

Purchasing Policy 1c: Emergency Card Use

Effective May 15, 2009

This policy, is to be read consistently with Statewide Policy on Expenditures by State Employees and Authorized Users, Administration Information Bulletin No. 08.02, and outlines use of the emergency card by state employees and establishes requirements for emergency card program administration and oversight.

3.1 Purpose

The purpose of this policy is to ensure that the Emergency Card is used appropriately by state employees (hereinafter “authorized users”) so that emergencies may be responded to quickly, efficiently, and cost-effectively. The emergency card is intended to be of a very limited availability, to be authorized only for persons involved in the management of emergency response actions by the agency. The emergency card is available only in those agencies that have an existing state purchasing card program.

3.2 Policy

Authorized users of the emergency card shall use this procurement tool solely for emergencies and the card is not meant to function as a regular purchasing card. As an emergency card, the Merchant Category Classification (MCC) codes will not be blocked, and the card will have a higher per transaction limit and monthly limit.

3.3 Policy Scope

Emergency Card Use Policy 1c applies to all state agencies subject to the procurement authority of the Commissioner of Administration and that have a state purchasing card program in place that is approved by the Department of Administration.

3.4 Use of the Emergency Card

3.41 Emergency Card Assignment.

Emergency cards are assigned to specific individuals within an agency. Requests for issue of emergency cards will be submitted through the Office of State Procurement (OSP) Department of Administration. The request will be accompanied by a cover letter giving the following information: the person’s name, their position, the planned role the person would fulfill in the event of an emergency, the dollar threshold that they are requesting, and why it is necessary they have the card.

Card users shall complete a Statewide Requirements for Emergency Card "Policy and Procedure Acknowledgment". See **Attachment A**.

3.43 Using the Emergency Card.

Each time a purchase is made, the card user shall record the transaction on a log, stating the rationale for the emergency purchase.

3.44 Emergency Card Transaction Limits.

Emergency cards are subject to two limits:

- a maximum transaction dollar amount of \$25,000, and
- a monthly dollar maximum of \$50,000

Agencies may request a lower limit and should, if the higher limit is not needed. If an agency needs a limit above these amounts, they must submit a written request for an exception to the Office of State Procurement, Department of Administration.

3.45 Emergency Card Purchases.

Special Requirements for the Emergency Card.

- The emergency cards will only be used for expenses relating to an emergency or declared emergency. Pursuant to statute, an emergency is a threat to public health, welfare, or safety that threatens the functions of government, the protection of property, or the health and safety of people. **Emergencies must be declared by the authority outlined in the ALP manual. Emergency purchases must be reported to OSP as required by the ALP Manual.**
- The emergency cards **will not** be used for purchases of routine, **individual** meals, including for an employee in travel status, or any item not authorized by this policy.
- The emergency cards may be used for group, event-related meals for disaster recovery exercises or actual disasters or declared emergencies. The agency and state policies for meals must be followed.
- Any group, event-related meals purchased will be within the applicable bargaining unit limits for meal reimbursement (unless otherwise approved in advance as a Special Expense in accordance with the agency's Special Expense policy and Minnesota Management and Budget Procedure 4.4), and lists of people for whom meals are being provided will be kept to confirm that purchases are within these limits.
- Purchases of group, event-related meals using the emergency card may be subject to frequent audit to ensure that such purchases are in compliance with the provisions of agency policy, labor contracts, and the certifications made here.

3.5 User Record Keeping and Compliance

3.51 Receipts Required.

All emergency card users must obtain receipts for all emergency card transactions. Receipts must be:

- kept and segregated by month or billing cycle as required by the agency’s policy;
- posted to a log that also lists the name or description of the emergency;
- maintained pursuant to the agency’s records retention schedule for these records;
- readily available during the payment process to assist in verifying correct payment;
- an original itemized receipt. If the authorized user cannot obtain a receipt from the merchant at the time of sale because of mechanical or technical difficulties, the authorized user must complete, sign, and have notarized an “Affidavit in Lieu of Receipts,” which is available from agency financial services offices.

3.52 Contrary Use.

If a card is used in violation of this policy, the authorized card user shall report the matter to the agency program administrator no later than the next business day. In the case of a prohibited purchase, the authorized user may be required to immediately reimburse the agency for the prohibited purchase. There may be situations where such reimbursement may not be warranted, in which case the agency will assess and resolve such matters on a case-by-case basis and report usage to the Office of State Procurement.

3.53 Fraud.

Pursuant to Minn. Stat. §609.456 subd. 2, all suspected fraud with the state’s emergency card must be reported via a memo to the Office of the Legislative Auditor (OLA). This requirement includes those instances when the state’s owned emergency card account number has been compromised and unauthorized use of the account is discovered by either the servicing contract vendor or a state employee.

3.7 Advisory to Agency Fiscal & Emergency Management Personnel

3.71 Choice of Cards & Risk.

Generally, emergency cards are to be very limited in number and to be for employees without the purchasing card that have an appropriate role or position in the event of an emergency. The types of positions that are envisioned for the emergency card are those that have a lead role in emergency response: command leaders, incident managers, or those who manage an emergency response function or team. If a regular purchasing cardholder is deemed to require an emergency card, he/she may be authorized and issued one for use in emergencies only.

Due to these design features, there is inherently more risk with the emergency card. With the higher limits and the greater risk, it is desired that the number of emergency cards be kept to the minimum number that can be reasonably be expected to meet most needs in the event of an emergency. The needs assessment is part of the emergency preparedness planning process

3.72 Encumbering Funds.

Use of an emergency card is an exception to the State law that requires state entities to encumber money for expenditures prior to obligating the state to pay for a purchase. Nevertheless, emergency response agencies

shall work with their agency's internal financial staff and Minnesota Management and Budget if necessary to encumber funds as appropriate depending upon their specific-agency needs.

"Emergency" means a threat to public health, welfare, or safety that threatens the functioning of government, the protection of property, or the health or safety of people. See Minn. Stat. § 16C.10, subd. 2(a) and the Authority for Local Purchase Manual paragraph 1.6.1

Declaring an Emergency. The OSP Director or Assistant Director may declare an emergency. If time permits, contact OSP at 651.201.2402/2400 to report the emergency. When time does not allow contacting OSP, an agency head or his or her authorized delegate may declare an emergency. In declared emergencies, any individual may purchase if required to respond to the emergency.

Documenting an Emergency. When an agency head or delegate declares an emergency without advance authorization from OSP, the declaration must be documented in writing and submitted to OSP as soon as practicable. The declaration shall include the nature, date, location and scope of the emergency and any limits to actions that should be taken to rectify the situation.

Regardless of whether OSP or an agency head declares the emergency, the agency must submit a written report to OSP upon completion of its emergency procurement activities. The report shall fully document the actions taken, why the competitive bid process could not be utilized, how the scope of work was minimized to what was immediately necessary, and the total costs of the goods and services procured under the emergency authority. A copy of this final report must be kept in the agency's purchasing file.

3.73 Standardized Data.

Because the nature of any emergency cannot be predicted, all purchasing codes will be open. The state will not establish standardized data and product code listings for use of the emergency card.

3.8 Emergency Card Program Administration

3.82 Agency Emergency Card Administrators.

Participating agencies must designate their emergency card administrators. They may be the same person as the purchasing card administrator. Agencies must report the names of their emergency card administrators, along with contact information (address, phone, fax, e-mail) to the Department of Administration's Office of State Procurement, State Purchasing Card Administrator, 651.201.3163. The agency emergency card administrator is responsible for overall administration of the program consistent with the statewide plan and the agency's approved plan.

3.83 Agency Emergency Card Administrator Duties.

The duties of the Emergency card Administrator include:

- create account(s) and account access so that card requests and changes may be managed and monitored;
- administer card policy and train authorized card users so that cards are properly used;

- monitor card usage and review and reconcile invoices per agency reconciliation practices so that emergency card bills are paid in a timely manner and the agency receives available rebate incentives;
- annually, prepare a list of active emergency cards and forward it to the purchasing card vendor, requesting that the cards remain active even they were not used in the past year. This should be done on schedule so that cards do not expire, and cards that are no longer get cancelled.

3.84 Requirement to Reconcile Invoices, Records Retention, and Auditing.

Each agency is responsible for designating a person or persons for reconciling monthly emergency card contract vendor invoices and purchase receipts in accordance with the agency policy's reconciliation plan and the requirement for a 100% audit of emergency card transactions.

- Receipts must be submitted to the agency's designated emergency card administrator or designee for reconciliation with the emergency card invoice.
- Receipts and other documentation must be retained pursuant to the agency's records retention schedule for these records.
- Each agency must have a reconciliation or transaction auditing process in place for the review of transactions to prevent theft, abuse, and fraud relating to the overall use of the card. The audit process for emergency cards is a 100% audit of all emergency card transactions.
- It is the responsibility of each agency to review emergency card charges and invoices to eliminate unnecessary and inappropriate charges.

3.85 Invoice Review.

A review of emergency card charges shall ensure that:

- authorized users are properly using the emergency card for emergency purchases;
- charges for federal excise taxes have been removed, if appropriate;
- state sales taxes have been paid, when applicable; and
- potentially fraudulent transactions resulting from lost, stolen, or returned emergency cards are identified.

3.86 Unauthorized Purchase.

If an agency suspects an unauthorized purchase, the agency should investigate the transaction promptly to determine whether it is an incorrect amount or whether it is an unauthorized purchase. If it is determined that it is an incorrect amount, then the agency must attempt to resolve it with the merchant or the contract vendor. If it cannot be resolved, it must be disputed. If it is determined to be an unauthorized purchase, the agency shall take the actions prescribed in the agency policy.

3.87 Discrepancies.

A discrepancy is an issue noted on the invoice that doesn't match the cardholder's receipts. These issues can very often be settled by contacting the merchant of the transaction in question. If the situation cannot be resolved with the merchant, the issue can then be disputed.

3.88 Disputed Charges.

Disputed charges can result from incorrect dollar amounts, duplicate charges, purchases that were never made, unprocessed credits, and/or fraud. Agency designated personnel must review the billing statement for accuracy. The emergency card program administrator should contact the emergency card contract vendor on any erroneous charges or other unresolved invoice issues if unable to resolve the issues with the appropriate merchants.

- **Disputed Charge Documentation.** Agency emergency card administrators must document disputed items in writing. The agency must maintain copies of any written documentation, including documentation describing the resolution of the dispute, with the monthly billing statement.
- **Dispute Notification.** Upon notification of a dispute via telephone to the customer service number on the back of the card, the contract vendor will investigate the dispute and propose a resolution. If the invoice is reasonable, even with the disputed item(s), the agency should pay the full amount on the invoice to ensure the maximum possible rebate. Utilize the reconciliation process and the dispute process to rectify the situation. See the Contract Release, C-684(5), for details on how to submit a dispute.

3.89 Rebates.

The emergency card program includes a provision for rebates. Emergency card rebates must be managed in accordance with *Department of Finance and Department of Administration Operating Policy and Procedure 3016.00, Credit Agreements –Purchasing Card and Fleet Card*.

Additional References:

Minn. Stat. § 16A.15, subd. 3, and Minn. Stat. §43A.38, subd. 4

Authority for Local Purchase (Purchasing Manual Bulletin No. 00.07, Authority for Local Purchase, September 2007) may be found in the Department of Administration Purchasing Policy Manual at https://mn.gov/admin/assets/alpmanual_tcm36-516947.pdf.

Attachments:

A – Agency Head Acknowledgement

B – Authorized User Emergency Card Acknowledgement of Use Agreement

The Emergency Card Use Policy was developed by the Department of Administration. It will be updated and revised as needed. **If you have questions, please contact the designated official in your agency.**

Attachment A: Agency Head Acknowledgement

As the (insert title, e.g., commissioner, director) of (insert name of agency), I accept responsibility for agency staff use of the emergency card, actions by employees of the agency while using the Emergency Card, and strict and diligent adherence by the agency and its employees to Emergency Use Policy 1c, April 15, 2009, attached hereto.

It is understood that agency participation in the Emergency Card Use program is a delegation of authority from the Commissioner of Administration to the agency. This agency will be permitted to participate in the Emergency Card Use program provided that all the state and agency policies and procedures are followed and enforced.

Authority to participate in the program may be revoked at an agency level for cardholder violation of the policies or for the agency's failure to monitor and enforce the policies. This agency shall monitor emergency card use and act promptly to stop any misuse or abuse.

The emergency card is an important procurement resource enabling agencies to respond to emergencies quickly, efficiently and cost-effectively. It is incumbent on the agency head to monitor and control the process.

By acknowledging and applying to participate in the Emergency Card Use Program, I accept responsibility for (insert name of agency) to monitor and control the process on a monthly basis and to comply with the requirements of the Emergency Card Use Policy 1c, April 15, 2009. The Commissioner of Administration and Minnesota Management and Budget may monitor the program by auditing the results.

This policy will remain in effect for (insert name of agency) beyond my term in this position, unless rescinded or amended by my successors.

Agency Head Signature: _____ Date: _____

A copy of this signed form, must be submitted to the State Purchasing Card Administrator in Office of State Procurement (OSP)

Attachment B: Authorized User Emergency Card Acknowledgement of Use Agreement

This agreement is between the _____ (name of State Agency) and _____ (name of State Employee).

Agency Emergency Card Policy. I have read, understand and agree that I am responsible for the proper use of the Emergency Card as outlined in Emergency Card Use Policy 1c, April 15, 2009.

State of Minnesota Property. I acknowledge that the Emergency Card is the property of the State of Minnesota and the Agency, and is to be used ONLY by me for official state business, and only as outlined in the Emergency Card Use Policy 1c. I will not permit anyone else to use my card and agree to maintain possession of it at all times.

Conditional Use. In addition to the requirements, limitations and uses outlined in the Emergency Card Use Policy, the following additional conditions have been placed on my use of the Emergency Card issued to me:

Insert any additional cost and/or item restrictions for this card, if any:

Loss or Theft of Emergency Card Notification. As an authorized user of the Emergency Card I will notify the contract vendor immediately and the Agency Emergency Card Administrator as soon as possible or immediately the next working day if the card is lost or stolen or in the hands of an unauthorized person. Pertinent information regarding the lost or stolen card or improper use must be provided. The cardholder will make a reasonable effort to recover the card from an unauthorized person.

If I fail to notify the Agency Emergency Card Administrator and the Emergency Card vendor as soon as possible or immediately the next working day upon realizing that the card is missing or has been misused, this failure may be considered negligent, and my authority to use the card may be suspended or withdrawn. The card may not be reinstated until such time as I and my agency head explain to the Commissioner of Administration how and why I was unable to keep track of the Emergency Card.

Receipts. I will retain all receipts and reconcile them to the memo statement I receive monthly, within 10 days of receipt of the memo statement. If a receipt does not match a charge on the memo statement or if a charge is not supported by a receipt, I will report discrepancies as specified by the agency Emergency Card Use Policy and Procedure. I will maintain a log, as specified by my Agency’s Emergency Card Use Policy, to track purchases and

receipts and assist in reconciliation. My supervisor or other agency-designated individual will approve each monthly memo statement or Emergency log by signing the memo statement and Emergency log (if the agency uses one).

Vendor Notification. I will notify the Emergency Card vendor by telephone and the Paying Location using the Cardholder Dispute Form if there are any discrepancies on the memo statement, and ask for a credit or correction. The Paying Location will keep a copy of the Dispute Form and supporting information for its records and to verify that the credit or correction is made.

Return of Emergency Card. Upon termination or other circumstances in which the Department of Administration, the agency head or the Agency Emergency Card Administrator require the card to be revoked or turned in, I will return the card promptly to the Agency Emergency Card Administrator in the manner specified by the Agency Emergency Card Administrator.

Misuse of Card. Further, I understand that my Agency or the Department of Administration may revoke or suspend my use of Emergency Card privileges without notice if the terms and conditions of this Policy and Procedure Acknowledgement or any amendments to it are violated. Misuse of the Emergency Card, including use by any other individual (regardless of employment status), use for a non-emergency purpose, or for my personal use, is cause for permanent revocation of the Emergency Card and discipline up to and including discharge pursuant to Minn. Stat, §16A.15, subd, 3, and Minn. Stat. §43A.38, subd. 4, and that disciplinary action may be taken in accordance with these statutes and the applicable bargaining unit agreement.

Authorized User's Agency:

Agency Fax Number:

Authorized User's Agency Address:

Authorized User's Work Phone Number:

Authorized User's email:

Authorized User's Typed Name & Signature: _____ Date: _____

Supervisor's Typed Name & Signature: _____ Date: _____

Agency Emergency Card Administrator: _____ Date: _____