

OREGON ACCOUNTING MANUAL		Number 55.30.00.PR
Oregon Department of Administrative Services State Controller's Division		Effective Date June 8, 2006
Chapter	Other Programs	.1 OF .6
Part	SPOTS Card Program	
Section		Approval Signature on file at SCD

Participating in the SPOTS Program

- .101 To participate in the Small Purchase Order Transaction System (SPOTS) program, each agency must complete the Agency Operating Agreement form (**75.55.01.FO**). The Operating Agreement must be signed by the agency's **Approving Officer**. To request issuance of an individual SPOTS card, the potential cardholder must complete the Purchase Card Application and Agreement form (**75.55.02.FO**). This form must be signed by the cardholder, the cardholder's manager, and the agency's Approving Officer. The operating agreement and initial SPOTS card applications should be submitted to the State Controller's Division (SCD), Statewide Financial Management Services (SFMS) Section, who will review, approve, and forward to the contracted bank (Bank).
- .102 Subsequent requests to issue additional SPOTS cards may be processed directly by the agency's SPOTS Coordinator using the Bank's web-based system, as long as the credit limit is \$7,500 or less and the request has been signed by the Approving Officer. The SPOTS Coordinator may also send subsequent requests directly to the Bank's representative. The SPOTS card is issued to the employee in the name of the state agency responsible for the card's use, based on the signed Purchase Card Account Information Record (PCAIR) found on page 4 of the Purchase Card Application and Agreement (**75.55.02.FO**).
- .103 For SPOTS card requests for a credit limit of over \$7,500, please see the **SPOTS Card Limits** section below.

SPOTS Card Limits

- .104 The default credit limit for each SPOTS card issued under the State's SPOTS card program is \$2,500 per billing cycle. The agency Approving Officer can authorize to increase (up to \$7,500) or decrease the credit limit, based upon anticipated need and frequency of use. Requests to increase the credit limit up to \$7,500, and all requests to decrease the credit limit may be processed directly by the SPOTS Coordinator, using the Bank's web-based system, or the SPOTS Coordinator may send requests to change credit limits to the Bank's representative or the SFMS section.
- .105 Requests to increase the credit limit of a SPOTS card above \$7,500 require the approval of the SFMS Section. Agencies should submit a PCAIR form, signed by the Approving Officer, with a written request that includes the reason for the increase and sets forth the controls around receipting of physical assets, as well as the use and storage of the card. The agency should also consider setting single transaction limits, where no single purchase shall exceed a certain amount (e.g., \$5,000). A single transaction limit of no more than \$5,000 is highly recommended because of the procurement rules around a purchase of more than \$5,000. For the standard \$2,500 card

limit, single purchase transaction limits are not recommended, unless the agency is committed to managing the lower limit.

- .106 SPOTS cardholders must not make purchases exceeding the credit limit established for their SPOTS cards. Intentionally fragmenting or segmenting purchases for purposes of circumventing single transaction limits is not permitted under this policy or procedure or bank credit card provider rules.

Agency Policies and Procedures

- .107 Agency-specific policies and procedures must be developed to implement the SPOTS program. The policies and procedures must conform to statewide policies and procedures and need to address the following areas:
 - a. Specify individuals involved in the agency SPOTS card program. Key duties and responsibilities need to be segregated among different personnel to reduce the risk of misuse or fraud. This should include separating the responsibilities for authorizing transactions, processing and recording transactions, reviewing transactions, and custody of any related assets. There should also be segregation of duties between the individual making the purchase and the individual responsible for documenting receipt and acceptance of goods and services acquired by using the SPOTS card.
 - b. Specify personnel who will authorize and execute SPOTS card transactions. Transactions should be authorized and executed only by persons acting within the scope of their authority.
 - c. Identify procedures and disciplinary actions to be taken in the case of misuse of the SPOTS card (due to unintentional errors and misunderstandings), as well as SPOTS card abuse and fraud, including fraud that resulted from identity theft. See paragraphs .121 through .124 in the related policy ([OAM 55.30.00.PO](#)).
 - d. Identify program options selected by the agency Approving Officer and any specific guidelines for agency implementation.
 - e. Specify procedures to be followed when late charges and/or finance charges are incurred repeatedly. These charges should be an unusual event.

Use of the SPOTS Card

- .108 The SPOTS card is another payment method and as such can only be used for **authorized purchases** that further the business of the State. (See [OAM 10.40.00](#) for more information on internal controls related to expenditures.) Examples of authorized purchases include training registrations, allowable non-travel business meals for state or non-state employees (see [OAM 10.40.10.PO](#)), certain client services, repair and maintenance parts or services, and supplies. Agencies are prohibited from using the SPOTS card for personal purposes. Most travel costs, including employee airfare and travel cash advances, are unauthorized uses of the SPOTS card unless identified as approved expenditures in the section titled Travel and Meeting Related Expenses in paragraph .111 through .113 of this procedure.
- .109 A cardholder may not accept a cash refund for a returned purchase if the transaction was initially charged to a SPOTS card.
- .110 Back orders cannot be charged to a SPOTS card until the goods are shipped or delivered. [OAM 10.40.00.PR](#), paragraph.108(b), states that for invoices and credit card charges, approval for payment means that the material, services, or other expenses covered by the claim have been furnished, rendered or expended on behalf of the State.

Travel and Meeting Related Expenses

- .111 The purchase of airline tickets using the SPOTS card is not allowed, unless the travel management contractor for the State provides a written release pursuant to the travel management contract. All other airline tickets paid directly by the State must be purchased through the travel management contractor.
- .112 The SPOTS card must not be used to pay for travel-related expenses incurred while traveling (including the travel related expenses listed in .113).
- .113 The SPOTS card may be used to charge the travel and meeting related expenses listed below:
 - a. Agency-sponsored conference expenses for non-state employees.
 - b. Individual travel expenses for non-employees related to recruitment and training (other than airfare).
 - c. Individual conference registrations for state employees.
 - d. Gasoline for state-owned non-fleet vehicles that do not have a Voyager card and for gas-powered equipment (i.e., lawnmowers, leaf blowers, etc.).
 - e. Gasoline for non-state owned vehicles used for moving or hauling state owned property. (Note: The SPOTS card may not be used for vehicle gasoline related to employee travel or moving expenses.)
 - f. The cost of housing/lodging for non-employees/clients.
 - g. The cost of housing/lodging in circumstances where an agency would typically issue a purchase order. Normally, hotels require additional documentation before accepting the SPOTS card to pay for multiple nights of lodging, rather than merely to hold a reservation. When the SPOTS card is used in this manner, the agency should request that the hotel limit SPOTS card charges to lodging and taxes only.
 - h. Hotel reservations for traveling staff. When making a reservation for traveling staff, the SPOTS cardholder is taking responsibility for the staff person's travel expenses. If the traveler has a change in plans, the SPOTS cardholder is responsible for canceling the reservation timely. SPOTS cardholders may not use their SPOTS cards to secure their own reservations unless they are traveling as part of a group of state employees.
 - i. Direct payment of housing/lodging travel expenses. When the SPOTS card is used in advance of the travel and is charged for one or more nights' stay, agencies must establish a documented reconciliation process to ensure that SPOTS card hotel charges are not duplicated on the employee's claim for travel reimbursement.
- .114 Agencies are required to have all appropriate policies and pre-audit controls in place to ensure no duplicate expenditures and/or employee reimbursements are made.

Processing Monthly Statements

- .115 Each monthly SPOTS card statement must be paid in full within 14 days of the statement date. Agencies that consistently disregard the requirement for timely payment of SPOTS card statements may be removed from the program. To take advantage of SPOTS card rebates, weekly payments are encouraged.

- .116 Payment of a SPOTS card purchase must be recorded for the fiscal year in which the purchase was made and the goods or services were received. Agencies are responsible for ensuring that SPOTS card expenditures do not cause the agency to exceed available spending authority or cash.
- .117 To facilitate timely payment, each agency may set up an agency object in R*STARS to which all charges are initially posted if the detail coding is not readily available at the time of payment. Reclassification entries to the appropriate agency object, using transaction code (TC) 415 and TC 416, can be recorded later when the detail coding is received. Upon receipt by the agency's fiscal office, the coded memo statements should be attached to the central billing statement.
- .118 Cardholders are responsible for attaching supporting documentation as required by **OAM 10.15.00.PO** to their individual memo statements. If a purchase over \$5,000 has been transacted, evidence of compliance with procurement rules must also be included (refer to procurement rules at: <http://procurement.oregon.gov/DAS/PFSS/SPO/ors279-menu.shtml>). The documentation should be approved, signed, and dated by the Approving Officer or delegate and sent to the fiscal office. The fiscal office should compare each individual memo statement to the total billing and maintain a file of this documentation in accordance with state archival requirements. To protect SPOTS card account information, the location and security of these files must be given careful consideration.
- .119 Agencies that use clearing object codes are responsible for zeroing out the balances each month upon receipt of the detail coding information.

Transaction Documentation

- .120 Whenever possible, the standard documentation requirements set forth in this procedure and **OAM 10.15.00.PO** should be followed. When the cardholder does not have adequate documentation for an authorized purchase charged to the SPOTS card, alternative documentation should be developed. Alternative documentation must conform to existing agency procedures and should include an itemized listing of the items purchased. Certain unique situations where alternative documentary evidence is acceptable are identified below:
 - a. Catalog phone order purchases should include a copy of the appropriate page of the catalog or brochure with the cost. Additional costs for freight, etc., need to be noted and included with the documentation.
 - b. Internet purchases should include a screen print of the purchased item, a shopping basket, and/or a screen print of the order page. Confirmations of the purchases should also be included if they are available. (Refer to paragraph .103 (d) in the related policy for internet purchase restrictions.)
- .121 The failure to retain documentation for a small purchase might be considered a minor error. However, a consistent pattern of missing documentation is a serious concern. In the latter case, agencies must take corrective action in accordance with paragraph .121 of the related policy concerning **Misuse of the SPOTS Card Due to Unintentional Errors and Misunderstandings**.

1099 Reporting

- .122 If an agency chooses to make 1099-MISC reportable purchases using the SPOTS card, the agency is responsible for maintaining appropriate documentation and complying with the following 1099-MISC procedures.
 - a. Profiles for 1099-MISC reportable vendors must be established on the R*STARS 52 screen to facilitate 1099-MISC reporting. The Merchant Category Code (MCC) assigned to the transaction may be used to determine 1099-MISC reportable purchases. The MCC and tax identification number are available from the Bank's

web-based system. Agencies are not required to use the MCC. An agency may decide to use the MCC for some suppliers and not others. Agencies must document their processes used to determine 1099-MISC reportable purchases.

- b. Reclassify the expenditure to the proper vendor and appropriate comptroller objects using TC 415 and TC 416 in R*STARS. Reclassifications made in December need to be completed prior to the December close in January. It is recommended the description of the reclassification include the original document number from the SPOTS payment.
- c. Review purchases on a monthly basis to determine if 1099-MISC reportable purchases have been made.

SPOTS Card Training

- .123 Training is an essential element of a successful SPOTS card program. Cardholder training is required prior to the initial use of a SPOTS card. The SFMS section within SCD will provide agencies with an approved training program for SPOTS cardholders. If an agency would like to follow a different program, an agency-specific training program must be submitted to the SFMS section for approval. Agencies are required to maintain documentation showing that each cardholder has received initial training and refresher training biennially. The manager or supervisor approving SPOTS card purchases must be properly trained for this function as well.
- .124 The SCD requires suspension of the SPOTS card for any employee not receiving training and not receiving a refresher course at least biennially.
- .125 SFMS will conduct annual SPOTS card training for all agency SPOTS Coordinators. SFMS staff is available to train SPOTS Coordinators on the use of the Bank's web-based system.

Rebate Program

- .126 The rebate program runs from April 1 through March 31. After the conclusion of the rebate year, participants have six months to make payments before any amounts owed during the previous rebate period are written off. The Bank then has 30 days to send SCD a check for the rebate amount, minus any write offs. The rebate check should be received by SCD in early December.
- .127 The SPOTS rebate is based on the "total net spend" of the State, the "total net spend" of the agency, and the amount of time it takes an agency to pay its SPOTS invoice. There are two minimums in this process. The State, including the Oregon University System, must spend at least \$3,000,000 annually, and the agency must pay its invoice before 29 file turn days. File turn days are the number of days from the date the Bank funds a charge transaction to the date payment for that transaction is posted, inclusive of the beginning and ending dates. Assuming on average, an agency is invoiced within 15 days of the transaction and payment reaches the bank on the 14th day after the invoice, the number of file turn days would equal 29 and, therefore, there would be no rebate. Any rebate dollars will be reduced by a 150-day unpaid balance on either a SPOTS card or the State's corporate travel card.
- .128 The SPOTS rebate may be treated as a reduction of expense (see [OAM 20.40.00.PO](#)) or as revenue. If federal funds are involved, agencies need to take into consideration their grant requirements. Depending on the terms of the agreement, an agency may be required to reduce its federal draws by the prorated rebate amount or, alternatively, may be required to return an equal amount to the federal agency.

.129 An example of the rebate formula follows:

SPOTS card performance data:

Total Spend equals \$10,000,000: Rebate % = .28%

File Turn Days equal 20: Rebate % = .135%

Agency Spend equals \$100,000

The rebate is calculated as follows:

Agency Spend x (*Total Spend* % + *File Turn Days* %)

In this case, the rebate equals \$100,000 x (.28% + .135%) = \$415.00