

# The State Payment Card PCC - H

**Introduction** State agencies may only use credit cards issued under a contract between CPA and a card issuer or a contract between an institute of higher education and a card issuer<sup>1</sup>. CPA has established Term Contract [946-A1 PAYMENT CARD SERVICES](#)<sup>2</sup> for credit card services<sup>3</sup>.

**Participating in the Payment Card Services Contract** Follow these instructions to participate in Term Contract [946-A1 PAYMENT CARD SERVICES](#):

1. Adopt procedures governing the issuance and security of payment cards and the use of those cards by your agency's officers and employees. File and maintain these procedures in your agency's Procurement Plan. These procedures must be available to the office of the Texas Comptroller of Public Accounts upon request<sup>4</sup> and CPA requires them as a part of its procurement audit requirements.
2. Submit a requisition to CPA against Term Contract [946-A1 PAYMENT CARD SERVICES](#). See Section 2.7 Term Contracts for more information on using Term Contracts.
3. Forward your agency's internal credit card procedures to CPA Procurement Audit for inclusion in your agency's Procurement Plan.

**Using the Payment Card** The payment card may be used to pay for commodities and services for dollar amounts within your agency's delegated purchasing authority. Make certain that you:

1. Adhere to all purchasing statutes, rules, policies, and procedures when using the payment card. *The use of a payment card does not automatically exempt a state agency, its officers or its employees from any purchasing requirement of state law or CPA*<sup>5</sup>.
2. Keep all payment card receipts in your procurement files. Each receipt must contain a description of the good or service that is sufficient to support the office of the Texas Comptroller of Public Accounts expenditure object code used. Credit card receipts must be made available to the office of the Texas Comptroller of Public Accounts upon request<sup>6</sup>.

The payment card may be used to pay for capital or controlled assets, but any capital asset payment must be coded to the object code established for the type of items being purchased. Also, the Texas Identification Number/Payee Identification Number/Vendor Identification (TIN/PIN/VID) of the vendors from whom the purchases were made must be entered into USAS instead of the TIN/PIN/VID of the credit card issuer.

## **Prohibited Uses of the Payment Card**

Per Texas Administrative Code, Title 34, Part 1, Chapter 5, Subchapter E, Section [5.57](#)(g), a participating state agency may not use a procurement card and may not reimburse an officer or employee for the use of a procurement card for:

- A purchase of a personal nature or any other purchase not connected with official state business.
- A cash advance.
- A purchase of a consulting service.
- A purchase of a good or a service that may not be purchased without the prior approval of another state agency, including purchases that require a pre-audit by CPA or the office of the Texas Comptroller of Public Accounts
- A purchase that the office of the Texas Comptroller of Public Accounts audits before payment.
- A purchase from a vendor if a payment to the vendor is prohibited by:
  - o Government Code, [§403.055](#) or [§2107.008](#).
  - o Education Code, [§57.48](#), or [§57.482](#).
  - o Family Code, [§231.007](#).

Furthermore, a participating state agency may not use a procurement card and may not reimburse an officer or employee for the use of a procurement card for:

- A purchase that violates any provision of the General Appropriations Act regarding the occurrence of excess obligation provisions<sup>7</sup>.
- [TBPC Travel Management Program](#) contract airfares<sup>8</sup> and other travel expenses as indicated in Term Contract [946-A1 PAYMENT CARD SERVICES](#).
- Purchasing automotive fuel<sup>9</sup>.

## **Paying the Payment Card Issuer**

State agencies are required to pay a Payment card contractor through an electronic funds transfer<sup>10</sup>. Procurement card statements are to be paid in full, less credits or disputed transactions, within 30 days of receipt, per the Texas Prompt Payment Act. Payments processed within the Prompt Payment Act<sup>11</sup> requirement qualify for a rebate payment to the state. A participating state agency *may not accept a cash refund* for a purchase if the

agency paid for the purchase with a payment card<sup>12</sup>. **Liability** Participating agencies may be liable for late payment fees and transactions charged to lost and stolen cards if lost or stolen cards are not reported immediately. See Term Contract [946-A1 PAYMENT CARD SERVICES](#) for the specific terms.

### **Historically Underutilized Business (HUB) Reporting and 1099 Reporting**

To receive HUB credit for procurement card purchases, submit a HUB Subcontracting report per the instructions provided in Term Contract [946-A1 PAYMENT CARD SERVICES](#), link titled [Smart Data On-Line - HUB, 1099, SDB Exports Guide \(2-18-04\)](#)<sup>13</sup>. Smart Data Online is a reporting system created by the current contractor and MasterCard to provide unique reporting requirements for the State of Texas. These include:

- HUB Exports • 1099 Exports • Small & Disadvantaged Business (SDB) Exports (pertain only to federal funds)

These file exports were developed to provide each participating agency with accurate and complete procurement card data needed to prepare reports.

<sup>1</sup> Texas Administrative Code, Title 34, Part 1, Chapter 5, Subchapter E, Section [5.57](#) (e)(5)

<sup>2</sup> [http://www2.cpa.state.tx.us/cat\\_page/cat\\_946\\_a1\\_0306.html](http://www2.cpa.state.tx.us/cat_page/cat_946_a1_0306.html)

<sup>3</sup> The authority to establish this contract is provided by Texas Government Code, Title 10, Chapter 2155, Section [2155.385](#), Texas Government Code, Title 4, Chapter 403, Section 403.023(b) and Texas Administrative Code, Title 34, Part 1, Chapter 5, Subchapter E, Section 5.57.

<sup>4</sup> Texas Administrative Code, Title 34, Part 1, Chapter 5, Subchapter E, Section [5.57](#)(f)

<sup>5</sup> Texas Administrative Code, Title 34, Part 1, Chapter 5, Subchapter E, Section [5.57](#)(h)

<sup>6</sup> Texas Administrative Code, Title 34, Part 1, Chapter 5, Subchapter E, Section [5.57](#)(q)(2)

<sup>7</sup> Texas Administrative Code, Title 34, Part 1, Chapter 5, Subchapter E, Section [5.57](#)(p)

<sup>8</sup> Texas Administrative Code Title 34, Part 1, Chapter 20, Rule [20.308](#)

<sup>9</sup> 2003 State Vehicle Fleet Management Plan, p. 8. The State Vehicle Fleet Management Plan is mandated by Texas Government Code Chapter 2171, Subchapter C, Sec. [2171.104](#)

<sup>10</sup> Texas Administrative Code, Title 34, Part 1, Chapter 5, Subchapter E, Section [5.57\(i\)](#)

<sup>11</sup> Texas Government Code, Title 10, Chapter [2251](#)

<sup>12</sup> Texas Administrative Code, Title 34, Part 1, Chapter 5, Subchapter E, Section [5.57\(j\)](#)

<sup>13</sup> [http://www2.cpa.state.tx.us/cat\\_page/946\\_a1\\_SDOL\\_HUB.doc](http://www2.cpa.state.tx.us/cat_page/946_a1_SDOL_HUB.doc)

SECTION 2.59

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