

OREGON ACCOUNTING MANUAL

 STATEWIDE POLICY	NUMBER 55.30.00	SUPERSEDES Policy # 55.30.00 04/24/2023
	EFFECTIVE DATE xx/xx/2024	PAGE NUMBER Pages 1 of xx
	REVIEWED DATE	
Division CHIEF FINANCIAL OFFICE	REFERENCE ORS Chapter 291 ORS Chapter 293	
Policy Owner Statewide Accounting and Reporting Services		
SUBJECT Other Programs – SPOTS Purchase Card Program	APPROVED SIGNATURE <i>Kate Nass, Chief Financial Officer</i> Signature On File	

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PURPOSE

This policy outlines the minimum standards for processing purchasing transactions using the State P-Card of Oregon Transaction System (SPOTS) card. The SPOTS card is a state-sponsored credit card that agencies may use to procure and pay for goods and services. The SPOTS card program saves the state time and money because the bank and merchants process most of the paperwork. This reduces the need for agencies to issue purchase orders in some circumstances or to rely on petty cash funds.

APPLICABILITY

This policy applies to all Executive Branch agencies that participate in the SPOTS card program. Agencies in other branches of government and separate constitutional agencies may participate in the SPOTS card program if they adopt rules and policies substantially similar to the guidelines in this policy. This policy does not apply to state government's corporate travel card, fleet card and Central Travel System (CTS) accounts.

FORMS/EXHIBITS/INSTRUCTIONS

SPOTS Agency Operating Agreement – [75.55.01.FO](#)

SPOTS Card Application and Agreement – [75.55.02.FO](#)

DEFINITIONS

Access Online is U.S. Bank's proprietary system used for SPOTS card management.

A **card custodian** is the employee responsible for safeguarding the assigned department card.

A **cardholder** is an employee with an individually assigned card in their name.

A **department card** is a card issued to an agency program, division, department or other segment and assigned to a card custodian.

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A **designated card user** is an individual authorized to use an **agency** department card rather than a cardholder of an individually assigned account.

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Fragmenting is purposely splitting purchases at the point of sale to avoid procurement requirements or established transaction limits.

The **SPOTS Approving Officer** (Approving Officer) is responsible for the agency's SPOTS card program.

The **SPOTS Coordinator** maintains the purchase card accounts, assists with development of agency-based policies and procedures, provides training, and compliance monitoring.

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Click here for other [definitions](#).

EXCLUSIONS AND SPECIAL SITUATIONS

None.

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General Provisions

101. **Participation.** State agencies may participate in the SPOTS program by submitting the Agency Operating Agreement form **75.55.01.FO** to ~~the Office of the State Controller (OSC)~~, ~~OSC~~ forwards the request to U.S. Bank (the bank) and notifies the agency when a managing account is established. ~~OSC~~ will remove an agency from the SPOTS card program if the agency does not comply with this policy. For an agency to request reinstatement, they must complete a new Agency Operating Agreement. The agency must include documentation of the actions taken to correct the deficiencies that led to the removal from the program.

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102. **Expenditure Authority.** Payments made through the purchase card program must comply with the following requirements:

a. **ORS 293.295 - When claim against moneys in State Treasury may be paid.** A claim for payment from any moneys in the State Treasury may not be paid unless:

- (1) The claim is supported by the approval of the state agency that incurred the obligation or made the expenditure;
- (2) Provision for payment of the claim is made by law and appropriation;
- (3) The obligation or expenditure on which the claim is based is authorized as provided by law; and
- (4) The claim otherwise satisfies requirements as provided by law. [1967 c.454 §9]

Purchasing Requirements

103. Agencies that use the SPOTS card to pay for goods and services must follow the Public Contracting Code found in ORS 279A, 279B and 279C. The code includes the following topics:

a. A public contract for goods or services not exceeding \$25,000 may be awarded in any manner the contracting agency deems practical or convenient under ORS 279B.065(1), including by direct selection or award. Prior to entering a public contract, including by SPOTS card, the contracting agency must consider the Buy Decision (OAR 125-247-0200) and the Oregon Forward Program (ORS 279.835).

b. For agencies under DAS Procurement Authority, those agencies must follow the Buy Decision (OAR 125-247-0200).

c. For a public contract awarded with a value of \$10,000 or more, agencies must provide timely notice and information to the Governor's Policy Advisor for Economic and Business Equity (ORS 200.035). This notice must be posted in OregonBuys. Agencies must consider and document evidence of consideration for certified businesses or enterprises from the Certification Office for Business Inclusion and Diversity (ORS 200.055). Refer to DAS Statewide Policy 107-009-0030-PO and Statewide Procedure 109-009-0030-PR for more details.

d. According to ORS 279B.065 (2), an agency must not fragment or separate purchases to get around solicitation requirements. Fragmenting a purchase using a SPOTS card is unauthorized.

e. Agency purchases made with SPOTS cards must follow the DAS Sustainable Procurement Policy (107-009-0040) and its associated references to statute and executive orders on sustainable procurement. Sustainable procurement means including social, economic and environmental factors, in addition to typical price and quality considerations, in purchasing

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[decisions. Different sustainable procurement options are described in ORS 184.423 Oregon Sustainability Act, OAR 125-246-0120 General Provision for Public Contracting, and DAS Statewide Policy 107-009-0040 Sustainable Procurement.](#)

- f. Agencies may use the SPOTS card to make purchases on state price agreements. The state may require a purchase order to purchase some items whether or not a price agreement exists. The terms and conditions of the price agreement take priority. Use of the SPOTS card must not replace a purchase order where one is required. Products purchased with the SPOTS card must reflect the same price, terms, and conditions as those listed in the price agreement, unless contract language grants additional consideration to a vendor. In cases where a vendor receives additional consideration for accepting SPOTS cards, the modified contract terms will prevail. An agency must not use a SPOTS card to avoid the requirement to use a state price agreement.

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Access Online

- 104. Agencies use Access Online on the U.S. Bank website for management and oversight of SPOTS cards. System training is available online in various formats.
 - a. Users can view real time pending transactions, credit limits, available credit, account status, payment history, billing cycle statements and other account profile information.
 - b. Functions include account setup and maintenance, reporting, transaction management, financial extracts, and data exchange.
 - c. Management reporting provides historical transaction data. Basic reports include transaction detail, account list, declined transaction authorizations, and system user list.

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Roles and Responsibilities

105. Statewide Program Administrator

Two programs of the Department of Administrative Services (DAS) have responsibility for the SPOTS card program: the OSC and Procurement Services. The OSC will issue overall policy guidance, coordinate with participating agencies and the card provider and assist agencies in establishing their SPOTS card programs. Procurement Services will negotiate, prepare, and sign the Master Agreement with the bank.

106. Agency Head

- a. Each agency head, or persons with delegated authority, must appoint an Approving Officer and, if appropriate, alternates.

b. To change an agency's Approving Officer, the agency head or delegate must send a memo or email to OSC management. Include the name of the outgoing person; the name, telephone number, and email address of the new Approving Officer; and the effective date.

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107. Approving Officer

a. The Approving Officer authorizes and may select employees to use the SPOTS card for purchases of services and supplies. If an agency uses a department card, the Approving Officer authorizes the designated card custodian and, if appropriate, an alternate. The Approving Officer should keep in mind the relationship between the SPOTS card user's employment classification and the spending limit of the card. The agency should consider performing background checks on all staff participating in the SPOTS card program. The Approving Officer is not authorized to be a cardholder, card custodian, or designated card user. To request an exception, send a memo or email to OSC management describing the business need and the additional controls that will be used.

b. The Approving Officer will appoint a SPOTS Coordinator and, if appropriate, alternates.

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c. To change an agency's SPOTS Coordinator, the Approving Officer must send a memo or email to OSC management. Include the name of the outgoing person; the name, telephone number, and email address of the new SPOTS Coordinator; and the effective date.

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d. The Approving Officer grants restricted system access to Access Online. Only the SPOTS Coordinator can open accounts and change credit limits. Agencies may grant users "view only" access or "transaction management" access. Users must not allow other individuals to use their password.

108. SPOTS Coordinator

a. SPOTS Coordinators use Access Online to open and close accounts, change account spending limits, update account information, and monitor card activities delegated to them by the Approving Officer. SPOTS Coordinators need position descriptions that include specific job responsibilities related to the agency's SPOTS card program, including development of agency-based policies and procedures, training, and compliance monitoring.

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b. The agency must take action on a SPOTS card when a cardholder leaves the agency, no longer needs the card or is on extended leave. This includes collecting the physical card and cancelling or securing it immediately. The SPOTS Coordinator maintains the accounts in Access Online using the following actions:

(1) Close an account using "T9 Terminated" (permanent) when the cardholder is no longer authorized to use the card.

(2) Temporarily close an account using "V9 Voluntarily Closed" when the cardholder is out on extended leave for a job rotation, medical leave, seasonal employment, etc.

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A department card must be permanently closed when the card custodian separates from their role as custodian.

- c. The SPOTS Coordinator should not be a card custodian, a designated card user, or a cardholder unless the agency can demonstrate a substantial business need (e.g., the agency is too small to effectively separate the duties) and the Approving Officer agrees to monitor the SPOTS Coordinator's card use. To request an exception, send a memo or email to OSC management describing the business need and the additional controls the Approving Officer will use.

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109. Card Custodian

For agencies using department cards, the card custodian administers and controls the use of the card. The card custodian must:

- a. Manage physical custody and security of the SPOTS card and account number
- b. Maintain records of card check out and check in by designated card users
- c. Maintain purchase documentation
- d. Ensure card use complies with agency policies and procedures
- e. Reconcile bank transactions with receipts monthly
- f. Sign monthly reconciliation

110. Designated Card User

A designated card user of a department card must:

- a. Check the card in and out from the card custodian
- b. Use the card in compliance with agency policies and procedures
- c. Obtain and submit purchase documentation for each purchase made

111. Cardholder

An individual cardholder must:

- a. Use the card in compliance with agency policies and procedures
- b. Obtain purchase documentation
- c. Reconcile bank transactions with receipts monthly

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- d. Sign monthly reconciliation

Agency Policies and Procedures

- 112. Agencies must develop policies and procedures to implement the SPOTS program. Agencies may adopt the language of this OAM policy as long as they clearly identify the procedures they will follow when alternatives exist. The policies and procedures must conform to statewide policies and procedures and must accomplish the following:
 - a. **Program Options.** Identify the SPOTS program options selected by the agency's Approving Officer and any specific guidelines for implementing those options.
 - b. **Separation of Duties.** Specify the individuals involved in the agency's SPOTS card program. If possible, allocate key duties and responsibilities among different personnel to reduce the risk of misuse or fraud. This includes separating the responsibilities for authorizing transactions; processing and recording transactions; reviewing transactions; and custody of any related assets. The state requires separating the duties of the individual who makes the purchase from the individual who approves the purchase. Consistent with [OAM 10.40.00](#), Expenditures (paragraph 107), consideration of risk, materiality, and required effort are key elements in management's evaluation of necessary controls.
 - c. **Card Distribution.** Establish a system for responsibility, control, and distribution of SPOTS cards within the agency.
 - d. **Authorize Card Use.** Specify which employees can use the SPOTS card or authorize its use. Only specified employees can use the card or authorize its use.
 - e. **Errors, Negligence and Fraud.** Establish procedures for SPOTS card misuse and fraud.
 - f. **Monitoring.** Establish and maintain a formal monitoring process.
 - g. **Late Payments.** Specify procedures to avoid finance charges for late payments.
 - h. **Duplicate Payments.** Establish appropriate policies and controls to prevent or monitor for duplicate expenditures and employee reimbursements.

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SPOTS Card Training

- 113. Training is an essential element of a successful SPOTS card program. OSC will provide agencies with an approved SPOTS training program. If an agency wants to follow a different program, it must request approval from OSC for agency-specific training.
- 114. Agencies must:
 - a. Train cardholders, card custodians, and designated card users prior to issuing a SPOTS card.

- b. Train the managers and supervisors that approve SPOTS card purchases.
- c. Document that each of the above has received initial training, and training within a year of this OAM being revised, or every other year.
- d. An agency must suspend the SPOTS card use of any employee who has not taken required training.

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115. OSC will periodically conduct SPOTS forums for all agency Approving Officers and Coordinators. If requested, OSC will train SPOTS Coordinators on the use of Access Online. A statewide SPOTS training is available in Workday Learning. This training will be updated when there are changes to the SPOTS OAM.

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Issuing Cards

- 116. SPOTS cards may be issued to individuals and/or departments. The individual SPOTS card is issued to a specific person. The department SPOTS card is issued to a department and assigned to a custodian.
- 117. The agency's SPOTS Coordinator will process new card requests, up to a credit limit of \$50,000, in Access Online based on the approved SPOTS Card Application and Agreement Form 75.55.02.FO.
- 118. The bank will automatically replace active cards prior to the card's expiration date. When a card is activated and not used, it will remain on the bank's system until it is due to expire.

- a. If the card has an open status at the time of renewal, but no activity for 22(+) months, the bank will purge it from the system.
- b. If the card has a T9 or V9 status and 12 months of inactivity, the bank will purge it from the system.

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119. To request a credit limit of more than \$50,000, refer to paragraph 122, **Credit Limits and Card Controls**.

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Emergency Response Cards

120. An Emergency Response Card (ERC) is a SPOTS card intended for emergency purposes. An ERC is under a separate managing account that does not automatically purge from the bank's system due to inactivity. The agency requests the credit limit as part of the emergency preparedness planning and if needed, consults with the Bank Relationship Manager. All other features of an ERC are the same as a regular SPOTS card.

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Agencies must contact OSC management to request an ERC managing account. OSC forwards the request to the bank and notifies the agency when the managing account is established. The SPOTS Coordinator uses Access Online to issue and maintain the accounts. OSC must approve requests to increase the credit limit above \$50,000 as described in paragraph 122.

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Each agency must determine if a need exists to designate emergency cardholder(s). Not all agencies will have a need for an emergency card, while some agencies will have a need for more than one card. ERC issuance and transactions must comply with the same requirements as regular SPOTS cards provided in this policy.

In an emergency, cards requested under an existing ERC managing account **will** ship out the same day for next day delivery if requested by 3 p.m. Central Standard Time (CST) on business days.

The bank will do everything possible to assist agencies in an emergency. Approving Officers and SPOTS Coordinators are authorized contacts with the bank and may contact their Bank Account Coordinator during business hours or Customer Service, 1-800-344-5696, after hours.

Credit Limits and Card Controls

121. SPOTS cards are subject to monthly credit limits established when issued. The agency's Approving Officer may authorize an increase up to a maximum of \$50,000 or decrease the credit limit based on anticipated need or actual use. The monthly credit limit equals the maximum dollar limit of the total amount spent on purchases during a single billing cycle. The bank restores the monthly credit limit at the beginning of each billing cycle. SPOTS Coordinators adjust credit limits using Access Online.
122. OSC management must approve requests to increase the credit limit of a SPOTS card above \$50,000. Agencies must submit a new SPOTS Card Application and Agreement for approval from the Approving Officer or SPOTS Coordinator. The Approving Officer must sign the form. Include the reason for the increase, explain internal controls, receipting and storage methods for the items purchased and explain how the agency will use and store the card. The additional information can be provided in a memo. OSC notifies the agency when the increase is complete.
123. The agency should consider setting single transaction limits as a spending control. A single transaction limit of no more than \$10,000 is best because of the specific procurement rules that apply to purchases over this amount.
124. Cardholders and designated card users must not make purchases for more than the credit limit established for their SPOTS cards.
125. Intentionally fragmenting purchases to avoid single transaction or monthly credit limits is unauthorized.
126. Vendors accepting purchase cards have a four-digit Merchant Category Code (MCC) used to classify the business by the type of goods or services provided. The SPOTS card has certain MCCs blocked to prevent purchases from inappropriate or high-risk vendors (e.g., casinos, money orders). Agencies must inform OSC when temporarily lifting MCC blocks to make legitimate purchases. OSC approval is not needed before sending requests to U.S. Bank. Appendix A lists the blocked MCCs.
127. The bank may decline transactions for various reasons including, but not limited to, fraud, blocked MCCs or a purchase that exceeds the established credit limits of a card. Agencies should use the

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declined transaction report available through Access Online to help monitor and train employees on SPOTS card use.

SPOTS Card Security

128. A SPOTS card must be secured at all times. The card, card number, and Personal Identification Number (PIN) must be safeguarded against use by anyone other than the cardholder/custodian or designated card user.

- a. Agencies must establish procedures to secure cards.
- b. Only fax a SPOTS account number, expiration date and three-digit security code if other purchase methods are not available. If a vendor's fax security is unknown, consider redacting the account information from the form and contacting the vendor by phone to complete the purchase. Secure fax receipts that contain account information.
- c. Do not send a SPOTS card account number, PIN, or three-digit security code through unsecure email.
- d. Before entering a SPOTS card account number on a webpage, ensure that the site uses encryption. Signs of encryption include a web address with https ("s" stands for secure) and a closed padlock.

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SPOTS Card Use

129. The SPOTS card is a credit card that agencies may use to procure and pay for goods and services for authorized state business. Refer to OAM 10.40.00, Expenditures, for more information on authority related to expenditures.

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130. SPOTS Card purchases must comply with OAM 35.30.90, Accounts Receivable Management – Account Activity: Coordination of Vendor Payments. The SPOTS card is an alternative payment method subject to an agency-defined threshold to recover debt owed to the state.

131. Authorized Purchases

- a. Examples of authorized purchases include supplies, services, equipment rentals, software, training registrations, utility bills, non-travel business meals (per OAM 10.40.10, Non-travel Meals and Refreshments), client services, and other agency-prescribed items.
- b. Agencies may use a SPOTS card for recurring charges. The agency must monitor the resulting charges. Account number information stored with a merchant is the responsibility of the agency.
- c. Agencies may use a SPOTS card for prepayment when necessary.

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- d. Agencies may use a SPOTS card to purchase a stored value card. A stored value card refers to a monetary value on a card that allows the purchase of goods or services from a vendor. It is the responsibility of the agency to ensure and document that the purchases made using a stored value card are for authorized state business.
- e. SPOTS cards may be used to pay travel expenses for official state business except for unauthorized purchases listed in paragraph 132. The expenses must comply with [OAM 40.10.00, Statewide Travel Policy](#). All expenses must have the following documented with receipts: date, time, place, amount and business purpose. A reconciliation is required similar to the process for substantiating a travel advance. The IRS rules state that an Accountable Plan's timeliness safe harbor for substantiating expenses is 60 days after the travel expense is paid or incurred to avoid having the costs added to the W-2 as taxable wages.
- f. Fuel for state-owned vehicles or fuel powered equipment that do not have a fleet card.
- g. Except for the unauthorized purchases listed in paragraph 132c, agencies may use a SPOTS card to purchase airline tickets from the travel management contractor (TMC) only if the CTS account is unavailable. Airline tickets paid for by a SPOTS card may result in higher fees.

132. **Unauthorized Purchases**

- a. Do not use the SPOTS card for personal purchases. Government ethics for state employees (ORS 244.040) provides that no employee can gain personally from their employment.
- b. Do not use the SPOTS card for cash withdrawals, money orders, traveler's checks or other monetary instruments.
- c. Do not use the SPOTS card to purchase City Pair airfare for official state business. City Pair tickets must be purchased through the TMC using the agency's CTS account.
- d. Due to potential taxability requirements, do not use the SPOTS card for employee travel meals.
- e. Due to potential taxability requirements, do not use the SPOTS card for employee moving expenses.
- f. Do not make fuel purchases for state-owned vehicles with a SPOTS card unless the vendor will not accept the fleet card. A SPOTS card does not provide fuel tax exemptions. If the SPOTS card is used, agencies must contact DAS Fleet for DAS-owned vehicles and provide a copy of the detailed receipt. Refer to DAS Fleet Policy 107-011-040 and DAS Fleet and Parking Services Internal Operating Policies for DAS Owned, Rented or Assigned Vehicles.
- g. Do not use the SPOTS card for personal vehicle fuel related to employee travel.

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133. **Surcharge.** A payment card surcharge, also known as a checkout fee, is a fee that a merchant adds to the cost of a purchase when a customer uses a payment card. SPOTS card users must be aware of the surcharge when making a purchase.

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- a. The surcharge fee is at the discretion of the merchant.
- b. If merchants intend to impose a surcharge on credit card purchases, they are required to notify customers at the store entrance and at the point of sale before customers make an actual purchase. In an online environment, notice must appear on the first page that references credit card brands.
- c. Merchants must disclose surcharge fees on every receipt; both in store and online.
- d. A surcharge cannot exceed 4%.

134. Use caution when making online purchases. Research potential merchants to ensure they are reputable and that any terms and conditions are appropriate. Online purchases must be over a secure connection.

Agencies may use a SPOTS card with secured online payment services, such as PayPal. All SPOTS card policies apply. It is not permissible for employees to share the login and password of the secured online payment site. Procurement Services or the Department of Justice has not reviewed the terms and conditions for online payment services. Therefore, it is the agency's responsibility to assure the terms and conditions are acceptable.

135. The vendor should not charge the SPOTS card for back orders until the goods have shipped.

136. Disputes regarding charges, products or services must be resolved with the merchant or bank as appropriate.

137. Do not accept a cash refund for a returned purchase initially charged to a SPOTS card. After multiple unsuccessful attempts to credit the SPOTS card, a vendor may provide a cash, store credit or check refund.

Lost or Stolen Cards

138. If a SPOTS card is lost or stolen, the cardholder, card custodian or designated card user must immediately call the bank at 1-800-344-5696. The bank will issue a new card with a new account number.

Fraud

139. If external fraud occurs on a SPOTS card, the cardholder or card custodian must immediately contact the bank at 1-800-344-5696. Follow the instructions provided by the bank to ensure credit for the

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fraudulent transaction(s). The bank will close the compromised account and issue a new card with a new account number. Report any fraudulent charges to the SPOTS Coordinator. Sometimes the bank suggests filing a police report. OSC does not recommend that agencies follow this suggestion.

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Misuse

140. Misuse in the SPOTS program may be any action that is not in accordance with state and agency policy. It can differ in nature and degree of risk and seriousness. Each agency must develop and implement policy and procedures related to misuse and clarify what actions participants may be subject to if they violate program policy.

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Examples of misuse include, but are not limited to, unauthorized use, personal expenses, prohibited purchases, failure to use existing state price agreements, split transactions, insufficient documentation, incomplete/inaccurate records, and consistently unmet reconciliation deadlines.

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To help agencies distinguish between different levels of misuse, review the following inappropriate actions provided in [OAM 10.40.00](#), *Expenditures* (paragraph 109):

- a. A simple error is an unintentional action that was thought at the time to be proper but discovered later to be inappropriate. There is no penalty for a simple error as long as it is not part of a pattern of simple errors. Such a pattern may move the action to the negligence category.
- b. Negligence is failure to act reasonably under existing circumstances. An employee may incur disciplinary action for expenditures that are negligent or contrary to state or agency policy.
- c. Gross negligence is wanton or reckless disregard of one's duty of due care. The penalty for gross negligence may include personal financial responsibility and disciplinary action up to and including dismissal.
- d. Fraud is intentional material misrepresentation or omission when there is a duty to disclose a loss or unlawful diversion of public funds. Theft is intentional diversion of state property to personal use. The penalties for fraud and theft may include personal liability; disciplinary action up to and including dismissal; and criminal sanctions.

The Approving Officer or delegate, in consultation with the agency's human resources office, (if applicable), is responsible for taking appropriate action in response to SPOTS program misuse. Actions may include:

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- Providing an explanation or clarification of the policy
- Repeating the SPOTS program training

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- Suspending or terminating the SPOTS card, **immediately terminating SPOTS cards for gross negligence or fraud**,
- Notifying DAS Risk Management, the Secretary of State's Audits Division and the Department of Justice

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If employee fraud occurs on a SPOTS card and discipline is not in accordance with the contract requirements, liability coverage by the bank is limited.

Transaction Documentation

141. All authorized purchases and credits require an itemized receipt to support the transaction and enable the proper recording of the transaction into the accounting records. Collection of original receipts is preferred and helps to reduce the likelihood of duplicate payments. Agencies may use a purchase card log as a method for organizing and reconciling SPOTS card transactions. ([Appendix B](#), provides an example of a purchase card log.) Follow the standard requirements set forth in this, [policy](#) and [OAM 10.15.00](#), *Transaction Documentation Requirements*.

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- Minimum information on the receipt includes the date of the purchase, the vendor's name, item description, and dollar amount. When the business purpose is not obvious from the item description, provide an explanation on the receipt or purchase card log.
- Receipt examples include, but are not limited to, a sales slip, cash register receipt, invoice, order form, email acknowledgment/invoice, detailed packing slip, online receipt, order confirmation, billing statement. In some circumstances, more than one item from [these examples](#), may be required to provide all the elements of a receipt.
- Receipts that do not itemize are inadequate documentation. If the receipt includes the total purchase amount only, attach a detailed packing slip, detailed invoice or alternative documentation.
- Develop an exception process for the infrequent case when a receipt is not available from the vendor. Alternate documentation must include the minimum information listed above.

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Processing Monthly Statements

142. The bank issues account statements after the close of a billing cycle. The standard billing cycle ends on the 25th of each month. When the 25th falls on a weekend or holiday, the billing cycle will end on the following business day.

- Managing accounts receive a statement that serves as the invoice for all the associated cardholder/department card accounts. It lists the previous outstanding balance, payments, charges and credits.

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- b. Cardholder/department card accounts receive a memo statement that lists the charges and credits. The cardholder/card custodian reconciles the activity, attaches the transaction documentation and signs the statement or purchase card log.
- c. The agency maintains the statement documentation according to the state's record retention requirements.

- 143. Agencies must pay their monthly SPOTS card managing account statement in full, timely and consistent with [OAM 10.40.00](#), *Expenditures*. Pay the entire statement amount in full even if disputed charges or credits are pending in order to optimize rebate earnings and avoid late fees. Follow up if the next statement does not reflect the proper credit.
- 144. Twice a month or weekly payments are encouraged to provide additional rebate earnings for high volume card use. Agencies may use default coding to post all charges if detailed coding is not available at the time of payment. Agencies that use default coding must record adjusting entries each month to the appropriate coding as needed.
- 145. Agencies that use R*STARS are encouraged to request and use a SPOTS Automated Clearing House (ACH) mail code for electronic payments. The ACH payment provides the bank with the managing account number and may increase rebate earnings. Agencies that process payments by warrant must include the full 16-digit managing account number on the description line so the bank can properly apply the payment.
- 146. Record SPOTS card purchases in the fiscal year in which the agency received the goods or services. Agencies must ensure that SPOTS card expenditures do not cause the agency to exceed available spending authority or cash.

Monitoring

- 147. Each agency's management will develop a method for monitoring the SPOTS card program throughout the year. The bank provides various electronic management reports in Access Online to monitor account activity. The Approving Officer may delegate the following tasks to appropriate staff:
 - a. Verify that all authorized users have signed the appropriate agreement, and all agreements are on file.
 - b. Verify that authorized users and managers received appropriate training.
 - c. Monitor all transactions at least monthly. Review the vendor names and dollar amounts for reasonableness. Review documentation for questioned transactions and follow up if appropriate.

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- d. Review the accuracy and completeness of transaction documentation.
- e. Verify timely payment of all SPOTS card invoices.
- f. Investigate, document and perform appropriate follow-up on SPOTS card misuse.
- g. Review card activity levels and adjust spending limits if needed.
- h. Review usage for inactive or infrequently used accounts and close if appropriate.
- i. Analyze the agency's overall SPOTS card transaction volume and the number of cards in use to determine if increased use would generate more savings. Notify the bank of major spending increases.

148. OSC will periodically review agencies' SPOTS card programs to ensure compliance with statewide guidelines. OSC will:

- a. Monitor transactions for reasonableness.
- b. Review and update Approving Officers and SPOTS Coordinators as authorized contacts with the bank.
- c. Periodically review Access Online system user authorizations.
- d. Twice per year, OSC will distribute a list of open and temporarily closed SPOTS cards for Approving Officer review.

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1099 Reporting

149. The state is not required to provide a 1099-MISC to any vendor for SPOTS payments.

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Incentive Share Rebates

150. The Master Agreement with the bank provides four incentive share components for SPOTS rebates. Volume sales and prompt payment incentives are the primary components. The rebate period runs from Jan_1 through Dec_31 with quarterly payments. Payments are net of any accumulated agency charge-offs. The bank transmits payment by the 60th day following the end of each quarter as long as the calculated rebate equals or exceeds \$75.00. Refer to the Master Agreement for the formulas and contract definitions used for calculating each component.

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151. Agencies can increase volume sales by analyzing the payments made with warrants or checks to determine if SPOTS cards could be used instead. Agencies with high dollar monthly purchases may significantly increase prompt pay rebates by scheduling weekly payments.

152. Agencies may treat the SPOTS rebate as a reduction of expense per [OAM 20.40.00](#), *Reduction of Expense* (paragraph 107a), or as revenue. If federal funds are involved, agencies need to consider applicable requirements of the grant and Uniform Guidance. Depending on these requirements, an agency may need to reduce its federal draws by the prorated rebate amount or may need to return an equal amount to the federal agency.

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