

Welcome to the Fiscal Officer Training for 2009 on the Purchase and Travel charge cards for the Commonwealth.

  
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## Charge Card Administration

### Types of Charge Cards

- Purchase Cards (PCards)
  - Small Purchase Charge Card (SPCC)
  - Gold Card
- Travel Cards
  - Employee Paid (Individual Liability) Travel Card
  - Agency Airline Travel Card (ATC)

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The Commonwealth has two basic types of charge cards. First is the Purchase Card also known as a PCard and secondly we have the Travel cards.

There are two types of PCards – first is the Small Purchase Charge Card or SPCC. Most PCards in the Commonwealth are SPCC cards. These cards have transaction limits up to \$5,000 and cycle limits up to \$100,000. The second type of PCard is a Gold card. These cards have transaction limits up to \$50,000 and cycle limits up to \$250,000. There are some Gold cards which have higher limits due to the cycle volume they process or a temporary increase to cover an invoice for a particular purchase.

There are two types of Travel cards – first is the Employee Paid (Individual Liability) Travel card where the cardholder is responsible for the payment to the card company each month. Second is the Agency Airline Travel Card (ATC) which is paid for by the agency and is only valid for airline and mass rail purchases.

  
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## Charge Card Administration

### Management of Card Program

- Program Administrator (PA)
  - Each agency has a Primary and a backup
  - They are DOA's and the vendor's point of contact
  - DOA is the Gold card program PA

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Each agency has staff who are designated as Program Administrators of the Purchase and or Travel Card program. DOA prefers to have one designated as a primary contact and one as a backup to ensure if the Primary PA is not available DOA and the card vendor can contact someone at the agency.

This staff person can be in any part of the agency, purchasing, fiscal, IT etc. Agencies have the ability to assign separate PA's for the PCard and Travel Card program. In some agencies they are the same individuals.

- The PA is responsible for all card maintenance: issuance of new cards, suspending and canceling cards, monitoring and canceling inactive cards, and modifying industry restrictions and limits on a case by case basis.
- The PA also is responsible for training cardholders in the proper usage and security of the card and procurement guidelines as well as training supervisors in their roles as reviewers.
- On an annual basis the PA must perform and document an analysis of each cardholders card usage and card limits to evaluate if changes are required. The PA must then submit an Annual Cardholder Review Certification to DOA stating it has been completed.

All Gold PCards are managed by DOA's Charge Card Administration Team so they serve as the PA for them.

  
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## Charge Card Administration

### Benefits of PCards

- Streamline procurement and payment of goods and service
- Reduces volume of vendor payments and associated administrative costs
- Consolidates vendor payment process

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- Purchasing cards offer State agencies and institutions the opportunity to streamline procedures for procuring and paying for small dollar goods and services.

- It reduces the volume of Accounts Payable transactions and the associated administrative costs by eliminating vendor invoices and consolidating multiple vendor payments into one monthly payment to the charge card vendor.

- In Fiscal Year 2008, it is estimated that use of the card avoided approximately 650,000 checks from being printed. Just think of the volume of voucher processing and data entry eliminated thus far. Not to mention the facilitation it provides for prompt pay requirements.**

  
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### 1099 Information

- DOA provides assistance to agencies on 1099 data capture on Pcards
- Provides transactions with MCCs identified as potential 1099
- Guide available from DOA

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- The current card vendor has a 1099 report available to PAs which captures the 1099 potential vendors and transactions for an agency in the Card provider's system. This system is accessible by the PA as well as other staff by using a Request form which is sent to DOA. Staff can have access to run this data throughout the calendar year.

- It provides any transactions which the Merchant Category Code (MCC) is identified by the IRS as potential 1099. Then the staff must further analyze the data with their other payable data for checks and EDI to determine who actually needs to receive a 1099.

- DOA's Charge Card Administration Team has a guide available to walk the staff remember through running the report to extract their data. This can be obtained by contacting us.

  
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### E-Commerce

- Maximize use of PCard (a “best practice”)
- Make accurate and timely payments
- Non-compliance reported in the Quarterly Report
- Appropriation Act § 4-5.06 g – check fee for payments not on PCard (threshold 70%)

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- Maximum use of the purchasing card program in conjunction with other electronic commerce initiatives IS a best practice.
- If each agency would identify one large transaction vendor each quarter for which the card should have been used, the overall compliance rate for the Commonwealth would increase steadily.
- It is essential to the statewide effort to reduce costs associated with paying for goods and services in the Commonwealth.
- Agencies and institutions not maximizing usage of the card and the associated savings are reported in the Comptroller's Report on Statewide Financial Management and Compliance.
- This includes those entities which fail to make accurate and timely payments as communicated in the CAPP manual.
- In accordance with the Appropriate Act, DOA charges a check fee for payments made via CARS which could have been placed on the card.
- Currently that fee is only imposed on those agencies falling below a 70% threshold during each quarter.
- The fee is \$5 per transaction \$5,000 and less which the vendor accepts the card if an agency's percent is below 70% for the quarter.

  
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### Travel Cards

- Employee Paid (Individual Liability) Travel Card
  - Cardholder makes payment directly to Card Company
  - Card will be suspended at 31+ days past due
  - Card will be closed at 61+ days past due and agency will deduct outstanding past due balance from cardholder's pay
  - Employees personal credit affected if 181+ days past due
  - Business use only
- Agency Airline Travel Card (ATC)
  - Agency makes the payment to Card Company
  - Can only be used for Airline and mass rail

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The Employee Paid (Individual Liability) Travel Card is not mandatory for state employees to use, but agencies cannot participate in any type of a travel card program without DOA approval. This card is not to be used for personal expenses. For this type of card the PA will receive a notice from the employee requesting a card and the PA will then enter their information in the Bank of America Works system to generate an email to the employee that will instruct them how to apply for the card online. This card must be paid for in full by the employee each month regardless if they have been reimbursed for the travel expenses by their agency. If this card becomes 31 days past due it will be automatically suspended until payment in full is received. At 61 days past due, the card will be permanently closed and payment in full will not re-instate the account. Per state policy the agency will deduct the outstanding past due balance from the cardholder's pay. If the card becomes 181 days past due, Bank of America will charge off the account to a collections agency and the balance will be noted on the cardholder's personal credit report.

The Agency Airline Travel Card (ATC) can only be used for purchase of airline or mass rail tickets and normally this card is held by staff who make travel arrangements for your agency. Any other type of charges attempted on the card will decline. For this type of card a paper application must be completed and submitted to the PA. The PA will then enter the information in Works to create the card request. This card is paid for by the agency each month.

  
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## Charge Card Administration

### Internal Controls

- Separation of Duties
- Training and Supervision
- Authorization and Approval
- Review and Reconciliation
- Security of Confidential Card Numbers
- Documentation

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This section applies to both PCards and Travel Cards.

- Why are you concerned about internal controls? – For several reasons:
- First: To ensure purchases are made only for legitimate business purposes – There has been a lot of publicity regarding Card programs and their misuse, including a recent article regarding another State's program. The program will be solid if your internal controls are in place.
- Second: To ensure purchases are in compliance with policies and procedures.
- Third: To ensure purchases are supported by adequate documentation
- And finally: To ensure reconciliations are reviewed and approved timely.
- Some of you may remember a newspaper alleging that the purchasing card program gave way to misuse of State assets. It should be noted that such misuse was not a result of the program as it is simply a method of payment. It is still incumbent upon the internal controls of an agency to ensure policies and procedures are followed.

  
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### Separation of Duties

- PCards:
  - Purchasing and receiving performed by separate individuals
  
- Agency Airline Travel Card (ATC):
  - Supervisor review of all purchases

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- Separation of Duties is a key control to prevent fraud or collusion.
- For PCards, always have separate individuals performing the purchasing and receiving functions.
- In regards to over-the-counter purchases, the mitigating control will be the supervisor/reviewer certification and approval of the monthly reconciliation as there is no “receiving” performed.
- For the Agency Airline Travel Card (ATC), those cardholders must maintain a log of all purchases that is reviewed by their supervisor to ensure the card is being used for Business Purposes only.

  
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## Charge Card Administration

### Training and Supervision

- Cardholders
  - Employee Agreement
- Supervisors
- Program Administrators
- Annual Re-training Required
- Online Training

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- Cardholders must receive annual training in the proper usage of their card.
  - DOA has training for SPCC cardholders, Travel cardholders, Agency Airline Travel Cardholders (ATC) and Gold Cardholders. Agencies can utilize these trainings or design their own to be approved by DOA.
  - SPCC and Travel cardholders must sign an Employee Agreement stating acknowledgement of the policies and procedures surrounding the use of the card. At a minimum this agreement must be signed every 2 years when the cards are renewed. Gold Cardholders are required to sign an Employee Agreement every year.
- Supervisors or reviewers of any cards which require a log (SPCC, Gold, and ATC Cards) are required to complete their respective annual training.
  - DOA has training available for supervisors along with a handy checklist of what they are to be completing in their role as Supervisor and when they sign off on the Log.
- Program Administrators take annual training as well by DOA to ensure they are current on all policies and industry best practices.
  - DOA throughout the year also publishes a Bulletin as well as send email updates pertaining to any policy changes or program changes.
- To ensure each party stays abreast regarding all program rules and regulations and are up to date on any changes which may have incurred over the year, annual re-training is also required.
- Training is available online and on occasion, DOA will hold trainings throughout the state or using the Web.

  
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### Authorization and Approval

- Transactions must be consistent with policy
- Transactions must be authorized and documented

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- Regardless of the card – PCard or Travel, all transactions must be consistent with policy!!!
  - Absolutely no personal purchases – official business purposes only!
  - No split transactions to bypass card limits or commodity restrictions!
- For the PCards:
- Transactions must be authorized and documented
  - eVa provides for automated workflow to ensure approvals are obtained.
  - Point of Sale purchases, as all purchases, must be well documented for subsequent review by the supervisor and yes, ultimately the auditors.

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## Charge Card Administration

### Review and Reconciliation

- Regular review by PA's are essential
- Reconciliations are required
  - PCards and ATC cards
- Consolidated review by Fiscal shop
  - PCards and ATC Cards
  - Travel Reimbursement for Individual Liability Travel
- Make payments timely – you do not have to wait until final reconciliation performed
- Use automated tools – Reports, e-Bill, etc

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- Regular review by PA's of each card program is essential in managing the program.
- Supervisors or Reviewers must review PCard (SPCC and Gold) and ATC cardholder monthly reconciliations to ensure compliance, accuracy, and adequate documentation.
- The Fiscal Office must receive PCard, Gold and ATC cardholder reconciliations which have been reviewed and approved by the supervisor or reviewer.
- Additionally, Fiscal must validate the consolidated bill received on behalf of the entire agency using these reconciliations along with one performed by the fiscal office for the central charge card bill.
- Please, please, please ensure your fiscal office is making the P-card payment timely and accurately as described in the CAPP Topic 20355. There is also a guide available for fiscal staff to assist them in processing the PCard and ATC bills.
- You do not have to wait until the final cardholder reconciliation is received by Fiscal. You are responsible for the amount billed regardless. Any items identified as inaccurate or questionable must be contested outside of the payment process.
- To facilitate timely and accurate reconciliations, encourage all cardholders and the fiscal office to use the automated tools available to them to include the Online Program Management Reports and e-bill.

  
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## Charge Card Administration

### Security

- Protect card number
- Do not share card number
- Do not email, fax, or mail full card number
- Suspend card
  - Misuse
  - Leave of absence – Maternity, Disability, Military
- Terminate card immediately
  - Employee Terminated
  - No longer needs use of a card

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- Emphasize to all cardholders – PROTECT THAT CARD NUMBER.
- Any card numbers should NEVER be shared.
- Do not email, mail or fax the full card numbers to anyone.
- If a cardholder is found to be in non-compliance – suspend the card.
- Suspend the card is someone is out for an extended period of time.
- And by all means, ensure cards held by employees moving out of positions where the card was required or terminating employment are cancelled immediately.

  
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### Documentation

- Policies and procedures should be well documented and updated timely
- CAPP Manual on DOA's website and in the Commonwealth's Knowledge Center (LMS)
- All transactions must be supported by sufficient documentation

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- Well documented policies and procedures promote employee understanding and help ensure compliance
- Additionally they help to ensure uninterrupted processing during employee absences and turnover.
- CAPP Topic 20355 Purchasing Charge Card and Topic 20360 Travel Charge Card give a huge amount of information regarding the rules and regulations over the purchasing and travel programs.
- However, internal policies, procedures and guidelines must be documented as well.
- Documentation also extends to sufficient support of the transaction.
- For example, receiving reports are required to be maintained as well as purchase orders. Be sure you have an audit trail that cannot be questioned.

  
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### CAPP Topics

- Topic 20355 Purchasing Charge Card
  - SPCC
  - Gold Cards
- Topic 20360 Travel Charge Card
  - Employee Paid (Individual Liability) Travel Cards
  - Agency Airline Travel Cards (ATC)

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•Be sure your agency Program Administrator is well versed in CAPP Topic 20355 for Purchase Cards and 20360 for Travel Cards. Also all other information available on DOA's web page and in the Commonwealth Knowledge Center (LMS) related to the card programs.

•The CAPP Topics are updated annually so it is imperative that the PAs are on top of all new changes.

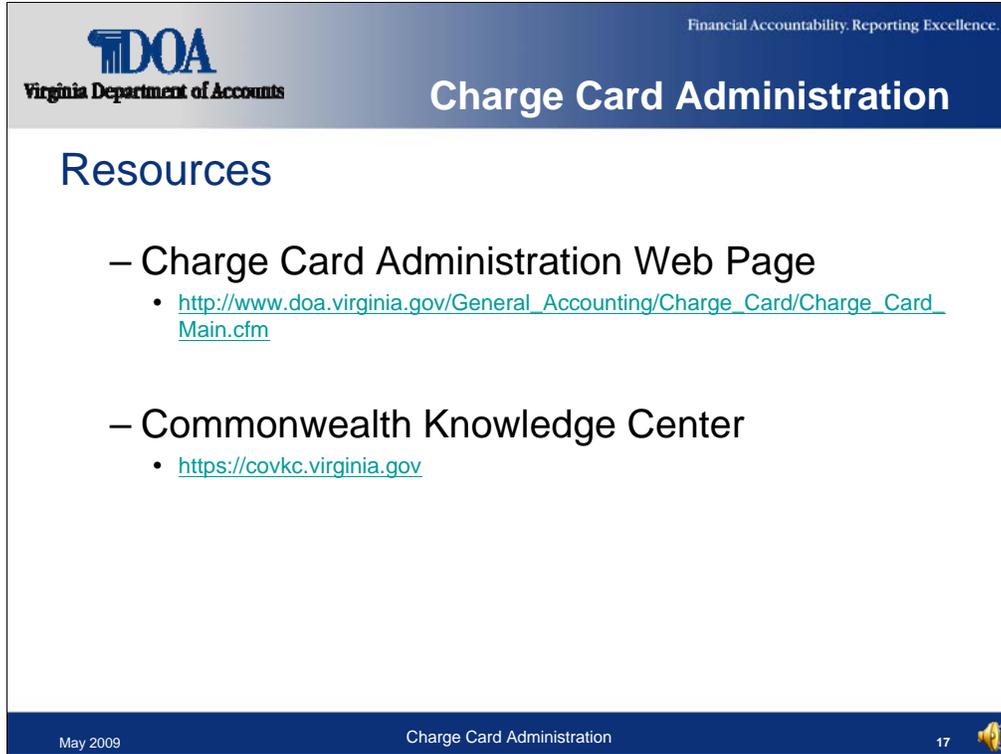
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## Other Initiatives

- Constant challenge
- Use of eVA – DGS/DP&S
- SWaM – DMBE
- PCards and Travel Cards – DOA
- All challenges can be met with some planning

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- As Fiscal Officers you are constantly challenged with meeting directives presented by various organizations in the Commonwealth.
- The Department of General Services has mandated use of eVA for the purchase of most goods and services
- The Department of Minority Business Enterprises (along with the Governor) have mandated a percentage of business be procured with small, women, and minority owned business where available.
- And of course the Department of Accounts mandates usage of the PCards and the option of Travel Cards.
- All these initiatives can be met with some planning. They are not in contradiction with one another but are all components of best practices related to procurement in State government.
- And finally, DOA's Charge Card Team is available for assistance in planning related to the Purchase and Travel Card programs – we are here for you.



The slide features a dark blue header with the DOA logo and the text 'Financial Accountability. Reporting Excellence.' on the right. Below the header, the title 'Charge Card Administration' is centered. The main content area is white and contains a 'Resources' section with two bullet points. The footer is dark blue and includes the date 'May 2009', the title 'Charge Card Administration', the page number '17', and a small logo.

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## Charge Card Administration

### Resources

- Charge Card Administration Web Page
  - [http://www.doa.virginia.gov/General\\_Accounting/Charge\\_Card/Charge\\_Card\\_Main.cfm](http://www.doa.virginia.gov/General_Accounting/Charge_Card/Charge_Card_Main.cfm)
- Commonwealth Knowledge Center
  - <https://covkc.virginia.gov>

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The following web pages are accessible to you and they provide a wealth of information regarding the charge card programs:

The Charge Card Administration Web Page

The Commonwealth Knowledge Center (LMS)

  
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## Charge Card Administration

### Resources

- CAPP Manual Topics
  - 20355, Purchasing Charge Card
  - 20360, Travel Charge Card
- Charge Card Bulletins
  - Issued periodically
  - Found on the Charge Card Administration web page and in the Commonwealth Knowledge Center

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There are a variety of resources available to you to assist you in the Purchase and Travel Card Programs such as the CAPP Manual Topic 20355, Purchasing Charge Card, and CAPP Manual Topic 20360, Travel Charge Card.

There are also Charge Card Bulletins containing program news and directives that are issued periodically. They can be found on the Charge Card Administration web page and in the Commonwealth Knowledge Center.

  
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### Contacts

- [cca@doa.virginia.gov](mailto:cca@doa.virginia.gov)
- 804-786-0874 – voice
- 804-518-4954 – facsimile
- US Mail:  
Virginia Department of Accounts  
Charge Card Administration  
eCommerce Unit, General Accounting  
PO Box 1971  
Richmond VA 23218-1971

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The following contacts are available to you:

There is a Charge Card Administration mailbox to address all Purchase card and Travel card inquiries to.

The phone and fax numbers are available to you for both programs.

And of course, if you ever need to mail us something, our address is indicated above. If you need our physical mailing address for UPS deliveries, please email the CCA email.