

# Purchasing Card (P-Card) Training



DEPARTMENT OF GENERAL SERVICES  
BUREAU OF PROCUREMENT

APRIL 2013



# Course Navigation



This course is presented on a series of slides. Navigate through the slides by selecting the NEXT or PREVIOUS button



PREVIOUS



NEXT

You may exit the course at any time. When you return to the course, you can choose to resume the course or start from the beginning

Select the NEXT button now to start the course

# Topics of Discussion



- Introduction
- Flowchart of Purchasing-Card Process
- Policy and Guidelines
  - Overview
  - When can the P-Card be Used?
  - Unauthorized Use of the P-Card
  - Approved Usage
  - Unapproved Usage
  - Abuse of P-Card
  - Responsibilities
- Procedures for Use
  - Issuance
  - Security
  - Change of Cardholder Status
  - P-Card Enabled vs. P-Card Accepted
  - How to Use the P-Card
- Records Retention
- Definitions
- Reference Material

# Course Objectives



Upon completion of this course, you should be able to:

- Understand the benefits of using the P-Card
- Understand the transaction limit for the P-Card and how you cannot split purchases in order to circumvent the procurement process
- Understand what is an approved usage for the P-Card; what is not an approved usage; and what represents abuse of the P-Card

# Course Objectives



Upon completion of this course, you should be able to:

- Understand how to properly secure your P-Card
- Understand the difference between Enabled and Accepted
- Understand the five methods how a P-Card can be used in the procurement process

# Introduction



# Purpose



The Commonwealth Purchasing Card Program is authorized by Management Directive 310.23 and subject to all subsequent amendments and revisions. Management Directive 310.23 and the Procurement Handbook outline the policies, procedures, and processes that govern usage of the P-Card for the procurement of materials and services by which all purchases must comply

# Benefits



The P-Card offers many benefits to the Commonwealth and the supplier community. Suppliers are paid within two to three business days of the purchase. Additionally, the Commonwealth receives a **1.995% rebate** after a monthly purchase threshold is met, which will increase as spending with the P-Card increases. This rebate is returned to the Purchasing Cardholder's organizational budget



# P-Card Benefits



The P-Card will only affect the Commonwealth's credit status and not reflect on the cardholder's personal credit history. The cardholders are not responsible for payment of authorized purchases.

# Commonwealth Benefits



- Reduction/elimination of agency advancement accounts
- Reduction of paperwork due to electronic transfers
- Rebates when certain dollar amounts reached
- Quicker ordering process
- Quicker receipt of orders
- POs automatically generated
- POs auto-faxed to suppliers
- No Goods Receipts required
- Invoices do not need to be processed through Comptroller Operations
- Eliminates blocked invoices
- Ability to generate data for P-Card reconciliation process

# Commonwealth Benefits



- Using the P-Card does not change required documentation and approval process
- All purchases must be approved prior to a transaction
- Agencies can strictly enforce these procedures

# Supplier Benefits



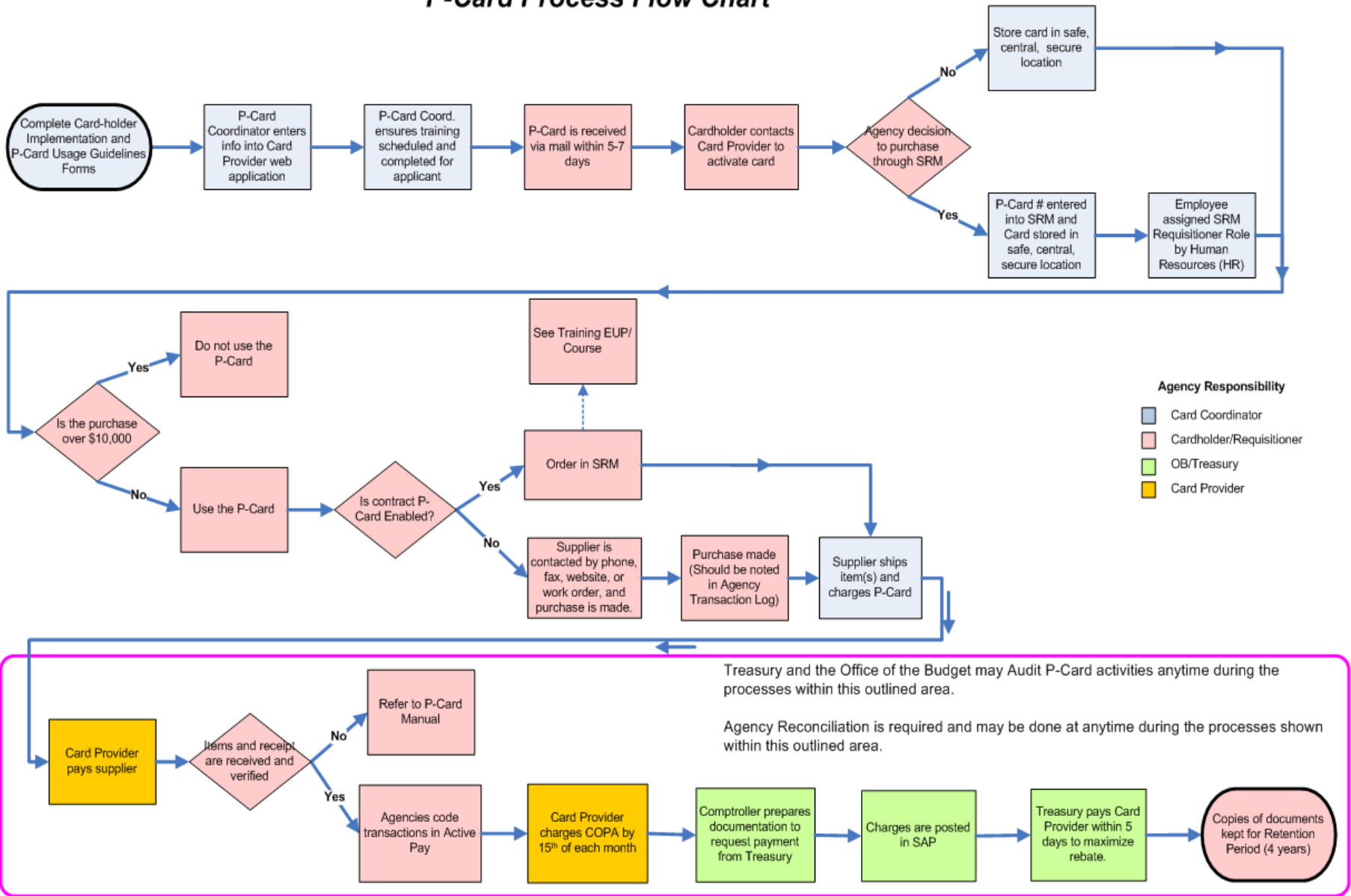
- Less paperwork
- Faster payment

# Flowchart

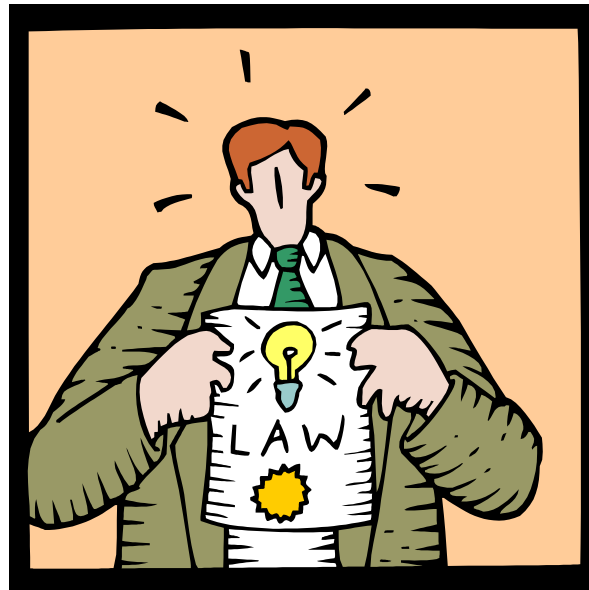


## **P-CARD PROCESS**

# P-Card Process Flow Chart



# POLICY & GUIDELINES



# Overview



The Commonwealth's P-Card is similar to a personal credit card in that the supplier receives payment directly from the card issuer rather than the Commonwealth. The supplier is required to pay a fee to the card issuer. Any and all card issuer fees related to this type of payment are the responsibility of the supplier



# Overview



1. The Commonwealth will not allow suppliers to increase prices to offset P-Card fees paid by the supplier or other card charges incurred by the supplier unless specifically stated in the terms of the contract or purchase order. Some suppliers may not agree to payment via the P-Card.
2. Additional guidance can be obtained by referring to Management Directive 310.23, amended, Commonwealth Purchasing Card Program.

# Overview



3. The P-Card provides a method of payment for materials and services procured in accordance with the Commonwealth's procurement policies. It is **NOT** a method of contract award. Procedural requirements for awards of contracts and orders must still be followed. Compliance with these requirements is the responsibility of the P-Card user.

# When can the P-Card be Used?



# When can the P-Card be Used?



The P-Card is a method of payment for materials/services

Before making a purchase, consider:

- Is the material/service on a Commonwealth or Agency contract?
- If the answer is yes, then you must procure the item from the contracted supplier
- Depending on the contract language and the amount of the purchase, payment may be made using the P-Card

# Using the P-Card



- P-Card most commonly used as a method of payment for:
  - Small, no-bid procurements (\$0 - \$10,000)
  - Purchases from DGS statewide contracts, when the contract allows for use of the P-Card and the value of the order does not exceed \$10,000. Some strategically sourced contracts allow for the use of the P-Card.

# Small, No-Bid Procurements



- \$0 - \$10,000
- Small, no-bid procurement purchases can be paid using the P-Card

# Per the DGS Procurement Handbook



- Small procurements should not reflect a pattern of repeated procurements from the same supplier and should reflect cost equal to or less than the market price
- Requirements cannot be artificially divided to stay within the small procurement threshold
- Do not go to the same supplier for everything unless the required item is under contract
- Should reflect best value – shop around
- Pay with the P-Card, if policy permits and if the supplier accepts the P-Card

# Determining Whether Need Falls Within Small, No-Bid Procurement



- Consider requirements for fiscal year
  - Review past history
  - Discuss planned needs for year
  - Use your organization's collective judgment
- If requirement exceeds \$10,000 in fiscal year, then Purchaser follows the requirements for formal method of bidding (over \$10,000). You cannot use your P-Card.



# Determining Whether Need Falls Within Small, No-Bid Procurement



- Scenario: What happens if requirement for a material is not anticipated to be over \$10,000 in a fiscal year and you make a P-Card purchase for \$7,000 and now there is an unanticipated requirement or another \$3,500 within the same fiscal year?
- Department practice: Seek informal quotes for the new, unanticipated \$3,500 requirement. Award to the lowest responsible and responsive supplier. Use your P-Card; however, document the scenario so it doesn't appear as circumvention.

# Unauthorized Use of the P-Card



# Unauthorized Use of the P-Card



- Gasoline purchased at the pump
- Plant Maintenance Highway-related Materials Inventory
- Travel and/or entertainment
- Encumbered purchase documents
- Purchases exceeding \$10,000
- Items of a personal nature and/or for personal use
- Cash advances
- Cash transactions
- Gift certificates and/or gift cards
- Split purchases, in attempt to circumvent the Procurement Code

# Transaction Limit



The P-Card shall be used to pay for the procurement of those materials and services permitted under the Procurement Handbook. The transaction limit shall not exceed \$10,000 except, for the Utility Purchasing Cards, which are restricted to payments for utilities only.

# Approved Usage



Agency personnel may use the P-Card for payment if **ALL** of the following are met:

1. The individual has been authorized by the Agency to use the P-Card
2. The Agency has authorized the use of the P-Card for the intended purpose
3. The procurement meets Small No-Bid Procurement guidelines as outlined in [Part 1 Chapter 7, Thresholds and Delegations](#)

# Approved Usage



4. The procurement is one of the following types:
  - a. For procurements of materials and services that are on DGS statewide contracts:
    - 1) Any procurements through the SRM catalogs from suppliers that accept P-Card payments
    - 2) P-Cards may only be utilized outside of SRM on contracts which have been identified as allowing P-Card use outside of SRM. To identify which contracts this applies; review the Contract Overviews posted on the DGS eMarketplace.
  - b. For procurements of materials and services that are **NOT** on DGS statewide contracts

# Unapproved Usage



Agency personnel shall not use P-Cards to pay for procurements when:

1. Purchase orders are split in order to remain below the Small No-Bid threshold and utilize the P-Card
2. Recurring shipments for the same material or service
3. Purchase documents are encumbered in SRM/SAP
4. The payment is for personal or non-Commonwealth purchases or to obtain cash
5. The purchase is for inventory items

# Unapproved Usage



- **Split Payment** – To make multiple payments of less than \$10,000. For example, an item \$9,500, and the freight charges are \$600 for a total purchase price of \$10,100. A split purchase would be to pay for the item and the freight separately.
- **Split Purchase** – Artificially dividing procurement requirements so as to constitute a small, no-bid procurement. (Procurement Handbook, Part 1 Chapter 6, D.4) (Example: Your need is for \$10,500; and you decide to do two separate purchases, rather than following the requirements for formal method of bidding)



# Abuse of P-Card



Disciplinary action may be taken when abuse of the P-Card is identified for improper or personal use

- Violations may result in immediate suspensions or revocations of a P-Card
- A corrective action plan may be required upon determination of a violation
- Personnel action up to and including termination



# Cardholder Responsibilities



- Safeguarding P-Cards
- Using P-Cards to pay for materials and services procured in accordance with the Procurement Handbook
- Obtain all approvals, if applicable, before making a purchase with the P-Card
- Verify internet sites are secure prior to placing an order
- Verify that no PA State Sales Tax is being charged

# Cardholder Responsibilities



- Maintaining procurement receipts in accordance with agency procedures
- Ensure the only individual authorized to make purchases is using the P-Card
- Promptly providing invoices requested by Treasury and/or the Office of the Comptroller, Bureau of Payable Services
- Provide purchasing card receipts and applicable supporting documentation to the Treasury Department within 2 business days of receiving a Treasury Department request. Invoices provided for Treasury Department audit, must be stamped “certified original” prior to submission
- Invoices requested by the Bureau of Payable Services must be provided within 2 business days

# Cardholder Responsibilities



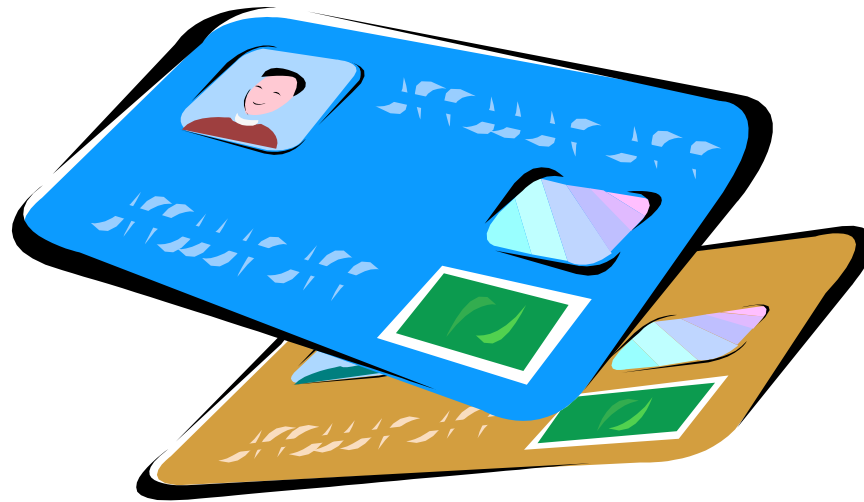
- Reconciling procurement receipts to monthly memo statement from the card issuer, if instructed to do so by agency coordinator
- Reporting to agency coordinator, merchant, and card issuer any disputed charges on monthly memo statement
- Reporting lost or stolen cards immediately to the 800 number provided by the Card Issuer and to the Agency Coordinator

# Cardholder Responsibilities



- Completing Form REV-1220, Pennsylvania Exemption Certificate and providing form to each merchant when using the card for the first time
- Surrendering P-Card to agency coordinator upon termination of employment

# Procedures for Use



# Issuance



Agencies will contact their Agency Coordinators for instructions on the issuance of P-Cards. The issuance of P-Cards involves the completion of the “Purchasing Card Implementation Form”.



# Security



- P-Card holder, stores card on person or in a locked drawer accessible only to the cardholder; (cannot be left in a vehicle)
- Credit card theft can occur if the P-Card is not kept secured
- P-Card holder maintains card security in regard to card number and expiration date
- P-Card holder and P-Card coordinator maintain P-Card confidentiality in regard to purchasing card information
- Credit card theft can also occur, if monthly statements and other documents that contain the P-Card number and expiration date are not handled in a secure and confidential manner



# Security



- The P-Card cannot be used by anyone else, other than the employee whose name is on the card
- P-Card holder notifies the bank and P-Card coordinator immediately if a card is lost/stolen
  - ✦ P-Card holder should also inform their supervisor
- P-Card holder should instruct supplier not to keep card numbers on file when placing orders

# Change of Cardholder and/or Authorized User Status



Any change in employment status should be reported to your agency coordinator. Such changes would include, but not be limited to:

- Bureau/Office
- Division/Section
- Department
- Reassignment
- Retirement
- Resignation
- Name Change
- Termination
- Etc

The cardholder is responsible for the P-Card and must take the proper action, prior to leaving the job

# P-Card Enabled vs. P-Card Accepted



- P-Card Enabled definition: you may use the P-Card in SRM to procure items from a DGS statewide punch-out or MSCC catalog Contract.
  - P-Card orders containing the appropriate information will be auto-faxed to the supplier
- P-Card Accepted definition: you may use the P-Card to pay for orders via fax, phone, email, etc., for items to be procured from DGS Statewide Contracts as long as the supplier accepts the P-Card for payment.

# How to use the P-Card



## **FIVE METHODS FOR MAKING THE PURCHASE USING THE P-CARD**

# In Person



1. Seek Supervisor approval for item(s) that are not under blanket approval
2. If unsure, verify with the Agency Purchaser that the material/service can be purchased using the P-Card
3. Obtain all other approvals required by the Department before purchasing
4. Verify the supplier accepts the purchasing card
5. Receives a receipt/invoice for the purchase

# In Person



6. Check the receipt/invoice for accuracy
7. Sign the receipt/invoice, only if all information is accurate. Never accept a supplier surcharge (except utilities) or PA State Sales Tax charge.
8. Verify the order is complete by logging receiving information
9. Track the purchase on the P-Card Transaction Log (if used)
10. Keep receipts/invoices in a secure location

# Telephone Orders



1. Seek Supervisor approval for item(s) that are not under blanket approval
2. If unsure, verify with the Agency Purchaser that the material/service can be purchased using the P-Card
3. Obtain all other approvals required by the Department before purchasing
4. Fill in Cardholder information on the P-Card Telephone/Fax Order Form, except for the supplier information (if applicable)
5. Telephone the supplier and verify the supplier accepts the P-Card

# Telephone Orders



6. Complete the supplier information section on the P-Card Telephone/Fax Order Form (if applicable)
7. Enter the unit price and the total price given by the supplier
8. Verify delivery address
9. Instruct supplier to identify purchase was made using a P-Card on all correspondence
10. When items are received, secure packing slip and other receipts in a safe location



# Fax Orders



1. Seek Supervisor approval for item(s) that are not under blanket approval
2. If unsure, verify with the Agency Purchaser that the material/service can be purchased using the P-Card
3. Obtain all other approvals required by the Department before purchasing
4. Complete the P-Card Telephone/Fax Order Form (if applicable)
5. Contact the supplier and verify the supplier accepts the P-Card and obtain pricing information


# Fax Orders



6. Fax the completed P-Card Telephone/Fax Order Form (if applicable) to the supplier. **Never Fax the P-Card number and/or expiration date.**
7. Call supplier after order has been faxed to provide the P-Card number and expiration date
8. Track purchase on the P-Card Transaction Log (if applicable)
9. Upon receipt of items, check the order for possible discrepancies, verify the receipt/invoice is correct. Verify the order is complete by logging receiving information.
10. Keep receipt/invoice in a secure location

# Internet Orders



- Internet orders are permitted; however it is required that only secure sites be used
- Secure sites are identified by
  - A lock or key icon 
  - URL address begins with https:\\
- Use caution when:
  - Doing business with unfamiliar companies
  - Making one-time-only purchases
  - Making out-of-state purchases

# Internet Orders



1. Seek Supervisor approval for item(s) that are not under blanket approval
2. If unsure, verify with the Agency Purchaser that the material/service can be purchased using the P-Card
3. Obtain all other approvals required by the Department before purchasing
4. Verify site is secure. Only secure sites can be used.
5. Print the order confirmation

# Internet Orders



6. Track purchase on the P-Card Transaction Log (if applicable)
7. Upon receipt of items, check the order for possible discrepancies, verify the receipt/invoice is correct
8. Verify the order is complete by logging receiving information
9. Keep receipt/invoice in a secure location

# SRM Orders



When placing an order in SRM, it is important to remember the following:

- Verify the supplier accepts the P-Card
- Confirm delivery address. If it is different from the purchasing cardholder's default shipping address, be sure to indicate place of delivery.
- Track purchase order on a P-Card Transaction Log (if applicable)

# SRM Orders



1. Seek Supervisor approval for item(s) that are not under blanket approval
2. If unsure, verify with the Agency Purchaser that the material/service can be purchased using the P-Card
3. Obtain all other approvals required by the Department before purchasing
4. Select the Requisitioner role. Once in the shopping cart, select the “Proceed Using P-card?” checkbox for each detail line.
5. Print the SRM Requisition (shopping cart)

# SRM Orders



6. Track purchase on the P-Card Transaction Log (if applicable)
7. Verify receipt/invoice is correct. Never accept a supplier surcharge (except utilities) or PA State Sales Tax charges.
8. Upon receipt of items, check the order for possible discrepancies, verify the receipt/invoice is correct
9. Verify the order is complete by logging receiving information
10. Keep receipt/invoice in a secure location



# Records Retention



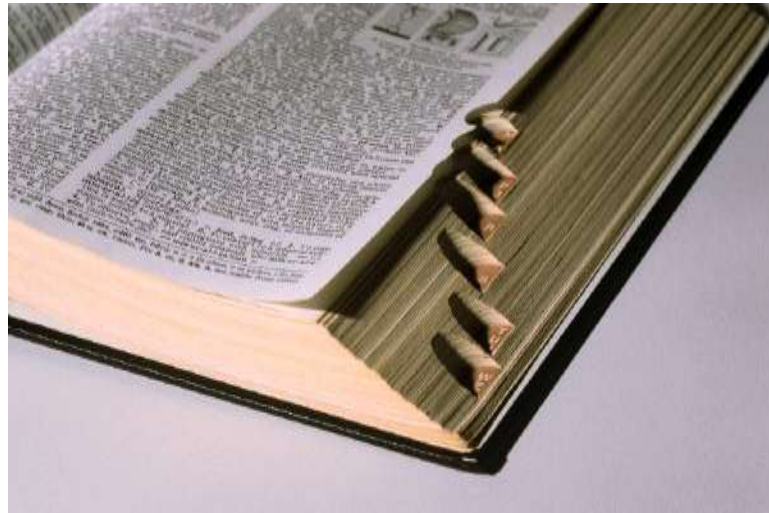
# Records Retention



All P-Card records are to be maintained by the purchasing agency for four (4) years.

In the event that the cardholder leaves the organization, all P-Card files must remain with the organization.

# Definitions



# Definitions



**Agency P-Card Coordinator** – Coordinates the P-Card Program for the Agency

**Audit** – A formal examination of an organization's or a cardholder's P-Card records by the agency coordinator, Comptroller's Office, or Treasury. In rare instances, the Auditor General may conduct audits as well. The audits will review proper utilization of cards, including paper procedures as required in the Act 57, Procurement Handbook, and Management Directives.

# Definitions



**Best Value** – The process of selecting the item which provides the greatest value to the Department based on evaluating and comparing all pertinent factors, including price, so that the overall combination that best meets the agency’s needs is selected

- Factors to consider could include: product performance, maintenance costs, warranty, quality, durability, past supplier performance, discounts, support and service, suitability for a particular purpose, and environmental considerations

**Cardholder** – Individual designated and authorized by the agency to make purchases on its behalf, using the P-Card

# Definitions



**Monthly Memo Statement** – A summary of all transactions that have taken place during the prior billing cycle

**Purchasing Card** – A credit card issued by the bank to an individual to be used for making authorized agency purchases

**Receipt/Invoices** – An itemized list of materials/services purchased that includes the supplier's full address, a detailed description of the materials/services purchased, quantity, unit price, and total price

# Definitions



**Reconciliation** – Process to check the Monthly Memo Statement against receipts/invoices and the Purchasing Card Transaction Log for accuracy

**Transaction Limit** – Maximum amount that can be charged for an individual transaction

**Transaction Log** – Used by Cardholder to keep track of charges made on the card

# Reference Material





# Reference Material




- [Management Directive 310.23 – Commonwealth Purchasing Card Program](#)
- By logging in at <http://www.comptrolleroperations.state.pa.us> and clicking the Purchasing Card subcategory under the Agency Resources menu option

# Survey



Select the link below to complete an online survey

<https://www.surveymonkey.com/s/6G736N7>



You will receive credit for completing this course within 24 hours. Please select the “Log Off” button in the lower right corner to close this course.

**THANK YOU!**