



STATE OF HAWAII  
DEPARTMENT OF ACCOUNTING  
AND GENERAL SERVICES  
P.O. BOX 119  
HONOLULU, HAWAII 96810-0119

JAN 10 2005

**COMPTROLLER'S MEMORANDUM NO. 2004-36**

TO: Heads of Departments

ATTN: Fiscal Offices

SUBJECT: Mandatory Use of Purchasing Card

Effective April 1, 2005, departments will be required to use purchasing cards (pCards), instead of purchase orders to pay for goods and services less than \$2,500 per transaction. Purchases from vendors that do not accept MasterCard charge cards will be the only exceptions. Departments not able to implement this policy by April 1, 2005, may request an extension, and must provide a timeline for compliance.

The benefits of using a pCard are:

- Savings of State funds that can be directly used to support program initiatives.
- Increased productivity by reducing unnecessary paperwork.
- More timely payments to vendors.

Federal studies have shown that purchasing cards produce an average savings of \$92 per transaction, and recent State reviews show that 91% of purchase orders are being issued for amounts of less than \$2,500.

Users shall follow instructions contained in the "State of Hawaii Purchasing Card Program and Procedures," (available at [www.spo.hawaii.gov](http://www.spo.hawaii.gov), pCard button). Small purchase procurement rules including the use of existing price lists, remain in effect. To prevent misuse of the pCard, restricted categories of expenditures have been designated by the State in PC 2003-06, Amendment 1, which is available at [www.spo.hawaii.gov](http://www.spo.hawaii.gov), pCard button. Departments must contact the State Procurement Office to lift any of these blocked or restricted designations. To have a category designated as restricted or blocked, contact your departmental pCard Administrator.

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Each department shall determine the number of pCards it needs and shall maintain adequate internal controls to prevent misuse. Departments shall also ensure that staff is trained and informed of the consequences of the misuse of the pCard.

Fiscal staff shall confirm that cardholders submit documentation of receipt and acceptance of goods and services, reconcile invoices and supporting documentation to the monthly statement of the pCard, and certify monthly purchase card statements by employees other than cardholders prior to payment of the statement amounts. Fiscal staff shall also ensure that purchases made by pCard that require recording in the fixed asset inventory are immediately recorded and tagged.

For additional information on the pCard, contact your departmental pCard Administrator or the State Procurement Office at 586-0577.

  
RUSS K. SAITO  
State Comptroller