Purchasing Card (pCard) Rules and Procedures

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The following pCard topics are discussed beginning with the Highlights of this Section, Quick Reference Guide of the Cardholder's Responsibilities, and the detailed explanation as follows:

I. What is a Purchasing Card
II. When Is It Used
III. Requesting a Purchasing Card
IV. DAGS' Credit Limits
V. pCardholder Responsibilities
VI. pCard Division Administrator Responsibilities
VII. pCard Reviewer Responsibilities
VIII. Administrative Services Office Responsibilities
IX. PVS Net (Access and Update of Transactions)
X. Documentation for pCard Payments
XI. Deadlines for PVS Net Updates and Submission
XII. Emergency pCard
XIII. Contact Information for Help for Users – DAGS–Administrative Services Office
XIV. Attachments

HIGHLIGHTS OF THIS SECTION

Summary of the pCard Rules and Procedures

Steps	Person Responsible
1. Complete a pCard application	pCard Division Administrator and Cardholder
2. An approval letter from First Hawaiian Bank (FHB) will be sent to the cardholder through the DAGS Administrative Services Office (ASO)	pCard Division Administrator and Cardholder
3. After the application is approved, FHB will set up the cardholder in PVS Net	First Hawaiian Bank (FHB)
4. After receiving the pCard, provide a Cardholder Agreement to the cardholder to read and sign. The original completed pages 2 and 3 to be sent to the ASO.	pCard Division Administrator and Cardholder
5. Train cardholder on the pCard and PVS Net procedures	pCard Division Administrator

6. Cardholder shall use the pCard to pay for goods and services less than $2,500 per transaction except for: ■ Vendors that do not accept MasterCard charge cards ■ Restricted purchases designated by the State Procurement Office (SPO) ■ Goods and services from vendors with Blocked Merchant Category Codes ■ Certain situations listed in Comptroller's Memorandum No. 2005–08	Cardholder
7. Obtain all of the necessary documentation for each purchase	Cardholder
8. Update the transactions in PVS Net for coding and filling in of description	Cardholder
9. Print and process the PVS Net Statement of Account (the Statement) after all transactions have been updated on a weekly basis	Cardholder
10. Process the Statement on a weekly basis by obtaining the: ■ Cardholder signature ■ Certification of goods and services ■ Authorized approver signature on the Statement	pCard Division Administrator
11. Review the Statement by: ■ Verifying that the coding for each transaction is valid and appropriate ■ Pre–auditing the purchase documentation for each transaction to determine if it is accurate and sufficient ■ Resolving any questionable documentation with the cardholder and/or vendor ■ Verifying that each transaction matches the corresponding invoice amount by marking a check next to the transaction amount on the Statement and initialing next to the Statement total	pCard Reviewer
12. Submit the approved Statement and applicable supporting documentation to the ASO by the first workday of <u>every</u> week subsequent to the reporting period.	pCard Division Administrator

13. ASO will audit the weekly submissions	ASO
14. ASO will process payment to FHB on a monthly basis. ***Important: If the payment to FHB is late because of one Statement, the delinquent interest charges will be assessed on the single DAGS' departmental account which includes all of our pCard accounts, and will be charged to the program responsible for the late payment.***	ASO
15. Canceling a pCard ■ When an employee terminates or transfers out of a program, retrieve the card and destroy it ■ Submit to the ASO a copy of the original application with the "Cancel Card" box checked off and highlighted, and signed by the program administrator	pCard Division Administrator

Quick Reference Guide of the Cardholder's Responsibilities

1. Obtain all necessary approvals prior to making the purchase, and all the necessary documentation to support each purchase.
2. If a purchase has been declined, inform the division/office pCard Administrator by providing vendor name, date of attempt, and amount of purchase.
3. On Monday or Tuesday:
    a. Update the transactions in PVS Net (coding and description) for purchases made the prior week (Sunday through Saturday).
    b. After the update, print the PVS Net Statement of Account (Statement) for the updated week. Be sure the correct dates are specified in the PVS Net system under "Transactions" (Sunday through Saturday).
    c. Obtain and sort the purchase documentation in the order listed on the Statement.
    d. Sign the Statement and the certification that all goods/services have been received.
4. On Thursday or Friday, submit the Statement and all supporting documentation to the division/office pCard reviewer or pCard Administrator.
5. If there is documentation missing for any transaction:
    a. Make a copy of the Statement.
    b. Highlight the amount for which there is no documentation on both the original and the copy of the Statement.
    c. Keep the copy of the Statement (to be submitted with the documentation when it is received).
    d. Missing documentation or a copy of request for approval from the Comptroller for an exception purchase transaction must be submitted within two weeks from when the original Statement was due to the division/office pCard reviewer or pCard Administrator.

DETAILED EXPLANATION

I. What Is a Purchasing Card

The purchasing card (pCard) is a State credit card (MasterCard) that makes it convenient for employees to pay for purchases. The pCard only replaces a purchase order – all necessary approvals must be obtained prior to the purchase, and any required documentation must be submitted for payment purposes (see section on "Basic Payment Guidelines") at website link: http://dagsnet.higov.net/fiscal/pph/paymentguide.html.
PCard transactions must follow all procurement rules, policies and procedures (see section on "Basic Procurement Guidelines") at website link: http://dagsnet.higov.net/fiscal/pph/procurementguide.html.

II. When Is It Used

Comptroller's Memorandum No. 2004–36 (attached) requires the use of the pCard to pay for goods and services less than $2,500 per transaction. Exceptions include, but are not limited to:

A. Vendors that do not accept MasterCard charge cards. Type "does not accept pCard" on the PO.
B. Per Comptroller's Memorandum No. 2005–08 (attached):
    1. Petty cash transactions
    2. Utility invoices (from companies regulated by the Public Utilities Commission)
    3. Other governmental entities; unless accepted by the government entity (i.e. Correctional Industries)
    4. When the goods or services ordered have partial or progress payments
    5. Goods and services from companies which assess a fee for charge card purchase transactions
    6. Goods and services which require payment before the goods or services have been rendered; except for commonly accepted advance payments as provided in HRS 40–56 or covered under Comptroller's Memorandum No. 2005–10 (attached)
C. Restricted Purchases as designated by the State Procurement Office (SPO)
D. Goods and Services from Vendors with Blocked Merchant Category Codes (MCC)
    1. SPO has designated various MCCs as blocked (see State of Hawaii Purchasing Card Program and Procedures or Procurement Circular No. 2003–06, Amendments 1 and 7). Type "Blocked MCC" on the PO.
    2. MCCs not on the DAGS–authorized list. Contact the ASO to see if this MCC will be added to the list. If not, then a PO will be allowed. Type "MCC not on authorized list" on the PO. (See ASO's May 24, 2005 cover memo to Procurement Circular No. 2003–06, Amendment 6.)

III. Requesting a Purchasing Card

A. pCard Application
    1. Complete and process the respective division's DAGS "Employee Purchasing Card Request" (sample of the application for the Administrative Services Office (ASO) is attached.)
    2. "Verification Code" is required (maximum of 20 characters, can include both alpha and numeric), and is used in lieu of date of birth/social security number/mother's maiden name for security purpose if there is ever a need for cardholder to contact First Hawaiian Bank.
B. A letter from First Hawaiian Bank (sent by the ASO) will be sent after the application is approved. This letter will have instructions about having a photo taken that will be on the backside of the card.

C. Once the pCard is received, cardholder must read and complete the Cardholder Agreement.

IV. DAGS' Credit Limits

The Comptroller has set the following credit limits for DAGS:

- Division Administrators/Staff Officers – $25,000
- Branch Chiefs – $15,000
- Non-managerial employees – $10,000

If there is need (temporary or permanent) to have a credit limit increased beyond these amounts, a request with justification must be submitted to the Comptroller through the ASO. The justification for a permanent credit limit increase should include the past three monthly totals (15th to the 14th) purchase history.

V. pCardholder Responsibilities

A. Obtain necessary documentation for every purchase (see section below, "Documentation for pCard Payments").
B. If a purchase has been declined, inform the division/office pCard Administrator by providing vendor, date of attempt, and amount of purchase. The Administrator will then work with the ASO to determine the reason for the decline.
C. Update transactions in PVS Net for coding and filling in of description.
D. Print and process PVS Net Statement of Account (Statement) after all transactions have been updated.
E. See State of Hawaii Purchasing Card Program and Procedures (SPO website) for additional detailed responsibilities.

VI. pCard Division Administrator Responsibilities

A. Act as liaison between the cardholders and the departmental pCard Administrator and the departmental PVS Net Administrator for any questions or problems with PVS Net, decline of purchase, etc.
B. Add cardholders
    1. Review cardholder responsibilities with potential cardholders prior to completion of application.
    2. Assist employee with completion of division–specific DAGS "Employee Purchasing Card Request".
    3. Once card is received, provide employee (cardholder) with Cardholder Agreement to read and sign; have "approving official" complete applicable section; submit originals of completed pages 2 and 3 to the ASO (see SPO website for fillable form, www.spo.hawaii.gov).
C. Train cardholders on the pCard and PVS Net procedures.
D. Process the PVS Net Statement of Account (Statement)
    1. Obtain cardholder signature, certification of receipt of goods/services, and authorized approving signature on the Statement. Employees who are authorized to sign a purchase order are authorized to sign as "Supervisor/Manager" on the Statement.
    2. Submit the approved Statement and applicable supporting documentation to the ASO by the weekly deadlines (outlined in section XI below).
E. Cancel a pCard
    1. Retrieve the card from the cardholder and destroy.
    2. Submit to the ASO a copy of the original application with the appropriate box on the top checked off ("Cancel Card") and highlighted, and signed by the

program administrator or "Supervisor/Manager" (see definition in section VI.D.1. above).

F. See State of Hawaii Purchasing Card Program and Procedures (SPO website) for additional detailed responsibilities.

VII. pCard Reviewer Responsibilities

A. Be the central contact point for the ASO on documentation questions.
B. Verify that coding for each transaction in PVS Net or on the Statement is valid and appropriate. **NOTE: If coding changes are made on the printed Statement, the change needs to be entered in PVS Net also.**
C. Audit purchase documentation (see section X below for documentation requirements) for each transaction on the Statement to determine compliance.
D. Resolve any documentation discrepancies with the cardholder and/or vendor. If the discrepancy cannot be resolved by the weekly filing deadline, see section XI.F. below for action to be taken.
E. Verify that each transaction amount on the Statement matches the corresponding invoice amount by marking a check next to the transaction amount on the Statement <u>and</u> initialing next to the Statement total.

VIII. Administrative Services Office Responsibilities

A. Serve as liaison with First Hawaiian Bank
B. Establish/revise departmental procedures to support the State pCard program and provide training as necessary
C. Process completed pCard applications to have applicant be issued a pCard and be set up in PVS Net, and process any subsequent card changes
D. Provide assistance with PVS Net problems or documentation questions
E. Ascertain that all weekly Statements are submitted and totals are reconciled with PVS Net download
F. Audit the weekly Statements for purchase and documentation compliance
G. Process monthly payment to First Hawaiian Bank by transferring transactions from PVS Net to FMS/FAMIS, correcting any subsequent errors, and reconciling with the monthly departmental statement
H. Allocate the quarterly rebate check from First Hawaiian Bank to appropriate programs

IX. PVS Net (Access and Update of Transactions)

A. After First Hawaiian Bank approves the pCard application, cardholder will be set up in PVS Net (website is: https://pvsnet.procard.com/).
B. Logon ID will never change, and will be made up of the first letter of the first name, the first seven letters of the last name, and the last three digits of the card number. The logon ID is not case–sensitive.
C. Initially, the password is the same as the logon ID, but the system will prompt you to create a new one.
    1. Must be between 7 and 20 characters.
    2. Must consist of at least one upper case letter.
    3. Must consist of at least one lower case letter.
    4. Must consist of at least one number.
D. You will be prompted to change your password every 90 days.
E. "Preferences" must be selected to indicate which data fields will be viewable on the Transaction Review screen. A sampling of fields, which can be adjusted as needed, is attached (DAGS Purchasing Card Suggested PVS Net Preference Selections).

F. A default allocation coding is pre–populated for every transaction, but must be changed as applicable.
G. The description field needs to be filled in for every transaction, and should start with price–list number, if applicable. A filled–in description field is an indication to the ASO that the coding has been reviewed and changed as necessary.

X. Documentation for pCard Payments

A. Per Comptroller's Memorandum No. 2007–20 (Amended), any of the following documents will be accepted for purchases made by pCard:
    1. Original or certified–as–original invoices.
    2. Customer sales slip or charge receipt reflecting the vendor's name, date of purchase, description and cost of goods purchased.
    3. Electronic purchase confirmation (for internet purchases) reflecting the vendor's name, date of purchase, and description and cost of goods purchased.
    4. Itemized packing slip or delivery order (if an itemized invoice is not provided) reflecting the vendor's name, date of purchase, and description and cost of goods purchased.
    5. E–mail confirmation of purchase which must include the vendor's name, date of purchase, and description and cost of goods purchased.
B. A certification that the goods were received in good order and condition must be noted on the PVS Net Statement of Account below the cardholder's signature (use invoice approval stamp; only signature is required).
C. Required documentation (procurement or approvals) are to be submitted to support the transaction.
D. Any of the following documentation is required for credit memos (if no original credit memo is issued):
    1. E–mail notification of credit memos.
    2. If credit memo and purchase are in the same cycle – Reference the original purchase under the credit on the Statement.
    3. If credit memo is in a subsequent cycle than the purchase – Make copy of original purchase from prior cycle. Note the cycle period of the original purchase, and the amount of the credit.

XI. Deadlines for PVS Net Updates and Submission

A. Due to the monthly payments to First Hawaiian Bank, all transactions in PVS Net from the 15th of a month to the 14th of the next month must be updated by the 24th.
B. Due to the volume of pCard transactions and pCardholders, DAGS is on a weekly cycle, from Sunday to Saturday.
C. Updates in PVS Net for the respective week should be completed by the following Tuesday.
D. Invoices and/or other documentation are attached in the order listed on the Statement. The Statement is signed by cardholder, certified, and approved by authorized staff by Friday. If cardholder is unavailable for signature, a supervisor is authorized to sign for the cardholder. The cardholder and the authorizing person (signing as "Supervisor/Manager") cannot be the same person.
E. Statements with documentation are due in the ASO on the second Monday following the last day of the weekly cycle.
F. Missing documentation or Comptroller's approval to pay is due in the ASO on the second Monday following the original submission date. If documentation is missing:
    1. Make a copy of the Statement
    2. Highlight the amount for which there is no documentation on both the original and the copy of the Statement.

3. Keep the copy of the Statement, which will be submitted with the documentation when it is received, or the Comptroller's approval to pay.

G. The following table denotes the deadlines for purchases posted in PVS Net during "Week 1".

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Week 1	W E E K L Y C Y C L E						
Week 2		Updates done in PVS Net		PVS Net Statement processed and signed			
Week 3		Statement due to ASO					
Week 4							
Week 5		All documents due to ASO					

XII. Emergency pCard

The emergency pCard program has been implemented to handle purchases during emergency conditions with minimal effort when time is of the essence. Therefore, most of the State–blocked Merchant Category Codes are unblocked to allow for essential emergency purchases. The emergency pCard may only be used with a Governor's emergency proclamation, and is separate from the regular pCard.

A. Establishment
   1. Submit a new pCard application with the word "EMERGENCY" highlighted in the top right corner.
   2. If the applicant already has a regular pCard, the photo on file at First Hawaiian Bank will be used for the emergency pCard.
   3. A new Cardholder Agreement must be signed and processed.
   4. The emergency pCard is distinguishable from the regular pCard by being red in color and having "EMERGENCY" on the top of the card
B. For an emergency pCard to be authorized to use, all of the following must occur:
   1. Natural disaster or human–made disaster
   2. Governor's proclamation issued
   3. Disaster affects the operations of the applicable division/office
C. Payment Processing
   1. Documentation, Deadlines and Submission Requirements – see sections IX and X above.
   2. A separate Statement from the regular pCard Statement is to be generated and submitted for the emergency pCard (the emergency pCard number will be different from the regular pCard number). The emergency Statement should have "EMERGENCY" noted on the top right corner.
   3. Attach a copy of the Governor's proclamation.
D. See attached DAGS Emergency Purchasing Card (pCard) Program procedures dated August 16, 2007 for more details.

XIII. Contact Information for Help for DAGS' Divisions/Offices/Attached Agencies Users Only – DAGS–Administrative Services Office

<u>DAGS' Departmental pCard Administrator</u>

Business Management Officer at 586–0696 or Budget Officer at 586–0693

Responsibilities include:

- Serving as the department's primary liaison with First Hawaiian Bank
- Establishing/revising processes/procedures within the department to support the State pCard program
- Approving pCard applications and credit card changes
- Determining the charge limits, allowed or disallowed Merchant Category Codes, and any additional guidelines for each cardholder
- Providing direction to resolve any questionable purchases and policy violations
- Coordinating the training of pCard users within the department

DAGS' Departmental PVS Net Administrator

Accountant V at 586–0701 or Accountant IV at 586–0688

Responsibilities include:

- Establishing/revising processes/procedures within the department to support the pCard program
- Reviewing pCard application for completeness
- Submitting pCard application, and any subsequent credit card changes, to First Hawaiian Bank
- Establishing new users in PVS Net
- Providing technical guidance and assistance on the use of PVS Net
- Reconciling PVS Net Statements of Account to the weekly recorded transactions and totals
- Downloading PVS Net files and balancing to transmission reports and the departmental billing statement
- Transferring PVS Net file to FMS
- Reconciling FMS/FAMIS to correct errors on recorded transactions
- Notifying departmental pCard Administrator of any questionable purchases and policy violations
- Acting as liaison between departmental pCard administrator and division/staff offices' administrators
- Allocating rebate check received quarterly from First Hawaiian Bank to appropriate programs

XIV. **Attachments:** Download Now

The following above–referenced documents are accessible from the State Procurement Office's Website at http://www.spo.hawaii.gov click on "pCard (purchasing card)"):

- State of Hawaii Purchasing Card Program and Procedures
- Cardholder Agreement (rev. 4/22/08)
- Comptroller's Memorandum No. 2004–36: Mandatory Use of Purchasing Card
- Comptroller's Memorandum No. 2005–08: Clarification on Mandatory Use of Purchasing Card (pCard)
- Comptroller's Memorandum No. 2005–10: pCard Charges Made Prior to Receipt of Goods
- Comptroller's Memorandum No. 2007–20 (Amended): Documentation Requirements for Purchases of Goods or Services

- Procurement Circular No. 2003–06: State of Hawaii Purchasing Card

  Amendment 1: Restricted and Blocked Purchasing Card Transactions
  Amendment 2: Management Oversight and Controls
  Amendment 5: SPO Price List Vendors
  Amendment 6: Frequently Asked Questions
  Amendment 7: Restricted and Blocked Purchasing Card Transactions
  Amendment 8: Emergency pCard
  Amendment 9: State of Hawaii Emergency pCard

The following above–referenced documents are attached:

- ASO's May 24, 2005 memo (cover to Procurement Circular No. 2003–06, Amendment 6)
- Sample of pCard Application for the Administrative Services Office
- DAGS Purchasing Card Suggested PVS Net Preference Selections
- August 16, 2007 DAGS Emergency Purchasing Card (pCard) Program procedures