



State of Arizona Accounting Manual

Topic 45 Expenditures, Expenses and Disbursements

Issued 06/24/19

Section 36 P-Card

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Agency Responsibilities

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 agency in administering the State's P-Card program. Separate SAAM sections deal with general policies that affect the use of the P-Card, the responsibilities of an individual to whom a P-Card is issued 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. The agency head is responsible for all P-Card activity in his agency.
3. The agency head or his designee shall act as or appoint, in writing, an agency P-card administrator.
4. The agency head or his or her delegate will issue agency-specific P-Card policies and procedures.
 - 4.1. Agency policies and procedures:
 - 4.1.1. Must be in writing, be available to all staff and be distributed to all cardholders.
 - 4.1.2. Must be must be kept on file and available for review by the GAO, the SPO and other units of the State with the authority to audit.
 - 4.1.3. Must comply with the State contracts for commodities and all other applicable laws, rules, contracts, and financial and accounting policies and procedures.
 - 4.1.4. Except as indicated below, must conform to those set forth in SAAM.
 - 4.1.4.1. Agency policies and procedures related to the use of the P-Card may contain terms, conditions and limits more restrictive, but not more liberal, than those set forth in SAAM.
 - 4.1.5. May incorporate, in whole or part, sections of SAAM, by reference or otherwise.
 - 4.1.6. Shall address:
 - 4.1.6.1. P-Card processes, documentation flow, prompt payment, encumbrances, internal controls, training, appropriation and budgetary controls, and other matters affecting program management and performance.
 - 4.1.6.2. Responsibility for reconciling, on a monthly or more frequent basis, all charges against statements of activity.
 - 4.1.6.3. The form and format of requests for P-Cards by employees, organizations, divisions, programs or departments.
 - 4.1.6.4. The requirement that each employee or P-Card custodian to whom a P-Card is to be issued will, prior to being issued a card, sign a Form GAO-PC-101, which is to be retained by the P-Card administrator. A scanned copy of the fully executed, official Form GAO-PC-101 must be emailed to the GAO at

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afis.operations@azdoa.gov not later than three (3) business days from the date of entry into the Payment Card Program (PCP) Website.

- 4.1.6.5. The requirement for and assignments or roles relating to and enforcing appropriate segregation of duties.
- 4.1.6.6. The manager or supervisor's review and written certification of the monthly P-Card statements as to the validity and appropriateness of all charges and/or payments made by cardholders who are their direct reports. It is essential that this review, to the extent practicable, be conducted by a non-cardholder.
5. Elements of duty segregation required of agencies related to the issuance and use of the P-Card include:
 - 5.1. Except as approved in writing by the State Comptroller or his designee:
 - 5.1.1. The authority for approving the disbursement of agency funds cannot be assigned to a cardholder.
 - 5.1.2. A cardholder cannot have both purchasing and payment authority.
 - 5.1.3. Any exceptions to the provisions regarding segregation of duties must be approved by the GAO.
 - 5.1.3.1. An agency that cannot enforce strict segregation of duties must request a variance by directing a letter to the State Comptroller. This letter should contain a justification for the request, the purpose for which the card will be used, the spending limit requested, a description of the internal controls in effect to prevent misuse, and any other restrictions, such as the restriction of the P-Card's use to certain preferred vendors or for certain expenditure objects, which will be imposed.
 - 5.1.3.2. The GAO may require an examination of an agency's internal controls over P-Card usage before rendering a decision with respect to any variances from the provisions regarding the segregation of duties.
 - 5.1.4. Steps that may be taken in the event of a cardholder's misuse of a P-Card, include but are not limited to:
 - 5.1.4.1. The pursuit of restitution, including penalties and interest, from the cardholder.
 - 5.1.4.2. The recovery of collection costs from the cardholder.
 - 5.1.4.3. Disciplinary actions, up to and including dismissal of the cardholder.
 - 5.1.4.4. Referral of the matter to the Attorney General.

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6. The agency head or his designee may set monthly limits on purchasing and payment transactions.
7. The agency head or his designee shall review and approve the issuance of any P-Card to an employee or a P-Card custodian.
8. Requests for a P-Card, the approval or denial of such requests, and the revocation of P-Cards must be documented in writing.
9. The agency head is responsible for ensuring that any employee to whom a P-Card is issued has been sufficiently trained to be familiar with both statewide and agency P-Card policies and procedures.
10. The agency P-Card administrator or his designee or the person or unit with appropriate knowledge and authority shall:
 - 10.1. Retain all documentation related to the approval or denial of a request for a P-Card as well as any information and documentation related to the revocation of a P-Card.
 - 10.2. Submit approved requests to the State P-Card contractor.
 - 10.3. Monitor and enforce compliance with State and agency P-Card policies and procedures.
 - 10.4. Receive and distribute new and replacement P-Cards.
 - 10.5. Review cardholder records at least semi-annually to verify compliance with governing laws, rules and policies and to confirm the appropriate use of P-Cards.
 - 10.6. Ensure that charges on P-Card statements of activity are reviewed and matched to the charges submitted by the cardholder.
 - 10.7. If an employee to whom a P-Card has been issued leaves the agency for any reason:
 - 10.7.1. Ensure that the P-Card is recovered.
 - 10.7.2. Direct the State P-Card contractor to cancel the P-Card.
 - 10.7.3. If an employee fails to surrender his P-Card to the agency for any reason:
 - 10.7.3.1. At the agency's discretion, place a hold on wages—up to the maximum limit of the P-Card issued to the employee—if the employee leaves the agency and fails to surrender his P-Card.

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- 10.7.3.2. Collect and retain any documentation related to an employee's failure to surrender the P-Card upon leaving agency employment.
- 10.7.3.3. Forward any required records or documentation or copies thereof to the Office of the Attorney General for prosecutorial consideration.
- 10.8. Acquire and retain in an appropriate file a signed State of Arizona P-Card Cardholder Agreement, Form GAO-PC-101, from each employee or P-Card custodian to whom a P-Card will be issued.
- 10.9. If not previously resolved by the cardholder, resolve any disputed transactions and document the resolution thereof.
- 10.10. Review and match the details on the State's P-Card contractor's statements of activity or activity files to the details submitted by the P-Card holder.
- 10.11. Maintain payment records made to the State's P-Card contractor together with the documentation supporting such payments in whatever medium is applicable and the agency, the system or other policy guidelines may deem appropriate.
- 10.12. Effect payments to the State's P-Card contractor within the required time frame.
11. The employee's manager shall:
 - 11.1.1. Review purchases no less frequently than monthly to verify that transactions are for a valid State purpose. A record of such review should be made and retained for the period prescribed by the applicable Record Retention Schedule published by LAPR.
 - 11.1.2. Recover the P-Card from any employee leaving the agency or being assigned to duties not requiring the use of the P-Card.
12. The agency shall maintain all records in accordance with established record retention requirements.