

GAO Topic of the Month - February 2021

Amazon Prime

INTRODUCTION

The Topic of the Month is being provided as a resource to agencies and employees to better understand the requirements, responsibilities and expectations that come with certain processes, positions, and functions. The goal is to ensure that agencies have the knowledge to consistently comply with State and Federal law, regulations and guidelines, while reducing the risk of fraud, waste and abuse. This month's topic is *Amazon Prime*. If there are any topics that your agency is struggling with and/or would like additional information on, please contact your GAO Liaison. GAO is here to help!

BACKGROUND

The GAO Internal Audit recently developed a robust statewide process for reviewing purchase card (P-card) transactions. As part of this process, we search for transactions that are not allowed per State Policy (SAAM). One of the current areas of focus is cardholders who have charges for Amazon Prime membership(s) on their state issued purchasing card.

SAAM 4524 – AMAZON PRIME

The State of Arizona Accounting Manual policy about Amazon Prime can be found on the GAO website at: <https://gao.az.gov/publications/saam>. SAAM 4524 states, "An agency may not use State monies to pay for an Amazon Prime membership for any officer, employee, contractor, volunteer, board member or any other person."

WHAT TO EXPECT?

All State agencies that have purchase card holders who used their state issued P-card to pay for an Amazon Prime membership will be asked to explain why these transactions occurred. GAO Internal Audit will be reaching out to these agencies to address these transactions, which may also require corrective actions.



How can users make sure they are not “accidentally” using their personal account and incurring Amazon Prime charges?

SAAM 4524-3 states, "An agency may not use a P-Card or Central Travel Account to pay for merchandise purchased using a person's Amazon Prime Membership or Personal Amazon Account." Usually, an email is used to Sign-In to an Amazon account. If a cardholder uses their work e-mail address for work purchases and a personal e-mail for personal charges, they will reduce the likelihood of accidentally charging purchases to the wrong card and/or incurring Amazon Prime charges on their P-card by mistake.

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Can a person be reimbursed if they used their Amazon Prime Membership or Personal Amazon Account to purchase merchandise?

Per SAAM 4524, “Only a person who is an officer, employee, volunteer or board member should be directly reimbursed by an agency for merchandise acquired using his Amazon Prime Membership or Personal Amazon Account. In the case of an independent contractor, temporary worker, or employee of a contractor or other organization/entity providing goods and/or services to the State, all payments and/or reimbursements, including those relating to merchandise acquired using an Amazon Prime Membership, a Personal Amazon Account, or an Amazon Business Account should be made to the employer of that worker.”

FOR SALE

Can we use Amazon to purchase any items that are being offered?

SAAM 4537-4.4, “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.”

Practicable is defined in the SAAM glossary as, “Capable of being done or put into practice with the available means. Practicability holds one to a higher standard of performance than mere practicality. Something is practicable if it can be reasonably achieved, even if its achievement is inconvenient or inconsistent with habit.” One cannot make a purchase from Amazon just because it is more convenient. Always check for a state contract before making any purchase.

Per SAAM 4524-5, “Agencies and agency personnel must comply with the State Procurement Code, State contracts, and directives and guidelines issued by the State Procurement Office in making any purchases.” If you have procurement questions, please see your procurement officer or contact the State Procurement Office.

The Impact of Corrections

The P-card is a State liability card. When cardholders make charges that are not in compliance with State policy, corrective action(s) and possibly disciplinary action must take place. Even when a cardholder “accidentally” charges something that is later corrected, it takes additional time and effort by multiple people to make the necessary correction(s) and perform the necessary reconciliation work. Additionally, auditors may find the activity which could result in findings and additional work to respond to those findings. Making sure all P-cardholders are aware of policy and using their cards appropriately will save time and effort in the long run.