

## City's Purchasing Card (P-Card) 2016/2017 Usage Report and Program Internal Controls Update

Finance Department

Finance Committee  
March 8, 2017

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## BACKGROUND

1. Purchasing Card Program was implemented Oct 2006.
2. Bi-Annual Updates have been presented to the Committee on the progress of the P-Card Program
3. Last Detailed Report was provided to the Committee in Sept 2016
4. Committee requested additional information be presented at their December 7, 2016 Meeting



2

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## DISCUSSION

Staff was requested to provide a detailed review of the P-Card Program Internal Controls and Detail Usage Reports.



3

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## P-CARD PROGRAM INTERNAL CONTROLS

The City's P-Card Program has four levels of internal controls in place to protect program integrity and security. They are:

- 1) System Assigned Spend Control Profiles
- 2) Department Manager approvals
- 3) Finance Department accounting review
- 4) Internal Audit Division Review



4

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## INTERNAL CONTROLS – LEVEL 1

1. The first level of internal controls is based on system assigned spend control profiles.
2. All P-cards are assigned to a predefined spend profile group which restricts the types of merchants where a P-Card can be used
3. Examples of the types of merchants that are generally excluded are liquor stores, pawn shops, amusement parks, massage parlors, Examples of the types of merchants that are generally excluded are liquor stores, pawn shops, amusement parks, massage parlors, etc..



5

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## INTERNAL CONTROLS – LEVEL 1 (CONT'D)

4. P-Card System Spend Control Profiles are also used to set cardholder single transaction and monthly spending limits as approved by their department and within Purchasing guidelines



6

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## INTERNAL CONTROLS – LEVEL 2

1. The second level of internal controls is manager approval.
2. During each statement period the cardholder or department appointed account reconciler must review and sign-off on all transactions posted in the pcard system.



7

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## INTERNAL CONTROLS – LEVEL 2 (CONT'D)

3. The transactions are then automatically forwarded to the department manager or designee for electronic sign off.
4. PCard statements with attached receipts are to be kept in a central location so that they are easily accessible to internal auditors.



8

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## INTERNAL CONTROLS – LEVEL 2 (CONT'D)

5. If there is a questionable purchase, the manager or internal auditor take action to resolve the issue with the employee and/or Department Head



9

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## INTERNAL CONTROLS – LEVEL 3

1. The third level of internal controls is Finance Accounting review.
2. At the end of each statement period the Finance Accounting Division runs a monthly report of cardholder transactions and notifies the cardholder, approver, and Department Head or designee of any unapproved "past due" transactions.



10

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## INTERNAL CONTROLS – LEVEL 4

1. The forth level of internal controls is through our Internal Audit Division.
2. Internal Audit obtains and analyzes appropriate documentation to ensure all activities of the program are consistent with program and applicable City policies



11

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## INTERNAL CONTROLS – LEVEL 4 (CONT'D)

3. Internal Audit will request and set up meetings with P-Card representatives from the City departments whose transactions are selected for review.
4. Internal Audit will then develop a memo summarizing the review process and any observations noted. The memo will also include recommended corrective and/or course of actions for process improvement, if needed.



12

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## FY 2016-17 Usage by Department

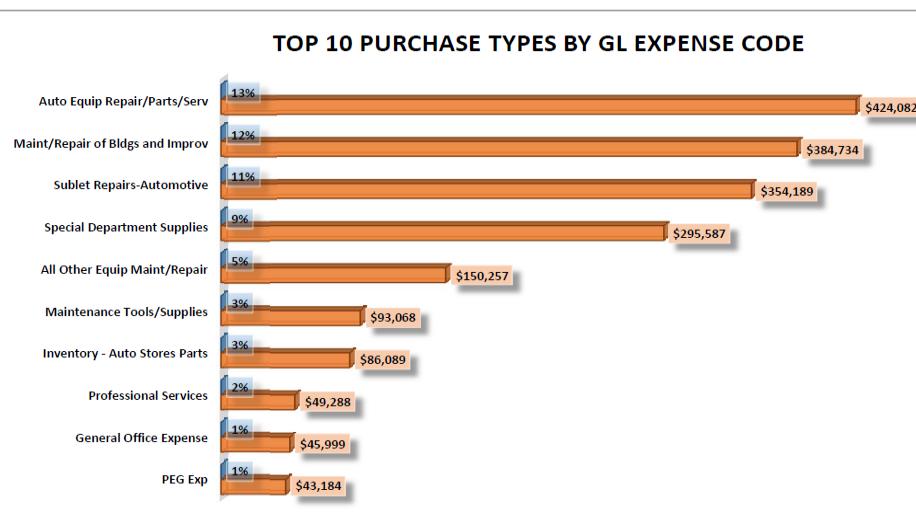
Department	Total Spend	% of Total Amount	Number of P-Cards
General Services	\$826,268.25	26%	36
Public Utilities	\$657,138.52	21%	96
Police	\$380,382.96	12%	8
Parks & Recreation	\$324,425.07	10%	65
Public Works	\$311,913.03	10%	32
Finance	\$274,660.32	9%	2
Fire	\$147,187.51	5%	74
City Manager	\$67,854.38	2%	7
Museum	\$51,836.79	2%	3
Community Development	\$49,076.29	2%	7
IT	\$31,029.58	1%	2
Library	\$29,014.58	1%	3
Human Resources	\$15,491.09	0.5%	3
City Clerk	\$6,948.16	0.2%	1
Mayor	\$6,860.05	0.2%	2
Office of the City Attorney	\$870.48	0.0%	1
<b>Totals</b>	<b>\$3,180,957.06</b>	<b>100%</b>	<b>342</b>

13



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## FY 2016-17 Top 10 Usage by GL Expense Code



14



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## PURCHASING CARD DETAIL USAGE REPORT

As part of the internal controls of the Program, managers and auditors use detailed reports from the P-Card system for review.

This and other reports are used to administer the P-Card Program as well.



15

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## REBATE SUMMARY

The Bank of America P-Card program includes a quarterly rebate based on dollars spent.

	FY 16/17 1ST QTR	FY 16/17 2ND QTR
P-CARD Purchase	\$31,461	\$29,097
ePayables	\$24,530	\$36,583
Total Rebate	\$55,991	\$65,680



16

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## RECOMMENDATION

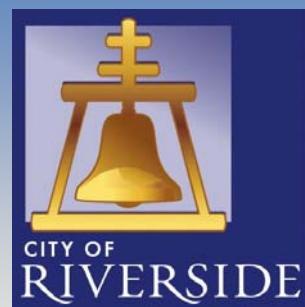
1. Receive the Update



17

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## Questions...



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18

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