

# Chapter 9

## Disbursements, Financing and Payment Programs

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# Chapter 9

## Disbursements, Financing and Payment Programs

### Overview

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**Introduction** This chapter describes the policies, processes, and programs applicable to invoice submittals and payments, state financing, prompt payment, and the CAL-Card Purchase Card Program.

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**Contents** This chapter contains the following topics:

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# Section A

## Disbursements

### Overview

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**Introduction** This section describes payment practices including when payment should be released, what is required prior to invoice payments, and what are acceptable and unacceptable payment practices.

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# Topic 1 – Payment Fundamentals

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## 9.A1.0 Basic requirements

Departments shall not process or release payment to any supplier for goods and/or services, non-IT or IT, without having in its possession all of the following:

- A properly authorized purchase document.
  - Documentation verifying the goods/services were satisfactorily received and/or performed.
  - An accurate and correct supplier invoice.
- 

## 9.A1.1 Required payment date

Supplier payments are made in accordance with the provisions of the California Prompt Payment Act, GC section 927 et. seq. The Act requires departments (unless expressly exempted by statute) to pay properly submitted, undisputed invoices not more than 45 days after:

- The date of acceptance of goods or performance of services; or
- Receipt of an undisputed invoice, whichever is later.

[Click](#) here to access the Prompt Payment Program.

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## 9.A1.2 Breakdown of payment approval process time

Thirty (30) of the 45 calendar days allowed to pay invoices are allocated to the department's payment approval process. The remaining 15 calendar days are allocated to the State Controller's Office (SCO) claim audit and warrant generation process.

However, if the department elects to pay the invoice using the revolving fund process in order to take advantage of discounts or to avoid accruing late payment penalties, then the department can use the entire 45 day period themselves.

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## 9.A1.3 Administrative fee/billing

DGS/PD charges each department an administrative fee for use of most purchasing authority types (non-IT/IT) and categories (competitive bids, LPAs, NCB, etc.) based on the value of each purchase document.

In most cases, DGS/PD may bill a department directly or rely on the contractor to collect the fee. Individual LPA contracts will describe any administrative fees associated with using the contract and how the fee will be collected.

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## 9.A1.4 DGS Price Book

DGS/PD publishes a price book and directory of services that provides a listing of the services provided and prices charged by DGS.

[Click](#) here to access the DGS Price Book and Directory of Services.

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## Topic 1 – Payment Fundamentals, Continued

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### 9.A1.5 Assessing taxes

The State does not pay federal taxes on purchases, only state sales tax and/or use tax. Taxes are assessed based upon where the products are physically received.

DGS/PD recommends that departments obtain a copy of the latest California Sales and Use Tax rate chart by county.

[Click](#) here to access the Board of Equalization web page.

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### 9.A1.6 Maintenance sales tax

The Board of Equalization (BOE) has ruled that, in accordance with Regulation 1546 of the Sales and Use Tax Regulations of the Business Taxes Law Guide, whenever maintenance contracts include consumable supplies, such supplies are subject to sales tax.

Generally, the State has two options:

1. For contracts that provide for only maintenance services (i.e., the furnishing of labor and parts necessary to maintain equipment), the charges for the provision of maintenance services are not taxable.
2. For contracts that provide for both maintenance services and consumable supply items (i.e., toner, developer, and staples), the provision of the consumable supplies is considered a taxable sale of tangible personal property. Therefore, departments awarding maintenance contracts are responsible for paying the applicable sales tax on the consumable supplies used during the performance period of the maintenance contract.

The Contractor will be required to itemize the consumables being taxed for state accounting purposes.

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### 9.A1.7 CAL- Card usage

Refer to Section B, Topics 3-6, of this [Chapter](#) for information regarding the State's CAL-Card Purchase Card Program.

Buyers are reminded that when using the CAL-card as a payment method for purchases that all sales and use tax laws, rules and policies are applicable. Refer to the above information blocks 9.A1.5 – 9.A1.6.

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## Topic 2 – Advance Payments

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### **9.A2.0 Advance payments prohibited**

The California Constitution, Article XVI, section 3 and section 6, prohibits gifts/donations of public funds. An advance payment or pre-payment is considered a gift of public funds since the State has received no benefit and the subsequent receipt of goods/services cannot be guaranteed.

Consequently, departments shall not pay for services in advance of service performance or goods received.

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### **9.A2.1 Exceptions**

GC section 11019 allows advance payment for services only under limited, narrowly defined circumstances, e.g., between specific departments and certain types of non-profit organizations, or when paying another government entity.

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### **9.A2.2 Subscriptions and software support**

Subscriptions, magazines, periodicals, etc. including software support and maintenance programs can be paid upon receipt of an undisputed invoice. Software support or maintenance service typically includes access to a customer technical support phone line, software upgrades via different types of media and documentation. It does not include consulting services to develop or assist in correcting customized software programs.

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## Topic 3 – Progress Payments

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### **9.A3.0 Progress payments**

A progress payment is a partial payment for a portion or segment of the work required to complete a task. To determine whether a particular task is separate and distinct, the department must determine if later tasks build upon it.

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### **9.A3.1 When progress payments are allowed**

Pursuant to PCC sections 10314 (non-IT goods) and 12112 (IT), progress payments are allowable for work performed and costs incurred at the contractor's shop or plant if the purchase transaction is unique to State business, not suitable for public sale and in the State's best interest. In these instances, not less than 10 percent of the contract price is required to be withheld until final delivery and acceptance of the goods and/or services, and the contractor is required to provide a faithful performance bond, acceptable to the department, in a sum of not less than one-half of the total amount payable under the contract.

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### **9.A3.2 Consideration of progress payments**

Buyers, in the course of the procurement planning activities, should carefully evaluate whether progress payments are warranted and whether the contract administrator has the expertise to properly monitor contract activities before entering into purchases that include progress payments.

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### **9.A3.3 Recom- mendations regarding progress payments**

Recommended policy for departments is as follows:

- Discourage progress payments whenever possible.
  - Do not allow progress payments on purchase documents with a term of less than three months.
  - If progress payments are to be made, they should be made not more frequently than monthly in arrears or at clearly identifiable stages of progress, based upon written progress reports submitted with the contractor's invoices.
  - Progress payments shall not be made in advance of services rendered.
  - Purchase documents shall require a withholding of at least ten percent (10%) of each progress payment pending satisfactory completion of the purchase transaction or a separate and distinct task.
  - Establish a procedure to indicate the amount to be withheld on invoices.
  - Include a procedure in the purchase document for the contractor to request release of the amount withheld.
  - A written Statement of Work or Scope of Work should be developed to clearly define the tasks that when completed constitute a completed project.
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## Topic 4 – Payee Data Record (STD.204)

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### 9.A4.0 Payee Data Record (STD. 204)

A completed Payee Data Record (STD.204) must be obtained from a supplier prior to executing a purchase document whenever a department engages in an activity leading to a payment to an entity other than a government entity. In accordance with SAM section 8112.3 and 8422.190 the completed STD.204 must be provided to the department's accounting office or business services unit as determined by department policy and must be attached to the purchase document.

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### 9.A4.1 LPA contracts and STD.204

Leveraged Procurement Agreement (LPA) contracts such as CMAS require the supplier to complete a STD.204 as part of the completed contract that is available from the Contractor. It is the buyer's responsibility when obtaining a copy of a supplier's LPA contract to ensure a completed STD.204 is included. If not, then the buyer must obtain a completed STD.204 from the supplier.

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### 9.A4.2 STD.204 on file prior to any payments

Regardless of the procurement approach (competitive, NCB, LPA, etc.) or payment method (invoice payment, advance payment or progress payment, etc.) the department's accounting office must obtain a completed STD.204 prior to releasing any payments.

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### 9.A4.3 Compliance requirement

Buyers should include a copy of the completed STD.204 in each procurement file. If a department's policy states that the accounting office will retain the official copy of the completed STD.204, then the department's purchasing policies and procedures must include how their procurement files will substantiate that the STD.204 has been obtained and where the document is located. If a department elects not to include a copy of the STD.204 within each procurement file then a statement must be included within each procurement file identifying that a completed STD.204 has been obtained and where it can be located.

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### 9.A4.4 Payee Data Record

[Click](#) here to access the Payee Data Record (STD.204).

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## Topic 5 – Payment of Invoices

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### 9.A5.0 Accurate invoice

Departments shall remind suppliers of the importance of submitting accurate and correct invoices to ensure timely payment for goods and services received. Departments must not pay for anything that is not in the purchase document (pallets, shipping, travel costs, etc.)

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### 9.A5.1 Components of an accurate invoice

An accurate invoice provides the following:

- Agency Order Number (STD.65) or Contract Number (STD.213)
  - Identifies in detail the goods acquired, quantities, unit price, extension, description, etc.
  - Sales tax and/or use tax as a separate line item from goods
  - Identifies services (non-IT or IT) provided, service period, unit price (i.e. hourly, monthly) and quantity applicable to the service
  - Accurate billing address as stated on the purchase order or contract
  - Supplier invoice number
  - Supplier invoice date
  - Company name and remittance address
  - Payment terms offered
- 

### 9.A5.2 The clock starts ticking

A properly submitted invoice is:

- Submitted to the department address as identified in the purchase document as “billed to” or “invoice submitted to” for payment.
- Provides all the necessary information as identified in the previous information block.
- Undisputed.

To accurately measure and track payment timeliness, all invoices must be:

- Date stamped or receipt date designated in ink on the front of the invoice (to accommodate photocopying) when first received at the “billed to” departmental location as identified in the purchase document.
  - Promptly forwarded to the department’s accounting office if the invoice is received elsewhere in the department and the purchase document states the “bill to” address is the accounting office. PAMS recommends that the invoice be date stamped upon first arrival in the department, even if received at other than the “bill to” address on the purchase document.
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## Topic 5 – Payment of Invoices, Continued

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### 9.A5.3 Invoice Dispute Notification (STD.209)

Departments having a conflict or dispute with a submitted invoice shall immediately notify the supplier by phone and follow up in writing via an Invoice Dispute Notification (STD.209) within 15 working days. Buyers and contract administrators must consult with their department's accounting office or other unit as determined by department policy and procedures to develop a plan of action for settling the dispute in a timely manner.

[Click](#) here to access the Invoice Dispute Notification (STD.209).

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### 9.A5.4 Discounts

Departments are encouraged to take advantage of prompt payment discounts on invoices when offered by suppliers. CCR, Title II, Section 1895.8 provides a state policy of not accepting discount offers of less than ½% or payment in less than 20 days. Cash discounts can only be taken when the department is able to pay within the number of days specified by the supplier.

#### Example

5% in 20 days

(This will be shown in the "Payment Terms" block on the STD.65)

**Note:** Cash discounts offered by bidders for prompt payment of invoices are not to be considered in evaluating bids and offers to determine the purchase order award.

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### 9.A5.5 Maintain a clear separation of duties

Departments should have departmental policies and procedures in place to ensure a clear separation of duties. Buyers should not be involved in receiving goods, approving invoices or making payments for goods or services that they procured.

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## Topic 6 – Additional Payment and Invoice Considerations

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### **9.A6.0 Travel provisions**

All travel and per diem expenses must be in relation to official state business, within contract parameters and incorporated into the department's executed purchase document. Travel and per diem rates paid to contractors shall be set in accordance with the rates of the Department of Personnel Administration (DPA) for comparable classes or verification supplied that such rates are not available to the contractor.

It is important that the department and contractor discuss necessary travel requirements prior to executing the purchase document because the detail and cost (only as allowed for in the contract) must be included in the department purchase document to be payable.

Buyers must verify that all travel and per diem expenses are authorized within LPA contract provisions.

Payments for travel and expenses of \$25.00 or more must be supported by receipts.

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### **9.A6.1 TMU audit stamp**

In accordance with SAM section 3851, 3852 and 8422.1, all freight bills must be audited by the TMU prior to being scheduled for SCO payment. If a freight bill doesn't bear TMU's audit stamp, the invoice will be removed from the claim schedule by SCO and returned to the department.

TMU's freight bill approval is not required for the following items:

- The amount of the freight bill is \$300.00 or less.
  - The freight is included in the goods purchase and the freight bill amount matches that listed in the DGS/PD LPA.
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### **9.A6.2 Training vouchers**

It is acceptable to contract for training vouchers in advance of the training being performed "IF" the Contractor does not invoice and the department does not pay for the training services in advance.

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### **9.A6.3 Purchase document and invoice name must match**

The supplier name as shown on the purchase document and the invoice must match or the State Controller's Office (SCO) will not approve payment. Do not process invoices if the supplier name varies between these documents.

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## Topic 6 – Additional Payment and Invoice Considerations,

Continued

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### 9.A6.4 Non-LPA supplier name discrepancy

Departments encountering a discrepancy in a supplier name between purchase document and invoice shall dispute the invoice until such time as one of the following occurs:

- The invoice is corrected to match the purchase document.
- An amendment to the purchase document to change the supplier name is executed. This may, dependent upon the nature of the name change, require an Assignment Acknowledgement or a Contract Novation document to be incorporated within the amendment documentation.

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### 9.A6.5 Contact PAMS

Departments may contact PAMS for assistance in determining the proper documentation to effect a name change.

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### 9.A6.6 LPA supplier name discrepancies

Departments encountering a discrepancy in supplier names when conducting LPA purchases shall immediately contact DGS/PD to verify whether or not the contractor has processed the appropriate documentation to effect the change in name.

[Click](#) here to access the DGS Resource Directory found in the [Introduction](#) of PAM.

Invoices shall be disputed until such time as the LPA contract has been updated with the name change via a DGS/PD issued supplement or amendment to the contract and the department has in its possession an executed amendment to the purchase document.

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### 9.A6.7 Documentation

Documentation to support a name change (LPA supplement/amendment) must be retained in the procurement file regardless of purchasing authority type or category used.

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## Section B

### Finance and Payment Programs

#### Overview

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**Introduction** This section describes the different financing and payment programs available to departments with purchasing authority. Included in this section is a detailed description of the processes that shall be followed when executing these purchases and using CAL-Card as the method of payment.

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## Topic 1 – California’s Electronic Financial Marketplace

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### **9.B1.0 State of California’s Financial Marketplace**

All departments are permitted to enter into either installment purchase agreements (commonly referred to in the industry as “lease purchases”) or financed leases as described in the Uniform Commercial Code, Section 2A (commonly referred to as “operating leases”), via DGS/PD’s financial marketplaces – “GS \$Mart®” or “Lease \$Mart®.”

[Click](#) here to access the State Financial Marketplace (SFM).

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### **9.B1.1 LPAs qualify to participate**

Unless otherwise stated within individual agreements, LPA contracts may qualify for financing and leasing via the financial marketplace.

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### **9.B1.2 SFM compliance certification form**

Departments will be required to complete a SFM Certification of Compliance form when contemplating financing a transaction using the California Financial Marketplace program. The completed form must be sent to DOF for their approval before the SFM will proceed with the financing process.

[Click](#) here to access the SFM web page for additional information regarding this certification.

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### **9.B1.3 Contact financial marketplace managers**

The State Financial Marketplace team managers must conduct all leasing and financing solicitations. Departments considering financing options shall contact the State Financial Marketplace managers for assistance.

[Click](#) here to access the State Financial Marketplace managers.

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## Topic 2 – California Prompt Payment Program

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**9.B2.0 California Prompt Payment Act** Departments are expected to adhere to the following provisions of the California Prompt Payment Act:

Provision	Description
1	State departments are required to pay properly submitted undisputed supplier invoices within 45 calendar days of receipt.
2	A department may dispute an invoice submitted by the contractor for reasonable cause if the department notifies the contractor within 15 working days from receipt of the invoice or delivery of the property or services whichever is later.
3	Departments have 30 calendar days to file a claim schedule with the State Controller's Office (SCO) or process a payment within 45 days if paying by Revolving Fund (RF).
4	The SCO has 15 calendar days to issue a warrant.
5	Interest penalties begin accruing on the 46 <sup>th</sup> calendar day following receipt of an undisputed invoice.
6	Interest penalties for businesses are 1% above the Pooled Money Investment Account rate from the prior year.
7	Interest penalties for small businesses are .25% per calendar day.
8	For non-small businesses, if the amount of the penalty is seventy-five dollars (\$75.00) or less, the penalty shall be waived and not paid by the department.
9	Departments are required to pay qualifying interest penalties automatically without the need for businesses to request them. Interest penalties stop accruing the day a warrant is issued.

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**9.B2.1 Procedures for compliance** Departments granted any type of purchasing authority are required to establish procedures in compliance with the provisions of the California Prompt Payment Act, GC 927, et. seq.

[Click](#) here to access the Prompt Payment Program.

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**9.B2.2 Monitoring payments and data collection** Departments must complete a Payment Data Worksheet (PDW) on a selected sample of purchasing transactions during a purchasing program compliance review. The PDW is used to calculate the extent of adherence to statutory and prompt payment policy requirements.

[Click](#) here to access the Payment Data Worksheet.

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**9.B2.3 Late payment penalty report** Refer to [Chapter 12](#) – Reporting Requirements.

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## Topic 3 - CAL-Card Purchase Card Program

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### 9.B3.0 CAL-Card usage and purchasing authority

Only departments granted purchasing authority for any non-IT and/or IT goods and services purchasing categories (includes eligible LPAs as allowed by individual contract agreements) may apply to participate in the State's CAL-Card Purchase Card Program (CCPCP).

**Note:** Non-IT services outside of an LPA procurement approach are subject to the contracting requirements of the SCM, Vol. 1.

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### 9.B3.1 Payment mechanism only

The CAL-Card is a payment mechanism, not a procurement approach and, therefore, does not relieve departments from adhering to all procurement laws, regulations, policies, procedures, and best practices, including those discussed in the SCM, Vol. 1 and Vol. 2. This includes but is not limited to the application of all sales and use tax laws, rules and policies as applicable to the purchase. Refer to the above information blocks 9.A1.5 – 9.A1.6.

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### 9.B3.2 Dollar threshold for CAL-Card use

The CAL-Card is a payment mechanism for the acquisition of non-IT goods and IT goods and services up to the limits authorized for the department and individual cardholder. The CAL-Card may also be used for the payment of non-IT services subject to the contracting requirements of the SCM, Vol. 1.

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### 9.B3.3 Dollar limit increases

The CAL-Card is a payment mechanism for the purchase of goods and services up to \$25,000.00. Increases in the department's dollar limits are available upon prior approval of the DGS/PD and the Bank Card Contractor. Contact the CAL-Card Program at (916) 375-4578. However, no payment can be made for purchases that exceed an approved purchasing authority dollar threshold for the procurement approach used.

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### 9.B3.4 Eligibility

A department will no longer be eligible for the CCPCP if any of the following occurs:

- The department does not renew its purchasing authority or
- The department allows its purchasing authority to lapse or
- Purchasing authority is revoked by DGS/PD.

All privileges will be cancelled until the department has an approved purchasing authority.

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### 9.B3.5 Splitting purchases

Departments will not split purchases to circumvent a cardholder's daily or monthly purchase limits. Also, cardholders will not split transactions to avoid competitive bidding limits or purchasing authority limits.

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## Topic 3 - CAL-Card Purchase Card Program, Continued

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### 9.B3.6 Account suspension

Participating departments that maintain delinquent balances of 60 days or greater are subject to account suspension by the bankcard issuer. Each department shall work to eliminate potential late payment penalties and receive the full benefit of the prompt payment rebate revenue program.

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### 9.B3.7 Limitations

CAL-Card limitations are as follows:

Stage	Description
1	CAL-Card must be used for state purchasing only. CAL-Card use for personal activities will not be tolerated.
2	CAL-Card cannot be used for state travel-related expenses. This includes travel-related per diem expense, normally reimbursed to state employees on a travel expense claim. Travel is defined as airline tickets, ground transportation, vehicles rentals, restaurants, meals and lodging.
3	CAL-Card can only be used by the assigned cardholder.
4	Only the department-designated Cardholder and Approving Official can approve CAL-Card charges and payments. Backup approval authority for the Cardholder, Approving Official and/or the Agency Program Coordinator must be designated within the department procedures and within the CAL-Card Master Service Agreement terms.
5	CAL-Card cannot be used to pay for past-due invoices.
6	CAL-Card cannot be used to pay late payment penalties.
7	Individual departments may establish additional prohibited transactions within their CAL-Card programs.
8	Using the CAL-Card for an LPA order does not relieve the department from executing a STD.65 or other contract document as allowed by the LPA.

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## Topic 4 – CAL-Card Program Participation Requirements

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### 9.B4.0 Request to Participate (RTP) form

Departments granted purchasing authority that are interested in participating in the CAL-Card Purchase Card Program are required to complete and submit to the DGS/PD CAL-Card Unit a Request to Participate (RTP). The RTP certifies a department's compliance with the CAL-Card Program Master Service Agreement.

Compliance with the CAL-Card MSA includes:

- Maintaining program management and structure.
- Maintaining account maintenance.
- Adhering to prompt payment laws, regulations, policies, and procedures.
- Providing prompt resolution of disputes.
- Reporting suspected fraud.

[Click](#) here to access the RTP form.

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### 9.B4.1 Addendum to CAL-Card MSA

In addition to the RTP, departments are required to execute an addendum to the CAL-Card MSA by signing a formatted Standard Agreement (STD.2) in accordance with the terms and conditions of the CAL-Card MSA. Once the requesting department and the Bank Card Contractor signs the STD.2, the formal implementation process is initiated.

[Click](#) here to access the CAL-Card Standard Agreement.

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### 9.B4.2 Staffing requirements

Departments that have met the initial CAL-Card participation requirements must also designate the following staff assignments to perform program administration responsibilities.

If you are the	Your administration responsibilities include:
CAL-Card Agency Program Coordinator	<ul style="list-style-type: none"> <li>• Overseeing the department's CAL-Card program.</li> <li>• Acting as administrator for new and existing accounts.</li> <li>• Maintaining records of all account set ups and/or updates.</li> <li>• Maintaining audit file records for verification against account change reporting.</li> <li>• Monitoring system reports.</li> <li>• Providing program procedures and training and taking appropriate action related to account maintenance and payment process.</li> <li>• Coordinating CAL-Card procurement activities with the department's purchasing authority contact(s).</li> </ul>

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*Continued on next page*

## Topic 4 – CAL-Card Program Participation Requirements, Continued

### 9.B4.2 Staffing requirements (continued)

If you are the	Your administration responsibilities include:
CAL-Card Approving Official	<ul style="list-style-type: none"> <li>• Budget expenditure approval.</li> <li>• Complying with all state and departmental procurement policies and procedures.</li> <li>• Reviewing and approving cardholder statements, and maintaining familiarity with the duties and authorities of the authorized cardholders.</li> <li>• Timely submission of the certified Cardholder Statement of Account (CSA) and the R090 Summary Report to the billing office for payment.</li> </ul>
Accounting/Billing Office Contact	<ul style="list-style-type: none"> <li>• Receiving and reconciling CSA and R090 Summary Reports to the corresponding monthly invoices.</li> <li>• Ensuring timely payment of the CAL-Card program invoices.</li> <li>• Monitoring invoice payments through completion.</li> <li>• Reporting inconsistencies to the CAL-Card Agency Program Coordinator.</li> </ul>
Cardholder	<ul style="list-style-type: none"> <li>• Authorizing the purchase with the assigned purchase card.</li> <li>• Ensuring that all transactions comply with purchasing authority requirements.</li> <li>• Reconciling the CSA with the transaction receipts and supporting documentation.</li> <li>• Reviewing and approving the CSA.</li> </ul>
Dispute Office Contact	<ul style="list-style-type: none"> <li>• Monitoring cardholder-generated disputes through resolution and closure. Most often personnel assigned this task are within the accounting/billing office.</li> </ul>

## Topic 5 – Executing Purchases Valued \$5,000.00 and Over Using CAL-Card as the Payment Method

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### 9.B5.0 CAL-Card transactions \$5,000.00 and over

All purchases valued at \$5,000.00 and over that are paid using the CAL-Card payment process must be executed using standard purchase documents as identified in [Chapter 8](#) – Purchase Documents as applicable to the department's purchasing authority type and category used.

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### 9.B5.1 Purchase document attachments

Any terms and conditions, model language and/or attachments (i.e. statement of work, specifications, etc.) applicable to the transaction must be attached to or incorporated by reference into the purchase document.

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### 9.B5.2 Identifying payment provisions

All written competitive solicitations and purchase documents must include CAL-Card payment provisions for those transactions where CAL-Card is deemed an acceptable form of payment.

**Note:** Purchases executed on a STD.65 have a designated block to check to identify that payment will be made with the CAL-Card.

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## Topic 6 – Executing Purchases Valued Less than \$5,000.00 and Using CAL-Card as a Payment Method

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### 9.B6.0 General

For purchases valued at less than \$5,000.00 and not acquired through an LPA, departments are not required to execute a purchase document. In these instances the following documentation may be used in lieu of a purchase document to evidence the acquisition in the purchase files:

- A CAL-Card Statement of Account (CSA),
  - An Approving Official Summary (R090) document and
  - A Financial Summary (R060), (the department's official invoice).
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### 9.B6.1 LPA purchase documents

All LPA purchases less than \$5,000.00 must be executed on a STD.65 or other purchase document as referenced in the individual user instructions and must include all required documentation applicable to the purchase.

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### 9.B6.2 Supplier's written acceptance of statutory requirements

If the CSA and R060 documentation is used in lieu of a purchase document, the department shall obtain the supplier's written acceptance of the following statutory requirements as stated in the State's General Provisions (GSPD-401Non-IT Commodities and GSPD-401IT):

- Americans with Disabilities Act (ADA)
  - Non-Discrimination and Statement of Compliance
  - Drug-Free Workplace Certification
  - Forced, Convict & Indentured Labor
  - National Labor Relations Board Certification
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### 9.B6.3 Referencing statutory requirements on the transaction receipt

In lieu of obtaining separate documentation of the supplier's written acceptance of the statutory requirements, the card holder may enter the following language, as applicable, on each CAL-Card transaction receipt at the time of purchase so that the language becomes part of the purchase transaction:

- "In accordance with the State's General Provisions (GSPD-401Non-IT Commodities), dated xx/xx/xxxx", and entering the date of the most recent version of the State's General Provisions in place of the x's.
  - "In accordance with the State's General Provisions (GSPD-401IT)", dated xx/xx/xxxx", and entering the date of the most recent version of the State's General Provisions in place of the x's.
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## **Topic 6 – Executing Purchases Valued Less than \$5,000.00 and Using CAL-Card as a Payment Method, Continued**

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### **9.B6.4 Supporting documentation**

For those transactions that don't require a purchase document to be created, the following, as applicable, must be documented and retained in support of the transaction or attached to the CSA and the R060 documentation:

- Documentation to support fair and reasonable pricing for the purchase transaction.
  - Responsive bids from at least two responsive suppliers.
  - An approved NCB contract justification.
  - An itemized detailed copy of the invoice/receipt.
  - Stock received information including the date received and by whom.
  - Other documentation to support the transaction.
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### **9.B6.5 Evaluate each transaction**

DGS/PD recommends that departments evaluate each non-LPA transaction under \$5,000 to determine whether it would be in the State's best interest to execute a purchase document.

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