

Becoming an Effective Purchasing Card Program Coordinator

UNDERSTANDING ROLES, RESPONSIBILITIES AND BEST PRACTICES

Overview of the Purchasing Card Program

- Created under WV Code §6-9-2a
- Implemented in 2008
- Governed by Legislative Rule: 155 CSR 6

INTRODUCTION

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Eligibility and Participation

- **Local Governments under the auspices of the Auditor's Chief Inspector Division may participate**
 - ~BOEs
 - ~Municipalities
 - ~County Commissions
 - ~Libraries
 - ~Health Departments
 - ~PSDs
 - ~VFDs
 - ~Development Authorities
 - ~Sanitary Boards
 - ~Ambulance Authorities

Benefits of Participating



INCREASED CONTROL AND
MONITORING



STREAMLINES
PAYMENT/PURCHASING
PROCESS



COST AND TIME SAVING
TOOL



FASTER PAYMENTS TO
MERCHANTS




ACCOUNTABILITY/TRANSP
ARENCY

Program Management

- **The governing body of the Local Governmental Entity is responsible for managing their program and cardholder accounts**
- **Roles to Help Manage:**
 - ❖ Program Coordinators
 - ❖ Department Coordinators



Responsibilities of a Program Coordinator

- Administering the program
 - ~Setting up new cardholders, account maintenance
 - Main Point of Contact
 - ~Answers questions and concerns
 - Managing compliance
 - ~Ensuring adherence to policies, monitoring transactions
 - Training cardholders and Department/Program Coordinators
 - ~Providing ongoing education and best practices
 - Reporting and auditing
 - ~Conducting audits and resolving issues
- 

Successful Program



- ▶ A successful PCard program relies on skilled Program Coordinators who effectively manage and maintain its operations.
 - ~Take pride in being selected to manage your Program.
 - ~Set goals to maximize spend utilizing the cards and maximizing your rebates.
 - ~Don't be afraid to ask questions about something that looks suspicious to you.

Segregation of Duties



IF POSSIBLE:

- ~Always have at least two Program Coordinators.
- ~If a Pcard Coordinator needs a card for purchases, the second Coordinator should request the card.
- ~Maintenance should not be completed on your own card.
- ~Reconciliation of transactions, data entry into the accounting system and mailing of the payment should be done by separate individuals.

Key Skills for a Pcard Program Coordinator



Attention to detail



Organizational skills



Communication
and training



Analytical abilities
(data review and
reporting)



Problem-solving
skills



Knowledge of
compliance and
legal requirements

Challenges Faced by a PCard Program Coordinator

- Managing large volumes of transactions
- Dealing with unauthorized or non-compliant purchase
- Ensuring cardholder accountability
- Balancing flexibility with control

WVSAO Pcard Policies and Procedures

- ❑ Minimum standards
- ❑ Framework



Policies and Procedures

- ❑ Importance of clear PCard policies
- ❑ Key components of a PCard policy
 - *Card security, tax exemption, convenience fees, travel, usage restrictions, reconciliation process, remedial actions for fraud, misuse and abuse, accidental purchases, missing receipts, lost/stolen cards, fraud disputes
- ❑ Documented acknowledgement by the cardholder

Failure to Follow Pcard Policies and Procedures

- ▶ The WVSAO may take the following action if an Entity is found to have violated Pcard policies and procedures and does not take corrective action to resolve the issue:
 - ❑ Limit or revoke Pcard privileges
 - ❑ Institute a period of probation
 - ❑ Require refresher training

Training and Support for Program Coordinators and Department Coordinators

- ❖ Policies and Procedures
- ❖ How to assist with issues
- ❖ Keeping cardholders informed on updates
- ❖ Keeping cardholder's demographics updated
- ❖ Website training



Cardholder Trainings

Require trainings and refreshers trainings for Cardholders:

- New cardholders
- Duties/Responsibilities
- Required procedures
- Repercussions
- Statement Reconciliation
- Filing disputes
- Who to contact for help

Card Security



- Cardholders should always safeguard cards and account numbers.
 - ~Locked desk
 - ~Wallet
- Best practice is to not store or record full account information on paper or electronically.
- If you receive a call from the card's financial institution, call them back.

Individual Cards

- Highly recommended
- Issued in cardholder's name
- Provides more accountability
- Should never be shared
 - ~Increases risk of fraud
 - ~Increases cardholder liability

Department Cards

- Not recommended due to accountability.
- Must be sure proper controls are in place.
- Should be limited to specific users.
- Timelier to maintain (tracking, trainings, CHAs)
- Requires a Shared Purchasing Card Log Sheet



Why Is A Shared Log Sheet a Must?

- ❑ Provides the PC details of who used the card.
 - ~Further details on a purchase.
 - ~Missing receipt.

- ❑ Log Sheet should include:
 - ▶ ~Date out
 - ▶ ~User's name
 - ▶ ~Merchant Name
 - ▶ ~Total Transaction Amount
 - ▶ ~Date in

Lost or Stolen Cards



The procedures/steps for lost or stolen cards should be listed in your Pcard Policy.

Cardholders must immediately report a lost/stolen card to their financial institution immediately to limit cardholder liability.

If recurring transactions are setup on the account, remind the Cardholder to update those merchants to avoid suspension of services.

Separation from Employment



If an employee leaves employment:

- ▶ Immediately close out the card and destroy it.
~Never allow replacement employees to use cards.
- ▶ Make sure to collect any pending receipts.
- ▶ Make sure any recurring payments are cancelled.
~Confirmation in writing is the best option.

Itemized Receipts

- ✓ **Itemized/invoice receipt for every transaction**

Why?

- ✓ **What to do for missing receipts**

Cardholder responsibility

Repercussions

- ✓ **Policies and Procedures**

Tax Exemption

- Local Government Entities are tax exempt from paying WV merchants sales tax, hotel/motel, and municipality tax
- What to do when the above-mentioned taxes are paid
 - Cardholder responsibility
 - Dispute charges
 - Repercussions
- Policies and Procedures

Surcharge Fees

- Seeing this more and more
- Entity specific
- Clear cut policies and procedures
 - ~Yes, they are permitted
 - ~No, they are not permitted
 - ~Yes, but.....
- Time spent on check vs. card payment

Returns and Refunds

- ▶ Contact vendor regarding return/credit
- ▶ Original receipt
- ▶ Original Method of payment is the Pcard, the Pcard should be credited back
- ▶ Credit receipt for proof of return

Business Travel

- **Entity specific**
- ▶ **Explicit Travel Policies and Procedures**
 - ~What's allowed, what isn't (meals?, incidentals?, guests permitted to travel?)
 - ~Rates and per diems permitted
 - ~Overnights stays (travel miles from home)
 - ~Personal vehicle vs. Company vehicle

Eligible Travel Expenses



The following types of travel expenses are eligible to be paid with a P-card:

1. Conference/Registration Fees
2. Lodging Fees
3. Transportation Services (Taxis, Uber, Bus, Subway, etc.)
4. Parking
5. Airline Tickets
6. Rental Cars

Accidental Purchases

Accidental Purchases are not recurring incidents.

How to resolve an accidental purchase

- ▶ Contact the merchant (debit correct card, credit Pcard)
- ▶ If the above isn't an option, the Cardholder should:
 1. Write a small statement of what occurred
 2. Write a check/money order back to your entity
 3. Attach the written statement along with a copy of the payment proof to the Pcard statement.

Policies and Procedures

Single Transaction Limits



- ▶ Single Transaction Limits are set for a reason and must not be manipulated by the Cardholder.

Ex. Cardholder has a single transaction limit of \$500.00 set on their card. The cardholder goes to the store to make a \$1,000.00 purchase. The card declines, so they have the merchant run the card two times for \$500 each.

- ❖ This is not permitted.

Should be addressed in Policies and Procedures along with repercussions.

Hospitality Expenses



- ▶ Hospitality expenses are the provision of food, beverages, activities or events to promote the local government.
- ▶ Specific documentation requirements exist for hospitality expenditures, and that documentation must remain consistent regardless of the payment method.
 - Itemized receipts
 - 20 or less attendees require a sign in sheet by first and last name

**Hospitality documentation should be retained for inspection for future audits.

Usage Restrictions



The Pcard can only be utilized for govern related purposes.

- ▶ West Virginia Code §11-8-26 states that in part that “a local fiscal body shall not expend money or incur obligations for an unauthorized purpose.”
- ▶ Furthermore, WV Code §6-9-2(c) stipulates that it is unlawful for any person to use a local purchasing card in any manner which is contrary to the types of payments that the Auditor and governing policies and procedures authorize.

Prohibited Charges per the WVSAO P&P

- ▶ **Per the WVSAO the following are not permitted to be authorized/purchased with Pcards:**
 - ▶ 1.) Cash advances (cash back at stores, ATM withdrawals).
 - ▶ 2.) Unauthorized expenditures, including personal purchases.
 - ▶ 3.) Alcoholic beverages other than for resale.

- ▶ ***Entity specific additions should be added to this section of the P&P

Documentation, Reconciliation and Review by the Cardholder

Cardholders should review, reconcile and dispute, if necessary, all transactions on their Pcard account.

- **Each transaction must have an itemized invoice/receipt.**
~Contact merchant, screen print, banks website~
- **Checkmark or dot by legit transactions**
~Backup documentation present
- **Highlight fraudulent transactions**
~Dispute filed, no documentation present
- **Attach backup documentation to statement/sign off**
- **Turn into reconciliation reviewer by established deadline**

Documentation, Reconciliation and Review by the Cardholder

- ▶ Any suspicious transactions should be immediately brought to the attention of a Program Coordinator and/or appropriate managers of the entity.
- ▶ Any discrepancies must be investigated and resolved.
- ▶ A note on the discrepancy and how it was resolved must be documented and retained with the statement where the transaction posted to the account.

Documentation, Reconciliation and Review by the Program Coordinator

- ▶ Coordinators are responsible for verifying that all charges on the Cardholder statements are backed up by itemized receipts and invoices and are entity authorized charges.
- ▶ Coordinators must document approval through a signature on the Cardholder's monthly statement.
- ▶ Coordinators should know the types of transactions appropriate for cardholders within their area of responsibility and review.

Cost Allocation



- All expenditures must be assigned to their appropriate line item in the Entity's general ledger.
- Account coding should be reviewed periodically by someone other than the person entering it for segregation of duties purposes.

Paying Your Pcard Statement

- ▶ Always pay from the master bill.
- ▶ List your master account number on the payment checks.
- ▶ Return the payment coupon at the top of the statement with your payment.
- ▶ Give plenty of time for mail delivery to ensure a timely payment.

Fraud, Misuse and Abuse



- ▶ Instances of unlawful use, possible fraud, misappropriation, or mismanagement with the Pcard shall be reported immediately to the Program Coordinator.
- ▶ The Pcard Coordinator shall report any of the above instances to the WVSAO Local Pcard Division within 24 hours of discovery.
- ▶ Notification of these instances to the WVSAO Local Pcard Division is REQUIRED, even if the instance was handled internally by Entity Officials.

Fraud, Misuse and Abuse



Fraud is the deception deliberately practiced to secure unfair or unlawful gain.

Fraud occurs when the cardholder's account information has been intentionally used for a personal gain.

Intentional use of the Pcard to make purchases for personal use or nonstate business is fraudulent and is prohibited.

Fraud, Misuse and Abuse

► Fraud can be committed by:

- ❖ The Cardholder
- ❖ A coworker
- ❖ Employee of a merchant
- ❖ Outside compromise



Fraud, Misuse and Abuse



- ▶ Misuse and abuse is the improper, unlawful, incorrect use, compromise or misapplication of the Pcard.

Examples of Misuse:

1. Failure to maintain security and protect your Pcard.
2. Paying for items in which the Pcard is not authorized for payment.
3. Allowing someone else to your Pcard to make purchases.

Fraud, Misuse and Abuse



- ▶ A list of repercussions for fraud, misuse and abuse should be listed in your Policies and Procedures. Some examples include:
 - ✓ Pcard privileges revoked.
 - ✓ Termination of employment.
 - ✓ Notification of the potential criminal violations to the appropriate authorities.

Fraud, Misuse and Abuse



- ▶ The potential penalties for the unlawful use of a local government purchasing card are outlined in WV Code §6-9-2c, a through d.

Program Monitoring



- ▶ The WVSAO may perform a review or examination of the Entity's Pcard Program at any time and issue a report that contains suggestions for improvement to the Program.
- ▶ This review may be completed by the Local Government Pcard Division or the Chief Inspector Division to determine compliance with Local Government Pcard Policies and Procedures.
- ▶ Relevant documentation related to the administration of the Local Government Pcard Program should be provided upon request.

Reporting and Analytics

- ▶ Types of Reports: Account lists, spend analysis, declined transactions
- ▶ Using reports to improve program efficiency
- ▶ Identifying trends and areas of concern
- ▶ Sharing insights with entity officials/management to optimize the program

Maximize Your Spending by Utilizing the Cards

- ▶ Wherever card payments are accepted, make the card the required method of payment.
- ▶ Make checks a last resort.
- ▶ Increased spending=increased rebate payments.
- ▶ Easier tracking.
- ▶ Less hassle of 1099s
- ▶ Less hassle if compromised

Recap of The PCard Workflow

- ▶ Step-by-step process of how the PCard program works
 1. Card issuance to employees
 2. Employee makes purchases
 3. Statement reconciliation by cardholder
 4. Transaction review by approver/verifier
 5. Payments are presented to Board for payment
 6. Add reconciled statements and backup documentation to your PCard file

Recap of Best Practices for Success



EFFECTIVE COMMUNICATION
WITH CARDHOLDERS AND
APPROVERS



CONSISTENT MONITORING
AND DEADLINES



REGULARLY REVIEWING AND
UPDATING POLICIES



REFRESHER TRAININGS



Thank you!



- ▶ Please feel free to reach out to me with any questions or concerns you may have regarding the Pcard Program.

- ▶ Sherri Vazquez

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