

STATE AGENCY P-CARD PROCEDURES MODEL

Instructions: This model serves as a guide if a State Agency chooses to develop its own internal P-Card procedures and is intended to have the flexibility to adjust to each State Agency's specific needs. Any State Agency P-Card Procedures should align with [CPO Policy 2015-010](#), Statewide Payment Card Policy and Procedures and must be submitted for review and approval by the Statewide P-Card Program Director and the Comptroller of the Treasury. Replace or otherwise address red instructional text as indicated and submit completed procedures in a digital file (DOC format) to: P.Card@tn.gov and copy to: COT.CPC@cot.tn.gov.

If a State Agency chooses not to develop its own internal procedures, then the presumption is that the State Agency is following [CPO Policy 2015-010](#), Statewide Payment Card Policy and Procedures and will coordinate State Agency Employee roles with the Statewide P-Card Program Administration Team.

State Agency Name
 State Agency Payment Card Procedures
 Effective: **Date**

1. Overview.

It is the **State Agency Name**'s policy to use the State of Tennessee's Payment Card for official state government purchases. The Statewide P-Card Program Administrator has authority to oversee administration of the P-Card program in **State Agency Name**. These State Agency Payment Card Procedures ("State Agency Procedures") govern aspects of the State Agency's P-Card program that are not addressed by the Statewide Policy.

2. Definitions.

"Bank" means the entity issuing the State's P-Card or any of its subsidiaries as the context may require.

"Billing Cycle" means the one-month period between statements issued by the Bank. The State's Billing Cycle begins with the sixteenth (16th) day of the month through the fifteenth (15th) of the following month. Bank statements are issued in accordance with this cycle.

"Cardholder" means the State Agency employee who is issued a physical P-Card to initiate payments on behalf of the State and is responsible for ensuring that such transactions are appropriate and adequately supported pursuant to this Policy. The Cardholder is also responsible for ensuring that all transactions made during a Billing Cycle are verified by established deadlines.

"Cardholder Agreement and Application" means the document approved by all requisite parties and completed by the Cardholder to verify that he or she completed P-Card training, received a copy of and understands this Policy.

"Cardholder Proxy" means the State Agency employee assigned to a Cardholder who may upload attachments or verify the Cardholder's P-Card transactions when the Cardholder is unable

to do so. The assigned Cardholder Proxy shall never use or possess the P-Card of the Cardholder or Cardholders to which he or she is assigned.

“Cardholder Supervisor” means the State Agency employee with supervisory authority over the Cardholder. This person may also serve as the “State Agency Approver.”

“Central Fiscal Office P-Card” means the P-Card assigned to a Cardholder with a Single Transaction Limit of up to fifty thousand dollars (\$50,000).

“Central Procurement Office” or “CPO” means the State office established and empowered by Tenn. Code Ann. § 4-56-104.

“Cycle Limit” means the spending limit that restricts the total value of purchases a Cardholder can make in one Billing Cycle.

“Merchant Category Codes” or “MCCs” means the specific Merchant Category Code, assigned by an acquiring financial institution, that identifies the primary goods or services a supplier provides.

“Online Banking Program” means the Bank’s online portal that provides Cardholders, State Agency P-Card Program Coordinators, and the Statewide P-Card Program Administration Team the ability to view and download statement information, update and manage accounts, set limits and permissions, reset passwords, and process Cardholder requests.

“Payment Card” or “P-Card” means a commercial card that allows organizations to take advantage of the existing credit card infrastructure to make electronic payments for goods or services. A P-Card is similar to a consumer credit card, but the card-using organization must pay the card issuer in full each month. In this Policy, the term “Payment Card” or “P-Card” shall also include “Virtual Payment Cards” or “Virtual P-Cards” as the context requires.

“P-Card Account” means the unique account number assigned to a Cardholder as determined by the Bank.

“Profile” means the unique profile associated with a Cardholder in the Bank’s system that contains monetary or MCC limits on the Cardholder’s ability to make purchases on behalf of the State.

“P-Card Program” means the program established by the State and managed by the Central Procurement Office through which Cardholders and Virtual P-Card Users make purchases on behalf of the State of Tennessee.

“Single Transaction Limit” or “STL” means the maximum dollar limit, per purchase transaction, that can be assigned to the physical P-Card. The STL is assigned per Cardholder at the discretion of the State Agency Fiscal Director.

“State” means the State of Tennessee, including its departments, agencies, and entities that fall under its purview.

“State Agency” means the departments, agencies, and entities of the State of Tennessee other than units of the University of Tennessee or Board of Regents systems.

“State Agency Approver” means the State Agency Employee who approves P-Card or Virtual P-Card Transactions.

“State Agency Fiscal Director” means that State Agency employee, regardless of his or her title, who serves as the Agency’s chief financial officer.

“State Agency P-Card Program Coordinator” means the employee within the State Agency who manages the P-Card Program at the State Agency level.

“State Agency Reconciler” means the State Agency employee responsible for the functions associated with post-purchase processing P-Card Transactions which may include account allocation and providing a business purpose when required.

“Statewide Contract” means a contract for goods or services established by the Chief Procurement Officer that all State Agencies must utilize and that may be used by local governments, higher education, and authorized not-for-profit entities.

“Statewide P-Card Program Administration Team” means the team within the Central Procurement Office that is responsible for overseeing the P-Card Program.

“Statewide P-Card Program Director” means the employee within the Central Procurement Office who is responsible for managing and overseeing the P-Card Program.

“Supplier” means a person or legal entity with the legal capacity to enter into contracts and sue and be sued who provides goods or services to the State through a contract or a purchase order.

“Transaction” means the purchase of goods or services through use of a P-Card or Virtual P-Card.

“Virtual Payment Card” or “Virtual P-Card” means the unique credit card account number, assigned to a State Agency or an individual for payment to select suppliers authorized to accept Virtual P-Card payments.

“Virtual P-Card User” or “User” means the State Agency employee authorized to use a Virtual P-Card to initiate payment transactions on behalf of the State.

3. Types of Accounts.

3.1. P-Card Accounts.

P-Card accounts are those that involve the issuance of a P-Card Account to an individual Cardholder to further the official business of the State. Cardholders are limited to one active physical P-Card.

If your agency has already implemented the Virtual P-Card, please delete the [reserved] language in the Virtual P-Cards sections below.

3.2. *Virtual P-Cards.* [Reserved]

Virtual P-Cards allow **State Agency Name** to pay select suppliers authorized to accept Virtual P-Card payments. The account number may be “embedded” in the supplier’s system. A Virtual P-Card may be used for payments to any Supplier that is registered in the State’s supplier registration system whose payment method has been activated to “P-Card” in Edison. Virtual P-Cards are valuable because Virtual P-Card accounts allow for greater ease of use (multiple buyers can leverage the same payment device), as well as enhanced control through absence of a physical card and spending limits. **State Agency Name’s** P-Card Coordinator should contact the Statewide P-Card Program Director for more information on Virtual P-Cards.

4. *Records Retention Requirements.*

The Office of the Secretary of State oversees Tennessee’s Records Management Division, the State Agency that provides guidance on disposition, retention, and destruction of state records. Records Disposition Authority (RDA) SW23 applies to most P-Card documents. RDA SW23 requires that State Agencies maintain documents related to P-Card use for five (5) years and destroy them at the end of the five-year period. RDA SW48 requires that State Agencies maintain documents related to P-Card issuance for at least 5 years or for the duration of the card holder's P-Card purchasing role in the program, whichever is longer. P-Card documents may be maintained in either paper or electronic format, so long as the electronic content has been verified for completeness, accuracy, and usability. RDAs are available in their entirety at <https://sos.tn.gov/rmd>.

Describe your Agency’s process for maintaining and destroying P-Card documents; include whether documents will be maintained in paper format, electronic format, or both.

5. *P-Card Program Roles and Responsibilities.*

5.1. *State Agency P-Card Program Coordinator.*

The State Agency P-Card Program Coordinator serves as the main point-of-contact between the **State Agency Name** and the Statewide P-Card Program Administration Team. **State Agency’s Name** must provide the Statewide P-Card Program Administration Team written notice within five (5) business days of any changes in status of the State Agency P-Card Program Coordinator.

The State Agency P-Card Program Coordinator’s role, duties, and responsibilities include:

- Completing the Cardholder and Agency Coordinator training in Edison;
- Collaborating with the **State Agency Name's [insert title of the person who serves as the Agency's Fiscal Director]** to develop and maintain the **State Agency's Name** internal P-Card Procedures to address policy areas unique to the **State Agency's Name** or that are not covered by this Policy, as applicable;
- Working with State Agency management to identify job titles, positions, or Edison roles that require use of a P-Card or Virtual P-Card;
- Working with **State Agency Name** management to determine appropriate Cardholder spending limits based on budget restrictions, job requirements, historical spending patterns, and overall procurement practices;
- Evaluating Cardholder spending limits against actual usage at least annually;
- Terminating a Cardholder's status if necessary (e.g., due to separation from employment, transfer to another State Agency, low P-Card usage) and cancelling a P-Card;
- Ensuring Agency-wide reconciliation procedures support timely verification and allocation of transactions to the chart of accounts at least monthly;
- Ensuring that transactions are reconciled and supported by adequate documentation; and
- Ensuring that Cardholder Profiles permit MCC groups that a Cardholder needs to meet his or her job requirements.
- **Add other, non-conflicting responsibilities to reflect your Agency's needs**

5.2. Cardholder Supervisors.

Cardholder Supervisors must have a thorough knowledge of the Cardholders' job responsibilities to determine if purchases are job-related or otherwise authorized by CPO rules, policies or procedures. The Cardholder Supervisor's roles, duties, and responsibilities may include:

- Completing the Cardholder and Agency Coordinator training in Edison;
- Reviewing all documentation and ensuring it is submitted according to this Policy and the State Agency's internal P-Card Procedures, as applicable;
- Approving or rejecting all Transactions as to the appropriateness of the transaction;
- Ensuring that all documentation is submitted according to the Statewide Policy and **State Agency's Name** internal P-Card Procedures, as applicable;
- Maintaining knowledge of the Statewide Policy and **State Agency's Name** internal P-Card Procedures, as applicable; and
- Requesting reasonable spending limits in accordance with the Statewide Policy and **State Agency's Name** internal P-Card Procedures, as applicable.
- **Add other, non-conflicting responsibilities to reflect your Agency's needs.**
Any one Agency may have several Cardholder Supervisors.

5.3. State Agency Reconciler.

The State Agency Reconciler is the **State Agency Name** employee responsible for all the functions associated with post-purchase processing of P-Card Transactions including account allocation and providing a business purpose when required. **State Agency Name's** Reconciler may be the individual charged with preparing all documentation for retention. The State Agency Reconciler must complete the Cardholder training in Edison.

5.4. State Agency Approver.

This role may be performed by the Cardholder Supervisor. Determine and describe how your Agency will address the State Agency Approver role. The information below should be moved into the appropriate section if your Agency will assign this role to Cardholder Supervisors only.

The State Agency Approver is the **State Agency Name** employee who, within the Edison module, approves purchases made by the Cardholder to which he or she is assigned. By approving each P-Card transaction, the Approver exercises critical control by ensuring authorized and appropriate P-Card use and correct allocation of expenses. State Agency Approvers should also review receipts where appropriate to ensure compliance with this Policy. No Cardholder may approve his or her own P-Card transactions nor may he or she direct someone else to approve P-Card transactions in a manner that could violate this Policy or applicable policies of F&A, Division of Accounts. As a general rule, the State Agency Approver should not report to the Cardholder whose transactions he or she is reviewing. A State Agency Approver has the following responsibilities:

- Completing the Cardholder training in Edison;
- Reviewing Cardholder transactions to ensure that purchases made were:
 - For the use and benefit of the State of Tennessee;
 - Necessary for the official duties of the agency;
 - Made in accordance with CPO policies and procedures;
 - For goods or services actually received; and,
 - Transaction receipts are attached to the transaction in Edison.

If a State Agency Approver is in doubt about any of the above, the State Agency Approver should immediately question the Cardholder and seek advice from the State Agency P-Card Program Coordinator. If the Cardholder is unavailable for questioning, the State Agency P-Card Program Coordinator or the Statewide P-Card Program Administration Team may adjust the Cardholder's STL to one dollar (\$1.00).
- Immediately informing the State Agency P-Card Program Coordinator of any misuse, abuse, or fraudulent use of a P-Card.
- Notifying the State Agency P-Card Program Coordinator of Cardholder transfers or terminations. (Advanced notice is required if the **State Agency Name's** Approver is aware of impending personnel actions.) **Elaborate on this process as needed. Note that the Statewide Policy requires advanced notice if the State Agency Approver is aware of impending personnel actions.**

5.5. *Cardholders.*

Cardholders have the following duties and responsibilities as a condition for being issued a P-Card:

- Being a full-time State employee (note: when a part-time employee requires a P-Card to complete their duties, a P-Card Rule Exception Request must be submitted before P-Card issuance);
- Reading and becoming familiar with this Policy;
- Completing the Cardholder training in Edison;
- Being responsible for all purchases made on the P-Card;
- Being responsible for verifying transactions in Edison (confirming or disputing) and attaching appropriate supporting documentation on at least a weekly basis (per Section 9.3); and
- Adhering to this Policy and other applicable rules, policies, and procedures.
- **Add other, non-conflicting duties and responsibilities to reflect your Agency's needs.**

The P-Card is for official State business use only and the purchase of personal or disallowable goods or services is strictly prohibited. Misuse of the P-Card may result in disciplinary action up to and including termination of employment and prosecution to the extent permitted by law. Cardholders will be required to reimburse the State, including sales tax, for any improper purchases.

Add other, non-conflicting information on the Cardholder's responsibility to protect the security of the P-Card as needed.

Cardholder training is critical—all Cardholders must complete training before being issued a P-Card. Training ensures that the Cardholder understands the P-Card Program procedures and this Policy and is aware of potential disciplinary action for P-Card misuse or abuse. Once training is complete, the Cardholder shall sign a Cardholder Agreement and Application as a condition for being issued a P-Card. The Cardholder Agreement and Application is evidence that the Cardholder has received training and a copy of this Policy and the State Agency's internal P-Card Procedures, as applicable.

5.6. *Virtual P-Card Users.* [Reserved]

A Virtual P-Card User has authority to make purchases in accordance with this Policy, utilizing his or her **State Agency Name's** local purchase authority.

Describe your Agency's eligibility requirements for Users and the training Users must complete before initiating any Transactions with a Virtual P-Card. Minimum eligibility requirement: e-procurement or buyer role in Edison. Minimum training requirement: training on reconciliation procedures-

6. **P-Card Issuance and Cancellation.**

6.1. P-Card Issuance.

State Agency Name's Agency P-Card Program Coordinator is responsible for issuing all P-Cards within his or her Agency. Payment Cards are issued by the P-Card Program Coordinator following the receipt of documentation supporting:

- Completion of P-Card training;
- Completion of the Cardholder Application and Agreement; and
- Completion and approval of a Cardholder Profile.

Add further details on the P-Card issuance process in your Agency as needed. When creating Cardholder profiles, your Agency's P-Card Program Coordinator should ensure that a profile permits only those MCC groups that the Cardholder needs to meet his or her job requirements.

6.2. P-Card Cancellation.

State Agency Name's P-Card Program Coordinator has authority to terminate a Cardholder's status as a Cardholder and cancel P-Cards. Add further information about your Agency's process for destroying cancelled P-Cards as needed.

The Statewide P-Card Program Team should be notified of the need for a P-Card cancellation for the following reasons:

- Cardholder's separation from employment for any reason;
- Cardholder's job status changes such that he or she no longer requires a P-Card; or
- Cardholder reports the loss or theft of the P-Card.

State Agency Name's P-Card Program Coordinator may also suspend or cancel a P-Card as appropriate, such as for the following reasons:

- Cardholder misuses the P-Card;
- Cardholder is untimely with confirming or disputing transactions; Add details on what your Agency will consider untimely. or
- Cardholder lost receipts and resorted to their Agency's internal procedures for lost receipts more than three (3) times during a fiscal year may have their P-Card privileges suspended.

Add other, non-conflicting grounds for cancellation as needed.

If a P-Card is cancelled, it shall be destroyed. If a Cardholder learns of the cancellation of his or her P-Card by the Bank, the Cardholder shall notify the Statewide P-Card Program Administration Team and **State Agency Name's** P-Card Program Coordinator.

7. P-Card Use.

7.1. P-Card Processing Cycle.

The typical cycle for P-Card use is:

- An individual Cardholder, with **State Agency Name's** approved spending limits, initiates a purchase using a P-Card;
- The individual Cardholder retains an original, legible copy of the purchase's receipt for use in reconciliation;
- Transactions are posted in the Edison P-Card module (usually within 24-72 hours after the purchase is made);
- The Cardholder logs into the Edison P-Card module **[insert how frequently transaction review will occur in your Agency; minimum requirement is weekly]** to review transactions and account coding and take necessary action to correct errors in the purchase details;
- The Cardholder or his or her **State Agency Approver or Cardholder Supervisor** confirms, or disputes Transactions posted to the card account;
- The credit line is replenished for the Transactions;
- The Cardholder receives a **hard-copy or electronic** Bank statement monthly;
- The **hard-copy or electronic** Bank statement and receipts are sent to the State Agency Reconciler for final reconciliation;
- The State Agency Reconciler reconciles all Transactions by **[specify your Agency's reconciliation process, including how frequently reconciliation will occur; under section 8.3 of the Statewide Policy, reconciliation will be completed in Edison unless the CPO approves an alternate method];** and
- The State Agency Reconciler prepares all documentation for retention by **[specify your Agency's record retention process; refer to section 9.4 for record retention requirements].**

7.2. Purchasing Rules.

The P-Card is a mechanism for making purchases. Existing State laws governing procurement, accounts payable, records retention, and other applicable laws must still be followed. All procurement rules of the CPO apply when using the P-Card.

All F&A Division of Accounts accounting policies should be followed for P-Card transactions and usage.

7.3. Credits.

Cardholders should avoid Suppliers with restrictive merchandise return policies. If a Cardholder returns merchandise, a credit should be issued to the Cardholder's P-Card and a credit receipt obtained. If a supplier is unable to process a credit against the card, the Cardholder may accept a cash or check refund and contact their State Agency P-Card Program Coordinator for guidance and comply with the Department of Finance and Administration Policy 25, Deposit Practices. However, under no circumstances may the Cardholder accept a credit through other means, including gift cards or store credit. The Cardholder or State Agency Approver is responsible for reviewing the Online Banking

Program to ensure that credits are received and, if not, file the appropriate paperwork for disputed items.

7.4. *Disputing Transactions.*

If there is a problem with a Transaction, the Cardholder must first attempt to reach a resolution directly with the Supplier. If the dispute involves a Transaction that the Cardholder believes to be fraudulent, the Cardholder should immediately notify the Bank and **State Agency Name's** P-Card Program Coordinator. In most cases, disputes can be resolved between the Cardholder and the Supplier. The Supplier will usually issue a credit. See Section 5.5 of the Policy regarding acceptable forms of credit.

The Cardholder should document all attempts to resolve a problematic Transaction. If the disputed Transaction involves a reservation or order that has been cancelled, the Cardholder is responsible for obtaining a cancellation number. If efforts to resolve the problem with the Supplier are unsuccessful or if a credit does not appear in the Online Banking Program or the Bank Statement, the Cardholder should file the appropriate dispute paperwork with the Bank and contact **State Agency Name's** P-Card Program Coordinator. **State Agency Name's** P-Card Program Coordinator will communicate with the Statewide P-Card Program Administration Team as necessary.

7.5. *Declined Purchase Transactions.*

On occasion, a Cardholder's purchase transaction may be declined. Cardholders should contact the Bank's Customer Service to determine the reason for the decline before contacting **State Agency Name's** P-Card Program Coordinator for assistance. Declined transactions are reported to the P-Card Administration Team and subject to review. Common reasons for declined purchases include:

- MCC is restricted from the Payment Card;
- The Cardholders has exceeded the STL or Cycle Limit; or
- Card expiration.

7.6. *Lost or Stolen P-Cards.*

If a P-Card is lost, stolen, or the card information has been compromised, the Cardholder must immediately contact the Bank's customer service. Upon such notification, outstanding authorizations will be confirmed, and the Bank will cancel the P-Card (further use of the P-Card will be blocked by the Bank). Neither the State nor the Cardholder will be responsible for fraudulent charges made to a promptly reported lost or stolen card.

At the time of the notification, the Bank may request the following information:

- Cardholder's name
- Account number
- Last four digits of SSN
- Circumstances surrounding the loss of the card
- Any purchase(s) made prior to the card being lost or stolen

The Cardholder must notify **State Agency Name's** P-Card Program Coordinator of the P-Card's loss or theft within 48 hours of reporting it to the bank and make arrangements to receive a new P-Card. The Cardholder must complete and return an affidavit from the Bank to initiate an investigation and send a copy of the Bank affidavit to **State Agency Name's** P-Card Program Coordinator. The Bank will then issue a new card with a new account number which will be delivered to the **State Agency Name's** P-Card Program Coordinator.

7.7. Separation from Employment

If a Cardholder's separation from employment or transfer to another State position is planned, P-Card use shall be discontinued prior to Cardholder's separation from employment or transfer to allow sufficient time for submission of receipts and processing of outstanding charges before the Cardholder leaves or transfers. In the event of unplanned separation from employment, the Cardholder's P-Card shall immediately be deactivated, and the Cardholder shall discontinue P-Card use upon separation from employment.

8. Internal Controls.

A strong system of internal controls is essential for detection and deterrence of fraud, misuse, or abuse of the P-Card. Internal controls include policies, procedures, training, spending limits, Merchant Category Code restrictions, prompt reconciliation, and prompt account distribution.

Your State Agency must establish an internal control structure that ensures compliance with the State's procurement laws, CPO rules, policies and procedures, the Statewide Policy, and the terms and conditions of P-Card established by the Bank. The State Agency employee who serves as the Agency's Fiscal Director is responsible for developing and reviewing the State Agency Procedures and ensuring that sound accounting practices and internal controls are in place and enforced.

8.1. Regular Review of **State Agency Name's** P-Card Program.

The Statewide Policy requires each State Agency to have regular independent reviews of the Agency's P-Card program. Describe how this regular, internal, independent review will occur in your Agency, including who will perform the review (State Agency's P-Card Coordinator, State Agency's internal audit unit, or other business unit assigned State Agency audit responsibilities) and what the review will consist of. At minimum, the review shall evaluate the adequacy of the State Agency P-Card program's: (a) State Agency Procedures; (b) Cardholder spending limits; (c) monthly reconciliation procedures; and (d) documentation for Transactions. Include results of the review in your Agency's annual risk assessment.

If your State Agency has a designated State Agency Central Fiscal Office P-Card, then the protocol for establishing the card needs to be addressed either in your procedures or

as an addendum to your procedures. If included in the procedures, modify section 8.2. Cardholder Spending Limits and P-Card use below to address your agency's protocol for establishing a designated State Agency Central Fiscal Office P-Card and any alternate Central Fiscal Office P-Cards, including which Central Fiscal Office P-Card is primary and which is alternate.

8.2. Cardholder Spending Limits and P-Card Use.

The **State Agency Name's** Fiscal Director is responsible for setting payment card maximum Single Transaction Limits (STL) and Cycle Limits (CL). Spending limits should be based on the Cardholder's job responsibilities, the position's unique purchasing needs, and the State Agency's budget. Cardholder spending limits must be reviewed periodically for appropriateness.

State Agency Name may establish one (1) designated State Agency Central Fiscal Office P-Card, and up to two (2) alternates. The Maximum STL for P-Card Program Roles are listed in the table below.

Spending Limits		
Program Role	Permissible Single Transaction Amount	Cycle Limit
Agency Cardholder	\$1 up to \$10,000 STL	Set at the discretion of the State Agency Fiscal Director
Central Fiscal Office P-Card (limit 1 card with up to 2 alternates)	\$1 up to \$50,000 STL	Set at the discretion of the State Agency Fiscal Director

Add details related to the protocol for establishing a designated State Agency Central Fiscal Office P-Card and any alternate Central Fiscal Office P-Cards, including which is primary and which are alternates. Include any circumstances (e.g., unavailability of the primary Central Fiscal Office P-Card) under which an alternate Central Fiscal Office P-Card may be used.

8.3. Dormant Cards.

The CPO recommends that State Agencies reduce the Cycle Limit of any P-Card that has not been used within **twelve (12)** complete cycles to **one dollar (\$1)**. When a P-Card has not been used for **some time**, the State Agency P-Card Program Coordinator should conduct a review to determine if the Cardholder still needs a P-Card. **Each State Agency is responsible for ensuring that this review is completed at least annually or in accordance with its own internal P-Card Procedures, as applicable.** Add further details about the review of dormant cards as needed.

9. Documentation, Reconciliation, and Accounting.

9.1. Documentation

Describe your Agency's procedures for documentation of Transactions. At minimum, your procedures shall require Cardholders to provide invoices or receipts (either electronic or hard copy format) for all Transactions. Invoices or receipts shall include: (a) the Supplier's name, location, and contact information; (b) line-item details, including quantity, description, unit price, and total price; and (c) a line showing the State was not charged for sales tax. If your Agency decides to use logs as a form of documentation, specify procedures for maintaining logs. Include procedures for lost receipts and describe any consequences if a Cardholder loses receipts more than three (3) times during a fiscal year. Consult section 9.2 of the Statewide Policy for further guidance regarding Purchase Documentation.

9.2. Reconciliation.

All Transaction verifications and approvals will be completed in Edison.

Note that reconciliation cannot be performed manually unless State Agency Name has obtained approval from the CPO. Cardholders will reconcile Transactions [insert frequency; minimum requirements under the Statewide Policy: weekly]. Add further, non-conflicting information about reconciliation to reflect your Agency's needs.

9.3. Allocation to the Chart of Accounts.

Describe your Agency's procedures for allocation of charges to the chart of accounts. The procedures must ensure: (a) compliance with State accounting and budgetary policies; and (b) all Transactions are allocated to the chart of accounts before the end of the Billing Cycle.

10. Prohibited Purchases and Transactions.

10.1. Prohibited Purchases.

The following types of purchases, payments, or transactions are prohibited:

Prohibited Purchase Type		General Justification for Prohibition
1	Travel expenses	Travel expenses should comply with the Department of Finance and Administration - <u>Policy 8</u> , State Comprehensive Travel Regulations and are required to be processed through the Edison Expense Module for control and reporting purposes.
2	Rental of passenger vehicles of any kind	Rental of passenger vehicles are typically made in connection with employee travel expenses, which are prohibited.

Prohibited Purchase Type		General Justification for Prohibition
3	Telephone billings	State telephone billings are typically centrally managed and controlled by the Department of Finance and Administration.
4	Political publications of any sort	Purchase of political publications are prohibited by Department of Finance and Administration - <u>Policy 10</u> , Organizational Dues, Subscriptions, and Sponsorships.
5	State Utility billings and connection fees	State utility billings are typically centrally managed and controlled by Department of Environment & Conservation.
6	Payment to another State Agency	Payment to another State Agency is governed by and should follow Department of Finance and Administration - <u>Policy 18</u> , Interunit Journals.
7	Artifacts for historical or commemorative purposes (except for the State Museum)	These purchases must be processed through the Edison AP Module to ensure proper financial statement and asset management module recognition.
8	Employee moving expenses	These expenses must be processed through the Edison Expense Module to ensure IRS information reporting requirements can be met.
9	Purchases of any motor vehicle fuel for any vehicle or equipment leased from the DGS Vehicle Asset Management (VAM)	To track purchases by asset and prevent fraud, DGS-VAM has a dedicated, industry-specific fuel card for all fuel purchases.
10	Back orders or partial shipments	These types of purchases create numerous problems for reconciliation such as split invoices, reconciling across multiple cycles, and problematic tracking issues. Order fulfillment and accruing interest due the Bank are additional concerns.
11	Service awards for State employees	These purchases must be processed through Edison AP Module to ensure IRS information reporting requirements can be met.
12	Awards for private citizens	These purchases must be processed through Edison AP Module to ensure IRS information reporting requirements can be met.
13	Honoraria expenses	These purchases must be processed through Edison AP Module to ensure IRS information reporting requirements can be met.
14	Insurance policies	State insurance coverage is typically centrally managed and controlled by Department of Treasury, Risk Management.
15	Gift cards or gift certificates	These purchases must be processed through Edison AP Module to ensure IRS information reporting requirements can be met.

Prohibited Purchase Type		General Justification for Prohibition
16	Cash withdrawals, including ATM or debit withdrawals	These are prohibited for control purposes.
17	Any goods or services related to political activity as defined under “The Little Hatch Act,” Tenn. Code Ann. §§ 2-19-201 through 208	Purchase of political publications are prohibited by Department of Finance and Administration - Policy 10 , Organizational Dues, Subscriptions, and Sponsorships.
18	Purchases Reserved for the Designated State Agency Central Fiscal Office Cardholder, unless in accordance with Section 11 of the Statewide Policy	Cardholders other than the person designated by the State Agency Fiscal Office Cardholder are prohibited from making certain purchases as outlined in section 11 of the Statewide Policy.
19	Purchases identified as Capital Assets by the Department of Finance & Administration Capital Asset Guide	Purchases of goods or equipment that require tagging under the Department of Finance and Administration’s policies – Policy 33 , should not utilize the P-Card as the primary payment method because these purchases require the prior approval of the Department of Finance and Administration, Division of Accounts, as the business owner of the Asset Management Module. Exceptions for <i>emergency</i> Asset purchases using the P-Card must be pre-approved by Asset Management.

State Agencies may request an exception for certain items through the use of a P-Card RER eForm in Edison initiated by the State Agency P-Card Program Coordinator and approved by the State Agency Fiscal Director and the Central Procurement Office.

10.2. Personal Purchases Prohibited.

Cardholders are prohibited from using a P-Card for the purchase of any goods or services not directly related to job responsibilities or other official State business. Intentional use of a P-Card for any purposes other than State business will result in disciplinary action, up to and including termination from State employment or criminal prosecution. Under Tenn. Code Ann. § 39-16-402, State employees who intentionally or knowingly use a P-Card or a Virtual P-Card for personal purchases commit a Class E felony.

10.3. Split Purchases Prohibited.

Tenn. Code Ann. § 12-3-503(b) and CPO Policy Number 2013-003 authorize State Agencies to make a purchase without soliciting quotes or proposals from multiple suppliers when the total value of the purchase is ten thousand dollars (\$10,000) or less. Cardholders are prohibited from splitting a transaction between two or more transactions on a single account, two or more transactions on multiple accounts, or two or more transactions using the P-Card and a purchase order, in order to circumvent the STL

imposed on the P-Card. The maximum STL for P-Card purchases using a physical P-Card is ten thousand dollars (\$10,000) or fifty thousand dollars (\$50,000) for a Central Fiscal Office P-Card unless a State Agency has designated a lower STL in its internal P-Card Procedures or has an approved exception from the Statewide P-Card Program Director. **The STL for P-Card purchases using a physical P-Card is ten thousand dollars (\$10,000), unless your State Agency designates a lower STL in its State Agency Procedures, and up to fifty thousand dollars (\$50,000) for a Central Fiscal Office P-Card.**

10.4. Tax Exemption.

Tenn. Code Ann. § 67-6-329(a) provides that all sales of services and tangible personal property made in Tennessee and for the use and benefit of the State of Tennessee are exempt from Tennessee sales and use tax. Cardholders should obtain an exemption certificate and present it to each Supplier. This form is available on the Department of Revenue web site at <https://www.tn.gov/content/tn/revenue/taxes/sales-and-use-tax/forms.html> or as may be amended in the “Sales and Use Tax Forms - Exemptions” section. Purchases made in other states may be subject to that state’s sales tax.

The Cardholder must be diligent when dealing with the Supplier regarding taxes. Cardholders are responsible for ensuring that Suppliers do not charge tax or provide a credit for inadvertent charges. If the Supplier cannot deduct the sales tax because of pre-set controls within its computer systems or will not honor the exemption, the Cardholder may continue with the purchase but must note the refusal on the receipt and the Cardholder must still pursue steps to have the sales tax charge removed.

In the event a Cardholder is inappropriately charged for sales tax:

- The Cardholder must contact the Supplier to obtain a credit refund of any sales taxes to the P-Card Account.
- The Cardholder is required to maintain documentation of his or her attempts to obtain credit for any Tennessee Sales and Use Tax charged to the P-Card Account in error.

If a Supplier is unable to process a credit against the card, the Cardholder may accept a cash or check refund and contact their State Agency P-Card Program Coordinator for guidance on depositing the funds. However, under no circumstances may the Cardholder accept a credit through other means, including gift cards or store credit. **Add further, non-conflicting information about documentation of attempts to obtain credit as needed.**

11. Purchases Reserved for the Designated **State Agency Name Central Fiscal Office Cardholder**

Only the person(s) designated by **State Agency Name’s [title of Agency employee who serves as the Agency’s Fiscal Director and or budget director or officer]** as Central Fiscal P-Cardholders may use his or her individual P-Card for the following types of purchases:

- Tuition, fees, and supplies for training individuals;
- Internet, newspaper, radio, or television advertisements;

- Subscriptions to newspapers, periodicals, newsletters, or pamphlets;
- Organization membership dues;
- Charges for meeting rooms and attendant expenses more than two hundred dollars (\$200) per day or for more than five (5) days;
- Convention or registration fees; and
- Association entry fees.
- Food, beverage, or catering charges for meetings.

State Agencies may request an exception from this paragraph using a P-Card Rule Exception Request eForm in Edison initiated by the **State Agency Name's** P-Card Program Coordinator and approved by the State Agency Fiscal Director and the Central Procurement Office.

The **State Agency Name's** Fiscal Director may designate up to two (2) alternate Central Fiscal Office P-Cardholders who may make these purchases, as noted in Section 8.1 above. **State Agency Name** should follow protocol established pursuant to Section 8.1 above regarding the utilization of those alternate Central Fiscal Office P-Cardholders.

12. Surcharges and Convenience Fees.

Many suppliers charge a “credit card processing fee” or “convenience fee” for accepting credit cards including the P-Card. These types of fees are strictly regulated by Visa and MasterCard.

According to Visa’s “Card Acceptance and Chargeback Management Guidelines for Merchants” available on Visa’s website, credit card surcharges are allowed but cannot be more than the amount the supplier’s bank charges them for processing the transaction. Also, the supplier cannot charge both a surcharge and a convenience fee.

13. Travel.

Travel is governed by the Department of Finance & Administration, Policy 8, Comprehensive Travel Regulations. The State maintains a Statewide Contract (#747) for air travel. Flights are booked through the contracted entity according to the Statewide Contract usage instructions.

Payments are made to the airlines using Virtual P-Cards. One Virtual P-Card is assigned to each participating State Agency and embedded within the Supplier’s system. Agencies reconcile their air travel statement each month and report any irregularities to the contract administrator and the P-Card Administration Team. The P-Card Administration Team creates the voucher for payment to the Bank.