority will review the credit card profile to determine if any changes are necessary when the employee is transferring from one position to another within the division.

**Internal Controls**

The fiscal accounting services controller/back-up FSF accounts payable (AP) business manager is responsible for regularly reviewing the PCard Internal Control Policies Form (PO014) to ensure it is up-to-date and for annual submission to DOA. The controller/back-up FSF AP business manager is responsible for developing DSCYF's PCard policies and for the regular daily management of the PCard program.

## 5. Legal Authority / Associated Regulations/Requirements

[Delaware Budget and Accounting Policy Manual](#) Chapters [11- Travel Policy](#) and [12 – PCard](#)

## 6. Associated Forms

Cardholders should request all forms, as needed, from coordinators.

## 7. Responsibility for this Policy

FAS is responsible for administration and oversight of this policy. Employees applying for and issued a PCard are responsible for all cardholder responsibilities outlined in this policy.