

Policy Title:	Small Purchase Order Transaction System (SPOTS) Card			
Policy Number:	DHS-040-019	Version:	2.0	Effective Date: 10/01/2010

Approved By: Jim Scherzinger, Deputy Director
of Finance – Signature on File

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Overview

Purpose/rationale: Oregon statutes afford agency directors the responsibility for approving the use of public resources for their agencies' commitments, expenditures and disbursements. Small Purchase Order Transaction System (SPOTS) VISA card transactions are no different than any other agency expenditure and require the application of the same standards of control. Strong accountable business processes add value to our clients, employees and stakeholders and to the services the agency provides.

Effectively monitoring financial transactions helps strengthen regulatory compliance. It also increases the chances of detecting error, fraud, waste and abuse, and helps stop improper activity before the agency's ability to achieve its operational objectives are materially affected. Accurately processing and documenting SPOTS cards use requires strict controls and close management.

This policy defines the governance of SPOTS cards' issuance, appropriate use, payment processing, compliance, training and security.

Applicability: This policy is applicable to all employees directly or indirectly responsible for approving card issuance, authorizing SPOTS card purchases, documenting and logging SPOTS card transactions, providing training on SPOTS card use, or ensuring SPOTS cards are safeguarded.

Failure to comply:

Failure to comply with the SPOTS card policy may lead to removal of the agency from the state's SPOTS card program. Consequences to agency employees range from loss of SPOTS card privileges to employee disciplinary action, up to and including termination and possible criminal prosecution.

Managers can be held accountable and responsible for expenditures made by their employees when the manager knew or should have known that:

- The expenditure was contrary to policy or did not comply with agency administrative business or program requirements.
- There was insufficient expenditure limitation or revenue.
- The expenditure was unlawful.

The individual who makes an inappropriate SPOTS card purchase, whether intentionally or not, shall immediately reimburse the agency upon being notified that the purchase was inappropriate.

This policy supersedes all previous SPOTS card policies. It also supersedes any procedures issued by divisions, sections, units, branches or field offices that are not signature-approved by the Deputy Director of Finance and or the Controller.

Policy

This policy establishes uniform accountability standards, strengthens internal control over SPOTS card processes and provides for equitable and consistent interpretation and application of state and federal laws, rules and regulations. This policy does not apply to the Corporate Travel Card.

1. Approving officer authority

The Controller is the SPOTS card program's approving officer, responsible for establishing program accountability, separation of duties, reporting relationships and authorization protocols.

The approving officer shall not have update access to the bank's web-based system or obtain a SPOTS card.

2. SPOTS card coordinator

The approving officer shall appoint the agency's SPOTS card coordinator and his/her back-up support. The SPOTS card coordinator and designated back-up are prohibited from having a SPOTS card.

3. Issuing SPOTS cards

SPOTS cards should be issued only to permanent, full-time employees who do not have delegated expenditure decision authority. The approving officer may allow an employee with delegated expenditure decision authority, or a trial service or part-time employee to receive a SPOTS card if the employee's manager submits documented justifiable business reasons. To minimize the risk of malfeasance, the number of employees who are issued a SPOTS card shall be kept to the minimum necessary without impeding daily operations. Issuing SPOTS cards to clients, volunteers, contractors or agents is strictly prohibited.

To mitigate fraud and reduce confusion with an employee's personal credit card, the bank embosses each SPOTS VISA card with:

- The State of Oregon Seal and name;
- Two statements — "For Official Use Only" and "Purchasing";
- Card number;
- Valid through date;
- Employee's name;
- Agency, division, section or city where the employee is assigned; and
- Three-digit authorization code next to the signature area on the back of the card.

4. SPOTS card limits

Statewide policies set a standard credit limit for each SPOTS card of \$2,500 per billing cycle. These policies allow the approving officer to authorize credit limit increases up to \$7,500 based on actual or anticipated business needs. The approving officer must obtain DAS's approval for any request to increase a credit limit above \$7,500.

The cardholder's manager may submit a written request to the SPOTS card coordinator to increase or decrease the cardholder's credit limit. Upon receipt of the manager's business justification for the request, the SPOTS card coordinator will confer with the approving officer to assess the business requirements to determine whether to approve, deny or submit the request to DAS. The approving officer may require a single transaction limit of \$5,000 on any card that has a billing cycle credit limit exceeding \$5,001.

5. Responsibilities of the manager

Managers shall ensure that they and their employees conform to this and all relevant agency policies and procedures.

a. Segregating duties

Segregation of duties provides a system of checks and balances to validate each transaction and requires that each part of the process is assigned to a separate employee. Managers shall ensure that authorizing expenditures, effecting purchases, and receiving goods or services are segregated among multiple employees.

Segregation of duties must be strictly enforced. If staffing limitations prohibit or restrict the appropriate segregation of duties, the manager shall compensate by exercising more active oversight of operations. Failure to enforce segregation of duties or to institute compensating controls may result in the manager being held accountable for any illegal, improper or unauthorized use of the SPOTS card.

b. Cardholders and applicant employees

The manager is responsible to ensure that his/her employee who is a SPOTS card applicant, cardholder, and or has delegated expenditure decision authority is knowledgeable of the statutes, policies and procedures governing purchases and the effect SPOTS card use has on program operations, expenditure limitation and anticipated revenues.

c. SPOTS card security

Managers shall ensure that SPOTS card security protocols are strictly enforced.

A. Each SPOTS card shall have only one authorized user. The employee to whom the card is issued is the only authorized user. Any employee (other than the authorized user) or individual who uses the card is subject to disciplinary action up to and including dismissal and possible criminal actions.

B. The SPOTS card is placed in a safe, vault, locking cabinet or other secured location when not in use. Access to the secure location is restricted to the cardholder to the extent possible.

C. Reasonable efforts are made to safeguard the confidentiality of the card number.

d. Procurement card activity log and supporting documentation

Managers are accountable and responsible for ensuring that SPOTS cards are used for authorized purchases and that such use reflects prudent, economical and fiscal stewardship of public resources that further the business of the agency and state. The manager will determine which *procurement card activity log*, DHS 0115A (low volume SPOTS card activity) or DHS 0115B (high volume activity) shall be used by the cardholder.

The manager shall review the *procurement card activity log* and supporting documentation in a timely manner. The review shall be based on reasonableness using standard documentation controls to meet audit trail requirements:

- All transactions are recorded and none are omitted;
- The recorded transactions are valid, not fictitious, and supported by appropriate documentation;
- Each transaction's dollar amount is properly recorded;
- The transactions are classified in the proper accounting structures; e.g., index, PCA, agency object code, etc.;

The manager's signature on the *Procurement Card Activity Log* certifies that the supporting documentation is accurate and the purchases are appropriate.

The manager shall ensure that the original *Procurement Card Activity Log*, billing statement and supporting documentation are retained in a secured file to protect the SPOTS card account information. The documentation shall be retained in accordance with state archival requirements.

The manager/designee shall ensure that the appropriate agency business office receives an electronic version of the *Procurement Card Activity Log*, a pdf file or paper copy of the billing statement and signature approved log not later than the 15th calendar day of each month. (Refer to the procedure DHS-040-019-05, *SPOTS Card Documentation and Reconciliation Requirements*.)

e. Suspending or canceling SPOTS cards

The manager shall immediately notify the SPOTS card coordinator and approving officer that he/she has taken appropriate action to require the SPOTS card be surrendered, suspended or canceled when:

- A. The cardholder reports the card is lost, stolen or compromised.
- B. A new card is required due to the cardholder's name change.
- C. The manager suspects or detects misuse, abuse or fraudulent use of the card.
- D. The cardholder will be absent from his/her job for four weeks or more.
- E. The cardholder terminates his/her position, is on job rotation, transfers out of the work unit, or has duties changed or reassigned;
- F. Changes in the daily business operations render the card unnecessary.

6. SPOTS cardholder

The cardholder is the employee issued a SPOTS card to make purchases and is the only one authorized to use that card. The cardholder's responsibilities include but are not limited to:

- a. Complying with the signed DHS 0134, *SPOTS Purchase Card Application and Agreement* form.

- b. Attending all required SPOTS card training.
- c. Understanding and adhering to purchasing requirements.
- d. Timely maintenance and reconciliation of the *Procurement Card Activity Log*.
- e. Self-registering on the US Bank Access Online website to access credit card activity and billing statements.
- f. Ensuring that the SPOTS card is not given to or shared with other employees or other persons.
- g. Surrendering the card upon termination, reassignment, or at the request of the manager, SPOTS coordinator, approving officer, or Office of Human Resources representative.
- h. Immediately reimbursing the agency for the cost of any inappropriate purchase.

7. SPOTS card use

a. Purchase requirements

Purchases made with a SPOTS card must comply with the requirements for payments of claims against money held by the State Treasurer per ORS 293.295 and the public contracting rules published by the State Procurement Office (SPO) and Department of Justice.

Even though a cardholder makes a purchase using a state price agreement, instances may occur that require a purchase order. If an item is available on a state price agreement, the agency is required to use the state price agreement. Cardholders must adhere to the Buy Decision process that establishes the procurement priority options and follow the public contracting rules. (Buy Decision is defined in Common Terms for Finance policies.)

b. Authorized Purchases

The SPOTS card shall only be used for authorized purchases. The procedure on SPOTS card purchases, DHS-040-019-04 itemizes authorized purchases.

c. Credit Card Refunds

The cardholder cannot accept a cash refund for a returned purchase initially charged to a SPOTS card. Refunds must be credited to the SPOTS card used for the purchase.

d. Unauthorized Purchases

No single purchase shall exceed \$5,000 without a documented justifiable business reason.

SPOTS cards shall not be used for any unauthorized purchases. The procedure on SPOTS card purchases, DHS-040-019-04 itemizes unauthorized purchases.

8. Payment Processing Requirements

The business or financial services office processing payments to the Bank shall:

- Rely on the economical, fiscal and fiduciary stewardship of the cardholder and manager who signature certify the *Procurement Card Activity Log*;
- Ensure the transactions are entered into the statewide accounting in the proper fiscal year.

9. Unintentional Errors, Misunderstanding, and Abuse

a. Missing or Untimely Documentation

A consistent pattern of missing documentation, the untimely receipt of documentation, or inappropriate use of the SPOTS card is a serious concern. If a second incidence of missing documentation, the untimely receipt of documentation or inappropriate use of the card occurs within six months the manager or approving officer shall initiate appropriate corrective actions that the employee shall be required to complete in the designated time frame.

The manager, purchasing officer/manager or their designee shall ensure the approving officer and SPOTS card coordinator are notified of a third occurrence of missing or the untimely receipt of documentation or inappropriate use of the SPOTS card that occurs within a 12 month period. The SPOTS card coordinator will contact the Bank to confirm the SPOTS card is suspended or canceled.

b. Misuse

Misuse of the SPOTS card includes, but is not limited to:

- The unintentional disregard of the signed SPOTS card agreement;
- The unintentional failure to use the state price agreement;
- The unintentional failure to comply with purchasing restrictions stipulated by agency policy;
- A third incident of failing to comply with documentation requirements;
- Failure to properly secure the card;
- Failure to successfully complete the corrective actions required by the manager or approving officer;
- Other misuse of the card that may impair or jeopardize the agency's fiscal accountability as determined by the manager, purchasing officer/manager, approving officer, or SPOTS card coordinator.

c. Abuse

The agency shall take appropriate actions in accordance with the applicable collective bargaining agreement and State laws.

The agency reserves the right to refer instances of abuse or fraudulent use to the appropriate law enforcement agency. These referrals may include criminal prosecution for theft, abuse of public office, and violations of the Oregon Revised Statutes chapters 244, 291, 293, and 297. Willful, fraudulent use of a SPOTS card may be cause for immediate dismissal. In all instances of fraud the agency shall pursue criminal prosecution.

11. Deactivating SPOTS cards

The SPOTS card coordinator will suspend or cancel any SPOTS card at the written request of the cardholder's manager or approving officer. Unless otherwise directed by the approving officer, the SPOTS card coordinator will automatically suspend all cards that have been inactive for 90 days.

13. Rebates

The Controller shall ensure any rebate received from the agency's participation in the

State's SPOTS card program is properly allocated to:

- The federal government based on their participation in a particular agency program;
- The appropriate agency divisions, using established general cost allocation pools;
- Pay the cost of administering the SPOTS card program.

14. 1099 Miscellaneous reporting requirements

The Controller shall ensure the SPOTS card purchases that qualify as tax reportable are identified and reclassified in the statewide accounting system prior to the December fiscal month close in January of each calendar year, per Internal Revenue Services 1099 Miscellaneous Reporting requirements.

15. Training requirements

Training is an essential element of the agency's successful SPOTS card program. The approving officer and SPOTS card coordinator shall collaborate with the Office of Contracts and Procurement to ensure the manager and his/her cardholder(s) receive the required SPOTS card training.

16. Audit and review requirements

a. Review

The approving officer shall direct the review of the agency's SPOTS card program to ensure it is operating in accordance to the agency's policies and in compliance with DAS statewide policies.

b. Audit

The manager and cardholder are responsible for the integrity of the SPOTS card use and documentation. Their discharge of that responsibility is subject to unannounced reviews by an independent manager or designee conducted at the direction of the approving officer. Additionally, the use of the SPOTS card, *Procurement Card Activity Logs*, billing statements and all supporting documentation are subject to periodic announced and unannounced audits by internal and external auditors to ensure that proper controls are maintained. The manager and cardholder shall ensure that the proper documentation is available for audit at all times. Recurring audit findings may result in the suspension or cancelation of a SPOTS card and other appropriate corrective actions.

Policies that apply:

[DHS-020-001](#): Public Contracting Authority and Overview for Supplies and Services Contracts

[DHS-040-002](#): Employee Assigned Property

[DHS-040-006](#): Refreshment, Meals, Hospitality

[DHS-040-010](#): Delegation of Expenditure Decision Authority

[DHS-040-013](#): Receipting of Checks and Other Negotiable Instruments

[DHS-040-018](#): Agency Objects

[DHS-070-014](#): IT Asset Management Policy

Procedure(s) that apply:

[DHS-040-002-01](#): Employee Assigned Property

[DHS-040-006-01](#): Refreshment, Meals, Hospitality

[DHS-040-010-01](#): Exercising Expenditure Decision Authority

[DHS-040-010-02](#): Inappropriate Actions
[DHS-040-019-01](#): SPOTS Card Program Authority
[DHS-040-019-02](#): SPOTS Card Application and Issuance
[DHS-040-019-03](#): SPOTS Card Security
[DHS-040-019-04](#): SPOTS Card Purchases
[DHS-040-019-05](#): SPOTS Card Documentation Reconciliation
[DHS-040-019-06](#): SPOTS Card Abuse and Misuse
[DHS-040-019-07](#): SPOTS Card Training
[DHS-040-019-08](#): SPOTS Card Program Review and Audit
[DHS-070-014-01](#): IT Acquisition Procedure
[DHS-070-014-02](#): Managing IT Equipment Procedure
[DHS-070-014-04](#): Request for Exception to 'Asset Management Policy' Procedure

Form(s) that apply:

DHS 0050: Employee Assigned Property Tracking Document [PDF](#) [WORD](#)
DHS 0075: OIS IT Purchase Request [PDF](#) [WORD](#)
DHS 0114: Purchase Requisition [WORD](#)
DHS 0115A: Procurement Card Activity Log - Low Volume [PDF](#) [EXCEL](#)
DHS 0115B: Procurement Card Activity Log - High Volume [PDF](#) [EXCEL](#)
DHS 0134: SPOTS Purchase Card Application and Agreement [PDF](#) [WORD](#)
DHS 0286: Signature Authorization for Budgetary Expenditures [PDF](#) [WORD](#)
DHS 1496: Wireless Communication Device Order [PDF](#) [WORD](#)
DAS-75.55.01.FO: State of Oregon Small Purchase Order Transaction System Agency Operating Agreement

Definition(s):

See [Common Terms](#) for all Finance policies
See [Common Terms](#) for all Department-Wide Support Services policies

Reference(s):

ORS Chapters 244, 291, 293, and 297
Oregon Accounting Manual PO 55.30.00
Department of Administrative Services:
Employee Dishonesty Policy Manual, 125-7-203
Employee Liability Policy Manual, 127-7-202

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- **Version 2.0:**
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- **Version 1.0:**
 - 10 May 2002 (Initial Release – DHS-020-002)