I. PURPOSE

This policy outlines the additional standards for processing purchasing transactions using the State P-Card of Oregon Transaction System (SPOTS) card within the Department of Corrections. The SPOTS card is a state-sponsored credit card that agencies may use to procure and pay for goods and services.

II. DEFINITIONS

A. Access Online: US Bank’s proprietary system used for SPOTS card management.

B. Card Custodian: The employee responsible for safeguarding the assigned department card.

C. Cardholder: An employee with an individually assigned card in their name.

D. Department Card: A card issued to an agency program, division, department or other segment and assigned to a card custodian.

E. Designated Card User: An individual authorized to use a department card of an agency rather than a cardholder of an individually assigned account.
F. **Fragmenting**: Purposely splitting purchases at the point of sale to avoid procurement requirements or established transaction limits.

G. **SPOTS Approving Officer**: Employee responsible for the agency’s SPOTS card program designated by the Director or designee.

### III. POLICY

**A. Purchasing Requirements:**

1. Agencies that use the SPOTS card to pay for goods and services must follow DOC’s Procurement Policy # 30.3.4 as well as the Public Contracting Code found in ORS 279.

2. **Price Agreement**: Agencies may use the SPOTS card to make purchases on state price agreements that allow the use of a SPOTS card. Products and services purchased with the SPOTS card must reflect the same price, terms, and conditions as those listed in the price agreement, unless contract language grants additional consideration to the vendor.

3. **Buy Decision**: Do not exclude the use of the Buy Decision when making SPOTS purchases.

4. **Priority Order**:
   a. Surplus Property
   b. Qualified Rehabilitation Facility
   c. Inmate Labor
   d. Statewide Price Agreement
   e. Open Market

5. **Green Purchases**: A reminder that DOC staff shall comply with Executive Order 12-05 when purchasing janitorial supplies, industrial paper products and janitorial equipment and are to use all required price agreements when making these purchases.

**B. Roles and Responsibilities**

1. **SPOTS Approving Officer**
   a. The Approving Officer authorizes and may select employees to use the SPOTS card for purchases of services and supplies. If an agency uses a department card, the Approving Officer authorizes the designated card custodian and, if appropriate, an alternate. The Approving Officer should keep in mind the relationship between the SPOTS card user’s employment classification and the spending limit of the card. The agency should consider performing background checks on all staff participating in the SPOTS card program. The Approving Officer is not authorized to be a cardholder, card custodian, or designated card user.

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

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

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

2. Cardholder: An individual cardholder must:

a. Use the card in compliance with Statewide and DOC policies and procedures. In many instances DOC policy is stricter than Statewide policy.

b. Obtain purchase documentation including itemized receipt or copy of invoice, proof of delivery and any approval emails for extenuating circumstances.

c. Reconcile bank transactions with itemized receipts monthly and retain original receipts for one year.

d. Complete and sign his/her own monthly reconciliation.

e. Obtain a 3rd party signature (i.e. DOC staff signature) when purchasing controlled property. In some instances, more than one approver may be necessary. Approvers must have had taken and passed the SPOTS training to be able to approve SPOTS purchases.

f. Obtain manager or cost center approver signature.

g. Submit SPOTS log, with itemized receipts and proper authorizations no later than the 9th of every month unless the 9th falls on a weekend or a holiday, then the next business day.

3. SPOTS Card Approver: An Approver must:

a. Verify that the purchases made by the cardholder are coded to the correct cost center and object/sub code.

b. Verify purchases were made in accordance to ORS 279 and DOC Policies # 30.3.2 and # 30.3.4.

c. Notify immediately, within 24 hours, SPOTS card coordinator of a change in position or the name of cardholder under their supervision.

d. Notify immediately, within 24 hours, SPOTS card coordinator immediately if a user’s employment has been terminated or if a SPOTS card has been lost.

e. Verify total on the SPOTS reconciliation log matches the total on the US Bank statement.

C. Card Custodian
1. When using department cards (i.e., SPOTS Parking Cards), the card custodian administers and controls the use of the card. The card custodian must:

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

D. Designated Card User

1. A designated card user of a department card must:

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

E. SPOTS Card Training

1. Department of Corrections must:

   a. Train cardholders, card custodians, and designated card users prior to issuance or use of a SPOTS card.
   b. Require all managers and supervisors who approve SPOTS card purchases to also be trained.
   c. Document that each of the above has received initial training and training within a year of this policy or every other year.
   d. Suspend the SPOTS card use of any employee who has not taken the required training within 45 days of being notified it was due or after two failed attempts at the training. Cards will not be reinstated.
   e. Require card custodians and designated card users to complete SPOTS training prior to issuance or use of department cards. A department card must be permanently closed when the card custodian separates from their role as custodian.

F. Issuing Cards

The agency’s SPOTS Card Coordinator will issue SPOTS cards to individuals and for department use. The SPOTS Card Coordinator will process new card requests. The standard SPOTS credit limit will be $4,999, and up to credit limit of $50,000 (if approved by the SPOTS Approving Officer), in Access Online, based on the approved SPOTS card Application and Agreement Form 75.55.02.FO.

G. Card Controls

1. Single Transaction Limit: DOC’s single SPOTS transaction limit is no more than $4,999 unless documented authorization is obtained from purchasing.

2. Fragmenting: Intentionally fragmenting a purchase by artificially dividing a single transaction is an intentional violation of the SPOTS holder agreement and will be subject to discipline up to and including card termination. According to ORS 279B.065 (2), an agency must not fragment or separate purchases to circumvent solicitation threshold requirements. Fragmenting a purchase using a SPOTS card is unauthorized.
3. **Merchant Category Code (MCC):** Vendors accepting purchase cards have a four-digit Merchant Category Code (MCC) to classify the business by the type of goods or services provided. The SPOTS card has certain MCCs blocked to prevent purchases from inappropriate or high-risk vendors (i.e., casinos, money orders). An Approving Officer may request an exception to use a vendor from Statewide SPOTS Coordinator. See Appendix A for the list of blocked MCCs.

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

   a. Only fax a SPOTS account number, the expiration date, and the three-digit security code if other purchase methods are not available. If a vendor’s fax security is unknown, consider redacting the account information from the form and contacting the vendor by phone to complete the purchase. Secure fax receipts that contain account information.

   b. Do not email a SPOTS card account number, PIN, or three-digit security code.

   c. Before entering a SPOTS card account number on a Web page, ensure that the site uses encryption. Signs of encryption include a Web address, with https ("s" stands for secure) and a closed padlock.

   d. For security and fraud prevention any card with no usage after three months will be inactivated. The cardholder will need to contact the SPOTS Coordinator to reactivate the card. If the card has no usage after six months, the card will be deactivated.

5. **Authorized Purchases**

   a. Examples include supplies, services, equipment rentals, training registrations, non-travel business meals (OAM 10.40.10), client services, and other agency-prescribed items.

   b. Utility bills can only be paid by the Accounting Unit using a SPOTS card. Cardholders may use a SPOTS card for prepayment with the approval of the SPOTS Approving Officer.

   c. Only approved cardholders may use their SPOTS cards for out of state travel in accordance with OAM 40.10.00, Statewide Travel Policy. Approval is provided by the SPOTS Approving Officer. The IRS rules state that an “Accountable Plan’s Timeliness Safe Harbor for Substantiating Expenses” is 60 days after travel expenses are paid or incurred to avoid having the cost added to the W-2 as taxable wages.

   d. SPOTS card expenditures may be paid and coded using the Inmate Welfare Fund (IWF). IWF monies may be used to fund a variety of programs, services and activities benefiting the general inmate population and enhancing inmate activities and programs. Specific uses of the fund may include but are not limited to operation, support or enhancement of the following programs, services and activities. Refer to the department’s rules on Inmate Welfare Fund (OAR 291-156). Examples are as follows:
(1) Education Programs;
(2) Alcohol and drug treatment and education programs;
(3) Department of Corrections facility canteens, including copying machine made available for inmate use through the facility canteens;
(4) Inmate trust accounting system;
(5) Provision of postage-paid envelopes for indigent inmates;
(6) Provision of non-prescription, over-the-counter health aids made available for inmate use in inmate housing units in Department of Corrections facilities;
(7) Department of Corrections facility libraries designated for inmate use;
(8) Department of Corrections facility visiting room equipment supplies and services;
(9) Inmate activities programs, including:

(a) Equipment for television viewing;
(b) Visiting music/entertainment groups;
(c) Music equipment and supplies;
(d) Activities equipment, supplies and services;
(e) Repair of equipment purchased from the Inmate Welfare Fund;
(f) Food or supplies for food for special occasions;
(g) Inmate awards for the purpose of providing umpires, referees, and maintaining activity equipment and apparel;
(h) Inmate tournaments and holiday events;
(i) Inmate club activities; and
(j) Entertainment equipment, supplies, and services.

6. Unauthorized Purchases

a. Never use a SPOTS card for personal purchases. Government Ethics for state employees (ORS 244.040) provides that no employee can gain personally from his/her employment.

b. SPOTS cards should never be used for the following transactions or expenditures:

(1) Cash withdrawals, money orders, traveler’s checks, or other monetary instruments.

(2) Purchasing airline tickets for official state business. Airline tickets are purchased through the state’s travel management contractor (TMC) using a CTS account.

(3) Travel meals.
(4) Fuel purchases for state owned vehicles with a SPOTS card unless the vendor will not accept the Voyager or fleet card. A SPOTS card does not provide fuel tax exemptions. If the SPOTS card is used, agencies must contact DAS Fleet for DAS owned vehicles and provide a copy of the detailed receipt. See DAS Fleet Policy: DAS Fleet and Parking Services Internal Operating Policies for DAS Owned, Rented or Assigned Vehicles.

(5) Rewards cards in conjunction with SPOTS cards; for example, Safeway, Petco, Fred Meyers, etc.

(6) Personal vehicle fuel related to employee travel or moving expenses.

(7) Purchasing security equipment such as firearms, ammunition, chemical agents, hand cuffs, tasers, or body armor.

(8) Purchasing office furniture, desks, coffee pots, microwaves, refrigerators, cell phone accessories, gift cards, any ergonomic equipment, or items on a price agreement. Contact your Procurement Specialist for more information.

(9) Purchasing in-state lodging and other miscellaneous in-state travel expenses for employees or on behalf of another employee (includes car rentals, shuttles, taxis, baggage, tolls, etc.) without the SPOTS Approving Officer authorization.

(10) Purchasing retirement gifts such as shadow boxes, plaques, flowers, and greeting cards.

(11) Purchasing staff holiday decorations and greeting cards (Christmas, birthday, retirement, etc.).

(12) When ordering through OfficeMax/Office Depot:

(a) All online orders are set up to be billed to the DOC account and once a month a paper invoice is generated and sent to Accounting to pay.

(b) Physically going into a Staples, OfficeMax or Office Depot store to order office supplies. They do not honor the government discount rate. Our price agreement with them is for online orders only; this also includes using a SPOTS card over the phone and by fax.

(13) Purchasing office supplies from Amazon.

(14) Purchasing any IT items such as computer hardware and software, keyboards, printers, and mice (including wireless), flash drives, etc.

(15) Purchase Order (PO) has been created or is still active in the system. If a PO is issued and subsequently paid with a SPOTS card while the PO is still active in the system, the SPOTS card used will be terminated.

c. Exceptions:

(1) Each institution may have one membership account for Amazon Prime and Costco.
(2) Purchases other than for inmates must be authorized by SPOTS card Approving Officer.

(3) Costco and Amazon Prime accounts must be authorized by the SPOTS Card Approving Officer to be billed to a SPOTS account.

(4) Any purchases for bond funded or construction projects require written approval from the Facilities Administrator or designee.

(5) Staples online orders.

H. Extenuating Circumstances:

1. An extenuating circumstance may occur which necessitates the use of a SPOTS card to make an unauthorized purchase. An extenuating circumstance exists when the following conditions are met:

   a. The SPOTS card is the only reasonable means of making the purchase.

   b. The purchase is essential for the operational needs of the Department of Corrections.

2. The Functional Unit Manager must seek for and obtain written approval for the purchase from the SPOTS Approving Officer or designee from the Division of the Chief Financial Officer before making the purchase. A copy of the written approval will accompany the SPOTS log when it is sent to the SPOTS Card Coordinator.

I. Emergencies:

1. In the event of an emergency, an unauthorized purchase may be made before written approval from the SPOTS Approving Officer is obtained. An emergency purchase may be made when the following conditions are met:

   a. The conditions of an extenuating circumstance are met.

   b. The purchase is necessary for the preservation of life or property.

   c. The Functional Unit Manager or designee approves the purchase.

   d. The nature of the emergency dictates that the purchase must be made before seeking for or obtaining approval from the SPOTS Approving Officer or designee.

2. As soon as possible after the purchase has been made, the Functional Unit Manager will document the event and send written notification to the SPOTS Approving Officer in order to seek approval for the purchase. Copies of these documents and the response received from the SPOTS Approving Officer must accompany the SPOTS Log when it is sent to the SPOTS Coordinator.
J. Misuse

1. Misuse in the SPOTS program may be any action that is not in accordance with state and agency policy.

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

3. The SPOTS Approving Officer or delegate, in consultation with the agency’s Human Resources Office, if applicable, is responsible for taking appropriate action in response to SPOTS program misuse.

4. When misuse of the SPOTS card is found, infractions are noted and an infraction letter sent to the SPOTS user and approver. The letter must be returned within 10 business days to the infraction issuing authority. The SPOTS Approving Officer may opt to suspend or permanently deactivate any card, if deemed appropriate.

5. For gross negligence or fraud, the agency will immediately terminate the SPOTS card and may choose to notify DAS Risk Management, the Secretary of State’s Audits Division, and the Department of Justice.

IV. IMPLEMENTATION

This policy will be adopted immediately without further modification.

Certified: ___signature on file____________________
Michelle Mooney, Rules Coordinator

Approved: ___signature on file____________________
Brian Belleque, Deputy Director
### Appendix A
DOC Merchant Category Codes Blocked

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<th>CODE</th>
<th>MERCHANT CATEGORY DESCRIPTION</th>
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<td>4582</td>
<td>AIRPORTS/FIELDS/Terminals</td>
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<td>4722</td>
<td>TRAVEL AGENCIES</td>
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<td>OTHER TRAVEL/PKG TOUR OPERATIONS GERMANY ONLY</td>
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<td>4789</td>
<td>TRAVEL SERVICE</td>
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<td>WIRE TRANSFER - MONEY ORDER</td>
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<tr>
<td>4899</td>
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