Chapter 9

Disbursements, Financing and Payment Programs

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## Chapter 9

## Disbursements, Financing and Payment Programs

#### Overview

##### 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.

### Section A

#### Disbursements

#### Overview

##### 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.

#### Topic 1 – Payment Fundamentals

##### 9.A1.0 Basic requirements

Payment shall not be processed or released to any supplier for non-IT goods without having in its possession all of the following:

* A properly authorized purchase document.
* Documentation verifying the goods 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 receipt of an undisputed invoice.

The [Prompt Payment Program](https://www.dgs.ca.gov/PD/Resources/Page-Content/Procurement-Division-Resources-List-Folder/Late-Payment-Penalty-Paid-Reports) can be accessed at <https://www.dgs.ca.gov/PD/Resources/Page-Content/Procurement-Division-Resources-List-Folder/Late-Payment-Penalty-Paid-Reports> .

The withheld amount pursuant to MVC 999.7 and SCM 3.4.3 is not subject to late payment penalties under the Prompt Payment Act.

##### 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.

##### 9.A1.3 Administrative fee/billing

The DGS/PD charges each department an administrative fee for use of most purchasing authority transactions (competitive bids, LPAs, NCB, etc.) based on the value of each purchase document.

In most cases, the 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.

##### 9.A1.4 The DGS Price Book

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

The [DGS Price Book and Directory of Services](https://www.dgs.ca.gov/OFS/Price-Book) can be accessed at https://www.dgs.ca.gov/OFS/Price-Book

##### 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.

The DGS/PD recommends that departments obtain a copy of the latest California Sales and Use Tax rate chart by county. This chart can be found on the California Department of Tax and Fee Administration’s (CDTFA) web page.

The [California Department of Tax and Fee Administration](https://www.cdtfa.ca.gov/) web page can be accessed at https://www.cdtfa.ca.gov/

##### 9.A1.6 Maintenance sales tax

For information regarding maintenance sales tax, refer to [Regulation 1502](https://www.cdtfa.ca.gov/lawguides/vol1/sutr/1502.html) of the Sales and Use Tax Regulations of the Business Taxes Law Guide, or contact the CDTFA.

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

Refer to Section B, 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.

#### Topic 2 – Advance Payments

##### 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. The only exceptions are noted in GC section 11019 and 11256.

##### 9.A2.1 Subscriptions and software support

Subscriptions, magazines, and periodicals can be paid upon receipt of an undisputed invoice.

#### Topic 3 – Progress Payments

##### 9.A3.0 When progress payments are allowed

Pursuant to PCC section 10314 (non-IT goods), 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.

##### 9.A3.1 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.

##### 9.A3.2 Recommendations 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.

#### Topic 4 – Payee Data Record (STD.204)

##### 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.

##### 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.

##### 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.

##### 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.

##### 9.A4.4 Payee Data Record

Click here to access the [Payee Data Record (STD.204)](https://www.dgsapps.dgs.ca.gov/osp/StatewideFormsWeb/Forms.aspx).

#### Topic 5 – Payment of Invoices

##### 9.A5.0 Accurate invoice

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

##### 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) 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, see info Chapter 10.
* Before approving the final payment on a contract or purchase order that includes a commitment to use DVBE subcontractors, refer to SCM 3.4.3 and follow the department policy and procedures regarding the receipt of the Prime Contractor’s Certification – DVBE Subcontracting Report (STD 817) and the associated withhold requirements.

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. It is recommended 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.

##### 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)](http://www.documents.dgs.ca.gov/dgs/fmc/pdf/std209.pdf).

##### 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 states discounts involving discount periods of less than 20 days shall not be included in the calculation of low bid. 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.

##### 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.

#### Topic 6 – Additional Payment and Invoice Considerations

##### 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.

##### 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 $500.00 or less.
* Freight services performed under a contract pursuant to the requirements of SAM Section 1200 et seq., specifying the exact rates to be applied for the services.

##### 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.

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

The supplier name as shown on the purchase document and/or CAL-Card Statement of Account 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.

##### 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.

##### 9.A6.5 Contact PAMS

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

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

Departments encountering a discrepancy in supplier names when conducting LPA purchases shall immediately contact the 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 [Procurement Related Resources Directory](http://www.dgs.ca.gov/pd/Resources.aspx) found in the Introduction of the SCM, Vol. 2.

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

##### 09.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.

### Section B

#### Finance and Payment Programs

#### Overview

##### 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.

#### Topic 1 – California’s Electronic Financial Marketplace

##### 9.B1.0 State Financial Marketplace (SFM)

All State departments and local governmental agencies 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 the DGS State Financial Marketplace programs – “GS $Mart” or “Lease $Mart.” DGS is authorized to administer the State Financial Marketplace programs per Government Code section 14930 et seq.

Contact the DGS State Financial Marketplace prior to initiating a procurement that involves financing.

The [State Financial Marketplace](https://www.dgs.ca.gov/PD/About/Page-Content/PD-Branch-Intro-Accordion-List/Acquisitions/State-Financial-Marketplace) can be accessed at https://www.dgs.ca.gov/PD/About/Page-Content/PD-Branch-Intro-Accordion-List/Acquisitions/State-Financial-Marketplace.

##### 9.B1.1 SFM compliance certification form

State departments will be required to complete a State Financial Marketplace Certification of Compliance form when contemplating financing a transaction. The completed form must be sent to the State Financial Marketplace manager for approval before the program will proceed with the financing process.

The [State Financial Marketplace](https://www.dgs.ca.gov/PD/About/Page-Content/PD-Branch-Intro-Accordion-List/Acquisitions/State-Financial-Marketplace) can be accessed at https://www.dgs.ca.gov/PD/About/Page-Content/PD-Branch-Intro-Accordion-List/Acquisitions/State-Financial-Marketplace for additional information regarding this certification.

##### 9.B1.2 Tax exempt rates

The Golden State Financial Marketplace or GS $Mart (pronounced “G S Smart”) offers tax-exempt rates which usually are less costly than commercial lending rates. For this reason, rates negotiated under GS $Mart tend to be the lowest obtainable. Also, loans are structured to comply with Internal Revenue Service regulations. GS $Mart can be used for financed agreements as a matter of:

• Convenience;

• Efficiency; and

• Substantial cost savings.

##### 9.B1.3 Financing conditions

Conditions for entering into a finance agreement include, but are not limited to, the following:

* Generally, the financed portion of an acquisition is a minimum of $100,000. This includes the cost of the tangible asset and, if applicable, sales tax. Financing an amount smaller than $100,000 may not be cost-effective. Contact the State Financial Marketplace for additional information regarding finance of lower dollar-value transactions.
* Acquisitions conducted under delegated purchasing authority that include financing must subscribe to the requirements identified in Chapter 1. For determination of whether the transaction is within a department’s delegated purchasing authority limit, the cost of financing is not included.
* The term duration of the finance agreement may not exceed the projected useful life of the asset being financed.
* If a department wishes to consider a lender that is not participating in the GS $Mart program, contact the GS $Mart program manager *prior* to proceeding to learn how the desired lender can qualify for the GS $Mart program. Requirements to become a lender are found on the [GS $Mart home page](https://www.dgs.ca.gov/PD/Services/Page-Content/Procurement-Division-Services-List-Folder/Finance-an-Acquisition-through-GS-%24Mart) at https://www.dgs.ca.gov/PD/Services/Page-Content/Procurement-Division-Services-List-Folder/Finance-an-Acquisition-through-GS-$Mart.

**Note**: Currently, the DGS-approved lenders and financing plans are posted on the GS $Mart website.

##### 9.B1.4 Applicability

The above conditions for financed agreements apply to the following:

* Orders for applicable items placed against Leveraged Procurement Agreements such as the California Multiple Award Schedules (CMAS), unless otherwise stated in user instructions;
* A competitive acquisition; or
* A non-competitively bid acquisition.

**Note**: The above conditions do not apply to operating leases and rental agreements.

##### 9.B1.5 Tangible assets

Purchased tangible assets that may be financed through GS $Mart **include (See SAM Chapter 3400):**

* Vehicles
* Laboratory and medical equipment
* Furniture (including modular)
* Information technology equipment and necessary pre-integrated software (including mainframes, PCs, printers, network equipment, and storage)
* Software licenses
* Software development and integration (on a case-by-case basis by the Department of Technology)
* Select services included with the procurement of assets (e.g., warranty, installation, and training)
* Other select services, such as, but not limited to, extended warranty, ongoing maintenance (on a case-by-case basis, the state must pay for these in the fiscal year the services are used)
* Copy machines
* Video conferencing systems
* Mailing equipment
* Telephone systems
* Most energy efficiency, energy savings, and sustainability equipment and systems (see “Capital Outlay” below)

“Tangible assets” that may not be financed through GS $Mart include:

* Consultant and other services
* Capital outlay projects:
	+ Capital outlay projects are those that alter the purpose or capacity of real property. Projects that keep real property functioning at its designed level service, or improve the efficiency of its operating systems—such as repair projects and most energy efficiency projects—are not capital outlay. Note, however, that some energy generation projects (e.g., photovoltaic) can involve significant facility engineering issues that make them capital outlay in nature or could be limited by covenants on debt-financed buildings. Such projects must receive prior approval by the DOF before securing financing.

##### 9.B1.6 Energy savings projects

GS $Mart financing may also be used for energy efficiency, energy savings, and sustainability projects. However, the approval of these projects will be based on a cost-benefit analysis to substantiate that there is enough energy savings derived to repay all associated project costs including financing. A Life Cycle Cost (LCC) analysis model is available from the DGS to conduct this evaluation. The LCC model must be used for this analysis, and the DGS will not approve any GS $Mart financing for such projects unless the applicant department certifies that the model has been applied and the results justify the asset acquisition on a cost-benefit basis.

##### 9.B1.7 The DGS oversight

All State departments that use GS $Mart and are subject to the DGS oversight must send a copy of any finance proposal to the GS $Mart manager for review. GS $Mart will conduct a Request For Rate Quote to qualified lenders for a department’s financing. After a lender is awarded and provides a payment schedule, the department will be required to create a financing agreement/purchase order under the authority of the GS $Mart manager to include the payment schedule and financing charges. The financing is reviewed to ensure compliance with Internal Revenue Service code requirements. The GS $Mart manager also files the necessary tax forms and reports on behalf of the department. No financing contract may be signed by a department without prior written approval by the DGS.

##### 9.B1.8 Assignments

Contact the GS $Mart manager prior to initiating an assignment of a contract that was financed using the GS $Mart program.

##### 9.B1.9 Refinancing

The GS $Mart program posts the latest market information on the Internet, including the DGS approved lenders and finance rates. State departments are advised to review GS $Mart information periodically for refinancing opportunities and, if advantageous, to execute a refinancing contract to realize the cost savings. To ensure refinancing is executed properly, departments should contact the GS $Mart manager before proceeding.

##### 9.B1.10 Financing arrangements other than GS $Mart and budgetary conditions

Use of any financing arrangement other than GS $Mart, even utilizing baseline budget resources, is prohibited without prior approval from the Department of Finance. A department proposing such financing must request approval in writing and must provide an analysis to support the basis for selection of the financing to the Department of Finance support unit. A proposed financing arrangement other than GS $Mart will be subjected to a rigorous evaluation that must demonstrate that it will provide the state with better terms than GS $Mart and will provide comparable financial security regarding such issues as tax exempt qualifications, financial health of the lender, and the financing’s effect on the state’s credit rating.

##### 9.B1.11 Contact Financial Marketplace Manager

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

The [State Financial Marketplace](https://www.dgs.ca.gov/PD/About/Page-Content/PD-Branch-Intro-Accordion-List/Acquisitions/State-Financial-Marketplace) webpage can be accessed at https://www.dgs.ca.gov/PD/About/Page-Content/PD-Branch-Intro-Accordion-List/Acquisitions/State-Financial-Marketplace

#### Topic 2 – California Prompt Payment Program

##### 9.B2.0 California Prompt Payment Act and compliance

Departments are expected to adhere to the provisions of the California Prompt Payment Act. Departments granted any types of purchasing authority are required to establish procedures in compliance with the provisions of the California Prompt Payment Act, GC 927, et seq.

The [Prompt Payment Program](https://www.dgs.ca.gov/PD/Resources/Page-Content/Procurement-Division-Resources-List-Folder/Late-Payment-Penalty-Paid-Reports) can be accessed at https://www.dgs.ca.gov/PD/Resources/Page-Content/Procurement-Division-Resources-List-Folder/Late-Payment-Penalty-Paid-Reports

##### 9.B2.1 Late payment penalty report

Refer to Chapter 12 – Reporting Requirements.

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

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

Only departments granted purchasing authority (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.

##### 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.

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

The CAL-Card is a payment mechanism for the acquisition of goods or services up to the delegate purchasing limits authorized for the department and individual cardholder.

##### 9.B3.3 Dollar limit increases

The CAL-Card is a payment mechanism for the purchase of goods and services up to the delegated purchasing limits authorized for the department. Increases to cardholder limits are done by the Agency’s Program Administrator (or Alternate) through U.S. Bank. However, these limits may not exceed the delegated purchasing authority threshold for the procurement approach used.

##### 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 the DGS/PD.

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

##### 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.

##### 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.

##### 9.B3.7 Limitations

| 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, lodging and gasoline for rental cars or personal cars used for official business. |
| 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 Administrator must be designated within the department procedures.  |
| 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. Contact the CAL-Card Program at (916) 375-4579 for additional information |

CAL-Card limitations are as follows:

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

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

Departments granted purchasing authority that is interested in participating in the CAL-Card Program are required to complete a Request to Participate (RTP) to U.S. Bank.

##### 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.213) in accordance with the terms and conditions of the CAL-Card MSA. Two copies of the STD. 213 should be sent to U.S. Bank and request that one fully executed STD. 213 is returned to the agency for the contract file. Once the requesting department and U.S. Bank sign the STD.213, the formal implementation process is initiated.

The [CAL-Card Standard Agreement](https://www.dgs.ca.gov/PD/About/Page-Content/PD-Branch-Intro-Accordion-List/Acquisitions/CAL-Card-Program) can be access at https://www.dgs.ca.gov/PD/About/Page-Content/PD-Branch-Intro-Accordion-List/Acquisitions/CAL-Card-Program.

For additional information contact the DGS CAL-Card contract administrator at: 916-375-4579.

##### 9.B4.2 Staffing requirements

| If you are the | Your administration responsibilities include: |
| --- | --- |
| CAL-Card Program Administrator or Alternate  | * Overseeing the department’s CAL-Card program.
* Administrator for new and existing accounts.
* Maintaining records of all account set ups and/or updates.
* Maintaining audit file records for verification.
* Monitoring system reports.
* Providing program procedures and training and taking appropriate action related to account maintenance and payment process.
* Coordinating CAL-Card procurement activities with the department’s purchasing authority contact(s).
* Monitor past due reports.
 |

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

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

| If you are the | Your administration responsibilities include: |
| --- | --- |
| CAL-Card Approver | * Budget expenditure approval.
* Complying with all state and departmental procurement policies and procedures.
* Reviewing and approving cardholder statements, and maintaining familiarity with the duties and authorities of the authorized cardholders.
* Timely submission of the certified Cardholder Statement of Account (CSA) to the billing office for payment.
 |
| Accounting/Billing Office Contact | * Receiving and reconciling CSA to the corresponding monthly invoices.
* Ensuring timely payment of the CAL-Card program invoices.
* Monitoring invoice payments and past due reports through completion.
* Reporting inconsistencies to the CAL-Card Agency Program Coordinator.
 |
| Cardholder | * Authorizing the purchase with the assigned purchase card.
* Ensuring that all transactions comply with purchasing authority requirements.
* Reconciling the CSA with the transaction receipts and supporting documentation.
* Reviewing and approving the CSA.
* Responsible for filing a CSQI for billing issues unresolved with merchant.
* Monitor disputes through resolution and closure.
 |

#### Topic 5 – Executing Purchases Valued $2,500.00 and Over Using CAL-Card as the Payment Method

##### 9.B5.0 CAL-Card transactions $2,500 and over

All purchases valued at $2,500.00 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.

##### 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.

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

#### Topic 6 – Executing Purchases Valued Less than $2,500.00 and Using CAL-Card as a Payment Method

##### 9.B6.0 General

For purchases valued at less than $2,500.00 and not acquired through an LPA, departments are not required to execute a purchase document. When purchases to an individual supplier have reached $7,500 within a calendar year a STD. 65 must be issued for the next purchase.

##### 9.B6.1 LPA purchase documents

All LPA purchases 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.

##### 9.B6.2 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 invoice 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 original invoice/receipt.
* Stock received information including the date received and by whom.
* Other documentation to support the transaction.

##### 9.B6.3 Evaluate each Transaction

The DGS/PD recommends that departments evaluate each non-LPA transaction under $2,500 to determine whether it would be in the State’s best interest to execute a purchase document.