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**Anchorage Alaska Intergroup**  
Effective Date: 09, 2015

**AAI Policy #: Undetermined**  
**Adopted: 02, 2014**  
**Revised: 09, 2015**

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## **Purchasing Card**

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Purpose:

The purpose of explaining the process who is able to have the P card, the purchases allowed on the P card, and how the purchases are reviewed.

Additional Authority:

None

Scope:

Anchorage Alaska Intergroup

Responsible Party:

Anchorage Alaska Intergroup

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### **POLICY**

#### **Policy Statement**

AAI Purchasing Cards (PCards) are AAI-liability credit cards issued in the names of authorized, trained AAI Treasurer to purchase certain eligible goods and services in support of AAI. Only eligible direct AAI business expenses may be charged to the PCard; personal purchases are strictly prohibited. All PCard transactions must be supported by a detailed business purpose and by original proof of purchase documentation. All transactions must be reviewed by AAI. Improper use of the PCard, including use of the PCard for personal purchases, may result in disciplinary action.

#### **Reason for Policy**

The PCard's efficiency and ease of use reduce administrative burdens on AAI Treasurer but also expose AAI to risk. Potential risks associated with the PCard program include inappropriate card use, internal and external fraud, inappropriate general-ledger-coding allocation, non-compliance with IRS rules, and reputational damage to the AAI. This policy ensures that sufficient controls are in place to mitigate these risks.

#### **Who Must Comply**

All AAI officers must comply.

## Procedures

- A. Applicants
- B. Cardholders
- C. Reviewers

### A. Procedures for Applicants

1. **Confirm eligibility.** With proper approvals, the following individuals are eligible to apply for a AAI Purchasing Card
  - a. AAI Treasurer
2. **Understand cardholder responsibilities.**
  - a. read and understand this policy in full.
  - b. complete the required PCard training. **Applicants must successfully complete training before a PCard will be issued.**
  - c. PCard privileges may be suspended or revoked for misuse or for failing to follow required procedures for Cardholders.
3. **Submit an application.**
  - a. complete and sign a PCard application form,
  - b. obtain the signature of AAI Chair on the application form, and
  - c. submit the completed application form to AAI Correspondance Secretary.
4. **Receive the PCard.**
  - a. receipt of the card will take approximately 7 – 10 business days.
  - b. the AAI Chair provides cards to applicants after the applicants have completed training.

### B. Procedures for Cardholders

1. **Safeguard the PCard.**
  - a. protect the PCard from loss and theft.
  - b. don't allow others to use your PCard.
  - c. notify the card provider and AAI Chair immediately if the PCard is lost or stolen or if fraudulent activity occurs.
  - d. return the PCard and any outstanding receipts to the AAI Chair if you leave your position,
  - e. transfer all standing orders/recurring transactions to a replacement PCard account if your card is lost, stolen, or canceled for any reason.
2. **Make allowed purchases only.** The PCard must be used only for AAI business expenses within pre-approved spending limits.
  - a. allowable expenses:
    - a. Small dollar purchases that can't be made via AAI checks.
    - b. travel and entertainment expenses for speakers, and
    - c. food expenses for speakers.
3. Prohibited Purchases:
  - a. **personal purchases, and**
  - b. gift certificates/gift cards of any amount,

4. **Get and keep receipts for purchases**
5. The proof-of-purchase document must include the following information:
  - a. name of merchant,
  - b. location of merchant, and
  - c. date of transaction dollar amount
6. Examples of documentation are below. Originals are strongly preferred, but copies are acceptable if originals are not available.
  - a. detailed cash or sales receipts,
  - b. packing slips with a dollar amount,
  - c. subscription or dues forms,
  - d. conference registration forms,
  - e. statement-of-work reports from suppliers, and
  - f. photocopies of software mail-order forms.
7. For purchases where no receipt is generated (e.g., a recurring subscription expense or other standing order), a copy of the associated monthly cardholder statement and a complete explanation of the expense must be kept.
8. For purchases where a receipt is issued but then lost: for purchases equal to or greater than \$75, cardholders must complete and submit a Missing Receipt Affidavit.
9. **Review PCard transactions before sweep.**
  - a. the PCard monthly sweep usually runs on the first of the month,
  - b. each month, review all transactions in the PCard settlement system to ensure charges are legitimate, and
  - c. a detailed business purpose is required for each transaction.
  - d. each business purpose must include:
    - i. **Who** incurred the expense or who benefitted; specific names of individuals/groups are required.
    - ii. **What** the expense entailed (e.g., item purchased or activity conducted)
    - iii. **Why** this is an AAI expense (i.e., specific reason, purpose)
    - iv. **Where** the event or activity took place (if not apparent in transaction detail or receipts)
    - v. **When** the event or activity occurred (if not apparent in transaction detail or receipts)
    - vi. If using a third party payment service, like PayPal, include the ultimate vendor name in the business purpose.
10. confirm or correct the general ledger coding of all transactions in the PCard settlement system. When charging against a restricted fund, ensure all charges are consistent with sponsored or donor restrictions.
11. **Submit required documentation promptly.**
  - a. attach the required proof-of-purchase documents to a printout of the weekly PCard Settlement System Report before the transactions are swept, and
  - b. forward receipts and settlement report to the local PCard reviewer.

### C. Procedures for Reviewers

#### 1. Understand reviewer responsibilities before performing duties.

Reviewers are responsible for verifying that all PCard transactions are legitimate AAI expenses and for taking action on questionable charges.

- a. read and understand this policy,
- b. complete the required PCard training,
- c. contact the AAI Chair to discuss any additional local PCard training and/or policy requirements.

#### 2. Review PCard transactions before monthly sweep.

- a. verify that each transaction to be swept in the settlement system:
  - i. Is an allowed, legitimate AAI PCard expense in accordance with this policy;
  - ii. Has a complete detailed business purpose entered into system; and
  - iii. As supporting proof-of-purchase documentation from the cardholder.

- a. be aware of potential misuse,
  - i. Monitor frequency of Missing Receipt Affidavits (MRAs) in lieu of receipts.
  - ii. Report suspicious activity to the AAI Chair.
- b. confirm that all transactions are charged to the appropriate general ledger accounts and make changes if necessary, and
- c. mark all transactions as “reviewed” in the PCard settlement system under your name (not the cardholder’s name).

#### 3. Keep required documentation.

- a. reviewers must ensure they have original proof of purchase documentation, and
- b. retain this documentation.

#### 4. Address unreviewed charges. While AAI requires all PCard transaction be reviewed before being swept, it cannot prevent an unreviewed PCard transaction from being swept on its scheduled sweep date. It is understood that a very small percentage of unreviewed transactions may sweep each month due to some unseen reason. These charges must be addressed and documented as soon as possible after the sweep.

- a. ensure that any transactions that are swept without review are supported by:
  - i. Detailed business purposes that are written; and
  - ii. Required documentation, retained in accordance with this policy, in the event of an audit
- b. prepare journal vouchers to correct incorrect general ledger coding, if necessary. Detailed notations of coding corrections must be written, and

- c. AAI Chair may revoke PCards from users if transactions are not properly reviewed.

**5. Appoint backup approvers, as appropriate.**

- a. ensure sufficient backups to cover vacations and unexpected absences.

**Definitions**

**Reviewer:** a person assigned by the AAI executive officers. Reviewers are primarily responsible for ensuring that PCard transactions are properly supported and reviewed in the settlement system by someone other than the cardholder.

**Sweep:** a process that takes transaction information (including business-purpose and account-coding information) from the settlement system and imports it into AAI's general ledger. Sweeps are usually run once a month, on first week, though monthly sweep schedules change due to holidays, fiscal-year end, and other factors.