

The Town of Spring Lake

BOARD OF ALDERMEN

Larry G. Dobbins, Mayor Pro Tem
James Christian, Alderman
Densie Lucas, Alderwoman
James P. O'Garra, Alderman
Fredricka Sutherland, Alderwoman



CHARTERED IN 1951

OFFICE OF THE MAYOR

Chris V. Rey, Mayor

ADMINISTRATION

Addison "Tad" Davis IV, Town Manager
Rhonda D. Webb, Town Clerk
Robert A. "Tony" Buzzard, Town Attorney

June 8, 2016

Ms. Beth A. Wood, CPA
State Auditor
Office of the State Auditor
2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699-0601


Dear Ms. Wood:

Thank you for your letter dated May 23, 2016 and for the exceptional work of your staff regarding the investigation of allegations concerning the Town of Spring Lake, NC. Our Town accepts the findings and recommendations of the audit team. Attached at Enclosure 1, you will find our response to the audit team's three findings and recommendations, to include a summary of our plans and the corresponding suspense date assigned for completion of each corrective action.

I believe it is also important to note that the Town has already made significant progress to address 2 of the 3 findings, and developed a methodology to address the remaining finding. We have reviewed, revised, and reissued key Financial Management and Accounting policies as well as instituted stringent management controls to ensure Town policies are followed, as well as ensured the Board is kept informed through routine compliance updates (Finding #2). Additionally, the Town has taken action to bill the real estate management company for under-billed water services and ensured that all meter readers have received refresher training on how to properly read each of the various meters currently in use throughout the Town (Finding #3). Further, we are poised to review the entire list of questionable purchases, one transaction at a time, to determine those that warrant reimbursement to the Town and consideration of employee disciplinary action (Finding #1).

Thank you again for your attention to this matter. The Town of Spring Lake takes the audit findings seriously and will strive to improve those processes related to proper financial management and accounting of Town business in order to properly comply with accepted state and local government guidelines, as well as, endeavor to restore the faith and confidence our citizens have in the Town's ability to govern. "Unity for Prosperity"

Yours in service,


Chris V. Rey
Mayor

Encl

VOICE: (910) 436-0241

300 Ruth Street
Post Office Box 617
Spring Lake, NC 28390-0617
www.spring-lake.org

FAX: (910) 436-2667

Enclosure 1

Subject: Town of Spring Lake, NC Response to the State of North Carolina Investigative Report, May 2016**Finding #1. Town Employees and Board Members spent more than \$122,000 on questionable purchases.****Recommendations:**

- **The Board of Aldermen should provide oversight of Town operations to ensure accountability for town resources. Completed.** The Board provides oversight of Town operations through the most recently hired Town Manager (July 2015) who brings to the job extensive leadership, community engagement, and financial management experience. He is assisted by the most recently hired Finance Director (September 2015) who was hired by the Town and performed Interim Finance Director duties from April 2015 until his selection as the Finance Director in September 2015. (FYI: The former Town Manager resigned in March 2015 and the former Interim Finance Director was dismissed by the Town in April 2015). The Town Manager provides detailed Weekly Updates to the Board on the state of Town operations and engages daily with the Mayor and Board members regarding issues and concerns they might have concerning Town operations. Further, a Manager's Update is provided to the Board at the bi-monthly Board of Aldermen meetings. In particular, a routine update on the Town Manager's completion of the monthly Purchasing Card review is provided to Board members in the Weekly Update. Additionally, a comprehensive update on implementation of the Town budget is formally presented to the Board on a quarterly basis. Future quarterly updates to the Board will include a summary of the Purchasing Card transactions for the preceding quarter.
- **The Town should consider disciplinary actions against management that did not properly enforce policies and management/staff/Board members that misused their procurement cards. Underway.** Upon receipt of additional information from the State Auditor's Office, regarding the details of individual financial transactions, the Town is poised to review the entire list of questionable purchases, one transaction at a time, to determine those not made in the best interest of the Town and that warrant consideration of management/staff/Board member disciplinary action. **Suspense:** Complete review of transactions and take disciplinary action within 120 days or less of receiving additional information from the State Auditor's Office.
- **The Town should seek reimbursement from Town employees for purchases unrelated to Town business. Underway.** Upon receipt of additional information from the State Auditor's Office, regarding the details of individual financial transactions, the Town is poised to review the entire list of questionable purchases, one transaction at a time, to determine those not made in the best interest of the Town and that warrant reimbursement by the Town employee or Board member in question. **Suspense:** Complete review of transactions and initiate action to seek reimbursement within 120 days or less of receiving additional information from the State Auditor's Office.
- **The Mayor, Town Manager, Finance Director, and department supervisors should monitor charges to Town procurement cards. Completed.** The Town's policy on the

use of Purchasing Cards (Annex A) was reviewed, revised and reissued by the Board in November 2015. It prescribes the respective management controls designed to ensure oversight and approval of Purchasing Card transactions at every level within the organization culminating in a detailed Purchasing Card review conducted monthly by the Town Manager, Finance Director, and Purchasing Card Program Administrator. The results of the monthly review are reported to the Mayor and Board the week of the review in the Town Manager's Weekly Update. Additional management controls to enhance overall accountability of Purchasing Card use was the Town Manager's formal designation of only 12 approved Purchasing Cardholders across the entire Town (see memo at Annex B for current list of authorized Purchasing Cardholders) and the placement of a \$100.00 limit on purchases without prior Town Manager approval. To ensure consistent management of the Purchasing Card Program a member of the Finance Department was formally designated as the Town's Purchasing Card Program Administrator (Annex C).

Finding #2. Town Employees and Board Members spent more than \$366,049 on purchases in violation of Town policies.

Recommendations:

- **The Town Manager and Finance Director should enforce policies and implement procedures to ensure employees and board members understand Town policies and procedures. The Town Manager and Finance Director should communicate changes to existing policies and procedures to employees and board members in a timely manner. Completed.** The Board has reviewed, revised, and reissued key Financial Management and Accounting policies, implemented by the Town Manager, as well as instituted stringent management controls to ensure Town policies are properly implemented. Additional management controls to enhance overall accountability of Purchasing Card use includes the Town Manager's formal designation of only 12 approved Purchasing Cardholders across the entire Town (see memo at Annex B) and the placement of a \$100.00 limit on purchases without prior Town Manager approval. To ensure consistent management of the Purchasing Card Program a member of the Finance Department was formally designated as the Town's Purchasing Card Program Administrator (Annex C). Further, the Board has reviewed, revised and reissued several additional key policies that will greatly enhance overall financial management practices and ensure accountability at every level within the organization, they include the following: Purchasing and Contracting, Elected Official Travel, and Employee Travel. These policies provide their own procedures and management controls that are currently implemented on a daily basis throughout the Town and have gone a long way toward institutionalizing greater accountability and a very cost conscience organization.
- **The Mayor, Town Manager, Finance Director, and department supervisors should monitor charges to employees' procurement cards for compliance with Town policies and procedures. Completed.** The Town's policy on the use of Purchasing Cards (Annex A) was reviewed, revised and reissued by the Board in November 2015. It prescribes the respective management controls designed to ensure oversight and approval of Purchasing Card transactions at every level within the organization culminating in a detailed Purchasing Card review conducted monthly by the Town Manager, Finance

Director, and Purchasing Card Program Administrator. During the course of this review, the individual transactions for each Purchasing Cardholder are screened to ensure they support Town requirements and are reconciled against the monthly bank statement for their respective account. The results of the monthly review are reported to the Mayor and Board the week of the review in the Town Manager's Weekly Update. Further, on a quarterly basis the Board will receive a summary of the Purchasing Card transactions for the preceding quarter. Additional management controls to enhance overall accountability of Purchasing Card use was the Town Manager's formal designation of only 12 approved Purchasing Cardholders across the entire Town (see memo at Annex B) and the placement of a \$100.00 limit on purchases without prior Town Manager approval. To ensure consistent management of the Purchasing Card Program a member of the Finance Department was formally designated as the Town's Purchasing Card Program Administrator (Annex C).

- **The Town Manager and the Finance Director should ensure the Town retains procurement card records according to the approved records retention and disposition schedule. Completed.** Purchasing Card records are retained for three (3) years in accordance with State of North Carolina Records Retention and Disposition Schedule, September 10, 2012. Further, the assigned duties of the Purchasing Card Program Administrator (Annex C) includes the specific responsibilities of maintaining all records for Purchasing Cards. Additionally, a Key Control Log has been established to restrict access to the storage area for Town financial records, to include Purchasing Card transaction files.

Finding #3. The Town failed to bill, record, and collect \$90,930 from a customer for utility services.

Recommendations:

- **The Town should retroactively bill the real estate management company for unbilled water services. Completed.** The Town has billed the real estate management company for under-billed water services.
- **The Town should consult with the North Carolina Treasurer's Local Government Commission to properly account for the unbilled revenue in its financial statements. Underway.** Coordination has been initiated with the Local Government Commission to ensure proper accountability of unbilled revenue in the Town's financial statements. **Suspense:** Within the next 30 days or less a detailed plan will be developed to ensure proper accountability of the unbilled water on our financial statements.
- **The Town's revenue collection department and finance office should review the monthly meter readings and billings for accuracy. Underway.** While a monthly water/sewer report is currently completed by the Town's Revenue Collection Department and the Finance Department, periodic reports are not currently provided to the Town Manager for further review, comment, and, if warranted, corrective action. **Suspense:** By July 1, 2016 or earlier a process will be instituted to ensure the conduct of a monthly review of the water/sewer report by the Town Manager, Finance Director, Revenue Collection Supervisor, and the Director of the Water Department.
- **The Town should train employees to ensure meters are read and recorded correctly and customers are billed based on water usage. Underway.** All Town meter readers

have received refresher training on how to properly read each of the various meters currently in use throughout the Town. In order to ensure that customers are billed based on actual water usage, between June 1, 2016 and August 30, 2016 the Town will convert from reading meters to the nearest 1000th gallon to a system of reading meters to the nearest gallon which we believe in turn will provide customers with a more accurate understanding of their actual water consumption. Additionally, one of the Town's three meter readers has completed the NC AWWA-WEA Meter Technician Certification Course. The other two meter readers will attend the NC AWWA-WEA Meter Technician Course in September 2016. The Town's Revenue Collection Specialist completed the Utilities Billing and Collection Administration Workshop at the UNC School of Government.

Suspense: While refresher training has been completed for meter readers, the certification course for the remaining two meter readers should be completed by September 20, 2016. The conversion to reading individual meters by the gallon will be completed by August 30, 2016.

Annex A

Town of Spring Lake	ADMINISTRATIVE & FINANCIAL POLICIES		SUBJECT: PURCHASING CARDS
	Number 9	Revisions 1	Board Approval Date November 9, 2015
North Carolina	Supersedes January 1, 2010	Effective Date November 10, 2015	Page 1 of 20

9.0 FORWARD

This policy is intended to provide guidance and establish a methodology for use and to define the limits of use of the Town of Spring Lake’s issued purchasing cards provided to certain personnel in order to make purchases of goods and/or services.

9.1 PURPOSE

A purchasing card is designed to provide the user a more flexible and efficient way to handle small purchases by reducing costs and paperwork associated with them. It also empowers the cardholder to acquire the necessary materials to conduct business and /or deliver services in a more convenient and expeditious manner.

9.2 APPLICABILITY

This policy is applicable to all personnel, who use a Town issued purchasing card.

9.3 REFERENCES

Town of Spring Lake Purchasing and Contract Policy

9.4 ATTACHMENTS

- 9.4.1 Sample “Request for Purchasing Card”
- 9.4.2 Sample “Cardholders Agreement”
- 9.4.3 Sample “Card Destruction Notice”
- 9.4.4 Sample “Purchasing Card Log”
- 9.4.5 Sample “Cardholder Dispute Form”

- 9.4.6 Sample “Lost or Stolen Card Notification”
- 9.4.7 Sample “Return Merchandise Form”
- 9.4.8 Sample “Purchasing Card Maintenance Request”
- 9.4.9 Sample “Purchasing Card Check Out Request”

9.5 **ABBREVIATIONS**

- 9.5.1 TPCP Town Purchasing Card Program

9.6 **DEFINITIONS**

- 9.6.1 Vendor Company or individual from which the Town is purchasing materials and/or equipment or services under the provisions of this policy.
- 9.6.2 Cardholder Town personnel who have been issued purchasing cards and who are authorized to make purchases in accordance with these procedures.
- 9.6.3 Approving Supervisor The cardholder’s supervisor or higher level manager, who shall review and approve a cardholder’s monthly statement of account.
- 9.6.4 Coordinator The departmental employee responsible for collecting the approved monthly statements and forwarding them to Finance for payment.
- 9.6.5 Statement of Account This is the monthly listing of all transactions by the cardholder, issued by the bank directly to the cardholder.
- 9.6.6 Single Purchase Limit A dollar amount limitation of purchasing authority delegated to a cardholder. This dollar limit may vary from cardholder to cardholder.
- 9.6.7 Monthly Cardholder Limit This is a budgetary dollar limit established for each card holder.

- 9.6.8 Transaction The act of making a purchase with the purchasing card.
- 9.6.9 Requisitioner A Town employee who has a need for materials or services that can only be fulfilled by a vendor. Under this Policy, a requisitioner may be a cardholder.
- 9.6.10 Program
Administrator Finance Department employee with the responsibility of administering the purchasing card program.

9.7 RESPONSIBILITIES

- 9.7.1 The Finance Director shall be responsible for the implementation and enforcement of this policy including annual refresher training for all personnel using a purchasing card.
- 9.7.2 All personnel using purchasing cards under this policy shall be responsible for the purchasing card and its use in accordance with this policy, including attending annual refresher training.

9.8 RECEIVING A PURCHASING CARD

- 9.8.1 Department Heads may propose personnel to be cardholders by contacting the Program Administrator to obtain and submit a completed "Request for Purchasing Card" form.
- 9.8.2 The proposed Cardholder shall be issued a copy of this policy and shall be required to sign a "Cardholders Agreement" attesting that the employee has received training on the purchasing card policies and procedures, understands the policies and procedures and accepts his/her responsibilities as a TPCP Cardholder.
- 9.8.3 The Program Administrator shall maintain all records for Purchasing Card requests, limits, cardholder transfers and lost/stolen/destroyed card information.
- 9.8.4 The Town Manager shall have final approval of Purchasing Cardholders.

9.9 AUTHORIZED PURCHASING CARD USE

- 9.9.1 The unique Purchasing Card that the Cardholder receives shall have his/her name embossed on it. The cardholder is responsible for all purchases made with this card, whether personally or on behalf of or by another employee.

9.9.2 Use of the Purchasing Card shall be limited to the following conditions:

- a. The total value of a transaction shall not exceed a Cardholder's single purchase limit. Payment for a purchase SHALL NOT be split into multiple transactions to stay within the single purchase limit.
- b. All spending limits SHALL BE adhered to.

9.9.3 The Cardholder shall inform the Vendor that the goods are for the Town of Spring Lake use and are to include sales tax on the purchases.

9.9.4 The items or services that may be procured by using the purchasing card are limited by Section 9.10.

9.10 UNAUTHORIZED PURCHASING CARD USE

9.10.1 The Purchasing Card **SHALL NOT BE USED** for the following:

- a. Personal purchases or identification.
- b. A single purchase that exceeds the Town's purchasing limits or the Cardholder's single purchase limit.
- c. Cash advances.
- d. Non-emergency telephone calls or monthly telephone service.
- e. Purchases from vendors that have Merchant Blocking.
- f. Use of the Purchasing Card shall not be used to circumvent the spirit of the Town's Purchasing and Contract Policy.
- g. Alcohol

9.10.2 A Cardholder who makes unauthorized purchases or carelessly uses the purchasing card will be liable to the Town for the total dollar amount of such unauthorized purchases plus any administrative fees charged by the Bank in connection with the misuse. The Cardholder will also be subject to Town of Spring Lake Personnel Policy disciplinary action.

9.10.3 A Cardholder who has an unauthorized purchase or who carelessly uses the purchasing card will receive a written warning, refresher training and 60 day suspension of purchasing privileges on the first offense. The second offense will be followed by a written warning and card privileges will be revoked

permanently. Additionally, the Cardholder will also potentially be subject to further disciplinary action.

9.10.4 The Cardholder will be responsible for the total dollar amount of any unauthorized purchases. The Town will use all means available to recover the cost of the unauthorized purchase to include payroll deduction from the cardholder's next Town of Spring Lake paycheck.

9.11 CARDHOLDER RECORD KEEPING

9.11.1 When a Purchasing Card purchase is made, either over the counter, by telephone, or on the internet, documentation shall be retained as proof of the purchase. Such documentation shall be used to verify the purchases listed on the Cardholder's monthly statement of account. The Cardholder shall document the transaction on the Purchasing Card Log.

9.11.2 When the purchase is made over the counter, the Cardholder shall retain the invoice and "customer copy" of the charge receipt. The Cardholder is responsible to check that the vendor lists the quantity, fully describes the items(s), includes sales tax and does not make arithmetic errors, prior to the Cardholder signing the slip. The transaction's details shall also be added to the cardholders' Purchasing Card Log, Attachment 9.4.4.

9.11.3 When making a purchase by telephone, the cardholder shall also document the transaction on the Purchasing Card Log.

9.11.4 When the goods are received after placing the telephone order, retain all shipping documentation and attach to the Purchasing Card Log.

9.11.5 The Cardholder shall complete all the information on the Purchasing Card Log.

9.11.6 All purchases that are not supported by a detailed listing of the items purchased by the vendor will be deemed unauthorized purchases and subject to the provisions in section 9.10 of this policy.

9.12 REVIEW AND APPROVAL OF MONTHLY STATEMENT

9.12.1 Upon receipt of the monthly statements from the bank, the Program Administrator shall distribute them to the appropriate Department Head. The Administrator shall also prepare and submit via e-mail the monthly purchasing card review (Excel Spreadsheet) to the Town Manager.

- a. Upon receipt, the Department Head shall have the Cardholders under their supervision review their statement and compare it to their monthly Purchasing Card Log.

- b. The Cardholder shall attach, in order of the Purchasing Card Log, all documentation such as receipts, shipping tickets, etc., to their statement and monthly Purchasing Card Log. NOTE: As the Town of Spring Lake is able to recoup taxes paid; the Purchasing Card Log must have taxes noted as applicable. Taxes for reimbursed meals or hotel bills including any occupancy taxes should not be noted on the Purchasing Card Log. All shipping and handling charges are to be combined with the actual cost of the product purchased. Documentation for purchases not shown on the Cardholder's statement shall be retained by the employee until the next months statement is received.
- c. The Cardholder is to forward his/her reviewed monthly statement, monthly Purchasing Card Log and attached documentation to their Department Head.
- d. The Department Head shall completely review and sign the Purchasing Card Logs and forward to the Program Administrator/Finance Director prior to Town Manager approval.
- e. Within 10 working days of the original distribution of statements to Department Heads, all checked statements and signed Purchasing Card Logs must be submitted to the Finance Department. Purchasing Card Logs not signed will be returned to the Department Head.

9.12.2 If the Cardholder does not comply with account reconciliation and authorization procedures as outlined in this policy, privileges may be revoked by the Director of Finance.

9.12.3 If the Cardholder does not have documentation of a transaction listed on the monthly statement, he/she shall attach an explanation that includes a description of the item(s) purchased, date of purchase, Vendor's name and reason for the lack of supporting documentation.

9.12.4 Product Returns

If an item is not satisfactory, shipped incorrectly, damaged and/or defective, a duplicate shipment, etc., the Cardholder shall contact the Vendor as soon as practical to discuss and resolve the situation. If the Vendor has not replaced or otherwise corrected the situation by the date the cardholder receives his/her monthly statement, the purchase of that item will be considered in dispute and should be noted as such on the Purchasing Card Log and attach a "Cardholder Dispute Form". At any time, the Cardholder may, and should if encountering resistance from the Vendor, contact the Program Administrator for assistance with resolution of the situation.

If an item has been returned, the Cardholder shall complete a "Return Merchandise Form" and verify that the applicable credit is reflected on a monthly statement.

9.12.5 If the Cardholder disputes a charge on the statement, especially if fraud is suspected, he/she shall IMMEDIATELY contact the Program Administrator.

9.12.6 If purchased items or credits are not listed on the monthly statement, the appropriate transaction documentation shall be retained by the Cardholder until the next monthly statement. If the purchase or credit does not appear on the statement within 60 days after the date of purchase, the Cardholder shall notify the Program Administrator.

9.12.7 All purchases and monthly statements are subject to random audits by the Finance Department.

9.13 MONTHLY ACCOUNT SUMMARIES

9.13.1 Monthly Account Summaries, listing all transactions, shall be issued by the Bank through the Finance Department to the appropriate Department Coordinators and Approving Supervisors. These listings will allow the Approving Supervisors to track their cardholder's activities and act as a checklist for the Coordinators to anticipate which approved monthly statements are due from which cardholders.

9.13.2 The Coordinator shall check the approved monthly statements against the summary, for Approving Supervisor's approval signature and for timeliness of review and approval.

More than two (2) reminders to a Cardholder by Program Administrator that an approved monthly statement is delinquent will be grounds for withdrawing the purchasing card from that user.

9.14 REPORTS

9.14.1 The following reports are issued by the Bank on a monthly basis:

- a. Statement of Account – listing of all transactions by the Cardholder for the preceding month (30 days), sent directly to the Cardholder through the Finance Department.
- b. Monthly Account Summary – This is the Bank's listing issued to Approving Supervisors and Coordinators covering Cardholder's transactions.

9.15 ACCOUNTING TRANSACTION RECORDING

9.15.1 On a monthly basis, the Bank will provide a file, listing all activity for the period, to Accounts Payable. This file will contain the data necessary to post the purchasing card transaction into the Accounts Payable system.

9.15.2 For this purpose, when each purchasing card is issued, the appropriate Fund – Department number will be assigned to the card. All transactions for that card will have this number listed as part of the data file.

9.16 **CARD SECURITY**

9.16.1 It is the Cardholder's responsibility to safeguard the purchasing card and account number to the same degree that a Cardholder safeguards his/her personal credit information.

The Cardholder must not allow anyone to use his/her account number. A violation of this trust will result in that Cardholder having his/her card withdrawn and disciplinary action taken.

9.16.2 If the card is lost or stolen the Cardholder shall immediately notify the Bank at the following number:

1-888-449-2273

Representatives are available 24 hours a day. Advise the representative that the call is regarding a lost VISA Purchasing Card.

The program administrator is also to be notified immediately.

The Cardholder shall also notify his/her Approving Supervisor of the lost or stolen card within one (1) working day after discovering the card missing. The Cardholder shall prepare and submit to his/her Approving Supervisor a written report of the loss within five (5) working days. This report shall include the following information:

- a) The card number;
- b) The Cardholder's full name;
- c) The date and location of the loss of the card;
- d) If stolen, date reported to police;
- e) Date and time the Bank was notified;
- f) Any authorized purchases(s) made on the day the card was lost;

g) Any other relevant information

A copy of this report shall be forwarded to the Purchasing Manager, who shall also notify the Program Administrator. The Program Administrator shall send the "Lost or Stolen Card Notification" form to the Bank (Attachment 9.4.6).

9.16.3 A new card shall be promptly issued to the Cardholder after the reported loss or theft. A card that is subsequently found by the Cardholder after being reported lost shall be given to the Approving Supervisor. The Approving Supervisor shall complete the "Card Destruction Notice" form and forward the card and form to the Program Administrator immediately, who will notify the Bank. An employee may have two cards replaced, after that they will no longer be able to have a card issued to them.

9.17 CARDHOLDER TRANSFER/SEPARATION

9.17.1 Prior to a transfer to another Town department or separation from the Town, the Cardholder shall surrender the purchasing card and current Purchasing Card Log to his/her Approving Supervisor. Upon its receipt, the Approving Supervisor will review, approve and forward to Finance, the month end purchasing card statement. The Approving Supervisor shall complete the "Card Destruction Notice" and forward the card and form to the Program Administrator immediately, who will notify the bank.

9.17.2 In the case of separation of employment of the card holder, the Department Head shall be responsible for notifying Human Resources / Payroll the card is cleared and all charges have proper documentation. Any unauthorized transactions shall be subject to the terms of section 9.10 of this policy.

9.17.2 In the case of a transfer, when the Cardholder reports to his/her new department, he/she may request a new card in accordance with Section 9.8 of this policy.

REQUEST FOR PURCHASING CARD

A Town Purchasing Card is requested for the following employee:

Name: _____ Date: _____
(Please enter name as you would like it to appear on the card and billing statement. Maximum of 24 letters.)

Work Telephone Number: _____

Department Name: _____

Title and Brief Job Description:

Types of Purchases to be Made:

Proposed Single Purchase Limit: \$ _____ (shall not exceed)

Proposed Single Day Purchase Limit: \$ _____ (shall not exceed)

Proposed Monthly Purchase Limit: \$ _____ (shall not exceed)

Proxy Designation: _____
Name

Approving Supervisor: _____ Date: _____
(Individual that will be approving cardholder's purchases and countersigning cardholder's monthly statement. Must be individual responsible for budget that cardholder would charge against.)

Department Head: _____ Date: _____

Finance Officer: _____ Date: _____

Town Manager: _____ Date: _____

Attachment 9.4.2 **CARDHOLDER AGREEMENT**

In connection with my employment, I am being entrusted with a Town of Spring Lake purchasing card. Upon my acceptance of possession of any such purchasing card, I agree to the following terms or conditions:

1. I agree to use the Town of Spring Lake purchasing card issued to me, or any other Town of Spring Lake purchasing card which comes into my possession, only for legitimate, official purposes for and on behalf of the Town of Spring Lake. UNDER NO CIRCUMSTANCES WILL I USE A TOWN OF SPRING LAKE PURCHASING CARD FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES. I further understand that the use of a Town of Spring Lake purchasing card to procure goods or services for other than legitimate, official purposes is fraudulent use. A "legitimate, official" use of a purchasing card is defined as using said purchasing card to procure goods or services for authorized and necessary and ordinary purposes in connection with the operations and activities of the Town of Spring Lake. AN EMPLOYEE GUILTY OF FRAUDULENT USE MAY BE DISMISSED AND ALSO MAY BE SUBJECT TO CRIMINAL PROSECUTION.
2. I understand that the use of the purchasing card will be closely monitored and audited and any discrepancies will be immediately handled with the appropriate action.
3. I understand that the Town of Spring Lake will pay for all authorized and legitimate charges made on this purchasing card on behalf of the Town of Spring Lake as determined by the Town's Finance Department.
4. I will follow the established policy for the use of the purchasing card and procedures for which I have received training on. I will not allow a third party to use the purchasing card, and any purchases made with my card will be considered made by me and for which I will be accountable.
5. I will be responsible for the safe keeping of the Town of Spring Lake purchasing card issued to me. If the purchasing card becomes lost or stolen, I will immediately report the same to Bank of America Card Services, the Purchasing Card Program Administrator and my supervisor.
6. I understand and agree that should I leave the employment of the Town of Spring Lake, it is my responsibility to return any purchasing cards in my possession to the Town of Spring Lake prior to my last day of employment. I further agree to return any purchasing cards in my possession to the Town of Spring Lake upon request.
7. I understand and agree that I will safeguard any reports, manuals, documentation, and other materials related to the Purchasing Card Program, and, to the extent allowed by law, will not release the same to the general public. I further agree that, (1) should I leave employment of the Town of Spring Lake, or, (2) the Purchasing Card Program Agreement between the Town of Spring Lake and Bank of America Card Services is terminated, I will

return to the Purchasing Card Program Administrator all material in my possession related to the Purchasing Card Program.

8. I understand that my personal credit should not be affected by the use of the Town of Spring Lake purchasing card for legitimate, official purposes.
9. I have been provided a copy of, and have thoroughly reviewed, the policies and procedures of the Town as they relate to the Purchasing Card Program.

I have read, understand and agree to the conditions above:

Signature: _____ Date: _____

Card Receipt:

Cardholder name (print): _____ Card number: _____-_____-_____-_____

Cardholder signature: _____ Date: _____

Attachment 9.4.3 **PURCHASING CARD DESTRUCTION NOTICE**

Date: _____

To: Finance Director, Town of Spring Lake

From: _____ , _____
Name Title

Department

Name on Card _____

Card Number _____ - _____ - _____ - _____

Expiration Date _____

The Town of Spring Lake Purchasing Card indicated above was destroyed in the presence of the following individuals:

(Signature) (Printed Name) (Date)

(Signature) (Printed Name) (Date)

(Signature) (Printed Name) (Date)

(Send this form with the cut up card to the Finance Department)

Town of Spring Lake P-card Monthly Transaction Log

Cardholder: _____ Monthly Card Limit: \$ _____
 Department: _____ Default Account No.: _____
 Statement Date: _____

Item No.	Date	Vendor	Subtotal Amount	Sales Tax	Charge Total	Account No.	PO No. MDA	Purpose
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
Totals								

Signatures
 Cardholder: _____ Date: _____
 Department Head _____ Date: _____
 Town Manager _____ Date: _____
 Finance Director _____ Date: _____

Transactions recorded hereon are preaudited in the manner required by the Local Government Budget and Fiscal Control Act up to the card limit stated above.

CARDHOLDER DISPUTE FORM

Cardholder Information:

Name: _____ Card Number: _____ - _____ - _____

Date: _____ Signature: _____

Merchant Name: _____

Transaction Date: _____ Transaction #: _____

Dollar Amount Disputed: _____

Dispute:

The item referenced above is being disputed because:

_____ There is a difference in the amount I authorized and the amount I was billed.
(A copy of your charge must be attached.)

_____ I only transacted one charge and I was previously billed for it.
(Date of previous charge _____)

_____ The above transaction is mine but I am disputing the transaction.
(Please state your reasons why in detail.)

_____ I do not recognize the above transaction.

_____ I have received a credit voucher for the above transaction, but it has not yet appeared on my account. (A copy of the credit voucher must be attached.)

_____ My account has been charged for the above transaction, but the merchandise has since been returned. (Please attach a copy of the Returned Merchandise Form and postal receipt.)

_____ My account has been charged for the above transaction, but I have not received the merchandise. The details of my attempt to resolve the dispute with the merchant and the merchant's response are indicated below.

(Attach the completed form to your monthly statement for review and approval of your supervisor.)

LOST/STOLEN CARD NOTIFICATION

Company Name: Town of Spring Lake

Cardholder Name: _____

Card Number: _____ - _____ - _____ - _____

Card was: Lost

Stolen

Other (Describe) _____

Date and Time Called Into Bank: _____

Cardholder's Signature: _____

Date: _____

Approved By: _____

Date: _____

Finance Director

(Card holder to send this form to finance who will send it to the bank within two business days of card loss.)

MERCHANDISE RETURN FORM

Ship to:	From: Town of Spring Lake

Phone: _____ Ext. _____ Date: _____

Purchasing Card Number _____ - _____ - _____ - _____
--

Qty.	U/M	Item #	Description

- Reason for Return (Check One):
- _____ Wrong item received
 - _____ Damaged
 - _____ Duplicate order
 - _____ Defective
 - _____ Did not like product
 - _____ Other

Ship VIA:

- _____ Parcel Service – Return Receipt
- _____ UPS (tracking number _____)
- _____ Federal Express (tracking number _____)
- _____ Vendor

Signature: _____ Date: _____

Attachment 9.4.8 **PURCHASING CARD MAINTENANCE REQUEST**

Company Name: Town of Spring Lake

Cardholder Name: _____ Date: _____

Card Number: _____ - _____ - _____ - _____

- Type of Request:
- Address Change
 - Department Change
 - Account Closure (Employee no longer employed)
 - Name Change
 - Spending Limit
 - Other _____

Explanation of Change: _____
(i.e. move, transfer to another department, terminated, married, etc.)

New Information:

Cardholder Signature: _____ Date: _____

Authorized Signature: _____ Date: _____
Department Head

Printed Name: _____

(This form is to be submitted to Finance)

Attachment 9.4.9 **PURCHASING CARD CHECK OUT REQUEST**

Company Name: Town of Spring Lake

Cardholder Name: _____ Date: _____

Card Number: _____ - _____ - _____ - _____

Explanation for Card Request: _____

Expected Return Date: _____

Printed Name: _____
Cardholder

Cardholder Signature: _____ Date: _____

Authorized Signature: _____ Date: _____
Department Head

Authorized Signature: _____ Date: _____
Town Manager

Actual Return Date: _____

Signature on Date of Return: _____

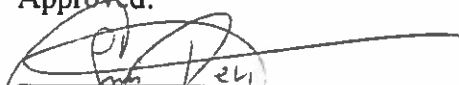
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Approved:



Mayor

11-10-2015
Date

Town of Spring Lake
Board of Aldermen

Attest: Rhonda K. Webb
Town Clerk

Annex B

The Town of Spring Lake

BOARD OF ALDERMEN

James P. O'Garra, Mayor Pro Tem
James Christian, Alderman
Richard P. Higgins, Alderman
Densie Lucas, Alderwoman
Fredricka Sutherland, Alderwoman



CHARTERED IN 1951

OFFICE OF THE MAYOR

Chris V. Rey, Mayor

ADMINISTRATION

Addison D. "Tad" Davis IV, Town Manager
Rhonda D. Webb, Town Clerk
Robert A. "Tony" Buzzard, Town Attorney

August 31, 2015

Memorandum for Department Heads, Town of Spring Lake

Subject: Approved Purchasing Cardholders, Town of Spring Lake

1. Purpose. To provide a list of approved Purchasing Cardholders to support daily Departmental purchases in support of authorized mission requirements.
2. Reference. Purchasing Card Policy, Town of Spring Lake (current working draft).
3. Responsibilities.
 - a. Department Heads. Will ensure that individuals within their Department identified on Attachment A are properly trained, have received and understand the Town Purchasing Card Policy, and have signed the Cardholder Agreement.
 - b. Individual Purchasing Cardholders. The individuals identified on Attachment A are authorized to maintain a Town issued Purchasing Card for the purpose of supporting daily Departmental requirements that meet the criteria for use of a Purchasing Card.

Tad Davis

Addison D. "Tad" Davis, IV
Town Manager

PURCHASING CARDS - DESIGNATED CARDHOLDERS (Attachment A)

<u>Name</u>	<u>Position</u>	<u>Department</u>
Rhonda Webb	Town Clerk	Administration
T.J. McLamb	Fire Chief	Fire
Jason Williams	Assistant Fire Chief	Fire
Rosa Henegan	Director	Human Resources
J.C. Combs	Interim Director	Parks & Recreation
Troy McDuffie	Chief of Police	Police
Billy Tharpe	Captain	Police
Paul Hoover	Director	Public Works
John Kleinert	Director	Buildings and Grounds
Doris Snider	Director	Senior Enrichment
Byron Blumenfeld	Director	Water Operations
Dean Byrd	Supervisor	Water Operations

AS OF 08/31/15

Annex C

The Town of Spring Lake

BOARD OF ALDERMEN

James P. O'Garra, Mayor Pro Tem
James Christian, Alderman
Richard P. Higgins, Alderman
Densie Lucas, Alderwoman
Fredricka Sutherland, Alderwoman



CHARTERED IN 1951

OFFICE OF THE MAYOR

Chris V. Rey, Mayor

ADMINISTRATION

Addison D. "Tad" Davis IV, Town Manager
Rhonda D. Webb, Town Clerk
Robert A. "Tony" Buzzard, Town Attorney

Memorandum for Mrs. Gay Tucker

August 31, 2015

Subject: Designation of Purchasing Card Program Administrator for Town of Spring Lake

1. Purpose. To designate Mrs. Gay Tucker as the Purchasing Card Program Administrator for the Town of Spring Lake effective September 1, 2015. Designation will be reviewed annually and remain in effect until rescinded.
2. Reference. Purchasing Card Policy, Town of Spring Lake (current working draft).
3. Duties.
 - a. Provide day-to-day oversight of the Purchasing Card Program. Monitor changes promulgated by the Card Provider to ensure the Town Purchasing Card Policy remains in compliance with current Bank policies.
 - b. Maintain accountability of Town Purchasing Cards. Ensure individuals approved by the Town Manager to retain a Purchasing Card for daily Departmental use are properly trained, have received and understand the current Town Purchasing Card Policy, and have signed the Cardholder Agreement. Additionally, ensure security and safekeeping of Purchasing Cards retained on hand for occasional use by Town personnel when specifically approved by the Town Manager.
 - c. Maintain all records for Purchasing Card requests, limits, cardholder transfers and lost/stolen/destroyed card information.
 - d. Upon receipt of the monthly Purchasing Card Statements from the Bank, distribute them to the appropriate Department Head to enable completion of Department and Cardholder end of month requirements.
 - e. Work with Department Heads to reconcile Purchasing Card transactions for each month with purchase receipts on the individual Cardholder Purchasing Card Log.
 - f. Upon completion of the monthly Purchasing Card review/reconciliation, submit the monthly Purchasing Card review (via excel spreadsheet) to the Town Manager for final review/approval.

Tad Davis

Addison D. "Tad" Davis IV
Town Manager

VOICE: (910) 436-0241

300 Ruth Street
Post Office Box 617
Spring Lake, NC 28390-0617
www.spring-lake.org

FAX: (910) 436-2667