



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

Finance Department

Finance Committee  
April 12, 2017

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### BACKGROUND

1. In 2007 the City of Riverside established the purchase card (P-card) program with Bank of America.
2. Bi-Annual Updates have been presented to the Finance Committee on the progress of the P-Card Program
3. Last Detailed Report was provided to the Finance Committee on September 14, 2016
4. On December 7, 2016 the Finance Committee requested additional information.



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## DISCUSSION

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



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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 Approval
- 3) Finance Department Accounting Review
- 4) Internal Audit Division Review



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## SYSTEM ASSIGNED SPEND CONTROL PROFILES

1. All P-cards are assigned to a predefined spend profile group which restricts the types of merchants where a P-Card can be used
2. Examples of the types of merchants that are generally excluded are liquor stores, pawn shops, amusement parks, massage parlors, etc..
3. 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



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## DEPARTMENT MANAGER APPROVAL

1. During each statement period the cardholder or department appointed account reconciler must review and sign-off on all transactions posted in the P-Card system.
2. The transactions are then automatically forwarded to the department manager or designee for electronic sign off.



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## DEPARTMENT MANAGER APPROVAL (CONT'D)

3. P-Card statements with attached receipts are to be kept in a central location so that they are easily accessible to internal auditors.
4. If there is a questionable purchase, the manager will take action to resolve the issue with the employee and/or Department Head.



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## FINANCE DEPARTMENT ACCOUNTING REVIEW

At the end of each monthly statement period the Finance Accounting Division runs a report of cardholder transactions and notifies the cardholder, approver, and Department Head or designee of any unapproved "past due" transactions.



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## INTERNAL AUDIT DIVISION REVIEW

1. Internal Audit regularly monitors P-Card transactions to ensure all activities are consistent with program and applicable City policies.
2. Internal Audit contacts the cardholder to discuss any questionable transactions.



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## INTERNAL AUDIT DIVISION REVIEW (CONT'D)

3. A summary Memorandum of review findings and recommendations is distributed to all Department Deputy Directors and/or Administrative Service Managers.



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## FY 2016-17 Usage by Department (July 1, 2016 – December 31, 2016)

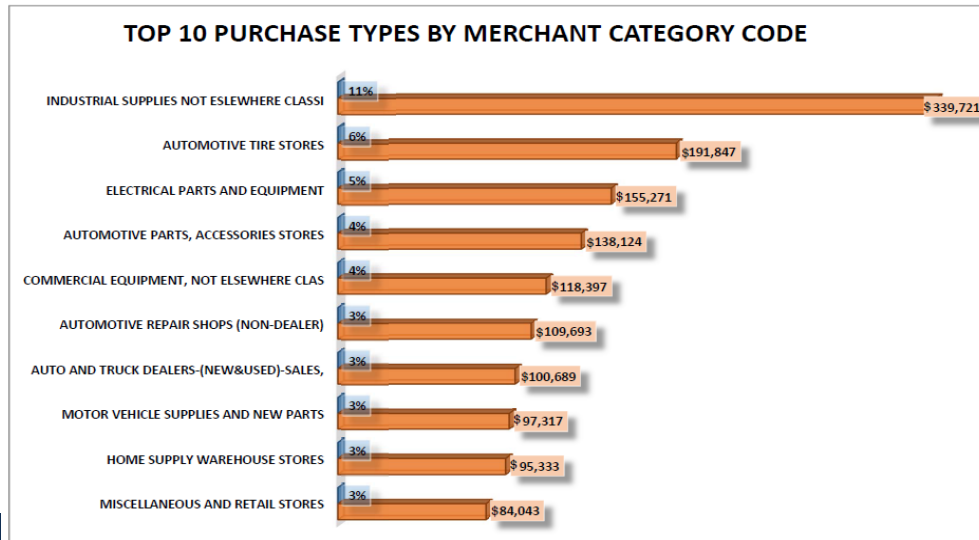
Department	Total Spend	% of Total Amount	Number of P-Cards
General Services	\$826,268.25	26%	36
Public Utilities	\$657,138.52	21%	96
Police	\$380,382.96	12%	8
Parks & Recreation	\$324,425.07	10%	65
Public Works	\$311,913.03	10%	32
Finance	\$274,660.32	9%	2
Fire	\$147,187.51	5%	74
City Manager	\$67,854.38	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>



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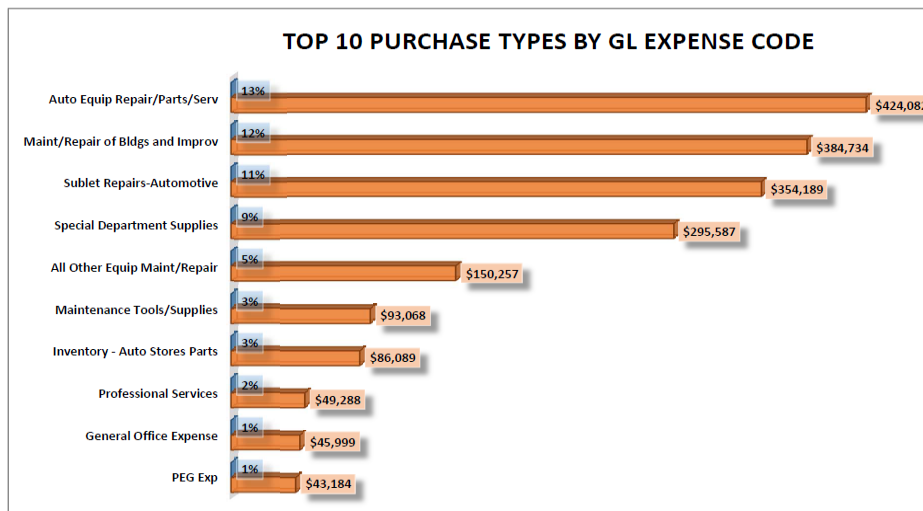
## FY 2016-17 Top 10 Spend by Merchant Category Code



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



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## PURCHASING CARD DETAIL SPEND 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.

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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



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## RECOMMENDATION

1. Receive and file this Update

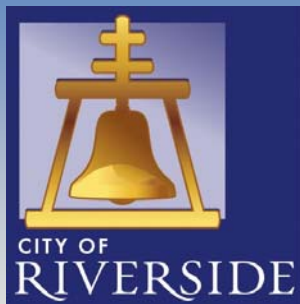


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## Questions...



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