

## **POLICY**

**SUBJECT: Corporate Purchasing Card**

**NUMBER: MGT-648-20**

**APPLICABLE TO: All employees**

**APPROVED:** \_\_\_\_\_



**Sam Abed, Secretary**

**DATE: 11/13/2020**

### **I. POLICY**

Department of Juvenile Services employees authorized by the DJS Deputy Chief Financial Officer to use a Corporate Purchasing Card may only do so to conduct official State business within the scope of their public duties and responsibilities. Employees shall use corporate purchasing cards in a fiscally responsible manner and in accordance with the procedures established by this policy and procedure and the Maryland Comptroller's Corporate Purchasing Card Program policy and procedures.

### **II. AUTHORITY**

- A. MD. CODE ANN., HUM. SERVS., § 9-203 and § 9-204
- B. COMAR 21.05.07
- C. COMAR 21.11.05.07
- D. COMAR 17.01.01.04
- E. Comptroller of Maryland, Corporate Purchasing Card Program Policy and Procedures (Rev. 11/25/2019)

### **III. DIRECTIVES/POLICIES RESCINDED**

- A. CPC Policy, MGT-615-14.

### **IV. FAILURE TO COMPLY**

Failure to comply with the Department's policy and procedures shall be grounds for disciplinary action up to and including termination of employment.

### **V. STANDARD OPERATING PROCEDURES**

Standard operating procedures have been developed.

**VI. REVISION HISTORY**

DESCRIPTION OF REVISION	DATE OF REVISION
Policy and procedures updated: <ul style="list-style-type: none"><li>• new policy number assigned</li><li>• procedures revised to comply with the revised MD Comptroller's General Accounting Division policy</li></ul>	November 12, 2020

## PROCEDURES

**SUBJECT:** Corporate Purchasing Card  
**NUMBER:** MGT-648-20  
**APPLICABLE TO:** All employees

**APPROVED:** \_\_\_\_\_



Lynette Holmes,

Deputy Secretary for Support Services

**DATE:** 11/13/2020 \_\_\_\_\_

### **I. PURPOSE AND SCOPE**

To establish procedures to implement the State's policy for use of a Corporate Purchasing Card (CPC) by DJS employees. These procedures are guidelines for authorized cardholders when using a DJS CPC and are intended to supplement the procedures provided in the **Comptroller's CPC Program Manual (Appendix 1)**.

### **II. DEFINITIONS**

*Agency card recipient* means the employee, other than the Purchasing Card Program Administrator (PCPA), designated by the Chief Financial Officer (CFO) to receive and distribute CPCs.

*Authorized purchase* means a purchase that furthers the business of the state pursuant to section 24.26 of the Comptroller's procedures.

*Authorized reviewer* means the person assigned to review a corporate cardholder's (CCH) CPC package, which includes activity logs, receipts, etc., for accuracy, completeness, reasonableness, and necessity of each purchase.

*Chief Financial Officer (CFO)* means the administrative manager responsible for the Department's overall financial management and oversight.

*CPC* means a credit card issued to DJS by an authorized vendor.

*CPC vendor* means a financial institution selected by the state Comptroller's Office to provide credit card services to State agencies.

*Corporate cardholder (CCH)* means an individual authorized by DJS to receive and use a CPC in accordance with these procedures.

*Equipment* meaning any item with a purchase price of \$500.00 or more and an expected

useful life of more than 1 year, including items typically regarded as furniture.

*Spending need(s)* means a need to make authorized purchases which further the business of the state pursuant to sections 24.26 of the Comptroller's procedures.

*Split purchase* means dividing a purchase into two or more smaller amounts to circumvent procurement regulations or an established single purchase limit. **Split purchases are strictly prohibited.**

*Travel account* means an account used to purchase airline and railroad tickets for authorized official state travel.

*In addition to the preceding definitions, additional definitions are identified in the Comptroller's CPC Program Manual (Appendix 1, Section 24) and incorporated herein by reference.*

### III. **PROCEDURES**

#### A. **Program Responsibility**

1. Responsibility for the administration of the Department's CPC Program rests with the Purchasing Card Program Administrator (PCPA), as designated by the Chief Financial Officer (CFO). The PCPA shall adhere to the responsibilities outlined in these procedures and the Comptroller's procedures. In the event of any conflict in interpretation, the Comptroller's procedures shall govern.

#### B. **Receipt and Issuance of a CPC**

1. An agency card recipient shall be designated by the CFO to receive and distribute all cards issued to the Department. The name of the agency card recipient shall be provided to the Comptroller's General Accounting Division (GAD) by the PCPA's supervisor or the CFO.
2. The PCPA shall approve the issuance of every CPC. The CFO, the PCPA, and the designated authorized reviewer shall complete and sign an **Authorized Reviewer Agreement (Appendix 2)** covering each CCH.
3. No card shall be issued to any employee who has had personnel incidents which may impact upon the employee's use of the card.
4. Each CCH must complete and sign a **Cardholder Agreement Form (Appendix 3)** and **Cardholder Information Form (Appendix 4)** prior to card issuance. All required signatures on each form shall be included prior to issuance.

5. The CFO or designee is responsible for the proper setup and maintenance of the Account Code Numbers assigned to each CCH pursuant to current GAD guidelines.
6. Following approval by the CFO or designee, the PCPA or designee shall submit the cardholder information electronically as required by the card vendor.
7. The PCPA shall provide written instructions and a copy of these procedures to each CCH. Each CCH shall complete and sign the required forms.
8. Each CCH must secure and control the card and any documents containing account numbers at all times.
9. Each supervisor of a CCH shall receive training on his/her supervisory role and responsibilities in this process.
10. Each individual CCH is responsible for activating the card upon receipt.

**C. Corporate Cardholder Responsibilities**

1. Each CCH shall be responsible for using their assigned card for appropriately authorized purchases only. A CPC shall not be shared. Employees making purchases on a regular basis should be issued a card at the PCPA's discretion.
2. Each CCH shall make purchases in accordance with the cardholder unit's spending needs and limits established in these procedures. Purchases shall be made by cardholders only within the scope of their public duties and responsibilities and shall be limited to the following categories based upon the CCH's responsibilities:
  - a. Facility needs and programming (other than repairs). A CCH with responsibility for facility operations shall only make purchases related to facility spending needs including, but not limited to:
    - 1) special accommodations for youth (e.g., non-stock clothing sizes and hygiene supplies);
    - 2) office supplies; and
    - 3) electronics, entertainment, and other items or activities reasonably required for youth recreation and leisure.
  - b. Food Services. The CCH of the Food Service operation shall use the credit card assigned to that unit only for the following purposes:
    - 1) procurement of food and dietary supplies associated with implementation of the DJS menus and snack schedule planned by the Department's registered dietitians;
    - 2) emergency repair of food service equipment (including

- estimates) up to \$500 for each repair visit;
  - 3) food for special youth activities when approved in advance by the Director of Food and Nutrition Service and the Regional Fiscal Specialists; and
  - 4) procurement of food service equipment only after the approval of a Financial Management Information System (FMIS) requisition by the Office of Budget and Finance (OBF).
- c. **Emergency Repairs.** Any CCH may make purchases or equipment leases related to needed emergency repairs (including estimates) within their area of responsibility, subject to the single purchase limit established in these procedures and section III.C.2.b.2 above. Emergency repairs include those repairs necessary to maintain youth and employee's health, safety and well-being.
- 1) When an emergency happens during normal business hours that affects the health, safety, and welfare of the youth and/or DJS employees, the cardholder shall go through their chain of command for proper approvals. Once the approval is received, the approver or cardholder shall contact the PCPA by phone or email (djs.cpc@maryland.gov) to notify them of the emergency procurement to document the emergency and approval.
  - 2) For emergencies that occur after hours, the facility shall contact on-call management and notify them of the emergency. Management shall contact the PCPA to ensure the PCPA can document the emergency and provide assistance, if needed, for procuring the items or services (*e.g.*, MCC changes, increased credit limits, etc.). The following day, the PCPA shall email the cardholder acknowledging the emergency. All emergency documentation must be included in the cardholder's package.
- d. **Documentation of Emergency:** The cardholder shall write a memo stating the date and time of the emergency, location of the emergency, the type of emergency, and who was contacted for approval. The memo shall be signed by the cardholder and sent to the PCPA. The memo shall be included in the cardholder's package, which is maintained by the cardholder's fiscal unit.
- e. **Field offices.** CCH may make purchases related to field office spending needs including, but not limited to, office supplies, entertainment, and special accommodations for youth (*e.g.*, emergency clothing needs).
- f. **Other purchases.** Any other spending needs not otherwise outlined in this section shall be subject to the single purchase limit established in these procedures and shall require approval from the Director or Executive Director of the unit of the cardholder.
3. Prior to making any permissible youth entertainment-related purchases (*e.g.*, tickets to sporting events, museums, theaters, etc.), CCH shall:

- a. contact the Public Information Officer to discuss any available cost-effective methods of purchasing the desired item(s);
  - b. obtain approval from the appropriate regional Fiscal Chief; and
  - c. contact the PCPA if further guidance is needed.
4. Each CCH must review cardholder bank statements monthly to identify potential incorrect charged amounts and questionable purchases or transactions.

**D. Procedures for Using a CPC**

1. A CCH may not make a purchase that exceeds a single transaction amount greater than \$5,000. Split purchases are strictly prohibited. Spending needs above the established spending limits shall be handled pursuant to the requisition method appropriate for the transaction.
2. A CCH shall make purchases from the appropriate agency or vendors.
3. A CCH shall use Maryland Correctional Enterprises (MCE) as the provider for printing, graphics, signage, custom made seals, cleaning materials, clothing, mattresses, meat products and other items as detailed in the MCE Products and Services catalog unless a waiver is received to document that a requested item is unavailable.
4. A CCH shall request a written waiver if MCE cannot provide a requested item by the requested due date. Upon receipt of a written waiver, a CCH may purchase an unavailable item or service from another appropriate source. MCE's failure to respond within a reasonable time of the request of the waiver shall constitute the required waiver.
5. The PCPA shall ensure that appropriate internal controls exist to identify and track purchases made from Minority Business Enterprise /Women-owned Business Enterprise (MBE/WBE) and Small Business Reserve suppliers certified by the State.
6. A statewide contractor approved by the Department of Budget and Management (DBM) or the Department of General Services (DGS) shall be used for appropriate purchases if the following conditions exist:
  - a. a blanket purchase order is available on FMIS for the Contractor;
  - b. the purchase amount does not exceed the single purchase limit of \$5,000;
  - c. the selected contractor accepts a CPC; and
  - d. the selected contractor agrees to honor the Statewide contract prices.
7. A CCH shall refer to the Maryland DGS, DBM, and Department of Information Technology (DoIT) websites for the identified and available

statewide contractors. The PCPA shall provide an updated list of statewide contractors (preferred vendors list) to cardholders each fiscal year.

8. A CCH may purchase an item or service from a vendor who has not been procured as a Statewide contractor if:
  - a. the CCH considers a purchase price to be fair and reasonable;
  - b. the purchase is made within the spending limits established in these procedures; and
  - c. the purchase is made in accordance with a Unit's spending needs.

**E. Restrictions for Using a CPC**

1. A CCH may not use a CPC to make a purchase that exceeds \$5,000. Staff shall make these purchases through FMIS or other authorized Department procedures.
2. A CCH may not purchase equipment/furniture with a CPC unless he or she has received approval from the Director of Property within the Office of the Secretary.
3. Equipment may be purchased or leased by the CCH if it is identified as a unit's spending need if the approval has been received from Director of Property. Each piece of equipment purchased or leased by a CCH shall be included on the DJS inventory records as required by the Director of Property. A CCH may not exceed a limit of \$500.00 to purchase or lease a piece of equipment unless approved by the Director of Property and PCPA. A CCH shall initiate a request through FMIS to purchase or lease equipment over \$500.00.
4. A CCH may not purchase gas or oil for use in state vehicles with a CPC. A state fuel card shall be used for gas and oil dispensing for state vehicles at a state police barracks or other authorized location in accordance with appropriate state and Department policy and procedures.
5. A CCH may not use a CPC to purchase/procure motor vehicle repairs and services unless the DJS Fleet Manager has granted approval for such repairs. The PCPA may make an exception for emergency repairs if no other appropriate option is available.
6. A CCH may not use a CPC to purchase travel accommodations, including airfare, boat, taxi, train, bus, or limousine service. A separate travel account is available for this purpose. Travel requests shall be requested through the DJS Budget Management Office at [djs.travel@maryland.gov](mailto:djs.travel@maryland.gov) in accordance with state and Department travel policy and procedures.



7. A CCH may not use a CPC to pay for a hotel and/or conference room unless:
  - a. the OBF has granted prior approval; or
  - b. a Regional Director authorizes approval for a documented emergency situation that occurs during non-business hours.
  
8. A CCH may not use a CPC:
  - a. to purchase a motor vehicle;
  - b. to purchase a weapon of any type (e.g., hunting knife, firearm, etc.);
  - c. to purchase alcohol or tobacco products;
  - d. at a restaurant, fast food, or other eating establishment;
  - e. for a cash advance or any other financial service or cash like instrument;
  - f. to pay an unincorporated vendor for an item or service; or
  - g. to purchase gift cards of any kind.
  
9. For contracted services, 1099 vendors (unincorporated service providers) may be paid with an assigned CPC only in accordance with the GAD accounting procedures.
  
10. The CFO or designee may assign one or more Merchant Category Code restrictions to each card based upon the spending needs of the cardholder's area of responsibility.
  
11. Merchant Category Code (MCC) Restrictions
  - a. A CCH may not purchase any item with a MCC listed below without the approval of the PCPA.
    - 1) **Money - MCC #6010 through #6051** - Total group restriction (financial institutions, securities brokers, timeshares, *etc.*).
    - 2) **Personal Service Providers - MCC #7221 through #7299 except #7296 –clothing, costume and uniform rental.** Restrictions on photographic studios, beauty and barber shops, shoe repair/shine shops, funeral services and crematories, and dating and escort services, *etc.* Cardholder questions regarding specific types of transactions should be addressed to the agency PCPA.
    - 3) **Amusement and Entertainment - MCC #7832 through # 7997 and #7999.** Restrictions on motion picture theaters, bowling alleys, video game clubs, betting, golf, recreation services, *etc.*
    - 4) **Fines** - Fines and tickets may not be paid with the CPC.
    - 5) **Miscellaneous** - Specific restriction by Merchant Category Code as follows: **No purchases for these groups and/or items are permitted:**

- a) Drinking places (alcoholic beverages) - **MCC #5813**;
  - b) Eating places (restaurants) - **MCC #5812**;
  - c) Fast food restaurants - **MCC #5814**; or
  - d) Package goods stores (beer, wine, and liquor) - **MCC #5921**.
- b. A CCH may request a temporary removal of an MCC restriction by submitting a request to the PCPA at [djs.cpc@maryland.gov](mailto:djs.cpc@maryland.gov) and include the cost of the item, the reason the purchase is needed, and the vendor. The PCPA reserves the right to deny or to send a request to the GAD for approval and remove the MCC restriction. *(NOTE: The GAD has the authority to block or open an MCC as necessary to ensure the program runs efficiently while limiting fraud, waste, and abuse.)*

**F. Procedures for Minority Business Enterprise (MBE) Purchases**

1. A CCH shall strive to make purchases from Maryland Certified Minority Business Enterprises to achieve a 29% purchasing goal. Purchases from MCE and statewide contractors are not calculated in this goal.
2. A CCH shall keep records of each MBE purchase in a format provided by the PCPA.
3. A CCH shall identify MBE vendor purchases on the CCH's monthly activity log.

**G. Reporting Requirements and Review of Documentation**

1. All purchases and credits documented by a receipt, sales slip, packing slip, repair order, or other document showing the price of each item or service purchased is required for each transaction. Debit receipts alone are not acceptable.
2. A CCH shall use a **Cardholder Activity Log (Appendix 5)** to report, on a monthly basis, each purchase made with a CPC. The CCH shall follow instructions outlined in the Comptroller's procedures (Appendix 1, Sections 12 and 13) and any agency directives to complete an Activity Log.
3. A CCH shall submit a completed Cardholder Activity Log with supporting documentation (including receipts) to their authorized reviewer within 10 working days after the receipt of a monthly statement from the CPC Vendor.
4. The authorized reviewer shall review each purchase to determine if the purchases are reasonable and necessary. The review must include the reasonableness of the unit price of the item purchased. **The signature of the authorized reviewer verifies that the applicable receipts/invoices**

**and bank statement are attached to the activity log, that the transactions are appropriate, and that the monthly details are accurate. Failure of the authorized reviewer to adequately complete their duties will result in disciplinary action being taken against the authorized reviewer up to and including dismissal from State service for failing to perform these duties adequately.**

5. The authorized reviewer shall submit the completed CPC package to the Budget & Fiscal Office at their location for prompt processing by the 15<sup>th</sup> of the month unless otherwise notified by the Fiscal Chief.
6. The Regional Fiscal Services Chief, upon review of each activity log for their designated area, will create a journal entry and post it to R\*STARS by close of business on the 25<sup>th</sup> of each month unless otherwise stated by the DJS Deputy Chief Financial Officer.
7. A CCH who submits a late activity log or incomplete data for three (3) consecutive months in a one-year period shall have their CPC privileges suspended, unless otherwise approved by the DJS PCPA after discussion with the cardholder's supervisor.
8. The PCPA or designee shall provide the required certification e-mail to the GAD in the manner and within the timeframes established in the Comptroller's procedures.

#### **H. Defective Merchandise and Disputes**

1. The CCH and the PCPA shall expeditiously handle all defective merchandise issues and disputes in accordance with the timelines and procedures detailed in the Comptroller's CPC Procedures Manual to best serve the financial interests of the Department. The CCH shall, in all instances of defective merchandise, abide by the vendor's return policies.
2. The CCH shall initiate any dispute by completing the dispute form, **Statement of Disputed Item (Appendix 7)**, and notifying the PCPA immediately, in addition to following the procedures outlined in the Comptroller's CPC Procedures Manual.
3. Any DJS employee handling a CPC dispute shall conduct themselves in accordance with the Department's Standards of Conduct and Disciplinary Process.

#### **I. Procedures for Reporting a Lost or Stolen CPC**

1. A CCH shall report lost or stolen cards immediately to the PCPA and the card vendor's customer service department. Reports may be made to the card vendor's customer service department twenty-four (24) hours a day, seven (7) days a week. Each CCH shall maintain the card vendor's

customer service department telephone number. DJS or the U.S. Bank will immediately block the lost cards reported by telephone. If requested before 3:00 p.m. local time, an emergency replacement card will be sent by the U.S. Bank to the CCH within 24 hours.

**J. Travel Accounts**

1. Travel accounts shall be issued by the PCPA and used by the cardholder in accordance with the established procedures set forth in sections 22 and 23 of the *Comptroller's CPC Program Manual (Appendix I)* and applicable DJS policy.
2. A CCH who is not an authorized travel card hold is prohibited from booking any airfare, hotel, or rental car and/or from making other travel arrangements.

**K. Procedures for Retrieving, Closing, and Suspending CPCs**

1. A CCH departing state service or initiating a period of extended leave shall notify the PCPA (in advance when feasible).
2. The Director of Human Resources or his or her designee shall notify the PCPA or Assistant PCPA of any cardholder's retirement, transfer to another state agency, or departure from state service.
3. When a CCH is leaving the Department, the PCPA shall:
  - a. retrieve the card;
  - b. close the account in the card provider's reporting program;
  - c. ensure that the CCH completes and signs the log for any activity of the current month;
  - d. ensure that receipts are included for all items listed;
  - e. reconcile the amount of the transactions in the card provider's reporting program with the log; and
  - f. if the CCH fails to submit a completed and signed log or if any transaction amount does not agree following reconciliation, immediately notify the CFO. The CFO shall investigate and take appropriate action to resolve any discrepancy including, if necessary, collection efforts in accordance with COMAR 17.01.01.04.
4. The PCPA may close, retrieve, or suspend a card assigned to a CCH at any time with or without cause.

**L. CPC Abuse**

1. Each CCH is subject to permanent forfeiture and cancellation of CCH privileges and disciplinary action up to and including termination for unauthorized or fraudulent purchases. The Department and other unit of state government reserves the right to refer instances of abuse that violate any state law to the appropriate law enforcement or administrative agency.

- a. The CFO or designee shall ensure compliance with the VISA Liability Waiver program (see Section 15.05 of the **Comptroller's CPC Program Manual, Appendix 1**), upon discovery and verification of documented evidence of CCH abuse. This includes filing a claim under the program immediately when an employee misuse is suspected.
  - b. The PCPA shall notify the GAD immediately in writing of any CCH abuse.
2. Each authorized reviewer shall report unauthorized purchases on the cardholder's monthly bank statement to a cardholder's supervisor, the appropriate Fiscal Chief, the DJS CPC Administrator, and the card vendor's customer service representative.
  3. The state reserves the right to collect from the employee all claims of the state for money or property resulting from CCH abuse. The claims may be pursued through any collection process that may be appropriate under the circumstances.
  4. Any employee having reason to suspect CPC abuse shall report the circumstances to the PCPA.
  5. Where any indications of card misuse exist, the PCPA shall notify the Department's Inspector General and the Comptroller's Office CPC Coordinator. The DJS Inspector General shall investigate and take appropriate action including, if necessary, referral to the CFO for collection in accordance with COMAR 17.01.01.04.

#### **IV. DIRECTIVES/POLICIES REFERENCED**

- A. State Vehicles – Driver's Guidelines

#### **V. APPENDICES**

*(NOTE: All documents with an (\*) are WORD documents which can be found at [Corporate Purchasing Credit Card Program](#) under the Appendices.)*

1. [State of Maryland, Comptroller's CPC Program – Manual](#)
2. Exhibit H & H1 - Authorized Reviewer Agreement(\*)
3. Exhibit A & A (1) - Cardholder Agreement Form(\*)
4. Exhibit B - New Application Cardholder Information Form(\*)
5. Cardholder Activity Log Sheet (attached)
6. Exhibit C - Cardholder Information Maintenance Form(\*)
7. Exhibit D - Statement of Disputed Item(\*)
8. CPC Contact Information and Card Vendor Definitions(\*)



DEPARTMENT OF  
JUVENILE SERVICES

## **DJS POLICY AND STANDARD OPERATING PROCEDURES Statement of Receipt and Acknowledgment of Review**

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**SUBJECT: Corporate Purchasing Card Policy**

**NUMBER: MGT-648-20**

**APPLICABLE TO: All DJS Employees**

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I have received and reviewed a copy (electronic or paper) of the above titled policy. I understand the contents of the policy.

I understand that failure to sign this acknowledgment form within five working days of receipt of the policy shall be grounds for disciplinary action up to and including termination of employment.

I understand that I will be held accountable for implementing this policy even if I fail to sign this acknowledgment form.

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
PRINT FULL NAME

\_\_\_\_\_  
DATE

\_\_\_\_\_  
WORK LOCATION

***SEND THE ELECTRONICALLY SIGNED COPY TO YOUR SUPERVISOR FOR  
PLACEMENT IN YOUR PERSONNEL FILE.***