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## **Section 1.0: Introduction**

The P-Card is the preferred method of payment providing an efficient and effective process for the payment of State expenditures. The P-Card effectively decreases accounts payable expenses, cuts administrative program costs and offers increased control and monitoring of payments.

### **1.1 Statutory Authority**

The State of West Virginia P-Card Program was created and implemented in 1996 by West Virginia Code, §12-3-10a, and is governed by Legislative Rule, 155 CSR 7. The State Auditor's Office, P-Card Division serves as the Program Administrator for the P-Card Program.

### **1.2 Scope**

This manual contains the policies and procedures applicable to the State of West Virginia Purchasing Card (P-Card) Program for all State Agencies and Institutions of Higher Education (hereafter referred to as "Spending Unit").

### **1.3 Policy**

The P-Card Policies and Procedures Manual establishes minimum standards for the use of the State of West Virginia P-Card. Individual transaction limits and credit limits shall be determined by each Spending Unit P-Card coordinator upon approval by the State Auditor's Office P-Card Division.

It is the Spending Unit's coordinators and cardholders responsibility to be knowledgeable of and to follow all P-Card policies and procedures, as well as all applicable purchasing laws and guidelines. Other members of agency staff with reviewing and approving responsibilities (agency heads, chief financial officers, department heads, directors, managers, supervisors, etc.) should also be knowledgeable of the aforementioned directives.

The P-Card is a method of payment and should not be considered a substitute for proper procurement procedures. Accordingly, each Spending Unit is required to develop and document appropriate internal control procedures to ensure proper program oversight, compliance with P-Card Policies and Procedures and that P-Card usage is consistent with this manual. In those cases where it is determined that agency controls are not adequate, the State Auditor's Office, P-Card Division has the authority to request procedural improvements and/or place card restrictions on the Spending Unit until such controls are established, documented, and implemented.

Participation in the P-Card program may be revoked.

## **Section 2.0: Spending Unit P-Card Coordinator Duties & Responsibilities**

### **2.1 Executive Responsibilities**

The agency head shall serve as, or designate an individual to serve as, the Chief Financial Officer who shall be responsible for establishing internal controls over the Spending Unit's financial operations, including business related travel; and be accountable for executive oversight and maintenance of appropriate accounting and internal control procedures for the agency's P-Card program.

### **2.2 Chief Financial Officer Responsibilities**

Each Spending Unit's chief financial officer is responsible for the administration and oversight of the P-Card program within their Spending Unit.

The chief financial officer's responsibilities include, but are not limited to the following:

- monitoring and overseeing a Spending Unit's P-Card program to ensure that controls are in place to prevent misuse;
- reviewing, on at least a quarterly basis, the compliance of their P-Card program with the Spending Unit's own internal control and accounting procedures and the requirements set forth herein. This review is to be documented (including date performed).
- requiring any member of a Spending Unit's staff finding an instance of unlawful use, possible fraud, misappropriation, or mismanagement with the P-Card to report such discovery to the Chief Financial Officer immediately. The Chief Financial Officer shall report all aforementioned instances to the Deputy State Auditor/Executive Director of the State Auditor's Office P-Card Division within 24 hours of his or her discovery. Internal P-Card investigations do not supersede this requirement and are only to be conducted upon approval by the Deputy State Auditor/Executive Director of the State Auditor's Office P-Card Division.

### **2.3 Designation of Spending Unit Coordinator**

Each Spending Unit's chief financial officer or designee shall serve as the head Spending Unit P-Card coordinator. The Chief Financial Officer or designee is charged with appointing P-Card coordinators in a sufficient number to allow thorough and timely performance of their responsibilities. P-Card coordinators are appointed based upon the reporting hierarchy assigned to them within their Spending Unit. A Spending Unit may have multiple coordinators at each reporting hierarchy, who may be delegated some or all of the Spending Unit coordinator's responsibilities. Additionally the Chief Financial Officer must designate a financial P-Card Coordinator to act as a backup coordinator to approve payments in the event the primary coordinator is unavailable for that function. In the event the Spending Unit's staffing is not sufficient to designate a backup financial coordinator, the Spending Unit Chief Financial Officer will be required to execute an agreement for default payment with the State Auditor's Office P-Card Division.

Each P-Card coordinator shall hold a position of knowledge and experience of the responsibility(ies) delegated to them by the Chief Financial Officer or designee of the respective Spending Unit. Any change in the head Spending Unit coordinator position or of any subordinate coordinators that require user changes in the wvOASIS p-card module or bank reporting tools, must be initiated by the submission of the request through the PRCUHI or HIERLVL tables within wvOASIS and approved by the State Auditor's Office P-Card Division.

No cardholder shall be their own coordinator unless the Spending Unit receives a written waiver from the State Auditor's Office P-Card Division.

Upon designation by the Spending Unit's chief financial officer, a Spending Unit coordinator at any reporting hierarchy must receive training, education, and certification designed and approved by the State Auditor's Office P-Card Division within 30 days of assuming the duties of the position.

## **2.4 Coordinator Responsibilities**

The coordinator is required to complete training/education annually and to obtain certification confirming that training. Training shall include P-Card policies, ethics training, and/or emergency P-Card or travel training as appropriate. Spending Unit P-Card coordinators must successfully complete all applicable designated training to receive Spending Unit P-Card coordinator certification.

Spending Unit coordinator responsibilities include, but are not limited to the following:

- ensuring wvOASIS P-Card users within their Spending Unit are properly designated and assigned the applicable hierarchy(ies) on the PRCUHI table;
- ensuring wvOASIS P-Card users within their Spending Unit are assigned the proper system security roles in accordance with their P-Card responsibilities;
- verifying potential cardholders eligibility to obtain a P-Card;
- ensuring proper completion and submission of a PCC document within wvOASIS for all new cardholder applications and/or maintenance requests.
- ensuring successful completion of initial training requirements including the cardholder agreement form before submitting requests for new cardholders and monitoring completion of on-going training requirements;
- determining or verifying the following: credit limit, single transaction limit, number of daily transactions, and number of monthly transactions;
- reconciling master statement(s) electronic payment files including transaction review and approval for payment within wvOASIS;
- ensuring the prompt payment of the Spending Unit's master statement/account(s);
- ensuring that Spending Unit cardholders follow all P-Card policies and procedures;
- ensuring that Spending Unit cardholders follow all applicable purchasing policies and procedures;
- disseminating updated P-Card information to Spending Unit cardholders;
- ensuring that P-Cards are cancelled and destroyed upon termination or separation from employment;
- providing updated contact information to the State Auditor's Office P-Card Division;

- performing biennial reviews of P-Card utilization levels within his or her Spending Unit and providing reports to the State Auditor's Office P-Card Division of the results of such reviews;
- identifying possible ethics law violations related to inappropriate activity by cardholders and vendors including the possession of gifts, bribes, etc.;
- conducting periodic reviews of transactions to ensure they are appropriate for the Spending Unit and that budgetary permission and/or supervisory authorization are part of the approval process;
- ensuring that all Spending Unit personnel assigned to monitor P-Card transactions have access within wvOASIS to the transactions made by any cardholder under their purview;
- addressing and establishing additional controls/policies, in a timely manner, as recommended by external or internal audits and reviews;
- ensuring that all supporting documentation is attached to the applicable transaction within wvOASIS. This includes documentation concerning the resolution of each disputed transaction.

## **2.5 Internal Controls, Fraud Prevention and Detection**

Internal controls are functions, processes and procedures utilized by a Spending Unit to ensure compliance, proper accounting, and safeguarding of State funds, property and equipment. Sufficient internal controls must be in place at each Spending Unit to ensure compliance with applicable laws, rules and regulations, P-Card Policies and Procedures, and other (internal and external) governing instruments.

Internal controls play an important role in the prevention and detection of fraud. Controls relating to fraud prevention are designed to minimize opportunities. Controls designed to detect potentially fraudulent activity identify issues, patterns and problems. Each Spending Unit should periodically assess its internal controls to determine their effectiveness. The basic principles for a properly designed system of internal controls would include: (1) segregation of duties; (2) adequate oversight and supervision; (3) safeguarding of assets; (4) proper authorization; (5) proper documentation; and (6) independent validations.

Each Spending Unit is required to develop and document internal control and accounting procedures that ensure P-Card usage is consistent with this manual and to develop guidelines for distribution to cardholders and other members of staff with reviewing and approving responsibilities. These procedures must be submitted in writing to the State Auditor's Office P-Card Division. In those cases where it is determined that internal controls are not adequate, the State Auditor's Office P-Card Division has the authority to request improvements and/or place P-Card restrictions on the Spending Unit until such controls are established, documented and implemented.

### **2.5.1 Segregation of Duties**

Segregation of duties is the concept of having more than one person required to complete a task. Segregation of duties is generally associated with the procurement/ payment cycle or the revenue cycle. In segregating duties of the procurement/ payment cycle no one individual should be able to

purchase (approve), receive, and pay for goods and services. The Spending Unit P-Card coordinator(s) should not handle all aspects of the P-Card process. The purchasing (approving), receiving and review and reconciliation processes should be performed by different individuals whenever possible.

Unless authorized by the State Auditor's Office P-Card Division, no cardholder shall be his or her own coordinator. Sufficient internal controls must be established and implemented to ensure that when a P-Card coordinator is also a cardholder, some other knowledgeable individual (who has received/attended Coordinator training) such as a direct supervisor or a different coordinator reviews and approves transactions appearing on the coordinator's P-Card. The reconciliation process must include a knowledgeable and independent review of supporting documentation for all transactions.

If the Spending Unit is a board, commission, authority, or council, a written report of P-Card transactions including the vendor, detailed description of good or service and total transaction amount must be provided to members of the governing body to be reviewed and approved or ratified at regularly scheduled meetings. A copy of the report, as well as the minutes of the meeting, must be available for review by the State Auditor's Office P-Card Division upon request.

### **2.5.2 Proper Oversight**

The Spending Unit's chief financial officer must ensure proper oversight of P-Card use within his or her Spending Unit. This includes developing internal controls that ensure a thorough review of the Spending Unit's P-Card transactions and assurance that each transaction is for official state business.

### **2.5.3 Physical Controls**

Physical controls should be present to ensure security of p-cards and records. Records must be stored in a secure location to which only authorized individuals have access.

## **2.6 Payment Process**

It is the Head Spending Unit Coordinator's responsibility to ensure that the master billing account is paid in full every month.

The payment process begins at the transaction level. Every transaction must be fully reconciled, marked "Reviewed" and "Pay" prior to the monthly Scheduled Payment Date. A P-Card Chain Job gathers all the transactions marked with the "Pay" flag and creates a PRCC (Payment Request) document. The PRCC document is the Payment Request document that will be paid to the credit card bank, and is created for each transaction once it has gone through the proper approvals and the "pay" flag is checked. Simultaneously during the P-Card Chain Job, the transaction is marked for deletion from the PRCUU (Unprocessed Procurement Card Activity) table and added to the PRCUT (Paid Procurement Card Transaction) table. The next time the P-Card Chain Job runs, it will delete the transaction from the PRCUU table, as long as it has been reconciled correctly, and finalizes the Payment Request (PRCC) document.

It is important for the coordinator who has the security role to authorize the payment of a transaction to verify that the PRCC was created without any errors. This review should be done in advance of the Scheduled Payment Date on the PCNFG table to allow time for the correction of any errors that resulted in the PRCC being rejected. Any PRCC document in rejected status will not be submitted for payment; therefore, the master billing account would not be fully reconciled and paid.

## **Section 3.0: Training**

The State Auditor's Office P-Card Division is required to provide training to all cardholders and coordinators. Training provided by the State Auditor's Office P-Card Division is mandatory for all new applicants. Training may be in person, or in a format approved by the State Auditor's Office P-Card Division. The training curriculum requirements may be different based on the intended card use. (Ex. One-card vs. Travel-only) Any additional P-Card training provided by a Spending Unit must be approved by the State Auditor's Office P-Card Division. The current web-based training is accessible under the myApps link at: <https://www.wvsao.gov>.

### **3.1 Coordinator Training**

A Spending Unit coordinator at any reporting hierarchy must receive training, education, and certification designed and approved by the State Auditor's Office P-Card Division within thirty (30) days of assuming the duties of the position. Designated training/education will be required annually. Training shall include P-Card policies, purchasing policies as they relate to P-Card, ethics training, and/or emergency card or travel guidelines as appropriate. Spending Unit P-Card coordinators must successfully complete all applicable designated training to receive Spending Unit P-Card coordinator certification. Coordinator certification fulfills the required cardholder training for coordinators who are also cardholders.

### **3.2 Cardholder Training**

Before a P-Card may be issued, the trainee must have successfully completed a training session specifically designed for new cardholders. All current cardholders shall complete three (3) hours of training biennially. One session of training every two (2) years shall relate to ethics. General training on specific purchasing policies can be obtained by contacting your Spending Units' purchasing department. Other training topics include travel and emergency P-Card guidelines.

Any cardholder who begins employment with a new Spending Unit within sixty (60) days of the expiration of their certification must complete and receive their refresher certification before they can receive a P-Card in their new Spending Unit.

### **3.3 Spending Unit Training**

In-person training sessions may be conducted at the Spending Unit. This training may include on-site instruction to Spending Unit personnel, coordinators, new cardholders, as well as existing coordinators and cardholders that need updated on the latest policies and procedures, wvOASIS, and/or approved P-Card reconciliation software and reporting tools.

## Section 4.0: P-Card Issuance

### 4.1 Application Eligibility

P-Cards are issued at the request of the Spending Unit P-Card coordinator. Except upon written waiver by the State Auditor's Office P-Card Division, a cardholder must be an employee of the State of West Virginia.

Before a P-Card may be issued, the applicant must have successfully completed a training session and passed the quiz specifically designed for new cardholders. All cardholders shall complete three (3) hours of training biennially. One (1) hour of training every two (2) years shall relate to ethics. All training must be approved by the State Auditor's Office P-Card Division.

### 4.2 Application Process

Coordinators who have the role within wvOASIS to add a cardholder to the system must use a PCC document ensuring that all required fields (i.e. applicable MCC groups, credit and transaction limits, daily and monthly transaction limits, etc.) are completed and submitted for approval to the State Auditor's Office P-Card Division.

### 4.3 Cardholder Agreement Forms

The Cardholder Agreement Form signifies that the applicant acknowledges that he or she has had adequate training, understands the P-Card Policies and Procedures, and accepts responsibility for compliance with the P-Card Policies and Procedures.

All new applicants are required to electronically sign a Cardholder Agreement Form via the P-Card training link located in myApps at <https://www.wvsao.gov> before P-Card applications will be processed. P-Cards will not be issued without a signed Cardholder Agreement Form. All electronically signed Cardholder Agreements will be maintained in the P-Card training system within myApps.

If the Cardholder Agreement is not signed electronically, the Spending Unit P-Card coordinator is required to maintain a copy of the Cardholder Agreement Form as long as the P-Card is active or pursuant to Section 7.4, whichever is longer. Forms may be retained in hard copy or electronically.

### 4.4 P-Card Delegation

P-Card delegation is prohibited. P-Card delegation is the practice of allowing an individual other than the cardholder whose name appears on the front of the P-Card to have access to the P-Card or P-Card number to initiate or complete a transaction. P-Card delegation increases the risk of fraud and cardholder liability.

P-Card delegation includes allowing an individual other than the cardholder to:

- have physical possession of the P-Card to make payments to point of sale vendors;

- have access to the P-Card number and expiration date to make payments via telephone, internet, or in person;
- have access to receipts or invoices that display the P-Card number and expiration date.

With the exception of ghost, fleet, or other card accounts as approved by the State Auditor's Office P-Card Division, P-Cards are issued in an individual's name. Only the individual named on the P-Card is authorized to use it.

#### **4.5 P-Card Security – Purchasing and Travel Cards**

The P-Card must be kept secure. The individual cardholder is accountable for every charge made by or authorized by the cardholder that appears on his or her P-Card.

P-Cards should only be used on secured internet sites. A secured site's URL or web address line begins with "https://" and generally has a closed "lock" icon on the screen.

All cardholders are required to sign the back of their P-Card upon receipt.

### **Section 5.0: P-Card Activation**

P-Cards are mailed directly to the address associated with the Site ID assigned to the cardholder. Upon receipt, the cardholder should activate and establish the card's PIN by calling the number or visiting the website included on the activation sticker placed on the front of the card. The cardholder will be required to provide his/her verification identifier to activate their card and follow the prompts to set up a PIN for Chip and Pin use. If the activation sticker is not present or the cardholder needs to change an existing PIN, the cardholder may call the number on the back of the card and follow the prompts to activate it or change the PIN. The cardholder should not share his/her verification identifier or PIN.

### **Section 6.0: Instructions for Use**

#### **6.1 General Instructions**

The P-Card is a preferred method of payment for certain designated transactions or dollar amounts. All applicable laws, rules and regulations, P-Card Policies and Procedures, and other governing instruments must be followed, regardless of the method of payment.

State Agencies should refer to the State Purchasing Policies & Procedures Handbook at <http://www.state.wv.us/admin/purchase/default.html> where applicable; and the State Travel Policy at <http://www.state.wv.us/admin/purchase/travel/policy.html>, except where otherwise exempted by statute or rule. Higher Education Institutions should refer to their purchasing policies & procedures and travel rules and policies. Any questions concerning purchasing or travel rules, policies, or procedures should be referred to the Spending Unit's Purchasing Department or Travel Coordinator.

The P-Card may be used to make payments for goods, services, and travel that are not prohibited by P-Card Policies and Procedures. Personal charges are prohibited.

Any returned goods should be credited to the P-Card. Debit cards, gift cards or cash are not an acceptable method of receiving refunds for returned goods. Any deviation from this policy must be reported to the State Auditor's Office P-Card Division.

## 6.2 Transaction Limit

Individual transaction limits and credit limits are determined by each Spending Unit P-Card Coordinator upon approval by the State Auditor's Office P-Card Division. It is a violation of policy to manipulate the ordering, billing, or payment process in order to circumvent established cardholder limits.

## 6.3 Business - Related Travel

Except where otherwise exempted by statute or rule, Spending Units must use the P-Card for all authorized business related travel expenses whenever the card is accepted. The Spending Unit's internal controls and accounting procedures for travel should be documented. These controls will be configured in the wvOASIS Travel & Expense Management System, which is required for reconciliation of all business related travel expenses including those charged to an individually assigned P-Card.

If P-Cards are to be used solely for travel purposes, the appropriate "travel only" MCC group must be designated on the PCC document.

Purchasing card authorized travel expenses include, but are not limited to the following:

- registration fee payments
- airline ticket payments
- vehicle rental payments (commercial or state-owned)
- fuel for rental vehicles (commercial or state-owned)
- other transportation tickets
- hotel folio payments including business-related costs such as business phone charges and business internet access

Except for approved Athletic, Student and Academic team related expenses, p-card authorized travel expenses shall not include food expenses or any personal expenses on hotel folios such as room service or movie expenses. Proper documentation must be provided for any billing (i.e., hotel folios) relating to multiple travelers.

Approved Athletic, Student and Academic team-related expenses must adhere to all applicable laws, rules and regulations, P-Card policies and procedures, travel policies, and other governing instruments.

Purchasing Card Policies and Procedures do not supersede applicable agency travel regulations. The Spending Unit's receipt requirements for those business-related travel expenses paid using the P-Card shall remain consistent with the Spending Unit's applicable travel policy. For those Spending Units that have current authorization to utilize the P-Card for travel purposes, and are not utilizing the wvOASIS Travel & Expense management system; copies of P-Card travel receipts should be attached to the travel settlement form and referenced as a direct-billed item.

#### 6.4 Usage Restrictions

Except where otherwise exempted by statute, rule, or waiver from the State Auditor's Office P-Card Division, the P-Card may not be used to obtain cash, cash credits, or cash advances. The P-Card may be used for the purchase of gift cards, where authorized by applicable law, rules and regulations, or other governing instrument, only upon prior approval of the transaction by the State Auditor's Office P-Card Division. Gift card purchases are not to be made until after prior approval has been received. The name (and signature if possible) of the recipient is to be documented.

#### 6.5 Tax Reportable Transactions

The majority of payments made with a credit card or payment card and certain other types of payment, including third party network transactions, must now be reported by the vendor's payment settlement entity and are not subject to reporting by the State. Please refer to Administrative Policy Statement Number 35 for a listing of transaction types that are exceptions and/or are otherwise prohibited from payment with the P-Card.

#### 6.6 Ordering

Payments may be made with the P-Card by phone, fax, mail, secured internet site, or in person. Payments may be made through 3<sup>rd</sup> Party Payment Processors such as PayPal, Amazon Marketplace, etc. only upon prior approval by the State Auditor's Office P-Card Division. When paying by telephone, fax, mail, or internet, the vendor should be provided with a complete shipping address.

Shipping and handling charges must be included in the stated price and the total charge may not exceed the cardholder's assigned transaction limit.

When placing the order, the vendor should be instructed to provide an Itemized Invoice or receipt. The vendor may not charge the account until the merchandise has been shipped.

#### 6.7 Tax Exempt Status

The State of West Virginia is tax exempt and should not pay tax to in-state vendors. Cardholders should remind vendors that the State of West Virginia is tax exempt before initiating a transaction. The words "Tax Exempt" and the Spending Unit's tax identification number are printed on the P-Card. The cardholder is required to provide the vendor with a copy of the Spending Unit's tax-exempt certificate.

Pursuant to our bank contract (*Appendix J Billing Disputes Guide*), we may not dispute sales tax or shipping and handling charges. It is the cardholder's responsibility to ensure charge accuracy. Sales tax or shipping charges should be addressed immediately with the vendor by the cardholder.

## 6.8 Hospitality

Hospitality expenses may be paid using the P-Card. Specific documentation requirements exist for hospitality expenditures and that documentation must remain consistent regardless of the method of payment. In addition to other documentation requirements, each hospitality event/function must be supported by an itemized receipt/invoice and a list (by first and last name) of function attendees. Any hospitality documentation must be available to the State Auditor's Office P-Card Division for inspection.

## 6.9 Convenience Fees and Surcharges/Checkout Fees

Convenience fees and Surcharges or Checkout fees may be paid by the P-Card at the discretion of the Spending Unit. It is the responsibility of the cardholder and Spending Unit Coordinator to determine if these charges are acceptable to the Spending Unit and in compliance with the card brand's regulations. Any questions or suspected misapplication of these fees by a vendor should be reported to the State Auditor's Office P-Card Division for further investigation.

Convenience fees are charges levied for the privilege of paying for a product or service using an alternative payment channel, or a payment method that is not standard for the merchant. For example; a movie theater that sells tickets primarily face-to-face may charge a convenience fee for the online purchase of tickets with a credit card. The fee is assessed for the convenience of allowing the purchase of tickets online rather than face-to-face since the normal payment channel is a face-to-face card swipe transaction.

According to Visa, In the U.S. Region, except as specified otherwise for Tax Payment Transactions in "Tax Payment Program Fee Requirements - U.S. Region," a Merchant that charges a Convenience Fee must ensure that the fee is:

- Charged for a bona fide convenience in the form of an alternative payment channel outside the Merchant's customary payment channels
- Disclosed to the Cardholder as a charge for the alternative payment channel convenience
- Added only to a non-face-to-face Transaction. The requirement for an alternate payment channel means that Mail/Telephone Order and Electronic Commerce Merchants whose payment channels are exclusively non-face-to-face may not impose a Convenience Fee.
- A flat or fixed amount, regardless of the value of the payment due
- Applicable to all forms of payment accepted in the alternative payment channel

- Disclosed before the completion of the Transaction and the Cardholder is given the opportunity to cancel
- Included as a part of the total amount of the Transaction

A payment card surcharge, also known as a checkout fee, is an additional fee that a merchant adds to a consumer's bill when he or she uses a credit card for payment.

Beginning January 27, 2013, approved merchants could begin assessing a surcharge for credit card transactions. According to Visa, certain requirements must be met and complied with when assessing surcharges or checkout fees, which include the following:

- The fee is no greater than the merchant's average discount rate associated with the Visa Credit card product type transactions being surcharged for the preceding one month or 12 months, minus the regulated debit cap established by the Board of the Governors of the Federal Reserve System;
- The fee does not in any event exceed 4% (even in cases where the merchant's average discount rate exceeds 4%).
- If the merchant accepts a competing payment network brand that is as or more expensive to the merchant than Visa, and that competing payment network limits the merchant's ability to surcharge credit cards, the merchant may surcharge Visa Credit cards only in the same way as the merchant would be allowed to surcharge the competing payment network's credit card (or on the terms on which the merchant actually surcharges the competing payment network's credit cards).
- If the merchant accepts a competing payment network brand of credit card that prohibits or effectively prohibits the merchant from surcharging in a particular channel of commerce (i.e. either face-to-face or non-face-to-face), the merchant may not surcharge Visa Credit cards unless it also surcharges the competing payment network's credit cards regardless of the cost of that card to the merchant. The amount of the surcharge on the competing payment network brand must equal at least the lesser of: the cost to accept the competing brand's credit cards or the surcharge imposed on Visa Credit cards.
- In addition, a U.S. merchant who surcharges must provide clear disclosure to the merchant's customers
  - (1) at the point of store entry, or in an online environment on the first page that references credit card brands, that the merchant imposes a surcharge that is not greater than its applicable merchant discount rate for Visa Credit card transactions;
  - (2) at the point of interaction or sale with the customer, of the merchant's surcharging practices (including the amount of any surcharges that the merchant imposes and a statement that the surcharge is being imposed by the merchant), in a manner that does not disparage the brand, network, issuing bank, or the payment card product being used; and
  - (3) of the dollar amount of the surcharge on the transaction receipt provided by the merchant to its customers.

Additional information and updates regarding surcharging/checkout fees can be found at <https://usa.visa.com/support/consumer/surcharge-fees.html>

## 6.10 Ethics & Vendors

It is unlawful for any vendor doing business with the State of West Virginia to provide a bribe, gratuity or kickback in any amount to a P-Card holder or a Spending Unit. Spending Unit receiving gifts with nominal value may keep such gifts (e.g., candy, fruit baskets, etc.) as long as they are unsolicited and shared and distributed fairly throughout the Spending Unit or the gifts may be donated to charities. Any gift valued in excess of the amount noted in the State's Ethics Act, (West Virginia Code §6B-1-1, et seq.) "The Ethics Act," should be returned to the vendor, if possible, and reported to the State Auditor's Office P-Card Division.

Please check with your Spending Unit to see if it imposes rules of conduct in addition to those established by the Ethics Act. You can view the Ethics Act at <http://www.ethics.wv.gov> or email the Ethics Commission at [ethics@wv.gov](mailto:ethics@wv.gov).

## Section 7.0: Transaction Documentation & Reconciliation

Cardholders are responsible for the review, acknowledgement or dispute of all transactions that appear on their P-Card statement. Documentation must be obtained and maintained for each transaction placed on the P-Card and must be available upon request by the State Auditor's Office P-Card Division. Documentation supporting a P-Card purchase or expenditure may include requisitions, purchase orders, itemized receipts, vendor invoices, packing slips, receiving reports, log sheets (manual or electronic review/reconciliation documentation), individual statements, or any other evidential matter required by applicable laws, rules and regulations, P-Card Policies and Procedures, and other governing instruments. Agencies should adopt a "zero tolerance" for missing or inadequate documentation.

The reconciliation process should include a knowledgeable and independent review of documentation, receipts, and transaction reports. Each Spending Unit is required to develop and maintain accounting and internal controls that ensure P-Card usage is consistent with applicable laws, rules and regulations, P-Card Policies and Procedures, and other governing instruments and to develop guidelines for distribution to cardholders. The reconciliation and review processes should be documented including the date performed.

In those cases where it is determined that internal controls are not adequate, the State Auditor's Office P-Card Division has the authority to request improvements and/or place P-Card restrictions on the Spending Unit until such controls are established, documented and implemented.

### 7.1 Receipts & Receiving Reports

Except where otherwise exempted by statute or rule, an itemized receipt must be obtained for each transaction placed on the P-Card. The receipt must be legible, itemized (reflecting the goods or services purchased), and contain the vendor name, date of purchase and price of items. Receipt documentation may be paper or electronic and shall be retained by the Spending Unit. A receipt description, which only states "Miscellaneous", or "Merchandise", or only includes a vendor's stock or item number, is not acceptable. In the event that an acceptable form of receipt is not available, the cardholder shall create, either in paper or electronic form, an itemized list which satisfies the requirements set forth in this subsection. The cardholder and direct supervisor or coordinator's signatures, physical or electronic, are required as well as the date the goods were received, along with whatever receipt is available.

State Auditor's Legislative Rule 155 CSR 1, §155-1-5 requires "receiving reports" be filed with the State Auditor's Office for all commodities purchased for the State. P-Card "receiving reports" include: successful completion of the transaction's Receipt Date and Receiver fields on the PRCUU table by the cardholder or authorized receiver, wvOASIS receiving documents (RCdoc), itemized receipts, packing slips or other forms approved by the State Auditor's Office P-Card Division and shall be maintained by the Spending Unit and available for review upon request by the State Auditor's Office P-Card Division. The person receiving the goods shall either complete the RCdoc, update the Receipt date and Receiver fields on the PRCUU table for the transaction, or sign the packing slip, itemized receipt or P-Card receiving report and state in writing, the date the goods or services were received, if different than the date indicated on the vendor point of sale document. If the person receiving the goods is not the cardholder and he/she completed an RCdoc for the transaction, the individual reconciling the transaction on the PRCUU table must update the Receipt Date field and select the authorized receiver who completed the RCdoc from the Receiver field during the reconciliation process. If the receiver does not update or complete the applicable wvOASIS documents, the signed P-Card receiving report must be forwarded to the cardholder for transaction documentation and reconciliation purposes and included as supporting documentation. \*Note- when a transaction is made and references a procurement document on the PRCUU table that includes an inventory item; then it is mandatory to process an RCdoc in wvOASIS to update the inventory tables.

Unless authorized by the State Auditor's Office P-Card Division, all supporting documentation must be attached to every transaction within wvOASIS.

## **7.2 Transaction Statements, Reconciliation & Disputed Items**

All Spending Units will receive electronic (or paper) statements. The statement closing date is the 3rd day of every month. Each cardholder is responsible for ensuring that his or her statement is reconciled every month. The Spending Unit P-Card coordinator or chief financial officer is responsible for ensuring the reconciliation of the master account(s) within wvOASIS. Cardholders must review all transactions to ensure that they are legitimate, for official State business, and that all required documentation is included. Unless approved by the State Auditor's Office P-Card Division, the reconciliation process must be documented and completed within wvOASIS. For those Spending Units whose cardholders are not wvOASIS users and their documented internal controls and accounting procedures reflect physical signatures and support documentation in their reconciliation

process; the supporting documentation must be attached to the corresponding transaction within wvOASIS.

Individual statements are available online at [www.citi.com](http://www.citi.com). Individual and master statements must be examined carefully for billing errors, debits due to erroneous billing, or credits made to correct a previously disputed item.

**Disputed items** may result from failure to receive goods or services, unauthorized transactions, defective merchandise, returned merchandise, incorrect amounts being charged, duplicate charges, credits not yet received, canceled transactions or items not as described and attempted to be returned to the merchant. Transactions that appear fraudulent should be reported to the financial institution and the State Auditor's Office P-Card Division immediately. If transactions that are unauthorized by the cardholder are charged to his/her account, the cardholder should call the number on the back of the card and follow the steps required by Citi in order to receive credit for the unauthorized transaction(s). The cardholder or proxy must also update the reconciliation status for the transaction(s) on the PRCUU and/or PRCUT table to "Unauthorized Use" and attach the supporting documentation that was required by Citi. When the credit is received, the reconciliation status should be set to "Unauthorized Use." Also, the original transaction should be referenced in the comments field under the Commodity Line>General Information section. Any subsequent supporting documentation received from Citi should be attached to the original transaction on the PRCUT table. All other items should be disputed on the cardholder dispute form.

Pursuant to our contract with Citi (*Appendix J Billing Disputes Guide*), we may not dispute sales tax or shipping and handling charges. It is the cardholder's responsibility to ensure charge accuracy. Sales tax or shipping charges should be addressed immediately with the vendor by the cardholder.

The first step in the dispute process is for the cardholder to contact the vendor and attempt to resolve the problem. If the vendor is unwilling to credit the charge, the cardholder must provide documentation that the vendor was contacted and unwilling to credit the charge. A dispute form should be filed with the State Auditor's Office P-Card Division within 60 days from the statement date that contains the disputed item. A copy of the statement the disputed charge appears on and any other supporting documentation for the disputed transaction MUST be attached to ALL dispute forms. These forms are to be faxed to the State Auditor's Office P-Card Division at 304-340-5083. Do NOT fax forms directly to the bank. The coordinator must ensure all required dispute documentation is attached to the corresponding transaction in wvOASIS or maintain documentation in a centralized location concerning the resolution of each disputed transaction submitted where the Spending Unit has been authorized to store supporting documentation outside of wvOASIS. The Spending Unit must pay the statement amount pending resolution of the dispute.

All disputed transactions must be identified as such within wvOASIS. Either the cardholder or proxy must change the Reconciliation Status field to "Disputed." Also, the Dispute Reason Code and Dispute Reason Description should reflect the same dispute reason identified on the dispute form. Upon resolution, the Reconciliation Status field must be changed to "Dispute Resolved," all additional supporting documentation related to the resolution of the disputed transaction uploaded as an attachment, and the Comments field utilized to clearly explain the resolution. If a credit transaction is received pursuant to a disputed transaction, the reconciliation status should be set to "Dispute

Resolved," and the original transaction should be referenced in the comments field under the Commodity Line>General Information section.

If a cardholder consistently has problems with a particular vendor, a P-Card Vendor Complaint Form should be submitted to the State Auditor's Office P-Card Division. The State Auditor's Office P-Card Division will work with the Spending Unit and the vendor to seek a resolution.

### **7.3 Reconciliation Software**

Unless authorized by the State Auditor's Office P-Card Division, reconciliation of P-Card transactions must be completed within wvOASIS.

### **7.4 Record Retention**

For P-Card program evaluation and inspection purposes, Spending Units must keep all active cardholder documentation relating to the State Auditor's Office P-Card Program (cardholder applications, agreements, maintenance forms and training certificates).

All documentation must be kept for a minimum of two (2) years from the end of the fiscal year in which the last transaction was completed and/or a program evaluation has been completed by the State Auditor's Office P-Card Division. These records must be available to the State Auditor's Office P-Card Division upon request. The P-Card Division takes no position regarding the appropriate records retention period or records destruction schedule for any specific agency. The P-Card Division does recommend that agencies consult with legal counsel prior to the destruction of any document.

This rule does not supersede the record retention policy of the Spending Unit or other state or federal retention policies or record retention policies otherwise provided for herein.

### **7.5 Imaging**

Images of supporting documentation attached to transactions within wvOASIS will be considered original documentation by the State Auditor's Office and hard copies of the attachments are not required to be kept. It is the Spending Unit's responsibility to ensure all imaged documents are complete and legible before destroying any hard copy.

This rule does not supersede the documentation requirements of the Spending Unit, other state, federal, or applicable governing bodies.

## **Section 8.0; P-Card Maintenance**

### **8.1 Maintenance Requests**

All maintenance requests must be submitted utilizing a PCC document within wvOASIS. Account maintenance performed at the discretion of the State Auditor's Office P-Card Operation's Division will

be reflected on the daily cardholder change report, which is available to all head Spending Unit coordinator's and/or their designee(s).

## **8.2 P-Card Cancellation**

P-Cards must be cancelled immediately upon termination of or separation from employment. The Spending Unit coordinator is responsible for ensuring that the P-Card is destroyed and that a PCC document is completed and submitted through wvOASIS to the State Auditor's Office P-Card Division.

## **8.3 Lost or Stolen Cards**

Immediately report lost or stolen P-Cards to the financial institution and the Spending Unit P-Card coordinator within 24 hours to limit cardholder liability.

To report a lost or stolen P-Card, call 1-800-790-7206 or 1-800-VISA911.

A PCC document is not required for lost or stolen cards. However, the Spending Unit Coordinator must promptly notify the State Auditor's Office P-Card Division the account has been reported lost or stolen to Citic or Visa. The coordinator is also responsible for ensuring the lost or stolen card "Status" and "PCard Inactive Reason" fields have been updated on the PRCUI table the next business day to reflect an "inactive" account. The PCard Inactive Reason for lost or stolen accounts is typically F1. If these have not been updated, the coordinator should contact the P-Card Operations section.

## **Section 9.0: Fraud, Misuse & Abuse**

*West Virginia Code*, §12-3-10b, states:

"It is unlawful for any person to use a state P-Card, issued in accordance with the provisions of section ten-a of this article, to make any purchase of goods or services in a manner which is contrary to the provisions of section ten-a of this article or the rules promulgated pursuant to that section. Any person who violates the provisions of this section is guilty of a felony and, upon conviction thereof, shall be confined in the penitentiary not less than one nor more than five years, or fined no more than five thousand dollars, or both fined and imprisoned."

Failure to comply with P-Card Policies and Procedures, rules, and law associated with the State P-Card Program may result in revocation or limitation of P-Card privileges, a period of probation, or mandatory P-Card training in addition to any other discipline deemed necessary or appropriate by the Spending Unit.

Instances of unlawful use, possible fraud, misappropriation, or mismanagement with the P-Card shall be reported immediately to the CFO of the Spending Unit. The CFO shall report all aforementioned instances to the Deputy State Auditor/Executive Director of the State Auditor's Office P-Card Division within 24 hours of his or her discovery. Internal P-Card investigations do not supersede this

requirement and are only to be conducted upon approval by the Deputy State Auditor/Executive Director of the State Auditor's Office P-Card Division.

The P-Card is a privilege not a right and disciplinary action may be taken for fraud, misuse or abuse of the P-Card.

### 9.1 Fraud

Fraud is a deception deliberately practiced in order to secure unfair or unlawful gain. For example, fraud occurs when the cardholder's account information has been intentionally utilized for personal gain. Intentional use of the P-Card to make purchases for personal use or non-state business is fraudulent and is prohibited.

Individuals using the P-Card to knowingly pay for items intended for personal use will be subject to disciplinary action up to and including termination and prosecution under state law, and may be subject to civil action by the credit card company for personal liability.

### 9.2 Misuse & Abuse

Misuse/Abuse is the improper, unlawful or incorrect use, compromise or misapplication of the P-Card. Examples include:

- Failure to maintain security protecting your P-Card
- Paying for items in which the P-Card is not authorized for payment
- Purchase of authorized goods or services, at terms (e.g. price, quantity) that are excessive

### 9.3 Failure to Follow P-Card Policies and Procedures

Individuals or Spending Units failing to properly follow the P-Card Policies and Procedures, rules, and laws associated with the State P-Card Program will be subject to disciplinary action as referenced in this section.

The State Auditor's Office may limit and revoke P-Card privileges, institute a period of probation or require a mandated training for any Spending Unit or subdivision of a Spending Unit if that Spending Unit is found to have violated State P-Card policies and procedures and failed to take corrective action.

Spending Units in which P-Card privileges have been suspended will be eligible for assessment of a special penalty fee double the amount of the current penalty fee and will incur the increased costs of conventional payment processing. Spending Units may also be assessed a penalty fee of two (2) dollars for any purchase submitted for payment to the State Auditor's Office through the conventional payment process that could have been paid using the P-Card.

## **Section 10.0: Program Evaluations**

### **10.1 Monitoring and Examinations Performed by State Auditor's Office P-Card Division**

Program evaluations and other examinations of the agency's P-Card programs, as well as monitoring of P-Card transactions, will be conducted by the State Auditor's Office P-Card Division to determine compliance with all P-Card Policies and Procedures. All transaction receipts, reconciliation documentation, and related support documentation must be provided to the State Auditor's Office P-Card Division upon request.

Failure to provide all required documentation may result in the cancellation or restriction of a Spending Unit's P-Card privileges. After the program evaluation/examination is completed, the State Auditor's Office P-Card Division will present a report to the Spending Unit's agency head, chief financial officer, and cabinet secretary (if applicable). A courtesy copy will also be provided to any agency with applicable oversight responsibility.

The Spending Unit will be granted the opportunity to respond to the program evaluation issues. The final program evaluation (management) report will consist of issues for management consideration as well as the written responses provided by the Spending Unit.

### **10.2 Spending Unit Reviews**

Spending Units are encouraged to conduct random reviews of transactions within their programs. Various reports are available through the electronic reconciliation software products. Coordinators should be knowledgeable of the types of transactions appropriate for cardholders within their area of responsibility and review, and have the authority to request documentation for any transaction appearing on a cardholder's account.

Instances of unlawful use, possible fraud, misappropriation, or mismanagement with the P-Card shall be reported immediately to the CFO of the Spending Unit. The CFO shall report all aforementioned instances to the Deputy State Auditor/Executive Director of the State Auditor's Office P-Card Division within 24 hours of his or her discovery in a format approved by the State Auditor's Office P-Card Division.

### **10.3 Corrective Training**

Training will be conducted as needed after the completion of program evaluations. This training will focus on issues addressed in the management report, and, will advise agency management on the proper use of the P-Card.

## **Section 11.0: Emergency P-Cards**

### **11.1 West Virginia State Agencies and Institutions of Higher Education**

#### **11.1.1 Authorization of P-Cards for Emergency Use**

P-Cards will be authorized for use by emergency management or response personnel. P-Cards may be utilized for payment when an emergency, public necessity, rescue, relief or disaster is declared by a Board of Public Works member or his or her designee, or the President of an Institution of Higher Education or his or her designee and approved by the chancellor and will only remain activated throughout the declared emergency for such purchases as may be required. State Agencies should refer to the State Purchasing Policies & Procedures Handbook at <http://www.state.wv.us/admin/purchase/default.html>. Higher Education Institutions should refer to their emergency purchasing policies & procedures. Any questions concerning emergency purchasing rules, policies, or procedures should be referred to the Spending Unit Purchasing Department.

Agencies that may be called upon to respond in these situations must contact the State Auditor's Office P-Card Division to establish an implementation plan for emergency P-Card use as well as for emergency contact information for individuals involved.

#### **11.1.2 Emergency P-Card Activation**

Upon declaration of an emergency, [public necessity, rescue, relief or disaster,] the P-Card Coordinator or his or her emergency designee for the authorized emergency management or response personnel shall contact the State Auditor's Office P-Card Division to request use of the P-Card for emergency purposes or, where applicable, to request activation of the card. The P-Card coordinator or emergency designee shall, when deemed necessary, request increases in the credit limit to meet the requirements of the emergency. Within five (5) business days of an emergency, the written confirmation of the declaration of emergency shall be sent to the State Auditor's Office P-Card Division, as well as a list of authorized emergency management and response personnel responding to the specific situation. An emergency terminates thirty (30) days from the date of proclamation, unless previously extended or terminated by written proclamation by the initiating member, the president with approval by the chancellor, or the passage by the legislature of a concurrent resolution terminating such emergency, [public necessity, rescue, relief or disaster.]

#### **11.1.3 Payment of Invoices**

The P-Card account must be paid in full at the end of each billing cycle. The authorized emergency management or response personnel shall have additional thirty (30) days after the termination of the emergency to pay invoices for goods and services rendered during the emergency, [public necessity, rescue, relief or disaster,] as approved by the State Auditor's Office P-Card Division. Except as otherwise provided by statute or rule, the P-Card policies and procedures shall be followed for all emergency purchases.

#### 11.1.4 Accounts

Each State Agency or Institution of Higher Education may be issued a separate master account for emergency purchases.

#### 11.1.5 Emergency P-Card Program Evaluations

A program evaluation will be performed by the State Auditor's Office P-Card Division of all P-Card transactions relating to a declared emergency, [public necessity, rescue, relief or disaster.]

### 11.2 West Virginia National Guard

#### 11.2.1 Issuance of Emergency P-Cards

The Adjutant General will issue Emergency P-Cards to selected members of the West Virginia Army and Air National Guard called to Active Duty by the Governor for state emergencies such as floods, snow storms, fires or any other disaster so ordered.

#### 11.2.2 Policies

AGD MEMORANDUM Number 01-01, revised June 15, 2006, contains the policies and procedures for the use of the West Virginia Emergency P-Card by members of the West Virginia National Guard. In addition to this memorandum, the State P-Card Policies and Procedures Manual will be followed by The Adjutant General.

### Section 12 – Definitions:

**Athletic, Student and Academic Team-Related Expenses** - Expenses generated by a team-related activity which may include student travel, necessary team-related medical or drug testing or treatment, food, or hospitality expenses paid for by a designated, authorized employee at an institution of Higher Education.

**Auditor's Office** - West Virginia State Auditor's Office.

**Cardholder** - Individual responsible for and named on the P-Card.

**Cardholder Account Number** - The individual account number assigned to each State of West Virginia payment account.

**Cardholder Agreement Form** – An electronic form within the P-Card Training program signed by the cardholder that acknowledges that the cardholder has had adequate training, understands the *P-Card Policies and Procedures*, and accepts responsibility for compliance with all policies and procedures.

**Cardholder Application** - A POC document that initiates the P-Card issuance process.

**Chief Financial Officer** - The individual responsible for oversight of the financial activity within a Spending Unit.

**Collusion** - A secret agreement between two or more parties for fraudulent, illegal, or deceitful purposes.

**Disputed Item** - Transactions from merchants who are unwilling to issue credits that result from failure to receive goods or services, unauthorized transactions, defective merchandise, returned merchandise, incorrect amounts being charged, duplicate charges, credits not yet received, canceled transactions or items not as described and attempted to be returned to the merchant.

**Electronic Signature** - An electronic sound, symbol or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record. (See WV Code 39A-1-2(8)).

**Emergency Management or Response Personnel** - All persons acting under color of authority of state law engaged in rescue efforts, emergency or disaster relief recovery or coordination of emergency services, and are identified as such by a Board of Public Works member.

**Fraud** - Any transaction, intentionally made, that was not authorized by the cardholder

**General Emergency** - The occurrence or imminent threat of widespread or severe damage, injury or loss of life such that a state of emergency is declared by the Governor or the Legislature pursuant to West Virginia Code §15-5-6.

**Goods** - Materials, supplies, commodities, equipment, and any other articles or items used by or furnished to a Spending Unit.

**Higher Education Emergency** - The occurrence or imminent threat of substantial damage or risk to health or safety at an institution of Higher Education such that a state of emergency is declared by the president of the institution and approved by the chancellor pursuant to West Virginia Code §18B-5-9. Emergencies may include, but are not limited to, partial or total destruction of a campus facility; loss of a critical component of utility infrastructure; heating, ventilation or air condition failure in an essential academic building; loss of a campus road, parking lot or campus entrance; or a local, regional, or national emergency situation that has a direct impact on the campus.

**Hospitality** - Food, nonalcoholic beverages, and related expenses for the reception of guests by a Spending Unit for a specific event or function relating to conducting State business.

**Individual Statement** - A listing of transactions available monthly to the cardholder indicating all activity on an individual P-Card.

**Master Billing Account Number** - The master account number assigned to each Spending Unit for billing purposes.

**Master Statement** - A list of transactions available monthly to the Spending Unit coordinator indicating all activity on each individual P-Card that rolls up to that Spending Unit's master account number.

**Official State Use** - Payments made by a cardholder on behalf of the State as permitted by law and P-Card policies and procedures.

**P-Card Coordinator** - The individual designated by each Spending Unit to administer the P-Card Program within the Spending Unit.

**P-Card Delegation** - The practice of allowing an individual other than the cardholder whose name appears on the front of the P-Card to have access to the P-Card or P-Card number to initiate or complete a transaction.

**P-Card Provider** - The financial institution providing P-Card services to the State of West Virginia.

**Program Administrator** - The Deputy State Auditor/Executive Director of the State P-Card Program in the State Auditor's Office P-Card Division.

**Public Necessity, Rescue Relief or Disaster** - The occurrence or imminent threat of harm or damage to a significant resource area.

**Purchasing Card (P-Card)** - A payment account issued in the name of an individual employee of the State of West Virginia for official state use.

**Receipt** - An itemized document indicating the vendor, the price per item, and the total amount charged in a transaction.

**Reporting Hierarchy** - The description assigned to each level within the organizational hierarchy that defines the Cardholder's or Coordinator's relationship within the Spending Unit's reporting and/or review structure.

**Spending Unit** - Department, agency, or institution of state government.

**Spending Unit Contract** - A legal and binding instrument between the state Spending Unit and a vendor to provide goods or services.

**Transaction** - The payment for goods and services and other items as set forth in 155 CSR 7.2.

**Transaction Limit** - The maximum dollar amount permitted in any single transaction.

**Travel Expenses** - An employee's individual expenses generated while engaged in job related activities away from the employee's regular place of employment. Travel expenses include, but are not limited to the following: registration fee payments, airline ticket payments, vehicle rental payments, other transportation tickets, hotel folio payments including business-related costs such as

business phone charges and business internet access. Travel expenses shall not include any personal expenses on hotel folios such as room service, movie expenses, or food expenses.

Vendor - The supplier of goods or services to the State of West Virginia.

### **Section 13: Forms-Hyperlinks to Forms**

WV-49

Administrative Policy Statement Number 35

Hospitality Documentation Event Information Form

P-Card Dispute Form

P-Card Vendor Complaint Form

Sample P-Card Travel Settlement Summary Form

Tax Exemption Certificate

Unauthorized Card Use Affidavit

3<sup>rd</sup> Party Payment Processor Waiver