

S T A T E O F N E B R A S K A

DEPARTMENT OF TRANSPORTATION

# ***PURCHASING CARD PROGRAM***

# NEBRASKA

Good Life. Great Journey.

**DEPARTMENT OF TRANSPORTATION**

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***Purchasing Card Administrator***

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## Purchasing Card Program

### Introduction

The Department of Administrative Services (*DAS*) is responsible for the statewide Purchasing Card Program. The Department of Transportation's Purchasing Card Administrator is the contact point for purchasing card policies and procedures. The Administrator is responsible for updating the policies and procedures.

The purchasing card will enable NDOT employees to make small purchases with the convenience of a credit card, while maintaining control over those purchases. The use of the card will improve efficiency and effectiveness by reducing costs associated with processing small dollar purchases and will provide for immediate payment to vendors. NDOT employees should use the purchasing card whenever possible.

Purchasing card transactions are governed by the same statutes and procurement rules that apply to all other purchases made by the state. See DOT-OI 08-09 Procurement located on the DOTSPOT under Tools-NDOT Operating Instructions.

Cardholders, Approving Officials, and Reconcilers play a critical role in ensuring the success of the purchasing card program. Having a purchasing card is NDOT's demonstration of confidence in its employees. Although the card lists the individual employee's name, it is actually issued to the state. NDOT is responsible for the use and payment of purchases with the card. However, cardholders have primary accountability for the card's security and use. The Reconciler's primary accountability is to reconcile the weekly bank transactions file with proper coding and maintain appropriate documentation. The Approving Official's primary accountability is to review and approve cardholder purchases.

The bank issues the purchasing card for the State of Nebraska. The cards are embossed with the account number, the cardholder's name and Department of Transportation. Each cardholder may receive a PIN number directly from the bank. This PIN number is for added security when using the procurement card. Vendors may ask for the PIN number rather than a signature authorization for any transaction. State cards cannot be used for cash advances. Each card has multiple controls such as allowable merchant codes and single and cycle spending limits. Every new cardholder must review the Procurement Card Manual and sign a cardholder agreement stating adherence to program policies and procedures. Every cardholder, Reconciler, Approving Official and Manager should review the Procurement Card Manual yearly.

### Roles and Responsibilities

#### Cardholder

- Safeguards the Purchasing Card issued in his/her name.
- Reports lost or stolen cards and fraudulent charges immediately to the bank, Approving Official, Manager, and Administrator.
- Complies with all policies and procedures relating to the use of the card.
- Records the proper coding, any required information (*equipment/building/project number, contract number, etc.*) and the cardholder's signature on original supporting documentation of each procurement card transaction and forwards to the Reconciler daily or by the end of the week.

- It is the responsibility of the cardholder to assure that core deposits and credits are properly coded, monitored, and followed up on to ensure that the credit is matched with the deposit.
- Reviews monthly account statements to verify purchases are valid. Initials statement and forwards to the Reconciler. Cardholder will immediately report any discrepancies to the Reconciler, Approving Official, and Administrator.
- Communicates with vendor the procurement card should not be retained on file and resolve any discrepancies directly with the vendor.
- If transferring to another Division/District and retaining the procurement card, the cardholder must fill out a transfer form and submit to the Manager and notify the Division Reconciler.

### **Reconciler**

- Receives supporting documentation from the cardholder daily or at least by the end of the week.
- Reconciles cardholder's submitted information to electronic file from the bank.
- Reviews the purchase receipt to ensure the document is prepared per the "Documentation Section".
- It is the responsibility of the Reconciler to assure that core deposits and credits are properly coded, monitored, and followed up on to ensure that the credit is matched with the deposit.
- Reviews and assists the cardholder with transaction discrepancies. Then notifies the Administrator.
- Scans cardholder's invoices \$1,500 and over to Controller weekly
- Prints Authorization Forms from the Procurement Card System for signature of cardholder's Approving Official.
- Maintains all archived purchasing card payment documentation in accordance with NDOT records retention policy.

### **Approving Official**

- Approves weekly cardholder purchases and signs the Print Authorization Form.

### **Manager**

- Managers are the District Administrative Assistants and the designee within each Division.
- Acts as contact with the Administrator.
- Maintains copies of cardholder applications, transfer form, agreements, and card numbers.
- Forwards/scans applications, transfer form and agreements to the Administrator.

- Upon an employee termination, the Manager should collect and destroy the employee's purchasing card. Notification by email should be done immediately to the Administrator so the card may be deactivated. The Manager should also complete the NDOT Form 409 ("*Returned Card Receipt*") and attach it to the notification email.
- Process any transfer of cardholders between Districts and Division by forwarding the current fiscal year cardholder's file containing all pertinent information and communicating the transfer to the Administrator.
- Conducts training sessions for new cardholders upon issuance of new card and provides refresher training when the card is renewed.
- Distributes new cards to cardholders.

### **Administrator**

- The Controller Division employee responsible for the purchasing card system.
- Acts as contact with DAS Purchasing Card Administrator.
- Acts as contact with the bank.
- Develops and enforces NDOT purchasing card policies, procedures, and limits.
- Receives purchasing card applications and submits them to DAS.
- Maintains primary copy of cardholder applications.
- Receives cards from DAS.
- Issues cards to Managers and Division cardholders.
- Cancels purchasing cards.
- Process transfer of purchasing cards between Districts/Divisions.
- Schedules and updates training, as needed, for cardholders and reconcilers.
- Monitors NDOT purchasing card activity to include:
  - Unreconciled activity
  - Disputed transactions
  - Card expiration dates
- Reviews the weekly bank file for unreconciled transactions.
- Requests invoice copies of \$1,500 & greater and any travel transactions.
- Remits payment to the bank.
- Records reconciled transactions into NDOT and E1.
- Scans weekly file documentation into OnBase

## **Requesting a Card**

NDOT employees are eligible to become purchasing card cardholders based on job responsibilities and their need to make purchases. Cardholders are selected by their supervisors.

Requests for purchasing cards (*new, change of name or address*) are to be made to the Administrator using application NDOT Form 402 “*State of Nebraska Purchasing Card Request*”. The employee should complete the following information on the form:

- To add new account or to change information on existing account
- Type of request
- Card information – the following fields are required
  - Employee Full Legal Name
  - NIS Address Book Number
  - Address (*employee office address*)
  - Telephone numbers (*employee office and home*)
  - Employee work email
- Employee signature and date

The employee will route the form through his/her Manager who will forward it to the Administrator.

The Administrator will review the form, sign it and forward it to DAS for processing. The Administrator will retain the primary copy of the application until the purchasing card is received from DAS.

The purchasing card will be sent to the Administrator who will retain in safekeeping until such time as it is distributed to the Manager.

## **Training and Agreement**

All new cardholders and reconcilers are required to take training on the use of the purchasing card. The training includes:

- Description of the program.
- Obligations of the cardholder, Reconciler and Approving Official.
- Limitations of the purchasing card.
- Allowed and prohibited purchases.
- Statement review.
- Penalties for misuse.

Cardholders are also required to sign a “Cardholder Agreement” following completion of training before the card will be issued. The agreement outlines card uses, cardholder responsibilities,

and consequences for misuse of the card. The PC Manager will forward it to the Administrator who will retain the primary copy. Cardholders will be required to take a refresher training when the card is renewed every 4 years before they receive a replacement card. All District training will be conducted by the Manager. All Division training will be conducted by the Administrator or Division designee.

### **Card Distribution, Activation, and Custody**

Purchasing cards will be distributed to the cardholder upon completion of training and signing of the agreement. The cardholder must safeguard the card by signing it immediately. Each card must be activated in accordance with instructions explained on the card. If a card has been inactive for six months prior to the card's expiration date, the bank will not process that card with a new expiration date. The card will be changed to a closed account.

The cardholder is responsible for the purchasing card and its use at all times. NDOT is liable and responsible for payment of all transactions unless they are successfully disputed.

The cardholder is the only one authorized to use that card. The card will not be given to or shared with any other person.

### **Misuse of Card**

A card may be taken from a cardholder if any of the established guidelines are violated. Violations may also be grounds for personal liability; disciplinary action (based upon Human Resource's Policies and Procedures), up to and including dismissal; and criminal sanctions. Willful fraudulent abuse will be cause for immediate termination and reimbursement of any and all inappropriate uses of the card, including related legal expenses incurred on behalf of the Department.

Any misuse of cards should be reported to the Administrator.

### **Lost or Stolen Cards**

Cardholders are to report lost or stolen cards to the bank and the Administrator immediately. The cardholder should also inform his/her Approving Official and Manager.

### **Fraud**

In the event of possible fraudulent charges on the cardholder's purchasing card, the cardholder needs to notify the bank immediately. The bank will inform the cardholder what process needs to be followed. The cardholder should also inform the Administrator, his/her Approving Official and Manager.

### **Credit Limits**

Credit limits and controls are established when the card is authorized and approved. The purchasing card **may not** be used for multiple purchases from one vendor during the same visit in excess of \$5,000.00 (*including delivery, shipping, etc.*) which would constitute a *split purchase*. Purchases of \$5,000.00 or more should be made in accordance with the established procurement procedures through the Roads Payment System (RPS). All transactions are approved or declined based on the following purchasing card criteria:

- Single purchase limit not to exceed \$5,000.00
- Monthly purchase limit not to exceed \$25,000.00

- Merchant category coded restrictions

Cardholders should contact their Approving Official if the monthly card limits or merchant codes are restricting purchases that are required to perform job responsibilities. The Approving Official will request these changes from the Administrator. On requests for a change in the monthly limit, the Administrator will review to see if it is feasible to raise the monthly purchasing limit by reviewing the activity on the card for the last 6 months.

### **Making a Purchase**

A District or Division may put limits to any cardholder. The cardholder's immediate supervisor and/or Approving Official will advise the cardholder of how much can be purchased with or without their knowledge or prior approval. Note: Any purchases of TVs/Monitors need to be approved and purchased by BTSD. Any refrigerators need pre-approval from the District Engineer or Division Head. Purchases are to be for official NDOT business purposes only and are to be reasonable and necessary.

The Purchasing Card functions much the same way as your personal credit card. Unlike your personal credit card, the state purchasing card is blocked by Merchant category coded restrictions. Only purchases from identified types of vendors can be made or the purchase will be rejected. It can be used to make purchases in person (*preferred*), over the telephone, or on the Internet. If the order is placed over the Internet, make sure it is a secure site and a receipt is requested and printed.

At the time of purchase, the cardholder should notify the vendor that the purchase is Nebraska state sales tax exempt. If the vendor requests a tax-exempt number, the cardholder should provide the State's Federal Tax Identification No. (47-0491233). If the vendor refuses to grant the exemption, the purchase may still be made, but note on the receipt that sales tax was charged. The reconciler should make note of this and notify the Administrator that sales tax was paid so a refund can be obtained.

If a *rebate* is earned with the State purchasing card, the rebate should only be used for appropriate State purchases. Please add "rebate" in the description when the transaction is reconciled in PCS.

### **Documentation**

It is the responsibility of the cardholder to ensure that every transaction has valid supporting documentation. Valid documentation includes:

- Itemized receipt from the vendor.
- Delivery packing slip for goods received.
- Copy of an order form or application.
- Confirmation order, screen print, or invoice supplied from an internet vendor.

Source documentation must include:

- Merchant name.
- Date of purchase.



- Description, price, and quantity of each item purchased. Cardholder must provide a clear description of items purchased when the source documentation does not and any comments to substantiate the purchase, if necessary.
- Total cost of the order.
- Signature of the cardholder.

Statute 81-118.02 states, “An itemized receipt for purposes of tracking expenditures shall accompany all state purchasing card purchases. In the event that an itemized receipt does not accompany such a purchase, DAS shall have the authority to temporarily or permanently suspend state purchasing card purchases.”

The cardholder should contact the vendor directly if the original supporting documentation is lost or if the vendor did not provide it. If the vendor does not provide documentation, complete a “Certification of Lost Receipt” and submit it to the Approving Official who will sign it and file it with the other support documentation for that week. Excessive use of this form by a cardholder may cause purchasing card privileges to be revoked.

The original supporting documentation shall be submitted to the Reconciler on a daily basis (*preferred*) or at least by the end of the Friday business day. The cardholder will note on the source document the correct OE, activity and account as well as any other pertinent information as required such as: equipment / building / project number / AFE, etc. The cardholder will also sign each source document. The cardholder should make a copy of the supporting documentation and retain it in order to reconcile against the monthly statement from the bank.

### **Reconciliation**

On a weekly basis, normally on Monday, the Controller Division will obtain an electronic file from the bank containing all purchases made on purchasing cards during the prior week. This information will be sorted and distributed to the Reconcilers who input the cost coding into the Procurement Card System from the source documentation.

The Reconciler will receive from the cardholders at least on a weekly basis all supporting documentation of purchases made during the week and enter the information with proper coding into the Procurement Card System. If information is not received prior to reconciliation the Reconciler will take appropriate action to obtain the information needed. Reconciliation will be completed by the following Monday at the end of the day.

The Approving Official will receive a printout of the Print Authorization Form for each cardholder assigned to him/her with the supporting documentation. The Approving Official will sign it to acknowledge that he/she has reviewed the cardholder charges. The Reconciler will retain the signed Print Authorization Form and supporting documentation.

The Controller Division will review reports on a weekly basis that indicate those transactions for which reconciliation has not been made.

If unauthorized or purchases not made by NDOT are identified by the Reconciler or the Controller Division, the Administrator will be notified so that appropriate notification can be made to DAS and the bank and items questioned placed in dispute.

On a monthly basis, the cardholder will receive a statement from the bank at his/her office address. The statement will reflect all purchases made in the prior month by the cardholder. The cardholder should confirm all purchases made by comparing this statement to copies of purchase documentation. The statement is to be initialed by the cardholder and submitted to the Reconciler for filing. Copies of purchase documentation may be retained or destroyed at the

cardholder's option. If discrepancies are discovered, the cardholder should attempt to resolve them directly with the vendor. If discrepancies cannot be resolved, the cardholder will need to contact the bank. A temporary credit or chargeback credit will be processed to the cardholder account within 24 hours of notification to the Card Center Commercial Account Service Team. Disputed charges remain credited until conclusion of the inquiry. All billing inquiries should be made in writing and as quickly as possible following the billing.

### **Canceling a Card**

In the event the cardholder terminates NDOT employment for any reason, the Manager should collect and destroy the employee's purchasing card. Notification by email should be done immediately to the Administrator so the card may be deactivated. The Manager should also complete the NDOT Form 409 (*"Returned Card Receipt"*) and attach it to the notification email. The original form will be retained by the Administrator. The Administrator is responsible for notifying DAS of deactivated cards.

### **Employee Recognition (ER)**

Purchasing cards can be used for ER Award purchases. Refer to the ER Program Manual (*located on DOTSPOT, Human Resources, Services, Employee Recognition Program*) for approved items to purchase. Award purchases may include gifts, plaques and engraving. When reconciling, the description of the purchase should clearly identify the item purchased, honoree(s), and the reason for the purchase (*e.g. flashlight, John Smith, Appreciation Award*). Any ER ceremony related items (*food/beverages, paper products, tableware*), are not to be purchased with the purchasing card.

### **Audits**

All transactions are subject to audit by NDOT Controller Division and the State Auditor of Public Accounts. If there are any purchases that are questionable, the cardholder will be contacted and further information obtained. All audit findings will be sent by email to the Approving Official and copy the District Engineer/Division Head, Manager, Reconciler and the Administrator. The Approving Official will be instructed to remind the cardholder by email of the rules that were agreed to in the signed agreement and a copy of that email is to be filed with the transaction documentation.

### **Records Retention**

Reconcilers will retain purchasing records (*receipts, packing slips, confirmation orders, any other supporting documentation, Print Authorization Form, Certification of Lost Receipt-NDOT Form 403,*) in accordance with the NDOT records retention Schedule 37 (*5 years provided audit has been completed*). Documentation will be destroyed in accordance with the retention schedule. The Administrator will retain documentation (*applications, agreements, Returned Card Receipt – NDOT Form 409*) also according to Schedule 37 (*1 year after deactivation provided audit has been completed*). Other cardholder files maintained by cardholders, Approving Officials and Managers may be destroyed according to the retention schedule.

### **Core Deposits**

A core deposit is a refundable deposit for parts to assure the return of rebuildable units. All core deposit and credit transactions should be coded to activity 2804, which will require an equipment number. These transactions should be on a separate line of coding with the description as core deposit or core credit. It is the responsibility of the cardholder and the

Reconciler to assure these items are properly coded, monitored and followed up on to insure that the credit is received and matched with the deposit. It is recommended that a record be kept for core transactions to verify that the credits have been received. If credits are not received, a notation as to why should be noted.

**Rebates**

Rebates received from any vendor should only be utilized on a future State purchase. When utilized the rebate amount should be recorded in the procurement card system as a credit expense against the purchase with rebate noted in the description. Rebates are not for personal use.

**Fixed Assets**

As of July 1, 2019, the DAS Materiel Administrator has established \$5,000 as the minimum for capitalization of articles or property. The purchasing card can no longer be used to purchase any item that is considered a fixed asset.

**Approved State Contracts for use on Purchasing Card**

NDOT has received approval for the use of the purchasing card with the following contracts through June 30, 2025. Contract number must be recorded on the receipt along with the contract number recorded into the procurement card system under the PO field. All purchases made under the letter of agreement will be reported by the Controller Division to DAS.

<b><u>Contract Number</u></b>	<b><u>Vendor</u></b>	<b><u>Classification</u></b>	<b><u>Description</u></b>
16066 (OC)	Fastenal Company	Hand Tools (Powered and Non-powered)	Facility MRO and Industrial Supplies
16002 (OC)	The Goodyear Tire & Rubber Company	Tires and Tubes	Tires, Tubes and Services
16000 (OC)	Snap-On Incorporated	Hand Tools (Powered and Non-powered)	Professional Grade Tools and Diagnostic Equipment
16067 (OC)	WW Grainger Inc.	Hand Tools (Powered and Non-powered)	Facility MRO and Industrial Supplies
15835 (OC)	Scientific Sales Inc.	Optical Equipment, Accessories, and Supplies	Prescription Safety Glasses
15738 (OC)	Lowe's Home Centers LLC	Lumber and Related Products	Walk-In Building Supplies
15013 (OC)	Matheson Tri Gas Inc	Gases, Containers, Equipment; Laboratory, Medical	Compressed Gases
16092 (OC)*	NAPA Auto Parts	Auto Parts and Services	Auto Parts and Services
16019 (OC)*	Bridgestone Americas Tire	Tires and Tubes	Tires, Tubes and Services
16064 (OC)*	Michelin North American	Tires and Tubes	Tires, Tubes and Services
16091 (OC)*	Menards	Hardware and Related Items	Industrial Supplies, Building Supplies

\*Purchasing card can be used effective January 7<sup>th</sup>, 2025.

## **Use of Purchasing Card**

The purchasing card **may** be used for the following purposes:

- Subscriptions
- Books and instructional videos
- Conference registrations upon pre-approval from Human Resources
- Photo development
- Equipment parts
- Postage
- Car washes
- Ice (*only as approved under Labor Contract*)
- Refrigerator/Freezer upon pre-approval by Controller Division
- Jugs of water for office water coolers (*indicate use in the description of the item*)
- Uniform cleaning
- Lumber and hardware
- Any purchases of computer hardware/software must be approved and purchased by BTSD
- Any printers under \$500
- Landscaping/nurseries
- Cameras, video equipment, and accessories
- Phones (*requires approval e-mail from Operations Division regardless of type or value*)
- Professional memberships and licenses (*Division/District responsible for tracking validity*)

The purchasing card **may not** be used for the following purposes:

- Employee travel (*includes airline tickets, food/beverage, taxi, and parking*) unless approved through Controller Division
- Alcohol
- Food/beverage of any kind for any use (*includes bottled water*)
- Tobacco
- Gasoline
- Coffee pots and toasters
- Microwaves (*allowed for lab use only*)

- Fixed Assets (*see fixed assets on page 9*)
- Items included in existing Statewide Contracts (*includes but not limited to*)
  - Office Supplies (*Office Depot*)
  - Janitorial Supplies (*Cornhusker State Industries – order through supply catalog*)
  - Printer Cartridges – All printer or copier cartridges should be purchased through Office Depot; if not available, contact the Operations Division
  - Tires – NDOT has a contract for purchasing tires; please contact Operations Division
- Entertainment (*theaters, sporting events, golf, etc.*)
- TV's/Monitors without prior approval from BTSD
- Professional Services (*legal, accountant, engineering, etc.*)
- ATM/Cash advances
- Any merchant, product, or service normally considered being an inappropriate use of State funds