



WISCONSIN ACCOUNTING MANUAL

Department of Administration – State Controller’s Office

Section	05	ACCOUNTS PAYABLE, INTER AND INTRA UNIT PAYMENTS	Effective Date	7/1/2015
Sub-section	04	Purchasing Card	Revision Date	08/01/2019
SAM Ref	5-13			

BACKGROUND

The State has authorized the use of a purchasing card (p-card) for individual transactions up to and including the level where bids are required. Individual credit limits, including card and cycle limits, vary as determined by agency. To assure the effectiveness of the program, the policy and procedures in this section must be followed by agencies using the purchasing card.

The state will receive a daily file from that bank that includes that day’s charges. This daily file will be loaded to the system so cardholders can review their charges. The system allows them to change the account coding for these charges. This coding is used to create the accounting strings charged when the payment vouchers are built biweekly. The state is responsible for paying the bank for the charges on the cards. Any incorrect or disputed charges should be discussed with the appropriate party (vendor or bank) and adjustments will appear on subsequent bills.

DEFINITIONS:

“Purchasing Card” means a credit card issued to an authorized state employee through the Department of Administration, State Bureau of Procurement’s Purchasing Card Contract.

“Cardholder” means a specific state employee who has been issued a Purchasing Card by an agency.

“Agency Purchasing Card Coordinator” means the individual appointed by the agency head to manage, coordinate and control Purchasing Cards within the agency.

“Supervisor” means the individual to whom the cardholder reports and submits the purchasing card log and receipts for review. The individual who signs the log or statement to acknowledge that the purchases made are reasonably work related for the cardholder before forwarding to an accounting office for audit.

“Original Receipt” means the customer copy of the Purchasing Card receipt signed by the cardholder at the time of purchase. In the case of phone orders, “original receipt” means the copy of the receipt sent by the supplying vendor to the purchaser with the goods purchased. This “original receipt” should be annotated by the cardholder to indicate that the order was placed by phone or fax. A credit card charge slip with only the total does not qualify as an original receipt. A receipt needs to include an original record of what was purchased. Any exceptions must be documented.

“Statement” means the statement of charges that is sent to the cardholder by the Purchasing Card vendor.



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REFERENCES:

For information on procurement rules and responsibilities, refer to the State Procurement Manual, Section PRO-E-23. On-line access to the State Procurement Manual is available through the State Bureau of Procurement’s Vendornet.

For information on how to use the purchasing card, refer to the “Purchasing Card User Manual.” Follow the link to the user manual on the State Bureau of Procurement website.
<http://vendornet.state.wi.us/vendornet/purchcrd/manual6.asp>

POLICIES

1. Only State Employees are authorized to have a P-card. Under no circumstances should a P-card be issued to a contractor or other non-state employee.
2. The transactions to pay the bank for p-card charges are built by the system but require approval before the bank is paid. The state has to pay the amount billed by the bank and any adjustments to these amounts will occur on subsequent bills. As a result all p-card payment vouchers must be approved in time to meet the contractual payment due date. Approval can be applied by either the P-card Approver role or the agency P-card Administrator role. However, it is likely that approvals will need to be applied before all supporting documentation is available to perform a review of all p-card charges. As a result the indication of an approval in the STAR system does not signify that the transaction has actually been reviewed, that all supporting documentation is available and that all charges are appropriate. In addition, only one approval is required in the system to process the payment. To document that the required reviews and approvals have occurred the current process with the p-card log will be continued. The log or card statement must include the signature of the cardholder, supervisor and pre-auditor. Agencies can obtain approval from SCO to use an automated process for approvals as long as the required approvals are documented in this process.
3. Changes in reporting requirements have made it the responsibility of the issuing bank to report 1099 reportable services charged to a p-card. Therefore, 1099 reportable services are no longer prohibited from being charged to a p-card.
4. TRAVEL RELATED ITEMS
Since July 1, 1999, the purchasing card program has allowed certain travel costs to be charged. These travel costs include airline tickets, lodging, car rentals in compliance with UTSA rules, hotel and airport parking and rental car gas.

When possible it is recommended that an agency travel coordinator be assigned the purchasing card and make arrangements for the travelers. In some cases, it will be appropriate for a traveler to have the purchasing card in his or her possession. In addition to the general purchasing card merchant category code specification, there exists a separate merchant category code specification that will allow charges only for the selected travel costs: airlines, lodging, car rental, hotel and airport parking and rental car gas.



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5. FOREIGN EMERGENCY MAJOR MEDICAL EXPENSE

The State has some employees that travel to foreign countries. Occasionally, circumstances arise that require immediate medical attention. Some medical facilities in foreign countries will not perform the necessary procedure unless the bill is paid in advance. They are also reluctant to deal with the required paperwork for making a claim to the employee’s health insurance and demand payment from the employee. The employee usually does not have the capability to pay for an emergency major medical expense out of pocket and wait for reimbursement from their insurance company. In addition, travel insurance is not a reimbursable expense and should not be purchased. Due to the above, the Bureau of State Risk Management, State Bureau of Procurement and the State Controller’s Office have determined that a purchasing card may be used to pay foreign emergency major medical expenses. The following procedures provide guidance on use of the purchasing card for this type of expense.

A separate purchasing card should be issued to the foreign traveler that may be used only for foreign emergency major medical expenses. This is the only card that is acceptable for foreign emergency major medical expense. **DO NOT USE A STANDARD STATE PURCHASING CARD FOR FOREIGN EMERGENCY MAJOR MEDICAL.** A separate merchant category code specification, **STMEDICAL** (I, include), must be used and only merchant category codes for foreign medical institutions will be available. Those merchant category codes are: 8011, 8021, 8031, 8041, 8042, 8043, 8044, 8049, 8050, 8062, 8071, 8099, and 4119.

The Account Code in the accounting string for this card must be 1410000 –Foreign Emergency Major Medical. This code needs to be used because of the need to isolate these costs. This balance sheet account serves as a clearing account as the state agency must be reimbursed for this personal expense as outlined in the following paragraph. The receipt for reimbursement of this major medical expense must be credited to the 1410000 balance sheet account. When reimbursement is complete the balance sheet account 1410000 should be \$0.00.

As a convenience to the employee, the State will initially pay for foreign emergency major medical expense. However, when the traveler returns stateside, the employee must file a claim with their health insurance company for reimbursement to the state agency that paid the medical expenses. If qualified, the claim can be made through the Workers Compensation process. The employee must repay any deductibles or items not covered by insurance to the state agency. The agency purchasing card coordinator must follow-up with the employee (cardholder) to assure that an insurance claim is filed. The agency accounting section must reconcile the reimbursement to the balance sheet account.

6. CREDIT CARD ISSUANCE

See the P-card User Manual for more information on obtaining a p-card.

As part of the process with issuance of a p-card, a default accounting code string must be associated with the card. The payment transactions are built using the default coding string and the bank file of charges on the card. The cardholder has the ability to review their charges and change the account



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codes charged for the purchases. The revised coding will then be used when the payment vouchers are built biweekly.

PROCEDURES

1. CARDHOLDER RESPONSIBILITIES

Each cardholder is responsible for the following activities

- Cards must not be loaned to others for two important reasons: 1) If the card is used inappropriately, the cardholder is responsible for all inappropriate charges, and 2) The State loses the liability protection from the credit card company if the card is loaned.
- The card must not be used for personal transactions. If personal transactions occur, the item must be returned to the merchant for full credit or the employee must repay the State including any applicable state, county or city sales taxes. Even if the merchant does not charge these taxes, the agency must remit the taxes to the Department of Revenue.
- Record each purchase.
- Keep receipts for documentation and forward to supervisor for review as described later. A credit card charge slip with only the total is not sufficient documentation. A receipt needs to include an original record of what was purchased. Any exceptions must be documented.
- Review charges in the system daily and change any account coding as needed. Appropriate coding for travel expenses charged to the p-card will depend on whether the agency elects to also enter these expenses into the Expense Module. If these expenses will be entered into the Expense Module then the 7310000 – Travel P-card Account code should be used on the payment to the bank. If these expenses will not be entered into the Expense Module then the most appropriate Account Code (not 7310000) for the business purpose of the expenses should be used. See also Section 06-03 of this manual for more information.
- Receive information statement from the card company.
- Verify cardholder statement agrees with record of purchase and receipts. Sign the record to attest that all purchases are for state business purposes and comply with appropriate rules and regulations.
- Forward the signed record with original receipts to supervisor for review.
- Cardholder is responsible for resolving disputes as described below and in the cardholder user manual.



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Returns, Credits and Disputed Items

The cardholder has responsibility for following up with the merchant or bank on any erroneous charges, disputed items or returns as soon as possible. Disputed billings can result from failure to receive the goods charged, defective merchandise, incorrect amounts, duplicate charges, credit not processed, as well as fraud and misuse.

If the cardholder has a problem with a purchased item or a billing resulting from use of the VISA Purchasing Card, they should first try to reach a resolution with the supplier that provided the item. In most cases, disputes can be resolved directly between the cardholder and the supplier.

Credits

Referring to the cardholder receipt, request from the merchant to record a credit on the card account. If the item was shipped, refer to the shipping form you kept with envelope transaction record.

Returns

The supplier should issue credit for any item that has been approved for return. The credit should appear on a subsequent statement. Any item purchased with the VISA Purchasing Card that is returned must be returned for credit. Do not accept a refund in cash or check.

Make sure you keep documentation of credits, returns and exchanges on the purchase record.

Disputed Items

When a disputed charge cannot be resolved with a supplier, complete the US Bank “Cardholder Statement of Questioned Item Form” and send it to US Bank Financial Services with a copy sent to your Purchasing Card Program Administrator. This written notice of dispute must be received by US Bank within 60 days of the date that US Bank sent the first statement or transaction file.

Transactions may also be disputed using Access Online. Refer to the Access Online Cardholder Reference Guide, “Dispute a Transaction Quick Reference” section for more information.

During US Bank’s investigation, the Bank will issue a credit to the purchasing card account in question for the disputed amount. When the investigation is complete, you will be notified of the resolution by US Bank. If you are not satisfied with the resolution, immediately contact your P-Card Program Administrator.



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2. SUPERVISORY REVIEW

The following items should be performed by the cardholder’s supervisor, who must be trained regarding what is required of the cardholder and the supervisor.

- Review information submitted by cardholder. The amount of review will depend on a number of factors but the supervisor should, at a minimum, compare receipts to the purchase record submitted by the cardholder.
- Verify purchases are for use in state business. Sign on cardholder submitted record to certify that purchases are for state business purposes and comply with appropriate rules and regulations.
- Verify travel related charges have been authorized.
- Verify a cross-reference to the cardholder’s travel expense claim for consistency and double charges, if possible.
- Send signed record with original receipts to designated accounting office.
- The card must not be used for personal transactions. If personal transactions occur, the item must be returned to the merchant for full credit or the employee must repay the State including any applicable state, county or city sales taxes. Even if the merchant does not charge these taxes, the agency must remit the taxes to the Department of Revenue.
- If it is determined that personal or other unauthorized charges are occurring on the card, then appropriate steps, up to and including dismissal, will be taken to resolve the misuse/abuse of the card.

3. ACCOUNTING

The agency accounting section has three different areas of responsibility: payment, audit, and coding if necessary.

Payment

- The Accounting section of the agency must ensure that the bank is paid for p-card charges by the due date. Late payment penalties may be assessed under the contract if payment is not made when required.

Audit

Review documentation received from cardholder supervisors.

- Determine that all required approvals (cardholder and supervisor) are present on supporting documentation.



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- Audit cardholder record(s) of purchase and receipts received from cardholders for propriety. An acceptable sampling method is permitted.
- Determine that the appropriate Account Codes are charged for the individual charges on the card.
- Reconcile cardholder record with billing file to determine accuracy and appropriateness.
- Receive and review requested management reports from the card company.
- If it is determined that personal charges are occurring on the card, then appropriate steps, up to and including dismissal, must be taken to resolve the misuse/abuse of the card.

FRAUD REPORTING In accordance with Section 16.55, Wisconsin Statutes agencies shall report all fraud to the Department of Administration, State Controller’s Office.

Coding

- Review the coding on the charges. If the payment transaction has not been paid adjust the coding as needed.
- If payment has been made process journal entries to reallocate the coding as needed.