

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: _____

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: _____

Department: _____

Statement Date: _____

Monthly Card Limit: \$ _____

Default Account No: _____

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: _____

Finance Director

Date: _____

(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: _____

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: _____

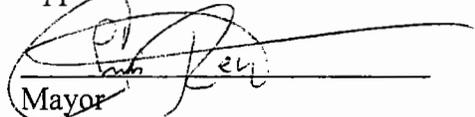
INDEX

9.0 Forward1
9.1 Purpose.....1
9.2 Applicability1
9.3 References.....1
9.4 Attachments1
9.5 Abbreviations2
9.6 Definitions.....2
9.7 Responsibilities3
9.8 Receiving a Purchasing Card3
9.9 Authorized Purchasing Card Use.....3
9.10 Unauthorized Purchasing Card Use4
9.11 Cardholder Record Keeping4
9.12 Review and Approval of Monthly Statement5
9.13 Monthly Account Summaries6
9.14 Reports7
9.15 Accounting Transaction Recording7
9.16 Card Security7
9.17 Cardholder Transfer / Separation.....9

Forms

9.4.1 Request for Purchasing Card10
9.4.2 Cardholder Agreement.....11
9.4.3 Purchasing Card Destruction Notice.....13
9.4.4 Purchasing Card Log.....14
9.4.5 Cardholder Dispute Form15
9.4.6 Lost / Stolen Card Notification16
9.4.7 Merchandise Return Form17
9.4.8 Purchasing Card Maintenance Request18
9.4.9 Purchasing Card Checkout Request.....19

Approved:


Mayor

Town of Spring Lake
Board of Aldermen

11-10-2015
Date

Attest: Rhonda K. Webb
Town Clerk