

# Corporate Liability

## “LaCarte” Purchasing Card

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	<b>Louisiana Department of Health (LDH)</b>	
	<b>Policy Number</b>	58.3
	<b>Content</b>	LDH Policy for LaCarte Purchasing Card Issuance and Use
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LDH is committed to fostering, cultivating and preserving a culture of equity, diversity and inclusion. Our human capital is the most valuable asset we have. The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities and talent that our employees invest in their work represents a significant part of not only our culture, but our Department’s reputation and achievement as well.

If there is a discrepancy between an LDH Policy and a Program Office or facility policy, the LDH policy shall govern/overrule/supersede the conflicting section within the Program Office or facility policy.

## I. INTRODUCTION

### A. Policy Statement

It is the policy of the Louisiana Department of Health (LDH) to establish and administer the LaCarte Procurement Card Program (P-Card) and to set the requirement standards for possession and use in accordance with the LaCarte Purchasing Card Policy issued by the Division of Administration. LaCarte is a Visa card issued by Bank of America for the State of Louisiana. This card will enable employees to purchase approved items with the convenience of a credit card, while maintaining control over the purchases. The use of the card will improve efficiency and effectiveness by reducing costs associated with processing purchases and payments and will allow receipt of goods on a timely basis.

This policy and related procedures covers the “LaCarte,” Purchasing Card (P-Card), the State of Louisiana’s Corporate Liability P-Card program and establishes minimum standards for possession and use to ensure compliance. The use of the P-Card Program for purchases does not negate any current purchasing policies, rules and regulations, mandates, Louisiana Statutes, Executive Orders, as applicable. All must be followed when using and administering the P-Card and this policy.

Cardholders, program administrators, program users, supervisors/approving officials, auditors or anyone associated with the card program (program participants) who knowingly, or through willful neglect, fails to comply with any current purchasing policies, rules and regulations, mandates, Louisiana Statutes, Executive Orders, as applicable may be subject to suspension or termination of account privileges or other disciplinary action, up to and including criminal prosecution to the fullest extent of the law. The Office of State Travel reserves the right to withdraw any authority or delegated approval due to non-compliance with applicable laws, rules, regulations, mandates, policies and procedures.

### **B. Purpose**

The use of LaCarte will be limited to low-dollar orders (\$5,000 or less). Program limits will be changed by Purchasing Card Policy Amendments issued by the Office of State Travel, or where special approval is received to increase limits beyond \$5000. Multiple purchases may be made with the LaCarte purchasing card for contract purchases for each day up to but not exceeding \$5,000.

The P-Card is a tool used to assist in the management of procurement, payment and accounting. The P-Card is a Visa card issued by Bank of America (BOA) for the State of Louisiana and will be identified with the State of Louisiana seal and marked Louisiana “LaCarte”. The cards are white and embossed with the employee’s name, department name, account number and tax exempt number. Expiring P-Cards will automatically be replaced/renewed prior to the expiration date by the issuing bank and sent to the program administrator for distribution to cardholders who have completed the annual requirements of re-certification from the states online training class, agency training and who have signed the most current cardholder agreement form (Attachment B).

The P-Card enables employees to purchase items with the convenience of a credit card, while providing management with a means of maintaining control over those purchases. The use of this card will improve efficiency and effectiveness by reducing costs associated with processing purchases and payments and will allow for the receipt of goods on a timely basis. Payments for valid business purchases at or under the value of \$5,000 should be made with the P-Card in lieu of purchase orders when possible. When this payment method is used, processing through the state’s systems (i.e. ISIS, AFS or LaGov) is not required. The P-Card can be used with any merchant that accepts Visa as a form of payment. It is intended that P-Cards be issued to selected State employees when the use of the P-Card will enhance effectiveness or economy of operation for the agency. If used to its potential, the P-Card Program will result in a reduction in the volume of purchase orders and related documentation including invoices and checks. In addition, corresponding work processes associated with ordering and check writing may be reduced.

### **C. CONDITIONS OF PARTICIPATION**

All participants in the P-Card Program shall abide by the terms of this policy unless a “Request for Exemption” is submitted and approved by the Office of State Travel <http://www.doa.la.gov/osp/Travel/forms/DOApcardExceptionRequest.pdf>.

The request shall:

- cite the specific paragraph(s) of this policy for which the exception is requested
- include a description and justification for the exception
- state the specific length of time for which the exception is necessary

The Louisiana Department of Health (LDH) P-Card Program Administrator and the State P-Card Administrator shall keep approved exceptions on file.

Using the P-Card for purchases of supplies, equipment, operating services and/or major repairs must comply with current LDH policy, rules and regulations, mandates, Louisiana Statutes, and Executive Orders, as applicable.

LDH will evaluate its internal policy and procedures annually, to ensure compliance with the Office of State Travel P-Card Program Policy.

LDH has implemented WORKS Workflow, which is an online system through Bank of America. The system captures transactions which require both the cardholder and cardholder’s approver’s electronic signature before a cardholder’s credit limit will refresh, along with the ability to maintain receipts and backup supporting documentation in electronic form housed in one central location through the mandated scanning feature. This will assist with audits and reviews.

All program participants are required to complete the State online certification class annually, and must receive a passing grade of at least 90 in order to remain as a Program Administrator, receive a new p-card, a renewal p-card, or remain as a cardholder approver. These certifications have been developed and updated, as necessary, by the Office of State Travel.

All program participants must sign the most current State of Louisiana Corporate Liability P-Card Program Agreement Form for the applicable program role on an annual basis. Agreements acknowledge and outline the applicable responsibilities under the program. Original forms must be given to the Program Administrator and copies provided to the approver.

Cardholders and their approvers are required to complete agency developed training on both this policy and the agency’s internal policy and procedures before cards can be issued as well as attend annual refresher training thereafter to remain active in the program. Proof of annual training for all program participants is required to be kept on file to include date of training and participants.

This program does not allow cash withdrawals/transactions or any attempts for cash transactions, as cash is prohibited and blocked from this program.

Any exception to this policy requires approval from the Office of State Travel and will be considered on a case-by-case basis and should be in writing on the Exemption Request Form and forward to the Office of State Travel for consideration <http://www.doa.la.gov/osp/Travel/forms/DOApcardExceptionRequest.pdf>.

In the event that a program participant fails to comply with the requirements for participation in the P-Card Program, the result of noncompliance may be removal from the P-Card Program.

## **D. DEFINITIONS**

**Accountholder/ Cardholder** – terminology used to reference the LDH employee that has been issued a P-Card

**Accountant:** The individual responsible in Workflow for assuring that all cardholder transactions have been allocated to proper account coding and are completed so that the export file can be created by the Bank of America. This individual, depending on the corporate account they are assigned to and the Workflow procedures for that corporate account, may have the ability to upload receipts and perform transaction allocations.

**Agreement Form** (Attachments A, B & C) – A form signed by a program administrator, cardholder and cardholder approver, annually, that acknowledges they have received required training from the agency, completed the state’s certification requirement and received a passing score of at least 90, understand the P-Card Policies, both state and agency and accept responsibility for compliance with all policies and procedures.

**Approver** – The cardholder’s supervisor or the most logical supervisor that is at least one level higher which would be most familiar with the business case and appropriate business needs for the cardholder’s transaction and is responsible for approving transactions on-line and signs both the cardholder’s billing cycle log and monthly statement.

**Billing Cycle** - The period of time between billings. For example, the State of Louisiana P-Card closing period ends at midnight on the 5<sup>th</sup> of each month.

**Card Abuse** – Use of the card for non-approved State business purchases such as for personal purchases. See definition of “card misuse” and “fraud” and Section VI “Card Misuse”.

**Cardholder Enrollment Form** (Attachment D) – A form that initiates the P-Card issuance process for the cardholder.

This form contains cardholder information necessary for statement and mailing purposes, contact information, daily/monthly spending limits and budgetary controls. This form must be submitted to the LDH LaCarte Program Administrator after approval is obtained from the cardholder’s Approver.

**Card Misuse** – Use of the card for legitimate purchases but for goods or services that are prohibited by the State or internal policy (e.g., purchases for fuel for a State Vehicle when the agency participates in the Statewide Fuel Card Program) See definition of “card abuse” and “fraud” and Section VI “Card Misuse”.

**Cardholder** – A State of Louisiana employee whose name appears on the P-Card and is given authority to make purchases within preset limits on behalf of the agency.

**Cardholder Approver** – Individual within the agency who is responsible for verifying that all charges against the cardholder’s account are authorized and supported by adequate documentation. In the majority of cases, this will be the same person authorized to approve purchases in the LaGov Automated Purchasing System. The assigned approver must be at least one level higher than the cardholder.

**Cycle Limit** – Maximum spending (dollar) limit a P-Card is authorized to charge in a billing cycle. These limits should reflect the individual’s purchasing patterns. These are preventative controls and, as such, should be used judiciously.

**Default Coding** – Agency specific accounting assigned to an individual cardholder’s transaction which exports to the agency’s accounting system, if applicable.

**Department Head** – An elected officer, an appointed officer, the executive head of a State agency or President of a College or University.

**Disputed Item** – Any transaction that was double charged, charged an inaccurate amount, or charged without corresponding goods or services by the individual cardholder.

**Electronic Funds Transfer (EFT)** – An electronic exchange or transfer of money from one account to another, either within the same financial institution or across multiple institutions.

**Electronic Signature** – An electronic sound, symbol or process attached to or logically associated with a record, or executed or adopted by a person with the intent to sign the record.

**Export File** – Data that pushes from Bank of America WORKS into ISIS/LEO or other applicable accounting system which imports to the agency’s financial system to create the voucher for Bank of America payments.

**Fraud** – Any transaction, intentionally made that was not authorized by the cardholder, or not for Official State Business. See definition of “card misuse” and “card abuse” and Section VI “Card Misuse”.

**INTELLILINK** – Visa’s web-based auditing tool which is used to assist with monitoring and managing the agency’s card program usage to ensure that card use conforms to all policies and procedures.

**ISIS** – State of Louisiana’s integrated system used for accounting, financing, purchasing, and contracting functions.

**LaGov** – State of Louisiana’s integrated system used for accounting, financing, logistics, human resources, procurement, travel and data warehouse storage and reporting.

**Memo Statement of Account** – A listing of all transactions charged to the cardholder’s account through the end of the monthly billing cycle. The statement is sent directly to the cardholder by the bank on a monthly basis for reconciliation purposes. This is not a bill. The cardholder must reconcile and submit with required attachments to the Purchasing Card Program Administrator by the last day of the month following statement close date.

**Merchant** – A business or other organization that may provide goods or services to a customer. Synonymous with “supplier” or “vendor”.

**Merchant Category Code (MCC)** – Standard code the credit card industry uses to categorize merchants based on the type of goods or services provided by the merchant. A merchant is assigned a MCC Code (Attachment E) by the acquiring bank.

**Merchant Category Code Group (MCCG)** – A defined group of merchant category codes. MCCGs which are used to control whether or not cardholders can make purchases from particular types of merchants.

**Non-Approved Purchase** - A purchase made by a State cardholder for which payment by the state is unapproved. A non-approved purchase differs from a fraud purchase in that it is a non-intentional misuse of the procurement card with no intent to deceive that agency for personal gain or for the personal gain of others.

**P-Card** – a credit account issued in a state employee’s name. This account is the direct liability of the State and is paid by each agency. P-Card accounts are the preferred means of payment for purchases of goods and services. Also referred to as the LaCarte Card and Purchasing Card.

**P-Card/Billing Cycle Purchase Log** – Electronic form in WORKS, used in the reconciliation process for purchases/services charged during the billing cycle. The log is used to document cardholder’s approval of purchases billed by matching the paper billing statement, received from the bank, to a log and the original documentation obtained from the vendor(s). Approval of the log by the cardholder is by electronic signoff (through WORKS Workflow), likewise, designated approver’s approval is by electronic signoff (online in Workflow). Electronic Logs must be in an un-editable format such as a PDF.

**Performance Evaluation System (PES)** – An annual assessment of an employee’s overall performance based on work tasks and behavior standards.

**Personal Purchases** – Non-work related goods or services purchased solely for the benefit of the cardholder, the cardholder’s family, or other individual(s).

**Program Administrator** – Person responsible for administering and managing the LaCarte Program at the Agency level and who acts as the main contact between the agency, the State and the issuing bank.

**Purchasing Card Profile** – Unique profile associated with a cardholder that sets the card credit limit, single purchase limit and MCCs on the Cardholders ability to make purchases on behalf of the state. The Profile name must be unique and should be set up in the following format, this is an example only – CL\$20,000; STL \$1,000; MCCG: CSH, TVL, REST

**Receipt** – A merchant-produced original document that records the relevant details for each item purchased including quantities, amounts, a description of what was purchased, the total charge amount and the merchant’s name and address (e.g. sales receipt, original invoice, packing slip, credit receipt, etc.) This must match the online transaction amount and be matched to any other related documentation regarding the transaction.

**Single Purchase Limit (SPL)** – The maximum spending (dollar) limit a P-Card is authorized to charge in a single purchase. The SPL limit may be up to \$5,000; however, this limit should reflect the individual’s purchasing patterns. These are preventative controls and, as such, should be used judiciously.

**Split Purchase** – A practice whereby one or more cardholders or suppliers split a purchase into two or more transactions and/or purchase orders to circumvent either Single Transaction Limits or bid requirements. This is prohibited by the Statewide Purchasing Card Policy.

**State Program Administrator** – Central point of contact responsible for managing and overseeing the Statewide LaCarte Program.

**Transaction** - A single purchase of goods or services. A credit also constitutes a transaction.

**Transaction Documentation** – All documents pertaining to a transaction, either paper or electronic. The documentation is also used for reconciliation at the end of the billing cycle and is to be retained with the monthly reconciliation documentation for review and audit purposes. Examples of transaction documentation include, but are not limited to: original itemized purchase receipts/invoices (with complete item descriptions, not generic such as “general merchandise, quantities, individual pricing, and total), receiving documents, credits, disputes, and written approvals.

**WORKS** – Bank of America’s web-based system used for program maintenance, card issuing/suspension/cancellation and reporting.

**WORKS Workflow** – Bank of America’s online system that includes user profiles and transaction workflow. For ISIS and LaGov interfaced agencies, transactions are coded and interfaced to the ISIS/LaGov systems for payment monthly.

## **II. ROLES AND RESPONSIBILITIES**

### **A. OFFICE OF STATE TRAVEL**

The State of Louisiana, Office of State Travel is responsible for the statewide contract administration of the Corporate Liability “LaCarte” Purchasing Card/CBA Program and serves as the central point of contact to address all issues and changes necessary to the overall program, and coordinate such changes with the contractor, Bank of America.

The Office of State Travel will issue and maintain the Statewide Policy. If the state’s policy or the program limits change statewide, a revised State of Louisiana Corporate Liability “LaCarte” Purchasing Card and CBA Policy will be issued by the Office of State Travel.

The Office of State Travel will approve agency participation in the program and in conjunction with efforts of the agency, identify the allowable Merchant Category Codes (MCC) and their limits.

The State Program Administrator oversees the Statewide Purchasing Card Program and serves as a liaison between the Agency Program Administrators to address all issues and changes necessary to the overall LaCarte program and coordinate any changes with Bank of America.

### **B. DEPARTMENT/AGENCY**

The Louisiana Department of Health (LDH), Division of Planning and Budget is responsible for developing and implementing a P-Card Policy documenting within all internal procedures and ensuring that the Department is in compliance with the guidelines of the Statewide Corporate Liability “LaCarte” Purchasing Card and CBA Policy. The LDH policy is updated as necessary with changes which may occur in the Department’s internal procedures and/or State’s Corporate “LaCarte” Purchasing Card Policy provided by the Office of State Travel and Bank of America. LDH’s policies and procedures may

contain terms, conditions and limits more restrictive, but not more liberal, than those in the Statewide Purchasing Card Policy. Whenever LDH's policy is more restrictive than the Statewide Purchasing Card Policy, then LDH's policy takes precedence.

The LDH, Division of Planning and Budget, responsibilities include administration of the Department's Corporate Liability P-Card program and compliance with all state guidelines identified herein, any purchasing policies, rules and regulations, mandates, Louisiana Statutes, Executive Orders, as applicable.

The LDH, Division of Planning and Budget, will ensure that cardholders are using the P-Card properly. Therefore, P-Card Program Administrators are expected to know general policies and procedures governing the agency's Purchasing Card Program. Beginning Fiscal Year 2019, LDH will incorporate LaCarte compliance requirements into its employees Performance Evaluation System (PES).

LDH has established controls for pre and post approval of items on the P-Card, as a strong system of internal controls is essential for detection and deterrence of fraud, cardholder misuse, or cardholder abuse of the P-Card. Internal controls include policies, procedures, and training in addition to spending limits and Merchant Category Code restrictions.

Additional documentation steps to strengthen controls in the review process include:

- Documenting the reason for the purchase (case number, project, etc.) on the receipt along with signature from cardholder and supervisor.
- Inventory type purchases (electronic, etc.) should have "received by" and a signature on packing slip or other shipping documentation to ensure that the purchase arrived and has been accounted for at the agency.

P-Cards are issued with corporate liability, under which the state is liable for the cost of the purchases. The program is based on the strength of the State's financial resources, not the personal finances of the cardholder. Due to state liability, P-Cards are to be issued to State of Louisiana Employees only.

In addition to establishing proper controls and agency procedures, the Louisiana Department of Health (LDH) is responsible for:

Determining appropriate cardholders and setting individual limits for a single transaction, daily and/or cycle transaction limits. At a minimum, P-Cards will be issued with dual limits. The cardholder's approver, along with the LDH P-Card Program Administrator is responsible for setting the individual cardholder's limit and determining the overall cycle limit (monthly credit limit). The LDH P-Card Program Administrator may allow a single purchase limit (SPL), agency-wide or on an individual card basis, up to \$5,000 without prior approval from the Office of State Travel. Limits by the agency should reflect the individual's purchasing pattern. These are preventive controls and, as such, should be used judiciously. Exceptions to the single purchasing limit may be requested from the Office of State Travel by submitting the LaCarte Request for Exception Form <http://www.doa.la.gov/osp/Travel/forms/DOApcardExceptionRequest.pdf> . The Office of State Travel must approve in writing any authority for a SPL or a one-time override above \$5,000. LDH relies on best practice in regards to increasing the SPL, which calls for the lowest amount that is needed for the duties of that individual.

The Request for Exemption Form would also be applicable to open any MCC codes which are prohibited or restricted. Request will be considered if LDH is in compliance with the program

requirements, State guidelines, adequate staff experience and training are demonstrated with factors that promote the overall use of the program and if the approval by the Office of State Travel is determined to be in the best interest of the State. It is also a LDH best practice guideline to issue only one card per cardholder.

### **GENERAL CONDITIONS**

1. Training must be conducted when a new card is issued and a new approver is assigned as well as annually thereafter to ensure that all program participants, such as program administrators, cardholders, cardholder approvers, and any other applicable personnel that has a role in administering this program, is aware of all duties and responsibilities associated with possession/use of a State Corporate Liability P-Card.
2. Cardholders must be approved by appropriate agency authority and cards should be distributed only to frequent purchasers, based on the request of a supervisor, manager or department head, not as an automatic process upon hiring.
3. No P-card shall be issued to program administrators, department heads, auditors of the program or any person with roles associated with administering and monitoring the program including the person responsible for monthly audits/reports and second level review of the agency's program. If it is a justifiable hardship for one of the above positions to be denied possession of a P-card, a written request must be submitted to the Commissioner of Administration including a detailed justification as to why this is not feasible and what precautions will be taken to guarantee the security and validity of purchases. Specific approval from the Commissioner of Administration must be obtained prior to issuing a card to an individual listed above.

The only exception regarding an employee possessing a card with a role in the program is a cardholder approver. However, in order for a cardholder approver to possess a p-card, monthly audits, sign-off in WORKS, and all other responsibilities listed throughout this policy for a cardholder approver, must be fulfilled by someone who is at least one level higher than the approver.

4. Monitoring cardholders which are not active and adjusting the SPL's and/or monthly cycle limit accordingly based on changes in needs and cancelling cards when not utilized in a twelve-month period. A card may only remain active, if dormant for a twelve-month period by justification and approval from the Office of State Travel. If approved, the card must be suspended and the profile changed to a \$1 limit until a future need for activation. An example of the need for a card that may be dormant for 12-months is that the card is being maintained for emergency situations only.
5. There must be separation of duties between the person responsible for conducting the monthly audit reports and/or the second level review; they should not be an approver or cardholder for transactions they will audit.

6. To allow for proper and complete program audits, LDH has implemented WORKS Workflow, which is an online system through Bank of America. The system captures transactions which require both the cardholder and cardholder's approver's electronic signature before a cardholder's credit limit will refresh, along with the ability to maintain receipts and backup supporting documentation electronically in one central location through the mandated scanning feature, therefore, assisting with audits and reviews.
7. All P-Card transactions must have a detailed receipt, not a generic description such as "general merchandise" or should be fully documented elsewhere, (both paper and an un-editable electronic form, once an agency has implemented Workflow) and must be in accordance with current purchasing policies, rules and regulations, mandates, Louisiana Statutes, Executive Orders, as applicable.
8. Default/override accounting codes must be assigned to each transaction. ISIS/LaGov interfaced agencies are mandated to interface the accounting function of WORKS Workflow which ultimately interfaces into the ISIS/LaGov accounting systems.
9. Participating Agencies with internal auditors should include the activities of the LaCarte Purchase Card in the annual risk assessments that are conducted on the Agencies. If the activities of the purchase card programs are deemed to be high risk, the internal auditors should address this area of high risk like others identified within an Agency in developing their annual audit plans and work schedules. Conducting an audit of the purchase card program no less than once every three (3) years, however, is encouraged by the Office of State Travel.

Upon initiating an audit of the LaCarte Purchase Card activities, internal auditors should notify the Office of State Travel via email. In addition, once copies of all completed audits should be provided to the Office of State Travel.

### **COMPLIANCE WITH LAWS AND POLICIES**

Establishes written internal procedures to ensure compliance with all current purchasing policies, rules and regulations, mandates, Louisiana Statutes, Executive Orders, as applicable.

1. Develops written procedures for requesting exemptions to the State policy requirements using the Exemption Request Form <http://www.doa.la.gov/osp/Travel/forms/DOApcardExceptionRequest.pdf>
2. Submits all request for exceptions to the Statewide Purchasing Card Policy to the Statewide Purchasing Card Program Administrator.

### **TRAINING**

1. Training has been developed that is specific to LDH's internal policy and procedures for all cardholders, supervisors/approving officials.
2. LDH has developed appropriate refresher internal agency training that will be delivered annually.
3. LDH has developed internal P-Card procedures that are in compliance with the principles of sound internal controls.
4. LDH P-Card Program Administrators will ensure that that all card program personnel review notification of changes in State and internal policies and procedures, including official announcements from the Office of State Travel.
5. For live or one-on-one trainings the LDH Program Administrator shall document the date training was attended as well as maintain a dated training certificate, for all cardholders and approvers.
6. LDH Program Administrators are responsible for maintaining on file proof of ongoing training records including agency's policies and procedures for all of their cardholders and approvers as well as the sufficiently documented internal controls and other measures (i.e. audits) to prevent and/or detect misuse or abuse of the P-Card and other accounts.

#### **INTERNAL CONTROLS**

1. Maintain budgetary controls.
2. Determine allowable merchant category codes based on individual needs and the State's allowances.
3. Educate program participants on State and LDH policy requirements, procedures and allowances.
4. Educate program participants on use of the card sales tax requirements.
5. Educate cardholders on the process of reporting a card lost, stolen and/or any fraudulent activity.
6. If a card is lost, stolen or damaged, the cardholder must IMMEDIATELY notify Bank of America at 1-888-449-2273 and the LDH Program Administrator after reporting the incident to the bank. If the card is located after reported lost or stolen, it must be destroyed by cutting it in half and both halves of the card must be forwarded to the Program Administrator. Bank of America will cancel the current account, and reissue a replacement card, which is mailed to the Program Administrator, to forward to the cardholder.
7. Written procedures for ordering and canceling cards when lost or stolen or when a cardholder leaves employment including an exit interview have been established.

An exit interview should include a review by the cardholder, supervisor/approving official and/or program administrator of all current charges on the account, verifying that all necessary original supporting documents, original receipts and required signatures have been obtained. Verify receipts are attached to each transaction in WORKS with a full description of item(s) purchased, not a generic description and both the cardholder and approver have signed off on all transactions in WORKS Workflow. Cards are to be returned to the agency program administrator to be canceled and destroyed.

8. Procedures for cardholders and approvers on extended leave have been established, and addressed within their respective responsibilities.

Cardholders are to contact the program administrator to lower their spending limits to \$1, along with completing all required transaction tasks in WORKS, processing their Billing Cycle Completed Purchase Log and Billing Statement, along with securing both the cardholder and approver's signatures, prior to the start date of their absence.

Approvers are to contact the program administrator, to notify that a backup approver has been designated, during their absence. The backup approver must complete both OST and LDH online trainings, complete the Approver Agreement, and forward all to the Program Administrator, to be setup in WORKS, prior to the start date of their absence.

9. Cardholder's spending limits are to be suspended to \$1 during an extended absence and/or until the cardholder returns. This will protect the cardholder and LDH during their absence.
10. Employees are to be disciplined in the event of abuse, misuse or failure to comply with established guidelines. If a cardholder makes an unauthorized and/or personal charge and does not voluntarily refund the purchase to the Department, the Department will take disciplinary action, up to and including termination of employment and legal actions, as allowed by the fullest extent of the law, to recoup the funds.
11. P-Card/CBA charges are a direct liability of the State; therefore, as a rule Louisiana State sales tax should never be charged on card purchases. The State of Louisiana tax exemption number is printed on the front of the P-Card.

It is the cardholder's responsibility to ensure that state tax is not charged. Cardholders must make every effort at the time of purchase to avoid being charged Louisiana State sales tax, if in-state sales taxes are charged, it is the cardholder's responsibility to get a credit issued to their card, or the cardholder should be made to reimburse the agency the total amount of the state taxes. Documentation of attempts to obtain credit for any State Sales Tax charged in error must be maintained with the documentation for the transaction where the tax was charged.

In the event state sales tax is charged and a credit is warranted, it will be the cardholder's responsibility to have the vendor-merchant (not Bank of America) issue a credit to the cardholder's account.

12. Maintain a list of all LDH cardholder's names and their approvers in the Office of Planning and Budget with documentation showing notification to approvers of the cardholders they are responsible for approving.
13. Ensure that every cardholder's business email address matches the cardholder's name in WORKS. Another cardholder's email address or a personal email may not be used without prior approval from the Commissioner of Administration.
14. Annually, the program administrator, along with all cardholder approvers shall review cardholders, cardholder limits and ensure appropriate utilization. Documentation shall be maintained showing compliance with this requirement to include a list of all cardholders including a statement all were reviewed, signed and dated. **Please note:** The approver's agreement form cannot be substituted for this review, unless the agreement form is modified to add cardholder limits.
15. If it is necessary for a cardholder to set up an online account, such as Amazon, EBay, etc. in order to obtain the required item/services, the cardholder must first receive approval from the agency program administrator to do so and show evidence that there is no other means to obtain the required item/services. These types of accounts, if necessary and allowed for use by an employee, must have a standalone business account or registration and must not be combined with an individual's personal account. By doing this, the agency will have access to view the accounts online while verifying that all purchases are being delivered directly to the business address associated with the cardholder.

PayPal accounts cannot be used by LDH cardholders due the terms and conditions of PayPal that we cannot agree to.

16. Ensure that transactions are audited monthly in accordance with the Audit Requirements, see Section VII.

### **C. DEPARTMENT HEAD**

The Department Head is responsible for all LDH P-Card Activity and ensuring that the program is in compliance with all requirements. The Department Head will be responsible for designating the P-Card Program Administrators for LDH. A change in the selection of the State Agency P-Card Program Administrator(s) and/or Department Head shall be immediately submitted to the State Program Administrator in writing, and reflected on the State Purchasing Card Program Administrator Change form <http://www.doa.la.gov/osp/Travel/lacartepcard/lacartecardadminr.pdf>. This must be signed by the LDH Department Head. The completed form should be emailed, faxed or mailed to the State P-

Card Program Administrator. The State P-Card Administrator will forward all changes to the Issuing Bank.

## **D. AGENCY PROGRAM ADMINISTRATOR**

The LDH Program Administrator serves as the main point-of-contact for all card program personnel and serves as a liaison between their Agency, the Office of State Travel and the issuing bank. The LDH Program Administrators are responsible for coordinating, monitoring and overseeing the agency's Purchasing Card Program, ensuring that key controls are in place and are operating as designed. It is mandated that LDH have at a minimum of both a Primary and Secondary Program Administrator. If LDH is unable to meet the requirement of both a primary and secondary administrator, Administrators must submit a request for approval from the Office of State Travel with justification as to why this requirement cannot be met. Any or all of the following administrative responsibilities may be delegated to another individual, however any person with any administrative roles may not possess a card.

LDH Program Administrators must fulfill responsibilities in the following areas:

### **PROGRAM MANAGEMENT**

1. Keep informed of program updates distributed by the Office of State Travel, as they are sent as an email and posted to the Office of State Travel website <http://www.doa.la.gov/Pages/osp/Travel/Index.aspx>. Disseminating all information to the Department Head, cardholders, approvers and any other agency personal as deemed appropriate.
2. Maintain the annual, original signed agreement form for the State of Louisiana Corporate Liability P-Card Program for all participants of the P-Card Program. A copy of the signed agreement along with the state and agency policies, or a link to all policies, current purchasing policies, rules and regulations, mandates, Louisiana Statutes, Executive Orders, internal agency policies and procedures as applicable, shall be provided to all program participants.
3. Maintain copies of the annual online Leo Certification for all program participants.
4. Provide the State P-Card Program Administrator written notice immediately of any changes in status to the LDH P-Card Program Administrator.
5. Communicate all program and policy changes to all program participants
6. Collaborate with the LDH Department Head to develop and maintain the Purchasing Card Policy and Procedures for LDH to address policy areas unique to the state agency or that are not covered by the Statewide Policy.

7. Review the LDH P-Card procedures at least annually to ensure compliance with all purchasing policies, rules and regulations, statues, executive orders, mandates as applicable.
8. Work with management to identify job titles or positions that require a P-Card.
9. Develop internal procedures for requesting new cards and/or changes to existing cards (i.e. change in spending limits).
10. Work with management to determine appropriate cardholder spending limits based on budget restrictions, job requirements, historical spending patterns, and overall procurement practices.
11. Monitor the issuance of cards, ensuring prompt reconciliation of periodic statements.
12. Along with the cardholder's approving official, evaluate cardholder spending limits against actual usage annually and terminate cards that show consistently low usage, or have been dormant for one year.
13. Issue secure user ID's for each cardholder, approver, accountant, auditors and program administrators for LDH in all WORKS applications.
14. Request cards, users in WORKS and perform any maintenance necessary for program participants.
15. Ensure that all program participants' job titles are listed in the Nickname Field in WORKS.
16. Terminate a cardholder's status as a cardholder and cancel P-Cards through WORKS.
17. Immediately inform the State P-Card Program Administrator of any misuse, abuse or fraudulent use of a P-Card.

## **E. APPROVER**

The approver is an LDH employee who approves purchases made by the cardholder to which he or she is assigned. Approvers are limited to **20** cardholders and must be the immediate supervisor or the person most familiar with the cardholder's business needs that is at least one level higher than the cardholder. By approving each P-Card transaction, the approver exercises critical control by ensuring authorized and appropriate P-Card use and correct allocation of expenses in accordance with all purchasing policies, rules and regulations, statues, executive orders, mandates, policies as applicable. No cardholder may approve his or her own P-Card transactions. **The cardholder shall never be the final approver of his own monthly P-Card log/online transactions.**

The approver has the following responsibilities:

1. Obtain, review and understand the state and LDH policies. Maintain knowledge of all applicable current purchasing policies, rules and regulations, mandates, Louisiana Statutes, Executive Orders, internal LDH policies and procedures as applicable on use of the P-Card. Keeping informed of program updates as sent from the LDH program administrators or anyone else associated with the P-Card program.
2. Annually complete both the state and LDH required training on policies and procedures and sign the Approver Agreement Form (Attachment C), with original documentation given to the LDH program administrator and a copy kept on file with the approver.
3. Immediately report any fraud or misuse, whether actual, suspected or personal charges to the LDH program administrator, as well as, any other personnel as required. The approver will participate in any disciplinary actions which may be deemed appropriate, if necessary.
4. The Approver and any cardholder in which you are the approver, shall notify an LDH program administrator immediately upon the following: separation; change in department/section; or during extended leave.
5. Complete an exit review with the cardholder in conjunction with the Program Administrator of the cardholder's active transactions and sign off by both the cardholder and approver in WORKS. Ensure supporting documentation and receipts are secured, including the Billing Cycle Completed Purchase Log and Billing Statement, and obtain the cardholder's and approver's required signatures, prior to departure.
6. Ensure that the P-Card is obtained from the employee upon separation or a change in department/section and return card to the LDH program administrator. Ensure that the program administrator makes necessary changes to cancel the card and to remove the approver as the employee's approver and/or employee from the list of cardholders for which approver is responsible, once the cardholder has completed the exit interview.
7. As a safeguard, the LDH Human Resources office will provide a bi-weekly report showing employee terminations. The program administrator and staff will review this report to assure that no terminated employee has an active card. If this is found to be true, steps will be taken to reprimand the supervisor/approvers for not completing their required responsibilities.
8. Ensure that either approver or the cardholder notifies the LDH program administrator if a card is lost, stolen or has fraudulent charges. Ensure that the cardholder immediately notifies the bank as well.
9. Ensure each transaction, to the best of approver's knowledge:
  - Has an appropriate business purpose, not for personal use, fits the cardholder's business needs.

- Is in compliance with all current purchasing policies, rules and regulations, mandates, Louisiana Statutes, Executive Orders, internal LDH policies and procedures as applicable.
- Includes an original receipt and complete supporting documentation, including a detailed line item description where generic descriptions is on receipts such as “general merchandise”.
- Verify that receipt date, supporting documentation and documentation dates, along with the log dates, correspond with known business needs.
- All receipts and supporting documentation are scanned into WORKS Workflow, once implemented and tied to the appropriate transaction and reviewed against the original receipt and supporting documentation.
- Does not include sales tax.
- Has been coded properly for payments as outlined in this policy and procedures and as required in WORKS Workflow for ISIS and LaGov interface agencies.
- All documentation corresponds with the program cycle dates (which begin the 6<sup>th</sup> of one month and ends the 5<sup>th</sup> of the following month).

**NOTE:** It is the Approver’s responsibility to verify the validity of each transaction, and that complete original documentation exists to support each purchase, service and/or credit, verifying that the purchases are for official state business, by reviewing both the original documentation and the attached documentation to each transaction that is in WORKS workflow.

10. The approver must review the information and original documentation entered and scanned into Workflow, and submitted by the cardholder prior to signing off on the transaction in WORKS. If the information is not correct, the Approver should flag the transaction and electronically return it to the Cardholder for additional information and/or correction.

11. All transactions must be approved in WORKS by the approver and not auto signed off. WORKS approver in WORKS must be the cardholder’s supervisor that is at least one level higher and has a thorough knowledge of cardholder’s job responsibilities and is familiar with the business case and appropriate business needs for the cardholder’s transactions in order to determine if purchases are job-related or otherwise authorized. An Approver’s electronic approval certifies that the goods and/or services purchased are essential and necessary, appropriately budgeted for and are in compliance with all requirements herein.

**NOTE:** The approver must sign off on all transactions in WORKS before the cardholder’s monthly credit limit will refresh. Approval by the approver certifies that the documentation is acceptable for each transaction and that it was for official state business that it is in compliance with appropriate rules and

regulations, etc., as mentioned above, that it has been reviewed and is approved.

12. Ensure that an electronic log, is completed by each cardholder. Both the log and original billing statement must be signed by both the approver and the cardholder. Both the cardholder and the approver must sign off electronically on every transaction in WORKS with no auto-sign off signatures before the WORKS Billing Cycle Log can be accepted as the signed log. Electronic signatures are acceptable for the WORKS Workflow Billing Cycle Log only. Original Billing statements must be signed by both the cardholder and the approver, electronic or stamped signatures are not acceptable. The approved electronic log with electronic signatures of both the cardholder and the approver, signed original monthly statement, by both the cardholder and the approver, along with any findings and justifications, must then be forwarded to the LDH Division of Planning and Budget Office for review and maintenance of the file.

**NOTE:** The Approver that signs off on transactions in Works, MUST also sign the paper billing statement. However, if additional approvers are assigned to a cardholder they may also sign off on the paper billing statement.

13. Review, at a minimum annually, all cardholders which approver is designated as an approver along with profile limits to ensure appropriate utilization of the card and program intent. This will ensure that all cardholders limits, MCC Codes, etc., are working properly for the cardholder. If limits or codes are not allowing the cardholder to perform his duties, then the approver should contact the LDH program administrator to make necessary adjustments.

Understand that failure to properly fulfill responsibilities as a P-card approver could result, at a minimum, in the following:

- Written counseling which would be placed in employee file for a minimum of 12 months.
- Consultation with LDH program administrators, and possibly LDH Secretary and internal audit section.
- Disciplinary actions, up to and including termination of employment.
- Legal actions, as allowed by the fullest extent of the law.

## **F. CARDHOLDER**

All cardholders must keep informed of program updates as sent from the LDH program administrators or anyone associated with the program. Cardholders must have an understanding of state current purchasing policies, rules and regulations, mandates, Louisiana Statutes, Executive Orders, and this policy and procedure.

Purchases should never be artificially divided to avoid the P-Card policy limits. Cardholders are prohibited from splitting a transaction between two or more transactions in order to circumvent the Single Purchasing Limit (SPL) imposed on the card regardless of the amount of the SPL. Section 6 of the current Small Purchase Executive Order reads “In absence of a good faith business basis, no

purchase or procurement shall be artificially divided within a cost center or its equivalent, to avoid the competitive process or the solicitation of competitive sealed bids”.

To obtain a new pcard, all cardholders must complete the LDH LaCarte Program Cardholder Enrollment Form (Attachment D) and obtain the necessary approvals and forward the card application to Program Administrator for processing along with certification identified in item 2 below, as well as the approver’s certification, only if they are new to the approver role.

## **CARD USAGE**

Use of the P-Card is for official state business only. No personal use. The P-Card is limited to the person whose name is embossed on the card.

1. Annually complete all required state and agency training on policies and procedures and sign the Cardholder Agreement Form, with original documentation given to agency program administrator and a copy kept on file with the approver.
2. The Cardholder is to never:
  - Loan to another person or use to pay for another person’s expenses without prior approval from the Office of State Travel.
  - Give account number or pin number to any individual other than the merchant in which a purchase is being made.
  - Include the full P-Card account number in emails, faxes, reports, memos etc. If necessary use of the last four or eight digits are allowed.
  - Send a copy of the P-Card if requested by a merchant. If this is required for payment, then the cardholder must use another form of payment other than the State Liability P-Card.
  - Use an individual P-Card for personal, non-business expenses for any reason.
  - Pay State sales taxes on purchases with this card, since it is a state liability. See Section VIII regarding sales taxes.
  - Use the P-Card to access or attempt to access cash under any circumstances.
  - Accept cash, gift cards or store credit in lieu of a credit to the P-Card account.
  - Purchase gift cards/gift certificates, without prior approval from the Office of State Travel, as they are considered cash and taxable.
  - Avoid procurement or payment procedures.
  - Purchase of alcohol, food, or entertainment services without obtaining prior written approval from the LDH Program Administrator and from the Office of State Travel.
  - **NEVER MAKE A PAYMENT DIRECTLY TO THE BANK** in the event that an unauthorized charge is placed on the individual’s state

corporate liability P-Card. Making a payment directly to the bank will cause the monthly statement billing file to be out of balance, and the agency will have to determine the cause. Ultimately, it will be determined that a personal payment was made. In order to avoid this situation, report any unauthorized charges to the LDH program administrator immediately, along with decision on how the funds will be reimbursed back to the agency.

3. Notify the LDH program administrator if fraudulent charges are noticed, as the card may need to be cancelled and another card issued.
4. Notify the LDH program administrator if use of a card has changed and lower or higher limits are necessary.
5. Immediately report a lost or stolen card by calling Bank of America at 1-888-449-2273.
6. Agree to complete an exit interview with supervisor/approver and return the P-Card immediately upon request or upon separation from the agency. Cardholder should discontinue use of the purchasing card immediately upon notification of separation. This will allow sufficient time for receipts to be submitted and for outstanding charges to be processed before leaving employment. Failure to do so may result in charges not being reconciled.
7. Notify the Program Administrator immediately when anticipating and/or prior to an extended leave of absence. Ensure that all transactions have been reconciled and signed by both the cardholder and cardholder's supervisor/approver. Ensure that the account has been suspended until the cardholder returns to work. Types of extended absences would include maternity leave, family medical leave, medical leave, military obligations, sabbaticals, etc.
8. Complete a monthly log online through BOA's Works system. LDH has implemented WORKS Workflow, therefore the Billing Cycle Log meets the requirements of the electronic log. The log and original monthly billing statements must be signed by the cardholder and approver. Use of the WORKS Billing Cycle Log for reconciliation eliminates the need for manual signatures on the log since the sign off in the system constitutes an electronic signature as long as it shows both the cardholder and approver signoff/date. Signature stamps are not permitted.

Failure to comply with the above requirements may result in revocation of card privileges and/or disciplinary action.

## **WORKS WORKFLOW**

1. Cardholders must enter comments and/or line item descriptions for each transaction. This allows program administrators, auditors, and other third parties more oversight of transactions. Comments should include the purpose of the purchase, for whom the purchase was made, and other relevant information to allow outside parties to determine that the expense was business-related. If more space is needed, the purpose of the purchase and who it is for may be documented on the invoice or receipt BEFORE uploading into Works. In these instances use the description field for listing what items/services were purchased as it only allows for fifty (50) characters to be entered.
2. Cardholders must upload and attach a copy of the invoice or receipt and any other relevant documentation (e.g. email correspondence) to the applicable single transaction in WORKS Workflow and not one upload for multiple transactions. Attachments must meet the following requirements:
  - Be a PDF document
  - Be legible (e.g. not too dark, not too light)
  - Contain copies of all pages of invoices or other documents.
3. If applicable cardholder must add accounting codes to the GL segments.
4. Cardholder's must sign off on all transactions in WORKS before the monthly credit limit will refresh.

## **G. DECLARED EMERGENCY**

In the event of a State of Emergency declared by the Governor declares a state of emergency, the P-Card may be changed to allow higher limits and opening of certain MCC codes for essential employees who are cardholders that would be active during an emergency situation and not all cardholders. An emergency profile must be created in WORKS which shall not exceed the following limits, without prior approval from Office of State Travel: SPL (single purchase limit) \$25,000, Travel and Rest MCC Groups may be removed if determined to be necessary for group accommodations; however, the Cash MCC Group must remain attached to the profile at all times, as the use of cash is never allowed, even during emergency situations.

Higher limits do NOT eliminate the need to follow emergency procurement rules, policies, procedures, mandates and/or executive orders.

It is the LDH Program Administrator's responsibility to ensure that all cards are returned to their original profile once the emergency declaration has expired and/or when higher emergency limits are no longer necessary.



### III. SECURITY

Each cardholder, agency program administrator, auditor, cardholder approver, or any other employee participating in the program, is responsible for the security of their card, WORKS user ID(s) and password(s), and therefore should:

1. Never allow someone else to possess their card.
2. Recognize that the P-Card is the property of the State of Louisiana and the cardholder is responsible for the physical security and control of the P-Card and its appropriate use.
3. P-Cards are issued in the employee's name and are not to be used by anyone other than the person identified on the card. When not in use, cards should be kept in a secure location accessible only by the cardholder. Cardholders are responsible for the security of the P-Card and the transactions made against them, as well as ensuring purchasing guidelines and internal controls are followed. The Cardholder is also responsible for maintaining the security of card data such as the account number, pin number, the expiration date, and the card verification value (CVV), the 3-digit security code located on the back of the card.
4. Never display the Card Account Number, WORKS and WORKS Workflow user ID and passwords around their work area.
5. Never give the Card Account Number, user IDs or passwords to someone else.
6. Never **email** the full account numbers or user ID numbers or passwords or store full account numbers in supporting documentation.
7. Secure assigned WORKS application User IDs. Never share User ID, password or pin number and/or leave work area while logged into the system or leave log-in information lying in an unsecure area.

### IV. DOCUMENTATION

Documentation must be adequate and sufficient to adhere to purchasing policies, rules and regulations, mandates, Louisiana Statutes, Executive Orders, internal agency policies and procedures and for recording of expenditures in the state/agency accounting system as applicable. LDH Division of Planning and Budget will ensure that all supporting documentation along with the original receipts are scanned and attached to each corresponding transaction.

It is the cardholder's responsibility to obtain itemized original receipts and any other documentation. Original documentation is required for all purchases and credits regardless of the order method. For items purchased over the counter, the cardholder should obtain the original customer receipt. When ordering by telephone, fax, or computer, the cardholder must obtain a packing list or similar document. For items such as registrations, where the vendor does not normally generate a receipt or packing slip, a copy of the ordering document may be used. Acceptable documentation must include a line description, with full description not a generic "general merchandise" description, and line item pricing for the purchase. Electronic receipts are allowed if they are un-editable and are maintained in compliance with the agency retention policy. For internet purchases, the print out of the order

confirmation showing the details, or the printout of the order details, or the shipping document if it shows what was purchased, the quantity and the price paid suffice for the itemized receipts.

If a receipt is not furnished by the merchant (as may be the case with a phone or Internet order), documentation such as an order confirmation, packing slip, or invoice, etc. shall be obtained and shall contain an itemized and detailed description of the purchase. All receipts must give an itemized and detailed description of the purchase and must include at a minimum:

1. Merchant Name
2. Date of Purchase
3. Description (a receipt description, which only states “Miscellaneous”, or “Merchandise”, or only includes a vendor’s stock or item number, is not acceptable).
4. Unit price and quantity
5. Transaction total

If a cardholder does not obtain an original receipt and a duplicate cannot be obtained, the cardholder should use LDH’s Missing Receipt Form (Attachment J). Multiple uses of the form in a fiscal year should result in suspension of card privileges for a period of time as determined by the agency.

All required original documentation (both paper and in an un-editable electronic format), special approvals, etc., must be submitted timely and in accordance with their agency’s internal policy and procedures.

The immediate approver must verify and ensure that the following controls are being met and that transactions are appropriate, accurate, have a business case and business need for the purchase, all receipt dates and other supporting documentation dates are applicable with known need, if applicable, and were approved. Documentation of approval must be accomplished electronically online by signing off on the transaction.

1. Acceptable complete original documentation exists both paper and in an un-editable electronic format, once Workflow has been implemented, to support each purchase, service and/or credit, verify that purchases are for official state business and comply with any current purchasing policies, rules and regulations, mandates, Louisiana Statutes, Executive Orders, internal agency policies and procedures as applicable, as all must be followed during the use of the LaCarte Purchasing Card and this policy.
2. Confirm all supporting original documentation (including complete line item descriptions where generic description is on receipts such as “general merchandise,” approved electronic log with electronic signatures of both the cardholder and the approver, no auto-sign offs and signed original monthly statement, by both the cardholder and the approver, along with any findings and justifications) and must then forward to the LDH program administrator in the office of Planning and Budget for review and maintenance of the file.

Cardholders must run and provide a “Billing Cycle Completed Purchase Log” as an un-editable, PDF formatted electronic log. All logs and original monthly billing statements must be signed by the cardholder and the approver. Use of the WORKS “Billing Cycle Completed Purchase Log” eliminates the need for manual signatures on the log only, as long as every transaction has been signed off in WORKS by both the cardholder and the approver (as the data generated at the time includes the most

current signoff information with the date and time stamp of the approval). The Monthly Billing Statement must be manually signed by both the cardholder and the approver; electronic or stamped signatures are not acceptable.

All original receipts and original supporting documentation must be maintained by the Office of Planning and Budget.

The agency cardholder approvers will forward all original supporting documentation along with original invoices, receipts and approved electronic log, by both the cardholder and the approver, and the signed original statement, by both the cardholder and the approver, and any findings and justifications to the Office of Planning and Budget, for review and maintenance of the files, in accordance with record retention laws. All files must be centrally located in the Office of Planning and Budget, and will be subject to review by the Office of State Travel, the Louisiana Legislative Auditors Office and any other duly authorized auditor.

All system entries and scanned supporting documentation, when utilizing Workflow and electronic approvals are maintained electronically within the WORKS Workflow online system for up to 3 years. If an agency requires documentation retention for more than 3 years, it is the responsibility of the agency to obtain and archive the transaction data annually.

Failure to comply with the above requirements may result in revocation of card privileges and/or disciplinary action.

## **V. CARD MISUSE**

Cardholders, program users, or approving officials, auditors or anyone associated with the program who knowingly, or through willful neglect, fail to comply with the requirements may be subject to suspension or termination of account privileges or other disciplinary action, up to and including termination of employment and criminal prosecution to the fullest extent of the law.

### **A. FRAUD PURCHASES**

Any use of the P-Card which is determined to be an intentional attempt to defraud the state for personal gain or for personal reasons is prohibited. An employee suspected of having misused the P-Card with the intent to defraud the state will be subjected to an investigation. Should the investigation result in findings which show that the actions of the employee have caused impairment to state service and should those findings be sufficient to support such action, the employee will be subject to disciplinary action. The nature of the disciplinary action will be at the discretion of the LDH Appointing Authority and will be based on the investigation findings and the record of the employee. Any such investigation and ensuing action shall be reported to the Legislative Auditor, the Office of Inspector General and the Director of the Office of State Travel.

When it has been identified that an employee made an unauthorized, personal or unapproved charge on the state issued P-Card, and it is determined that this was accidental and not an intentional fraudulent purchase, the cardholder will be instructed to submit a check made payable to the Louisiana Department of Health within 30 days of the purchase in the amount of the unauthorized charge. With the check, the cardholder is to include the coding that the unauthorized transaction was allocated to so that the check is deposited as return of appropriation to the proper account coding. Repeated purchases will warrant cancellation of account.

Any recognized or suspected misuse of the P-Card Program should be immediately reported to the LDH program administrator and may be anonymously, reported to the State of Louisiana Inspector General's Fraud and Abuse Hotline at 1-866-801-2549 or for additional information one \_\_\_\_\_ may \_\_\_\_\_ visit <http://oig.louisiana.gov/index.cfm?md=pagebuilder&tmp=home&nid=3&pnid=0&pid=4&catid=0>.

Cardholders and other program personnel are prohibited from using the P-Card for the purchase of any goods or services not directly or indirectly related to official State of Louisiana business. Intentional use of the card for personal purchases will result in disciplinary action, up to and including termination from State employment and criminal prosecution.

Supervisors or other approving officials who knowingly, or through willful neglect, approve personal or fraudulent purchases are subject to the same disciplinary actions as those making the purchase.

## **B. NON-APPROVED PURCHASES**

A non-approved purchase is a purchase made by a State cardholder for which payment by the state is unapproved. A non-approved purchase differs from a fraud purchase in that it is an unintentional misuse of the P-Card with no intent to deceive the agency for personal gain or for the personal gain of others.

A non-approved purchase is generally the result of a miscommunication between a supervisor and the cardholder. A non-approved purchase could occur when the cardholder mistakenly uses the P-Card rather than a personal card.

When a non-approved purchase occurs, the cardholder should be counseled to use more care in handling of the P-Card. The counseling should be in writing and maintained in the employee's file for no longer than one year unless another incident occurs. The employee must pay for the item purchased inappropriately. Should another incident of a non-approved purchase occur within a 12-month period, LDH's Appointing Authority should consider revocation of the P-Card.

## **C. DISCIPLINARY ACTION FOR UNAUTHORIZED, PERSONAL OR UNAPPROVED CHARGES**

If a cardholder makes an unauthorized, personal or unapproved charge and does not voluntarily refund the purchase to the Department, the Department will take disciplinary action. The nature of the disciplinary action will be the prerogative of the appointing authority and will be based on the investigation and the ensuing action shall be reported to the Legislative Auditor, the Director of Office of State Travel, and the LDH LaCarte Program Administrator. Unauthorized use may include termination of employment and legal action, as allowed to the fullest extent for recovery of the funds.

## **D. MERCHANT FORCED TRANSACTIONS**

1. Commercial cards are accepted by a variety of merchants that process transactions only if approved by the issuing bank thereby abiding by the card controls in place. Merchant transactions are processed using one of the two steps as follow: Merchants process transactions against card controls (MCC, limits, expiration date, etc.) and, if approved, receive an authorization number.
2. Merchants submit the transaction for payment from the bank.
  - In rare instances, merchants will circumvent the authorization process and only perform step two. This means that the merchant didn't process the transaction against the card controls and therefore did not receive an authorization number.
  - If this happens, the merchant has forfeited all dispute rights, the transaction can be disputed by the cardholder and unless the merchant provides a valid authorization number, the dispute will be resolved in the cardholder's favor.

## **VI. DISPUTES**

In the event a cardholder finds items on the monthly billing statement that do not correlate with retained receipts and supporting documentation, the cardholder must contact the merchant to try to resolve the problem, such as where transactions were not made by the cardholder, or involve incorrect transaction amounts, or if there is an issue with service or quality.

If the merchant agrees an error has been made, they will credit the cardholder's account. The credit should appear on the next monthly billing statement. The cardholder should check the next statement for credit.

If the dispute with the vendor is not resolved, the dispute can be processed in WORKS or the cardholder can complete the Statement of Disputed Item Form (Attachment G). The Statement of Disputed Item Form may also be obtained at <http://www.doa.la.gov/Pages/osp/Travel/forms.aspx> must be completed and mailed or faxed with required enclosure within 60 days from the billing close date (5th of each month) to:

Bank of America – Commercial Card Services Operation

P O Box 53142  
Phoenix, AZ 85072-3142  
Phone: (800) 410-6465 Fax: (888) 678-6046

A copy of the dispute form should be sent to the LDH Program Administrators, Shelly Mayfield ([Shelly.Mayfield@LA.Gov](mailto:Shelly.Mayfield@LA.Gov)) or Christy Wallace ([Christy.Wallace@LA.Gov](mailto:Christy.Wallace@LA.Gov)).

Disputed transactions will be paid; therefore, the cardholder must mark purchasing documentation as “**DISPUTED**”. Cardholder should retain a copy of the disputed documentation and verify receipt of the credit on future statements.

All disputes must be identified in writing within 60 days of the billing statement. Bank of America will then resolve disputes within 180 days.

Sales tax is not a disputable item. It is the responsibility of the cardholder to notify merchants that a purchase is sales tax exempt and provide the tax exemption number.

## VII. SALES TAX

Cardholders are responsible for ensuring that merchants do not charge tax or provide a credit for inadvertent charges.

1. P-Card charges are a direct liability of the State; therefore, as a rule Louisiana State sales tax should never be charged on card purchases. The State of Louisiana tax exemption number is printed on the front of the P-Card.
2. It is the cardholder’s responsibility to ensure that state tax is not charged. Cardholders must make every effort at the time of purchase to avoid being charged Louisiana State sales tax. If in-state sales taxes are charged, it is the cardholder’s responsibility to get a credit issued to their card, or the cardholder should reimburse the agency the total amount of the state taxes. Documentation of attempts to obtain credit for any State Sales Tax charged in error must be maintained with the documentation for the transaction where the tax was charged.
3. In the event state sales tax is charged and a credit is warranted, it will be the cardholder's responsibility to have the vendor-merchant (not Bank of America) issue a credit to the cardholder's account.

## VIII. AUDIT REQUIREMENTS

All transactions and original supporting documentation must be, at a minimum, randomly audited monthly, by a second party; the agency program administrator or their designee. To maintain segregation of duties the program administrator or second reviewer(s) cannot be an approver and have the responsibility of auditing the monthly reports.

Agencies are responsible for performing post audits of cardholder transactions to monitor appropriate use while verifying that purchases are made in accordance with Corporate Liability “LaCarte” Purchasing Card Policy, all current purchasing policies, rules and regulations, mandates, Louisiana Statutes, Executive Orders, internal agency policies and procedures. The bank will provide reporting capabilities at no cost to each agency. Remember all transactions MUST have an original receipt. Once the agency has completed the implementation of Workflow the receipt and any supporting documentation must be uploaded electronically to WORKS and attached to the applicable transaction. Electronic copies must be unalterable and readily available to auditors when requested. The agency is responsible for securing and archiving transaction data as required by the business operations of the agency. If using WORKS Workflow, data is available electronically for up to 3 years. If using IntelliLink, data is only available for a 27 month rotating period. If an agency requires documentation retention more than allotted period provided above, it is the responsibility of the agency to obtain and archive the transaction data annually.

It is the agency’s responsibility to not only review the data gathered, but to make certain that transactions are for a business purpose and have a legitimate business need for the cardholder. In the event that a transaction is being investigated, the cardholder must explain and justify the transaction being questioned. Based on the cardholder’s explanation, LDH should address the situation accordingly. All backup documentation should be kept together whether printed, on a secured shared drive, flash drive or any other form to consolidate findings and responses in one central location as well as eliminate loss of information when an employee separates from the agency for any reason. All generated reports showing no transaction activity should be screened printed and kept with reports generating data.

LaCarte Purchasing Card Program Auditing Reports contain a list of reports created for agencies to use for monthly audit requirements of this program through WORKS and Visa IntelliLink. Some reports are required to be generated and reviewed at least once a month, while others have been created and designed as added value to assist in policy compliance. Although all of the reports are not required monthly, agencies are strongly encouraged to determine which of the reports are of the most value to the agency and should consider rotating them, at a minimum every other month.

All documentation/findings/replies including printed copies of reports generating no data, resulting from the monthly audit of P-card transactions, are to be maintained in the Office of Planning and Budget at LDH, and readily available for any internal or external audits that may occur. LaCarte Purchasing Card Program Auditing Report are available through WORKS and VISA IntelliLink. Data is available in WORKS for at least 36 months, Visa IntelliLink is available for a 27 rotating month period. If an agency requires documentation retention for more than 27 months, it is the responsibility of the agency to obtain and archive the transaction data accordingly.

Monthly reviews and inquiries, requested from the Office of State Travel, Division of Administration auditors, etc., to agency program administrators, must be answered in the time specified in the request. Currently for monthly reviews, at the minimum justification is required for each transaction, along with program administrator and agency verification that the transaction was for a business purpose and was in compliance with all state and agency card program policies, current purchasing policies, rules and regulations, mandates, Louisiana Statutes, Executive Orders, internal agency policies and procedures and/or monthly certification that the above procedures have been conducted must be certified in certified in LEO, <https://wwwcfprd.doa.louisiana.gov/PCardCompliance/> by the 14<sup>th</sup> of the current month for the billing cycle ending 30 days prior. The certification will indicate that LDH personnel administering the P-card program have generated the required reports, all requirements listed in the policy have been completed, and necessary findings have been investigated, documented and handled appropriately.

Once an agency has implemented WORKS Workflow, there are additional reports that can be created to give cardholder approvers, accountants, agency program administrators, auditors, and management information to monitor the compliance of their cardholders and staff. Data is available electronically within WORKS Workflow for up to 3 years.

In addition, reports shall be used as a tool to assist the LDH program administrator/agency with determining which cardholders may need a refresher training course, re-certification of the state's online training, counseling, cancellation of card, due to inaccuracies, etc., as well as, to determine possible changes to cardholder's limits, profiles, and MCC groups.

When WORKS Workflow implementation has been completed, a Billing Cycle Purchase Log report will be available electronically for print. It is an un-editable, PDF, formatted report. The WORKS Workflow system data is generated at the time of report request with the most current signoff information with the date and time stamp of the approval captured in the audit tracking along with all documentation which has been scanned to support P-card transactions and tied to the appropriate transaction. Always ensure that the correct cycle period/dates are entered when printing the log report. Cycle dates for the program begin on the 6<sup>th</sup> of one month and ends on the 5<sup>th</sup> of the following month.

## **IX. 1099 VENDORS**

For this program, 1000 reporting responsibility is assumed by VISA.

## **X. RECONCILIATION AND COST DISTRIBUTION**

LDH will ensure that monthly statements are reconciled timely and any issues addressed immediately with Bank of America prior to the payment due date. Reconciliation procedures that ensure timely payment and/or allocation of transactions to the General Ledger, documenting as appropriate for reconciliation of transactions including the use of Works Workflow.

1. In WORKS Workflow, the cardholder/approver/accountant must enter accounting distribution information for fund/agency/organization number and object as required in the online Workflow system. Reporting category sub object and activity are optional.

All original supporting documentation including original receipts must be scanned into Workflow, tied to the transaction with original documentation forwarded, including signed paper log or approved electronic log, by both the cardholder and approver; the signed original monthly statement, by both cardholder and approver, along with any findings and justifications, to the agency's fiscal office for review and maintenance of files.

2. Cardholders will receive paper or electronic billing statements monthly from Bank of America within approximately 5 business days of the close of the billing cycle. If the cardholder statement is not received timely, the cardholder must notify the LDH program administrator immediately so that a statement can be obtained for reconciliation purposes and filing with original documentation. Note: Transactions are available for processing online as soon as the transaction has posted to the WORKS online system.
3. Reconcile purchases/services charged during the billing cycle by matching the bank billing statement to their P-Card log. The un-editable electronic log along with the supporting documentation and bank billing statement must be reviewed and certified by the cardholder showing the purchases/services were received or reported as a disputed item. The cardholder must scan all original supporting documentation, original receipts, etc., into Workflow and tie each scan to the applicable transaction. The cardholder then forwards the electronic log, with all supporting scanned documentation to his immediate supervisor/approver for his/her signature on both the log, and original billing statement after verifying that the log, documentation and statement are correct and have not been altered. All logs, original billing statements and original receipts/documentation must be forwarded to the LDH P-Card Program Administrator to maintain in one central location, not scattered within different locations, units, departments, sections, etc. In the WORKS Workflow system, when a cardholder approves a transaction online, his signoff moves the transaction to the queue of their approver for their electronic signature.
4. Once all approvals and audits by cardholder approvers have been obtained and forwarded to the LDH Division of Planning and Budget's office, the P-Card Program Administrator or designee, must review receipts in the program journal vouchers to correct any necessary coding changes. All original documentation must then be housed in LDH's Division of Planning and Budget.
5. It is crucial that all original receipts and original supporting documentation, including original signed statements, approval document(s), etc., as well as cycle log be sent to LDH's P-Card Program Administrator to be maintained in one central location available to auditors and not scattered within different locations, units, departments, sections etc.
6. If it is determined that personal or other unauthorized charges are occurring on the card, appropriate steps, up to and including dismissal, shall be taken to resolve the misuse/abuse of the card. (See Section V; Card Misuse).
7. Upon notification by the immediate supervisor/approver that the cardholder reconciliation has been approved, the LDH P-Card Program Administrator will ensure that the charges are distributed to the appropriate accounting codes.

8. It is the responsibility of each agency to contact the Bank if a paper statement is not received timely. Agencies should complete the reconciliation and distribution processes each month prior to receiving the next billing statement.

### **ISIS INTERFACE AGENCIES**

1. Must establish and assign default/override accounting codes for transactions not otherwise coded through the electronic online WORKS Workflow. There will be a default accounting code for each appropriated program that will consist of the fund/agency/organization/object combination. Coding will be assigned either through online allocation or through the application of override codes during export from BOA to ISIS. Default/override codes are assigned by Office of State Reporting and Accounting Policy (OSRAP) and are included in the export programming when no allocation coding is applied.
2. Must run the ISIS Export File in WORKS before the close of business on the 14<sup>th</sup> of every month to ensure that all transactions are coded with applicable accounting codes for your agency and are imported properly into ISIS's financial system to create the agency's P3 document for payment.
3. Each agency will be responsible for notifying OSRAP of all instances that will require a change in the agency's structure. The Agency will be responsible for updating user restrictions within its instance when using the WORKS Workflow.
4. Ensuring a clearing (PPPP) or override organization code is set up for each corporate account (ISIS Agency) for miscellaneous charges and for cardholder transactions that have an incorrect or missing code.
5. Each agency will be responsible for reconciling cardholder statements (paper or electronic) to electronic payments (P3 P-Card Vendor Payment Voucher Input Form) and distributing costs from the default/override accounting codes to the proper accounting codes. LDH must notify OSRAP immediately of any discrepancies.
6. Each agency must review the P3's immediately upon their posting and determine if any discrepancies exist between the billing statement and the P3's. If a discrepancy does exist, the agency should contact LDH's P-Card Program Administrator and/or Bank of America Account Specialist to determine how the discrepancy will be corrected. Once this information is received, the Program Administrator must contact OSRAP (225) 342-1053. OSRAP will then determine if manual P3's have to be developed. This must take place prior to the 25<sup>th</sup> of each month.
7. Miscellaneous charges made to the corporate account must be reviewed, approved and reconciled. Miscellaneous charges will either default to the PPPP code or the override code from WORKS Workflow will be applied. Agency accounting departments must move these charges to the proper ORGN
8. If a cardholder's spending defaults to PPPP or the override code programmed in WORKS Workflow, rather than their correct ORGN, an error has occurred. The P-Card exceptions report and the 1G08 report of detailed transactions can be used to determine the reason for a cardholder's spending or coding the transaction to the default PPPP or to some other incorrect code. LDH's P-Card Program Administrator must take steps to resolve the items on the report

by contacting the bank and OSRAP if necessary to correct the routing error. This should be done prior to receiving the next month's statement to prevent reoccurring errors. Cardholders who repeatedly have allocation errors should be counseled and retrained if necessary on the WORKS Workflow process and coding.

9. LDH will prepare a journal voucher document (J6 or J2 or create a REJ6 record to automatically generate the J6 each month) to credit the default accounting codes (P-Card clearing organization and object) and debit the appropriate organization, object, reporting category, etc. Note: Payment for all ISIS Agencies will be made automatically on the 25<sup>th</sup> of each month regardless of the status of the reconciliation process.
10. LDH must reconcile the billing statement at the corporate account level to the electronic payment made to Bank of America. All charges and/or credits should be cleared from the P-Card clearing organizations each month for ISIS Agencies.

### **EVP (ELECTRONIC VENDOR PAYMENT)**

Vendors who choose the option to enroll with the EVP program are flagged on the ISIS vendor tables to receive their payments through the EVP program of the State with Bank of America (BOA). Agencies will process their payments to vendors for goods and services purchased as usual. The mechanism by which vendors get paid will be determined by a flag on the vendor table as currently done. If a vendor is flagged as an EVP vendor, payments to the vendor will be made through the EVP process without the agency directing this means of payment. The EVP program allows vendors to be paid through the vendor's virtual account with BOA. An electronic mail is generated and sent to the vendor to notify them of the availability of payments and the availability of funds placed in their account for withdrawal. State agencies will notice movement of cash from Cash Account 6000 (ISIS Disbursement Cash Account) to cash account 6PCD (Cash P-Card Tier II). The cash account 6PCD will be reduced when vendors draw down their funds from their virtual accounts with BOA for the invoices they have paid, and when the BOA bill is paid. Agencies do not need to approve any of the transactions in the system after approving the payment voucher.

For internal control purposes, LDH Division of Fiscal Management must monitor their cash position, monitor their outstanding payments, and vendor drawdowns through WORKS. For ISIS agencies, a 1G64 report will be generated that will provide detail of the EVP transactions daily. OSRAP will also be responsible for reconciling the cash account 6PCD with transactions from the BOA paid/billing file. BOA has also created standard reports in WORKS that will allow each agency to see their EVP payments. These reports will help agencies reconcile outstanding EVP to their 6PCD cash account and also to see what payments are still outstanding (much like the outstanding checks report). Control Agencies like Office of Statewide Reporting and Accounting Policy (OSRAP) and the State Treasurer's Office (STO) will have access to reports in WORKS that will allow them to see EVP activity by all state agencies.

## **XI. PAYMENT PROCEDURES FOR INDIVIDUAL P-CARD, AND EVP (ELECTRONIC VENDOR PAYMENT) ACCOUNTS**

All accounts are the direct liability of the State. Each agency is responsible for ensuring all accounts are paid timely and in full each month with ONE electronic funds transfer (EFT) to Bank of America. The Agency will ensure that necessary procedures and controls are in place for prompt payment, reconciliation and cost distribution of charges and credits. Agency specific policies and procedures must be developed. These policies should address required approvals and authorizing procedures. Copies of this policy must be made available to all program participants and other personnel responsible for P-Card.

1. Bank of America will send paper statements and/or an electronic file containing all cardholder transactions. These files may be used for reporting and reconciliation.
2. The paper statements and the electronic Statement Billing File, when applicable, will be sent after the close of the billing cycle. Payment must be made electronically to Bank of America within 25 days of statement billing date.

### **ISIS INTERFACE AGENCIES**

1. The billing cycle for all ISIS Agencies end on the 5th of each month. The Statement Billing File will be used for ISIS Agencies to create a P3 (P-Card Vendor Payment Voucher Form) and interface to AFS. This document will use either the allocated general ledger coding entered or the default/override accounting codes assigned to the transaction at the time of interface between Bank of America (BOA) and ISIS. The interface will automatically create the P3 document each month. No action is required by ISIS Agencies for payment. For agencies that have implemented the WORKS Workflow system for an electronic reconciliation process, the agency will designate those employee(s) tasked with maintaining the user data, as well as those that will be responsible for maintaining the general ledger coding restrictions within WORKS Workflow.
2. The P3 document will override budget checks and cash checks in AFS and must produce an electronic funds transfer (EFT) to be sent to Bank of America. The EFT request will be processed on the 25th of each month to allow for timely payments throughout the year.

### **EVP PAYMENTS**

Each workday, AFS creates EFTs for the vendor payments scheduled for that day. EFTs payable to vendors that participate in EVP are sent to BOA for payment via the vendor's virtual credit card. Journal vouchers (J5) are created and processed each day to account for the deferred disbursement of cash. The billing cycle for all ISIS agencies ends on the last day of each month. On the 20<sup>th</sup> day of the month (or the immediately preceding work day, if the 20<sup>th</sup> is a non-work day), information provided by BOA/WORKS concerning EVP payments that have been drawn by vendors during the billing cycle is used to create journal vouchers (J5) that reverse

the earlier J5s and payment vouchers (P5) that initiate a corresponding EFT payment to BOA that same day. The P5 documents will override budget checks and cash checks in AFS. No action is required by ISIS agencies for this payment, unless a P5 document is rejected when processed by ISIS. Timely correction of rejections will be necessary to insure payment to BOA by the payment due date on the 25<sup>th</sup> of the month.

## **XII. WAIVERS**

### **EXCEPTIONS**

The Director of State Travel, or designee, may waive in writing any provisions of these regulations when the best interest of the State will be served. Any requests for a waiver must be submitted through the LDH P-Card Program Administrator.

## **XIII. POLICY ATTACHMENTS**

- A. Program Administrator Agreement (For Program Administrators use only)
- B. Cardholder Agreement
- C. Approver Agreement
- D. Cardholder Enrollment Form
- E. MCC Code
- F. Tax Exempt Form
- G. Statement of Disputed Item
- H. Card Limit Change Form
- I. DOA P-Card Exception Request Form (For Program Administrators use only)
- J. Missing Receipt Form

## **XIV. REVISION HISTORY**

<b>Date</b>	<b>Revision</b>
04/04/2002	Policy created
02/27/2006	Policy revised
01/29/2007	Policy revised
12/22/2008	Policy revised
08/30/2010	Policy revised
01/01/2012	Policy revised
02/03/2014	Policy revised

08/04/2014	Policy revised
09/29/2016	Policy revised
08/31/2018	Policy revised
02/19/2020	Housekeeping Change