

<b>OREGON ACCOUNTING MANUAL</b>		Number 55.30.00.PO
Oregon Department of Administrative Services State Controller's Division		Effective Date June 8, 2006
Chapter	<b>Other Programs</b>	.1 OF .5
Part	<b>SPOTS Card Program</b>	
Section		Approval  Signature on file at SCD

Authority [ORS Chapter 291](#)  
[ORS Chapter 293](#)

### Statewide SPOTS Card Program and Oversight

- .101 The State has utilized procurement and travel cards since 1991. The procurement and travel card programs are both “no card fee” programs featuring a rebate opportunity which aggregates the transaction volume of the Oregon University System (OUS) and other state agencies. Agencies are encouraged to identify activities where the use of the Small Purchase Order Transaction System (SPOTS) can be expanded. The SPOTS credit card program has been developed to save the State time and money by allowing the contracting bank (Bank) and merchants to process most of the paperwork, by eliminating the need for many purchase orders, and by reducing the need to use petty cash funds. In addition, an interface is available that links the Bank’s online system to the Statewide Financial Management Application (SFMA). This interface allows for transactions to post directly into SFMA from the Bank’s online system. Please contact the Statewide Financial Management Services (SFMS) Section of the State Controller’s Division (SCD), if you are interested in exploring the use of this functionality.
- .102 This policy sets forth the minimum standards for processing purchasing transactions using the SPOTS card; it does not apply to the State’s corporate travel card. This policy applies to all Executive Branch agencies that choose to participate in the SPOTS program. Agencies in other branches of government and separate constitutional agencies may participate in the SPOTS program, but they must adopt rules and policies substantially similar to the guidelines in this policy.
- .103 Use of the SPOTS card to pay for goods and services does not exempt a state agency or its employees from the purchasing requirements of state law or the Department of Administrative Services (DAS), State Procurement Office (SPO). Each employee issued a SPOTS card must ensure that all purchases charged to the card comply with applicable procurement rules and policies (see <http://procurement.oregon.gov/DAS/PFSS/SPO/ors279-menu.shtml>). For example:
- a. A purchase order is required for all purchases over \$5,000 that are not part of a price agreement. In addition, purchases over \$5,000 must have supporting documentation that indicates at least three competitive bids were obtained and the intent to purchase was communicated via the Oregon Procurement Information Network (ORPIN) before the purchase was made.
  - b. In accordance with ORS 279B.065(2) for non-contracted items, cardholders cannot purposely fragment or segregate purchases for purposes of circumventing solicitation requirements. There are times when a transaction may have the appearance of fragmentation because two or more cards are used to facilitate cost distribution for accounting and budget purposes. Multiple purchases to the same vendor on the same day may also have characteristics of fragmentation. Events that have the appearance of fragmentation, but are processed in this

manner to facilitate a justifiable business purpose, need to be documented as a specific process or on a case-by-case basis.

- c. The SPOTS card may be used to make certain purchases on state price agreements. Most state price agreement contractors accept credit cards per the price agreement. If the agreement is not clear, agencies may ask price agreement contractors if they will accept credit cards. The products purchased with the SPOTS card must be at the same price, terms, and conditions as those listed in the price agreement document, unless there is contract language indicating additional consideration. In cases where the vendor has been awarded additional consideration for use of the SPOTS card in its contract, the contract terms with the additional cost for using the SPOTS card will prevail. Use of the SPOTS card does not exempt an agency from the requirement to use state price agreements.
  - d. The SPOTS card may be used to transact purchases via the Internet. Caution should be exercised when making Internet purchases. Agencies should select vendors they have dealt with before or research potential vendors to ensure they are reputable. Agencies are responsible for ensuring that the Internet site is secure and any Terms and Conditions accepted in the process are appropriate.
- .104 SCD and SPO are responsible for the statewide SPOTS card program. SCD will issue overall policy guidance, coordinate with participating agencies and the card provider, and assist agencies in establishing their own SPOTS card programs. SPO will negotiate, prepare, and sign the Master Agreement with the Bank.

### **Agency Responsibilities**

- .105 Agencies must develop policies and procedures governing the issuance, security, and use of agency SPOTS cards. The policies should also address the payment process, misuse/abuse, the disciplinary process, and delegated responsibilities. Upon request, the agency will make copies of their policies and procedures available for review.
- .106 Each **agency head** shall appoint an agency **Approving Officer** and, if appropriate, may designate an alternate. The Approving Officer is responsible for oversight of the agency SPOTS card program.
- .107 The Approving Officer shall designate those employees authorized to use the SPOTS card for purchases of services and supplies, keeping in mind the relationship between the SPOTS cardholder's employment classification and the SPOTS card spending limit. Although it is not recommended, an employee on trial service may be issued a SPOTS card if the SPOTS card is instrumental to performing the duties of the position.
- .108 To change an agency's Approving Officer, the agency must send notification in the form of a memo or e-mail to the Deputy State Controller, SFMS Manager. The notification should include the name of the person being replaced, the name and phone number of the new Approving Officer, the effective date, and the signature of the agency head or other appropriate senior agency official.
- .109 The Approving Officer will designate at least one agency SPOTS Coordinator. SPOTS Coordinators are responsible for updating cardholder information in the Bank's web-based system. In addition, SPOTS Coordinators are responsible for cardholder spending limit changes and for card monitoring activities that have been delegated to them by the Approving Officer. All agency SPOTS Coordinators will need position descriptions to include specific job responsibilities related to SPOTS card monitoring; cardholder training; documenting agency-based policies, procedures, and training; and compliance/enforcement of SPOTS card rules and procedures, including responsibility to implement corrective actions to ensure agency compliance.
- .110 To change an agency's SPOTS Coordinator, the agency must send notification in the form of a memo or e-mail from the Approving Officer to the Deputy State Controller, SFMS Manager. The

notification should include the name of the person being replaced, the name, telephone number and e-mail address of the new SPOTS Coordinator, as well as an effective date.

- .111 The Approving Officer may delegate his or her responsibilities. Before appointing a delegate, the Approving Officer should review the agency's SPOTS card controls to ensure there is adequate segregation of duties, reporting relationships are appropriate, and authorization protocols are in place to ensure accountability. If the Approving Officer has an internal control question, he/she should contact the agency's internal auditors or the SCD.

### **Segregation of Duties**

- .112 To ensure proper segregation of duties, the Approving Officer should not have update access to the Bank's web-based system. In addition, agency SPOTS Coordinators should not be issued a SPOTS card unless the agency can demonstrate a substantial business need (i.e., the agency is too small to effectively separate these duties) and the Approving Officer is willing to monitor the SPOTS Coordinator's card use. Agencies must request approval to issue a SPOTS card to a SPOTS Coordinator by submitting a memo or e-mail to the Deputy State Controller, SFMS Manager describing the business need and the additional controls to be exercised by the Approving Officer.

### **SPOTS Card Security**

- .113 An employee who has been issued a SPOTS card must secure and control the card at all times. Only the employee to whom a particular SPOTS card has been issued is allowed to make purchases using that card. All cards not in an employee's possession should be placed in a secure location (locked storage) after hours and when unattended. If the cards are kept with an agency custodian, the custodian must limit access to the storage area and regularly verify records of active and stored SPOTS cards.

### **Expenditure Authority**

- .114 All purchases made with a SPOTS card must comply with ORS 293.295 which requires the following four criteria for payment of a claim against money held by the State Treasurer:
  - a. The claim must be supported by the approval of the state agency that incurred the obligation or made the expenditure on which the claim is based (approval is evidenced by an authorized signature or approval).
  - b. Provision for payment of the claim must be made by law and appropriation (i.e., agency must have adequate budget resources available to pay the claim when incurred).
  - c. The obligation or expenditure on which the claim is based must be authorized as provided by law (i.e., claim is based on agency action required or allowed by statute).
  - d. The claim otherwise satisfies requirements as provided by law (i.e., agency action is not otherwise prohibited by rule, federal regulation, or statute).

### **Periodic Reviews**

- .115 Each agency is required to perform an *annual* compliance review of its SPOTS card program. Such review must be conducted by individuals with the appropriate expertise, who are also independent of the agency's cash receipt and cash disbursement functions. Smaller agencies may partner with other agencies to perform each others' annual compliance review. The review must include examination of a random sample of SPOTS card transactions, assessment of

- compliance with statewide SPOTS policies and procedures, assessment of compliance with agency SPOTS policies and procedures, and assessment of compliance with state purchasing rules. The review must be documented; it must include a corrective action plan and follow-up, if applicable; and it must be available for examination by the Secretary of State, Audits Division and DAS.
- .116 Throughout the year, the Approving Officer will periodically review the agency's SPOTS card program to ensure it is operating appropriately. The Approving Officer may delegate the following review tasks to appropriate staff.
- a. Verify that all authorized users have signed the appropriate agreement and all agreements are on file.
  - b. Verify that authorized cardholders have received appropriate training prior to SPOTS card usage and at least biennially thereafter. Agencies are required to document that training has been provided.
  - c. Review the accuracy and completeness of SPOTS card transaction documentation. (See [OAM 10.15.00](#), Transaction Documentation Requirements, and [OAM 10.40.00](#), Internal Control – Expenditures, for additional information.)
  - d. Either (1) on a weekly basis, verify that all transactions over \$5,000 are independently reviewed for reasonableness. This can be accomplished by scanning the Bank's online transactions listing and then making appropriate inquiries of agency personnel. The vendor names and dollar amounts for transactions under \$5,000 should also be scanned for reasonableness. **OR**, (2) on a monthly basis, verify that a full, independent review of all transactions over \$5,000 is performed including examination of cardholder documentation, plus a random sample of smaller transactions.
  - e. Investigate, document, and perform appropriate follow-up on SPOTS card misuse and abuse, being watchful for examples of unauthorized card sharing.
  - f. Ensure consistent prompt payment of all SPOTS card invoices. Monitor for late charges and/or finance charges as indicators of slow payment practices.
  - g. Review individual cardholder activity. In situations where there has been no activity for 90 days or more, make inquiries to determine if the card is still needed
  - h. Analyze, overall, the agency's SPOTS card transaction volume and number of cards in use to determine if savings can be achieved by increasing use.
- .117 The Bank will provide various electronic management reports via its web-based system which the agency SPOTS Coordinator can access to assist the Approving Officer in managing oversight of the agency's SPOTS card program.
- .118 The SFMS Section will periodically review agencies' SPOTS card programs to ensure that they are operating in accordance with statewide guidelines. The SFMS Section review will include the following:
- a. Review SPOTS cards not used within 90 days and request justification from the agency Approving Officer or designee to maintain the card's active status.
  - b. Review all transactions over \$5,000 and, where appropriate, request an understanding of the transaction.
  - c. Semiannually, distribute a list of cardholders to agency Approving Officers for their review and approval. Agencies must return the approved list of cardholders to the SFMS Section and take action as needed within 45 days.

## Removal from SPOTS Card Program and Reinstatement

- .119 Agencies are responsible for ensuring that proper internal controls are in place and payments due to the Bank are made in a timely manner. Agencies may be removed from the SPOTS program for failure to comply with either one of these requirements. Such a finding could be the result of an internal review, an audit performed by Secretary of State, Audits Division, or a DAS review of the program.
- .120 Following removal from the SPOTS program, an agency may request reinstatement after six months. The agency is required to complete a new Agency Operating Agreement and include a memo indicating the actions taken to correct the control deficiencies or untimely payments.

## Misuse of the SPOTS Card Due to Unintentional Errors and Misunderstandings

- .121 Agencies are responsible for developing and delivering refresher training that specifically addresses areas of SPOTS card misuse. Training and/or consulting must be provided to the SPOTS cardholder and his/her supervisor or the Approving Officer. If a second misuse occurs within six months, the agency must develop a corrective action plan and/or cancel the card. The Approving Officer may request that the supervisor provide periodic updates. If the plan's objectives are not achieved within the specified timeframe, or if additional misuse occurs, management must take immediate action to cancel the employee's SPOTS card. Agencies need to be prepared to provide the Secretary of State, Audits Division documentation of their corrective action plans. SPOTS cardholders are responsible for reimbursing the State for all inappropriate purchases.
- .122 To help agencies distinguish between misuse and abuse, the following examples of SPOTS card misuse, in which SPOTS cardholders unintentionally violate a purchasing rule or an OAM policy, are provided.
  - a. The cardholder does not fully understand SPO requirements and unintentionally fails to use a state price agreement.
  - b. The cardholder does not fully understand the related OAM policy or procedure (e.g., under what conditions it is appropriate for the State to pay for non-travel meals with a SPOTS card).
  - c. The cardholder is not aware of administrative expenditure restrictions issued by DAS.

These violations are more serious than a simple error (see [OAM 10.40.00.PO](#)). However, the first offense generally would not be considered an act of negligence.

## SPOTS Card Abuse

- .123 The agency's Approving Officer is responsible for monitoring use of SPOTS cards and, whenever abuse or fraud is detected or suspected, must initiate appropriate action, including notifying the DAS Risk Management Division, Secretary of State, Audits Division, the Department of Justice and SCD. If an employee abuses the SPOTS card privilege or disregards the SPOTS card agreement guidelines, the card must be forfeited and canceled, the cardholder must reimburse the State for all inappropriate purchases, and the employee may be subject to disciplinary action up to and including dismissal.
- .124 Willful, fraudulent abuse of the SPOTS card is cause for immediate cancellation of the SPOTS card. The employee is not eligible for restoration of SPOTS card privileges and may be subject to disciplinary action up to and including dismissal. The agency is directed to pursue criminal prosecution in all instances of fraud. The Bank will not reimburse the State for fraudulent use of the SPOTS card, unless the employee has been terminated subsequent to the fraudulent use.