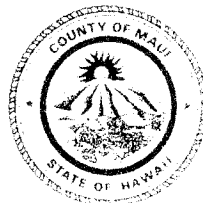


ALAN M. ARAKAWA  
MAYOR



KEITH A. REGAN  
MANAGING DIRECTOR

**DEPARTMENT OF MANAGEMENT**  
COUNTY OF MAUI

August 16, 2017

Honorable Alan M. Arakawa  
Mayor, County of Maui  
200 South High Street  
Wailuku, Hawaii 96793

*Alan Arakawa* 8/16/17

For Transmittal to:

Honorable Riki Hokama  
Chair, Budget and Finance Committee  
Maui County Council  
200 South High Street  
Wailuku, Hawaii 96793

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OFFICE OF THE  
COMPTROLLER

RECEIVED

Dear Chair Hokama:

**SUBJECT: PLAN OF AUDITS (FISCAL YEAR 2016) (AUDIT OF COUNTY  
PROCUREMENTS (pCARD)) (BF-98(3))**

Thank you for your letter dated August 3, 2017 regarding the "Audit of County Procurements" which was completed by the County Auditor. In your letter, you requested that we provide you with the following:

1. The County's current policy and procedures for pCard use and Cardholder Agreement.
2. An update on the implementation of recommendations identified in the Audit Report 16-01.

As requested, we have included a copy of the Revised Purchasing Card Policy and Procedures as well as a copy of the Cardholder Agreement. In addition, we offer the following updates regarding the recommendations contained in Audit Report 16-01:

- We requested that each department provide their existing (at that time) list of all pCardholders within their departments.
- We requested each department to review their list of cardholders, and to reduce and limit the number of pCards and cardholders to only those who are absolutely necessary to accomplish the department's goals and objectives.

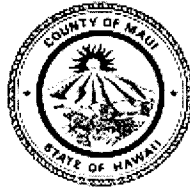
- We required each department to review their list of pCard administrators, and to make sure that each administrator was assigned to a manageable number of cardholders to allow them to carefully and responsibly review and approve cardholder transactions on a monthly basis.
- We required that each department assure that no cardholder was the same person as the individual approving his or her pCard use.
- We requested that each department check as to whether all cardholders and administrators in their department had received pCard training, and signed pCard agreements. And, based on the directors review of their department's pCard use and procedures – to make necessary changes.
- We reviewed the County of Maui's existing pCard policies and procedures, as well as existing policies and procedures from the State of Hawaii and other municipalities. Based on our review and research, as well as upon the input of the audit, we drafted a Revised County of Maui Purchasing Card Policy and Procedures. The Revised Policy and Procedures were finalized and addressed the areas of risk identified by the Auditor. The Revised Policy and Procedures were issued to all pCardholders.
- We conducted a preliminary analysis of pCard data and usage, and have been working with the pCard coordinator to develop and implement a formal process for setting single and monthly pCard limits based on each cardholder's operational needs and periodically adjusting those limits based on actual usage.
- We conducted research on analytical software which would allow the County to conduct random internal audits of pCard data more efficiently, as well as to better detect fraud and misuse, uncover program weaknesses and control deficiencies. Based on our research, we acquired software and are currently in the process of being trained to utilize it properly.
- We researched and identified possible learning management systems (LMS) which, once launched, would allow us to deliver and track the training of employees at their desktops. Based on our research, we selected Moodle, a free open source LMS, to deliver training to pCardholders. We are currently training on the use of the software and developing training material specifically for the pCard process. Once the LMS is ready to deliver training, all pCardholders and administrators will be required to receive the updated training, and new pCard agreements will be signed.

Should you have any additional questions pertaining to this matter, please do not hesitate to contact our office through Tiffany Iida at ext. 7211.

Sincerely,



KEITH A. REGAN  
MANAGING DIRECTOR



## Purchasing Card Cardholder Agreement

In return for the purchasing authority delegated to me in consideration of my responsibility to properly steward public resources, I agree to undertake the following responsibilities:

- To comply with this Agreement and the applicable provisions of the County of Maui Purchasing Card Policy and Procedures, presently and as may be revised.
- I acknowledge receipt of the Purchasing Card Policy & Procedures, and affirm that I have read and understood its terms and conditions.
- I understand that the County of Maui is liable to First Hawaiian Bank for all charges made by me.
- I will submit necessary transaction documents and/or transaction information to my agency by the end of the monthly billing cycle. I also acknowledge that my failure to do so may result in the revocation of my privilege to be a cardholder.
- To protect and safeguard the Purchasing Card per this Agreement and the County of Maui Purchasing Card Policy and Procedures.
- To immediately report lost or stolen cards to First Hawaiian Bank, my department's pCard Administrator, and to send written notice to both First Hawaiian Bank and the County Purchasing Card Coordinator.
- To purchase ethically, fairly, and without conflict of interest; to seek the best value; to purchase only necessary items; and to determine that the price is fair and reasonable by comparing alternative sources.
- I understand that the use of the Purchasing Card to make personal purchases is strictly prohibited and unauthorized. I agree to not use the Purchasing Card, under any circumstances, for personal use.
- I understand that my use of the Purchasing Card will be audited.

As the holder of this Purchasing Card, I agree to accept responsibility for the protection and proper use of this Purchasing Card as outlined in this Agreement and the County of Maui Purchasing Card Policy and Procedures. I understand that this card cannot be used to purchase goods and services from suppliers that are not on existing price lists or agreements in the areas where the County of Maui has established a price list or agreement or is participating in a price list or agreement established by another jurisdiction. I further understand that at some point the card may be used to purchase goods and services from established price lists on a case by case basis and with the approval of the Purchasing Division.

(over)

I understand that my failure to comply with the applicable provisions of the County of Maui Purchasing Card Policy and Procedures and/or the provisions of this Agreement may result in revocation of Purchasing Card privileges, and if the Purchasing Card is used for unlawful or improper purposes, I may also be subject to disciplinary action for that misconduct.

If I am no longer employed with the County of Maui at the time the determination is made that I owed the County of Maui monies for unlawful or improper purchases made with the Purchasing Card, I acknowledge that if the County of Maui is forced to initiate legal proceedings to recover amounts owed by me under this Agreement and I am found to be responsible for unlawful or improper purchases, I agree to pay all the legal fees incurred by the County of Maui in such proceedings to prove my liability.

I understand that the County of Maui may terminate my right to use this Purchasing Card any time for any reason. I agree to return the Purchasing Card to the County of Maui immediately upon request or upon termination of employment.

**Cardholders shall disclose, in writing, to their respective department director and pCard Coordinator any ownership, partnership, employment, or "side business" that he or she may have if purchases may be used for such personal business.**

**(PRIOR DIRECTOR APPROVAL REQUIRED)**

**Department Director Approval:**

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_ Dept.: \_\_\_\_\_

-----  
**Cardholder:**

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_ Dept/Div/Location: \_\_\_\_\_

By signing above, I hereby acknowledge receipt of Purchasing Card #: \_\_\_\_\_  
with a monthly spending limit of \_\_\_\_\_ and an expiration date of \_\_\_\_\_

-----  
**Purchasing Card Coordinator Approval:**

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

**COUNTY OF MAUI**  
**PURCHASING CARD POLICY AND PROCEDURES**  
**(REVISED)**

**County of Maui**  
**Department of Finance**  
**Central Purchasing Agent**  
**July 2017**

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**COUNTY OF MAUI  
PURCHASING CARD POLICY AND PROCEDURES  
(REVISED)**

**A. OVERVIEW**

**1. INTRODUCTION**

The County of Maui Purchasing Card Program & Procedures (“Program”) is managed by the County’s Purchasing Division of the Department of Finance (“Purchasing Division”). Purchasing Cards (“pCard”) are the property of the County of Maui and can only be used by authorized cardholders to make official county purchases. The pCard is similar to a credit card and allows authorized employees to charge small purchases using the pCard instead of preparing a purchase order. The benefits of using a pCard versus the traditional purchase order process include:

- Reduced administrative time and resources for the County of Maui and businesses. Purchasers also receive goods and services faster and vendors to get paid sooner.
- The County of Maui saves an average of \$50.00 per transaction in administrative cost savings when paying via a pCard versus a purchase order. In other words, the County saved an average \$850,000.00 per year based on a conservative estimate of \$50.00 saved per transaction multiplied by 17,000 transactions.
- The pCard program makes identifying misuse easier than with traditional payment methods.
- PCards are insured against external fraudulent or unauthorized use which means that it is easier for the County to obtain refunds via the pCard liability program if pCard misuse is identified.

While there are clear benefits to using pCards, there is also the potential for misuse and fraud. Accordingly, there is a need to periodically update the “County of Maui pCard Policies and Procedures” and for management to maintain oversight and internal controls over pCard usage. It is also critical that all employees involved with the County pCard program act in good faith, and understand and comply with the County pCard Policies and Procedures, and all applicable statutes, ordinances and laws, in order to foster public trust and confidence in government.

**2. PURPOSE**

The purpose of this policy is to set clear guidelines and requirements for the County of Maui pCard program and to ensure that this policy is implemented and enforced consistently across all departments. The use of County pCards shall only be used for official government purposes and the use of County pCards for personal purchases is strictly prohibited. Failing to comply with these policies and procedures may result in revocation of pCard privileges and disciplinary action. Leaving government employment does not absolve a person of any liability as former employees may be held accountable. All purchases made with a County of Maui pCard shall be in accordance with this policy and with state and county laws.

**3. DEFINITIONS**

**“Blocked Merchant Category”** – The pCard issuer (currently First Hawaiian Bank), at the request of pCard Coordinator, has established that pCards cannot be used for certain categories of merchants. The pCard Coordinator is responsible for ensuring that prohibited merchant categories and

any other categories that the pCard Coordinator selects are blocked from the employee's pCard usage. If the cardholder attempts to charge at any of the merchants in the blocked categories, the purchase will be declined.

**“Card Issuer”** - First Hawaiian Bank with whom the State of Hawaii is currently contracted with to issue pCards to State and county employees.

**“Purchasing Division”** – The Department of Finance, Purchasing Division, oversees and manages the County of Maui pCard program.

**“CentreSuite”** - The internet reporting systems that provides users the ability to review and report on information from transactions made on the pCard. CentreSuite Administrators, or cardholders, can see the results on the Internet of all purchase activity within days after the transactions are made. CentreSuite allows the user to reallocate the default account/appropriation code assigned to each pCard and to download transaction information.

**“CentreSuite Administrator”** - The individual responsible for reviewing pCard transactions for proper use within their jurisdiction, department, division or agency. Some organizations may divide or delegate the work among other employees, branches, or offices. The individual is also responsible for collecting all purchasing documentation from cardholders, reallocating any pCard transactions that should be posted in an account other than the Default Account, and reconciling the division's or agency's monthly billing statement to its pCard transactions.

**“CentreSuite Statement”** - Each Administrator can download and review their PDF statement on CentreSuite each billing cycle. The cycle cutoff date is the 28th of each month. The statement identifies each transaction made with the pCard during the billing cycle, and is reconciled against purchase documentation and the monthly billing statement. The PDF statement is housed on CentreSuite for 3 rolling months. It is recommended that the PDF statement is downloaded and saved for future references.

**“Emergency pCard”** - a special program, within the pCard program, that may be used by departments to use in the event of an emergency when the governor or mayor declares a state of emergency.

**“Merchant Category Code (MCC)”** – This is a restriction/control that the County uses to limit the pCard use by assigning a unique code to a specific group/type of merchant (i.e. 5044- Business Supply, 5734-Computer Software Stores, 5812- Food Restaurants, 5921- Retail Liquor, 5111-Stationary, Office, School Supply, etc.). If the cardholder attempts to use the pCard with a blocked vendor or for any unauthorized, the purchase will be declined.

**“Monthly Spending Limit”** - A dollar limitation of purchasing authority assigned to the cardholder for the total of all charges made during each monthly billing cycle. Purchasing Card Administrators may establish spending limits on a per cardholder basis.

**“Parceling”** – The artificial division or intentional division or separation of a transaction or purchase of same, similar, or related items of goods, services, or construction into several purchases of small quantities, in order to evade the transaction or monthly spending limit.

**“PCard Limits”** - A dollar limitation of purchasing authority assigned to the cardholder for charges made with the pCard. The limits can be by the single item, single transaction that may include multiple items, and transactions allowed per day or per month.



**“Purchasing Card (pCard)”** - A corporate charge card issued to an individual employee for the purpose of making authorized small purchases of goods, services, or construction on behalf of the County of Maui.

**“Department pCard Administrator”** – Each department shall have one or more pCard Administrators who, after proper training, shall be assigned to a manageable number of cardholders within the department or division. The pCard Coordinator shall establish guidelines to identify the number of cardholders and transactional volume that can be reasonably reviewed on a monthly basis. Each pCard administrator shall be responsible for carefully reviewing and approving all pCard purchases and transactions assigned to him or her on a monthly basis, and transmitting copies of the approved transaction report to the Purchasing Division and Department of Management. No cardholder shall be the same person as the individual approving his or her pCard use (the pCard Administrator). A list of the pCard Administrator’s responsibilities is provided herein-below.

**“PCard Coordinator”** - The County of Maui’s Central Purchasing Agent shall serve as the pCard Coordinator and shall be responsible for the oversight and management of the County pCard program. A list of the pCard Coordinator’s responsibilities is provided herein-below.

**“PCardholder”** - A pCardholder, also referred to herein as a “cardholder”, is a county employee who has been issued and authorized to use a County of Maui pCard. Each cardholder shall be responsible and accountable for any and all purchases on the pCard assigned to him or her. No cardholder shall be the same person as the individual approving and reconciling the cardholder’s monthly transaction reports. A list of the cardholder’s responsibilities is provided herein-below.

**“Structuring”** - The intentional separating of payments to evade the transaction/charge limit or monthly spending limit.

**“Transaction Report”** - A report created by the cardholder either on CentreSuite or via a report required by the pCard Coordinator providing detailed information on transactions during the current cycle, or set by date range.

## **B. TRANSACTION LIMITATIONS**

1. The pCard Coordinator shall develop and implement a formal process for setting single and monthly pCard limits based on each cardholder’s operational need and periodically adjusting those limits based on actual usage.
2. Unless specifically exempt by this policy cardholders shall be prohibited from:
  - a. Exceeding the single transaction purchase limit or dollar amount set by the department’s director and approved in writing by the Purchasing Card Administrator and the County of Maui’s Central Purchasing Agent.
  - b. Exceeding the number of transactions allowed per day as set by the department’s director and approved in writing by the Purchasing Card Administrator and the County of Maui’s Central Purchasing Agent.
  - c. Exceeding the spending limit per month as set by the department’s director and approved in writing by the Purchasing Card Administrator and the County of Maui’s Central Purchasing Agent.

**C. PCARD RESTRICTIONS.** Unless specifically exempt by this policy:

1. Directors and deputy directors shall not be issued pCards.
2. No cardholder shall be the same person as the pCard administrator.
3. Cardholders shall not use pCards for personal purchases.
4. Cardholders shall not use pCards for any purchase or service that is not for official County business.
5. Cardholders shall not exceed the transaction purchase limits.
6. PCards shall not be used for alcohol or liquor of any kind.
7. PCards shall not be used at any restaurant or for any food related items.
8. PCards shall not be used without recording each transaction on a transaction log.
9. Parceling structuring, or splitting purchases in order to circumvent transaction limits is prohibited.
10. Receiving cash or checks to resolve a pCard credit or for any other reason is prohibited.

**D. EXEMPTIONS.** The following may be exempt from these policies:

1. **Parceling, structuring, and splitting of transactions.** Any splitting of transactions to avoid authorized transaction limits is prohibited. However, in specific situations, and with written, pre-approval by the department head and managing director, the pCard Coordinator may coordinate with the pCard issuer to have spending limits temporarily increased for no more than three business days to allow for a purchase to be completed.
2. **Emergency pCards.** Emergency pCards may be used at restaurants or for food so long as a report is submitted to the procurement officer and Department of Management within five days of the emergency.
3. **Department of Fire and Public Safety.** Even if the governor or mayor does not declare a state of emergency, the Maui County Department of Fire and Public Safety may use its emergency pCards at restaurant during emergencies so long as a report is submitted to the procurement officer and Department of Management within five days of the emergency.

**E. TRAINING CERTIFICATION AND PCARD AGREEMENT.**

1. **Initial and annual pCard training.** The pCard Coordinator shall be responsible for developing and confirming that all cardholders and pCard Administrators receive initial and annual pCard training.
  - a. New cardholders. No new cardholder shall be authorized to use a pCard unless he or she has been certified after receiving training and signs a pCard Agreement.
  - b. PCard Administrators. No individual shall serve as pCard Administrator unless he or she has first received training for pCard Administrators.
  - c. Annual training. All cardholders and pCard Administrators shall receive annual pCard training.
2. **Initial and updated pCard agreement.** The pCard Coordinator shall be responsible for developing and assuring that all cardholders have understood and signed a pCard Agreement.
  - a. No individual shall be authorized to use a pCard without first signing a pCard Agreement.
  - b. The pCard Agreement shall require cardholders to disclose any ownership, partnership, employment, or "side business" that he or she may have if the pCard purchases could be used for such personal business.

- c. Cardholders shall be required to update or sign a new pCard Agreement annually or as soon there is any change to the information on the cardholder's pCard Agreement.

## **F. RESPONSIBILITIES**

1. **pCard Coordinator.** The responsibilities of the pCard Coordinator are as follows:

- a. Oversee and manage the County pCard Program.
- b. Serve as the County's primary liaison with the pCard issuer.
- c. Approve and cancel use of pCards.
- d. Develop, implement, and enforce pCard procedures for the County of Maui.
- e. Review and limit the number of pCards and cardholders to only those necessary to accomplish the department's goals and objectives.
- f. Develop and keep record of all pCard agreements and maintain an updated list of all cardholders and backup cardholders, as well as all pCard administrators with cardholders and backup cardholders assigned to them.
- g. Require that cardholders understand and sign pCard agreements before issuance.
- h. Develop and coordinate pCard training for cardholders.
- i. Develop and coordinate pCard training for pCard Administrators.
- j. Require that all cardholders receive training prior to receiving pCards, and coordinate annual pCard training for all cardholders.
- k. Require that all pCard Administrators receive training as approving officials prior to being assigned as administrators, and coordinate annual training for all pCard Administrators.
- l. Develop and implement a formal process for setting single and monthly pCard limits based on each cardholder's operational need and periodically adjusting those limits based on actual usage.
- m. Determine and set Merchant Category Codes. The pCard Coordinator shall also develop and update a list of colloquially known merchant or business names, products or services that do not match the names and Merchant Category Codes used by the pCard issuer.
- n. Review and approve monthly transaction logs and notify department heads and the Managing Director of any potential misuse, fraud, or abuse.
- o. Conduct regular review and audits of sample pCard data and notify department heads and the Managing Director of any potential misuse, fraud, or abuse.
- p. Keep and maintain record of all pCard transactions and purchases.

2. **pCard Administrator.** The responsibilities of the Department pCard Administrator(s) are as follows:

- a. Manage and be responsible for an established number of cardholders within the department or division.
- b. Assure that each cardholder that he or she is managing receives initial and annual training.
- c. Require that each cardholder that he or she is managing submit pCard transaction reports on a monthly basis. The pCard transaction report shall include an itemized list of goods and services purchased with accompanying receipts, dates of each transaction, and the merchant from whom the goods or services were purchased.
- d. Responsibly and carefully review and approve all pCard purchases and transactions assigned to him or her on a monthly basis.
- e. Keep and maintain a record of all pCard transaction reports with accompanying receipts.

- f. Transmit copies of all pCard transaction reports, both approved and disapproved, with accompanying receipts and support documents to the Purchasing Division on a monthly basis.
  - g. If there is an error, return, dispute or billing error that cannot be resolved between the cardholder and the merchant directly the pCard administrator shall be responsible for following up on disputed charges that have not been reversed and verifying with the pCard issuer that they will be reversed in the following billing cycle.
  - h. Notify in writing the pCard Coordinator of any cardholder who is no longer employed by the County or within the department or division.
3. **pCardholder.** The responsibilities of the pCardholder are as follows:
- a. Receive initial and annual pCard training.
  - b. Use the pCard in a responsible and ethical manner consistent with the County of Maui policies and procedures.
  - c. Keep the pCard in a secure location and immediately reporting a lost, stolen, or misused pCard to the pCard Administrator.
  - d. Only the individual whose name appears on the pCard and up to two designated backup users are allowed to use the pCard. The pCard shall not be loaned to another individual for any reason. The pCard Administrator with written approval of the pCard Coordinator may name up to two backup individuals so long as the backup users have received training and are named on the pCard administrator's list of cardholders. The cardholder whose name appears on the pCard shall be responsible and accountable for any and all transactions made with the card assigned to him or her.
  - e. Obtain receipts and support documentation as described herein-below from the merchant for every pCard transaction to support the purchase. If someone other than the cardholder receives the shipment or service, the cardholder is still responsible for obtaining the supporting documentation.
  - f. Keep and maintain a record of all pCard transactions with all supporting documentation. Supporting documentation shall include an itemized list of goods and services purchased with accompanying receipts, dates of each transaction, and the merchant from whom the goods or services were purchased.
  - g. Transmit copies of all pCard transaction with accompanying receipts to the pCard Administrator on a monthly basis.
  - h. Return the pCard to the pCard Coordinator upon termination of employment, transferring of department or division, upon change in employment that no longer requires a pCard, or upon request from the pCard Administrator or Coordinator.
  - i. Not use the pCard in any way contrary to the County pCard Policy and Procedures. Failure to comply with the policy and procedures may result in the revocation of pCard privileges and if the pCard is used unlawfully or improperly the employee may be held accountable and subject to disciplinary action.

**G. Receipts and Support Documentation**

- 1. Receipts must be obtained for all pCard transactions.
- 2. Original receipts are preferred. In lieu of an original receipt, the following documents may be accepted:
  - a. Customer sales slip or charge receipt reflecting the merchant's name, date of purchase, description and cost of goods purchased.

- b. Electronic purchase confirmation (for internet purchases) reflecting the merchant's name, date of purchase, and description and cost of goods purchased.
  - c. Itemized packing slip (if an itemized invoice is not provided) reflecting the merchant's name, date of purchase, and description and cost of goods purchased.
  - d. Email confirmation of purchase from the merchant identifying the merchant's name, date of purchase, and description and cost of goods purchased.
3. PCard transactions must be supported by appropriate documentation for the type of good or service purchased.
  4. When charges are made prior to receipt of goods for pCard transactions, the cardholder shall confirm that goods ordered and paid by the pCard are actually received and are in good order and condition.
  5. If goods are not received in good order and condition, merchants should be immediately contacted to determine if the goods will be replaced or if the account will be credited.

#### **H. Returns, Exchanges and Credits**

1. If merchandise is returned for credit, the cardholder shall obtain a credit receipt from the merchant and retain the receipt with the support documentation. Receiving cash or checks to resolve a credit is prohibited.
2. If merchandise is exchanged, the cardholder is responsible for returning the merchandise to the merchant and obtaining a replacement as soon as possible. Documentation showing the proper resolution of the exchange shall be retained.
3. If the matter is not resolved with the merchant, the transaction becomes a disputed item and the cardholder must notify the pCard Administrator.

#### **I. Resolving Statement Errors and Disputes**

Most errors, returns, disputes or billing errors can be resolved between the cardholder and the merchant directly. However, if there is a charge that cannot be resolved with the merchant, it can be disputed through the card issuer. The pCard administrator should contact the pCard issuer's Customer Service Center at (toll free) 888-844-4444, (or 844-4444 Oahu), and dial "0" to request a Dispute Resolution form. The pCard administrator shall be responsible for following up on disputed charges that have not been reversed and verifying with the pCard issuer that they will be reversed in the following billing cycle. All notices of disputed items must be made within 60 days of the cycle in which the item first appears on the cardholder statement. The pCard administrator shall contact the pCard Coordinator for assistance if an acceptable resolution is not obtained.

#### **J. Monthly Reconciliation Procedures**

The following processes shall be required to reconcile pCard transactions on a monthly basis:

1. **Centresuite:** Each month, the credit card statement will be posted on-line at [www.centresuite.com](http://www.centresuite.com). The credit card cycle period will always begin on the 29th of the month and end on the 28th of the following month. Three days after the end of the period the statement data will be available at [centresuite.com](http://centresuite.com). The cardholder and/or the pCard administrator shall reconcile the statement and return it with the appropriate receipts and the completed transaction log to the pCard Coordinator in the Purchasing Division no later than the 8th of the following month. The reconciliation will be done by first comparing the log to the receipts (in the case of travel, receipts are not required, but a travel number that corresponds to travel paperwork is required) to make sure that they balance. The next step is to compare the log/receipts to the transactions on Centresuite to make sure that they balance. If a transaction recorded on the

transaction log does not appear on the statement, a line shall be drawn through the transaction, and the information copied to the transaction log for the next billing period.

The reason for this is that although most merchants will post their expenditures to pCard within a day or two, but not all do. So there will be occasions where a purchase may be made well within a billing cycle, but the merchant may not record it until a subsequent billing cycle. Conversely, if a transaction appears on the Centresuite website statement, but does not appear on the log, the log shall be updated. The exact amount on the statement must be paid each month. Any variances should be disputed and corrected for the subsequent statement.

While on the Centresuite.com website, cardholders must insure that for each transaction the index and subobject codes are accurate. For the Water Department, the project and subphase codes must be listed and accurate (other departments are to leave these fields blank). It is the responsibility of the pCard administrator of a department to make sure these are accurate during the reconciliation process. This information will be downloaded directly into the County accounts payable system, and must be accurate. Departments can also split transactions among different index codes if they need to at the centresuite.com. For office pCards that include travel, a copy of the transaction logs for travel will be required to be kept with the department's copy of the travel authorization form, so an outside auditor will be able to easily match the purchase transactions with the approved travel requests.

2. **Manual Transaction Log:** Each month, the cardholder shall transmit a copy of a record of all pCard transactions made during the month, along with all supporting documentation, to the pCard Administrator for review and approval. Supporting documentation shall include an itemized list of goods and services purchased with accompanying receipts, dates of each transaction, and the merchant from whom the goods or services were purchased.

#### **K. Lost or Stolen Cards**

The pCard should be kept secured, just as one would secure a personal credit card. If the pCard appears to be lost or stolen, it is the cardholder's responsibility to immediately report this to the pCard Administrator. The pCard Administrator shall immediately report this to both the pCard Coordinator and the pCard issuer. It is imperative that the pCard Administrator and pCard issuer be notified immediately so that the missing pCard can be blocked or cancelled. If the pCard is found after it has been reported lost or stolen, and a new card has been issued, it is the responsibility of the cardholder to immediately notify the pCard Administrator and pCard Coordinator so that the recovered pCard can be destroyed. Any recovered or damaged pCard shall be destroyed.

#### **L. Civil and Criminal Penalties**

The pCard is a corporate liability card that will not affect the cardholder's personal credit. However, it is the cardholder's responsibility to ensure that the pCard is used within the guidelines of the pCard policy and procedures. Failure to comply with the pCard program and policy and procedures may result in the revocation of pCard privileges and further disciplinary measures in accordance with the pCard policy and procedures, cardholder agreements, and applicable collective bargaining agreements, and any applicable state and county laws. Certain violations may be subject to civil and criminal penalties.

**M. Cancelling the Purchasing Card**

The pCard Administrator shall immediately notify the pCard Coordinator if any of the following occurs:

1. The pCard is used for personal or unauthorized purposes.
2. The pCard is used to purchase alcoholic beverages or any substance, material, or service which violates pCard policy, or any state or county laws.
3. The cardholder allows the card to be used by an unauthorized individual.
4. The cardholder purposely parcels or any way splits a purchase to circumvent the pCard transaction limitations.
5. Cardholders use each other's pCards to circumvent the pCard limitations or any pCard policy.
6. The cardholder fails to provide the required documentation to reconcile their purchase.
7. The cardholder fails to provide, when requested, information about any purchase.
8. The cardholder does not adhere to or comply with the pCard policy and procedures.

**N. Audit of Purchasing Card Activity**

Random audits may be conducted by any of the following: Purchasing Division and Accounts Division of the Finance Department, Mayor's office, Department of Management, County Office of the Auditor, outside auditors, and private accounting firms.