



# State of Arizona Accounting Manual

Topic 45 Expenditures, Expenses and Disbursements

Issued 07/01/15

Section 37 P-Card

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## Cardholder Responsibilities

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### INTRODUCTION

To facilitate the purchase of goods and services and to provide an efficient method of paying for these goods and services, the SPO makes a purchasing card, known as the P-Card, available to agencies.

There are two distinct forms of activity for which the P-Card may be employed: purchase activities and payment activities.

A purchase transaction involves the acquisition of goods and, as part of the purchase transaction, also incurs an obligation. A purchase transaction is similar to an individual's using a credit card to acquire merchandise in a store. It is envisioned that many, if not most, of the State employees to whom a P-Card is issued will be authorized to use it in this way. Suitable candidates to receive the P-Card to conduct purchase transactions would be employees who spend a good deal of time out of the office and may be required to make purchases in the field. Relatively low spending limits are appropriate for these types of transactions.

A payment transaction involves making payment on a vendor's account for previously acquired goods or services. A payment transaction discharges an obligation to the seller of the underlying goods or services and incurs a corresponding obligation to the financial institution issuing the card. Those who receive the P-Card to conduct payment transactions are likely to be those processing an agency's accounts payable transactions. Relatively high spending limits are suitable for these types of transactions.

A settlement transaction, which differs from a payment transaction, involves payment to the financial institution issuing the card.

This section of SAAM sets forth the responsibilities of an individual to whom a P-Card is issued, also known as the cardholder. Separate SAAM sections deal with general policies that affect the use of the P-Card, the responsibilities of an agency in administering the State's P-Card program, and the use of the P-Card in connection with continuity of operations.

Allowing the use of the P-Card for both purchase and payment activities encourages its use, which, in turn, increases efficiencies and reduces overall costs to the State.

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### POLICY & PROCEDURES

1. All purchases or payments made using a P-Card must be for a valid public purpose.
2. Except for cases in which the GAO has allowed the issuance of an organizational P-Card to an agency, division, program, etc., a cardholder shall be an officer or employee of the State of Arizona.
  - 2.1. P-Cards shall not be issued to contractors, volunteers or other individuals or entities that are not employees of the State of Arizona.
3. An employee who has been approved to possess and/or use a P-Card shall sign a State of Arizona P-Card Cardholder Agreement, Form GAO-PC-101, before using a P-Card.
4. A cardholder shall:
  - 4.1. Maintain all original receipts and submit to the agency either the original receipts or scanned copies thereof that document charges, credits or adjustments incurred on the P-Card.
    - 4.1.1. If original receipts are not available due to loss or are illegible, the cardholder must complete an affidavit detailing the purchase date, vendor, product, cost, tax, other charges, total and reason the receipt is not available.
    - 4.1.2. This affidavit shall be forwarded with the reconciled statement of activity as required in agency policy.
  - 4.2. Unless agency policy specifically delegates this task to another employee, reconcile the State P-Card contractor's monthly statement of activity against the purchasing activity conducted on the P-Card during that time frame (i.e., match receipts or log to statement of activity).
    - 4.2.1. Reconciliations must be prepared in an agency-prescribed format.
    - 4.2.2. Forward, in a manner consistent with the operations of PAZ and AFIS, the reconciled statement of activity or activity file and the original receipts to the appropriate authorized party within the agency for processing of payment within the allotted timeframe, as specified by the agency's P-Card policy.
- 4.3. Adhere to the limitations imposed upon the use of the P-Card.
- 4.4. Except as otherwise provided, purchase items on State contract from a State contracted vendor; items not on State contract shall be purchased using such competition (e.g., price comparisons) as is practicable under the circumstances.

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- 4.5. Before receiving a P-Card, sign an affidavit of acknowledgement and understanding of the policies and procedures for use of the P-Card (Form GAO-PC-101, State of Arizona P-Card Cardholder Agreement). This document authorizes withholding of money from wages if the card is misused or not returned upon separation from State employment.
- 4.6. Immediately surrender the P-Card upon transfer to another State agency or cost center, resignation, retirement or termination from State service.
  - 4.6.1. If the P-Card is not surrendered upon such separation or transfer, the employee consents, in writing by signing a GAO-PC-101, to the withholding of an amount up to the limit of the P-Card from any wage due the employee, pending the reconciliation by the agency of the final monthly statement of activity for the P-Card.
  - 4.6.2. Use of a P-Card issued by a certain agency or cost center after transferring from that agency or cost center or after separation from State service is prohibited.
- 4.7. Resolve any discrepancies on the monthly statement of activity, including charges for items returned to vendors, credit vouchers not appearing on the statement of activity, disputes with either the vendor or the State P-Card contractor, or any other inconsistencies. Any unresolved discrepancies shall be communicated to the agency P-Card administrator for resolution.
- 4.8. If a P-Card is lost, misplaced, stolen or destroyed, must immediately report this to the agency P-Card administrator and the State P-Card contractor. In the case of a card that has been destroyed or otherwise rendered inoperative, the card to be replaced is to be returned to the P-Card administrator.
- 4.9. Ensure the use of the P-Card complies with the all applicable statutes, rules and policies.
- 4.10. Take reasonable steps to ensure the security of the P-Card and prevent it from being stolen, borrowed or otherwise compromised.
5. The GAO, SPO or the Auditor General may perform compliance audits of any cardholder's use of the P-Card.