

Department of Finance and Administration – Policy 29
State Contracts for Credit and Debit Cards

(Revised March 2007)

Introduction and Background

1. The widespread growth of electronic commerce has increased the use of credit and debit cards for purchasing goods, facilitating travel, and providing a method for the distribution of payments directly to cardholders. This Policy Statement 29 has been developed to facilitate the procurement, administration, accountability, and necessary internal control systems for credit and debit card contracts, as well as to ensure that the state obtains the economic benefits and efficiencies of economies of scale through such contracts.
2. The Department of Finance and Administration maintains a statewide contract for payment card services that provides electronic payment options to all departments. Typically the needs of state agencies for these services can be met through the payment card contract.
3. Businesses may include credit card services as part of a proposal they offer the State. State agencies that have obtained credit card services through such arrangements in the past may have circumvented state procurement regulations.
4. When departments or agencies apply for stand-alone credit cards (such as Lowe's, Wal-Mart, etc.), card fees and high interest rates can be incurred. Centralized contractual relationships typically avoid interest rate charges associated with such contracts.

Applicability and Effective Date

5. This policy statement is issued by the Department of Finance and Administration in accordance with the authority granted under T.C.A. 4-3-1007 and is effective ninety days after approval. The Department of Finance and Administration may develop additional implementation procedures to assist agencies in the use of current contracts. Institutions of the University of Tennessee and the Tennessee Board of Regents are excluded from this policy statement, as are Electronic Benefit Service (EBT) contracts administered by the Department of Human Services.

General Rule

6. The Department of Finance and Administration will maintain statewide contracts providing credit and debit card services to specifically provide for the direct payment of goods, facilitate state travel, and distribute state payments directly to cardholders. When seeking such services, state agencies and departments are required to use these contracts and should not develop alternative contracts. In no circumstances should departments or agencies submit an application on their own for credit or debit card services. It is anticipated that state agency needs will be met through current Finance & Administration contracts. In the event such services may not be available from a current contract, the state agency should consult with the Department of Finance and Administration, Division of Accounts, to determine if procurement for such services is necessary.

Use of the State Payment Card

7. The Board of Standards regularly reviews and sets limits for agency local purchases without bid. For all such purchases as well as for items identified in Sections 1.0 and 4.3 of the State of Tennessee Payment Card Cardholder/Approver Manual, it is expected that the payment card administered by the Division of Accounts in the Department of Finance and Administration will be the preferred method of payment. The Department of Finance and Administration expects all departments and agencies to participate in the payment card program and to use the card whenever feasible. All purchasing bid requirements and other regulations applicable to the purchase of goods and services should be followed.
8. Departmental fiscal officers should select an employee who will function as a “designated agency coordinator” for that agency’s payment card program, responsible for development and oversight of payment card use throughout the agency in accordance with card procedures established by the Division of Accounts and published in the State of Tennessee State Payment Card Cardholder/Approver Manual. While the designated agency coordinator maintains day-to-day responsibility, agency fiscal officers are ultimately responsible for oversight of the program within their department. In departments that have internal audit units, fiscal offices should meet periodically with their internal auditor to review their department’s payment card program and assess that suitable procedures are in place to mitigate agency risk. Exceptions to payment card use may be granted by departments in situations where a business refuses to accept payment cards or in other situations where payment card use is impractical.

Prior Existing Cards

9. In the event a Department determines that it is currently using a credit or debit card outside the scope of this Policy Statement, Department staff in the fiscal office should cancel such cards or request an exception.

Reconciliation


10. Whenever possible, the Department of Finance and Administration will use electronic reporting and centralized payment for all credit card and debit card vendors. Agencies and departments are responsible for reconciliation of monthly card reports to departmental transactions.

Exceptions

11. Exceptions to this policy must be approved by the Chief of Accounts, Department of Finance and Administration.

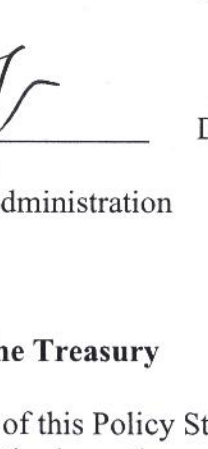
Approval of the Commissioner of Finance and Administration

I, M. D. Goetz, hereby approve of this Policy Statement 29 of the Department of Finance and Administration, and authorize actions necessary to implement its requirements.

Signed  Date 3/14/07
M.D. Goetz, Commissioner
Department of Finance & Administration

Approval of the Comptroller of the Treasury

I, John G. Morgan, hereby approve of this Policy Statement 29 of the Department of Finance and Administration, and authorize actions necessary to implement its requirements.

Signed  Date 3/19/07
John Morgan, Comptroller
Office of the Comptroller of the Treasury