

**CITY OF NEW BERN
ADMINISTRATIVE ORDERS
OF THE CITY MANAGER**

ADMISTRATIVE ORDER 4.2
PROCUREMENT CARD POLICY
To All City Employees
From Mark Stephens, City Manager
Maintained By: Finance Department
Subject: PROCUREMENT CARD POLICY
Date December 2016
Update to March 31, 2016 Policy

Purpose

The purpose of this policy is to provide procedures for the management use and limitations of the City issued credit cards, more specifically referred to as Procurement Card (PCard), to certain personnel in order to purchase goods and/or services required by the City. This policy is applicable to all personnel who are issued a Procurement Card.

This program is being established to provide a more expedient method of purchasing low dollar value goods and/or services. By using procurement cards the purchasing/payment cycle is greatly reduced, thereby, increasing efficiency, decreasing wait time, and reducing paper work. Those individuals who have been issued a Procurement Card may now initiate transactions in person, through the internet or by telephone.

The Program is NOT intended to avoid or bypass appropriate procurement or payment procedures. Rather, the program complements existing processes.

Policy

The City of New Bern's policy mandates that Procurement Card be used for official City business only. Personal use of the card for any reason or occasion is strictly prohibited. Cardholders are advised that using the PCard for purposes other than as authorized may result in disciplinary action and fraudulent usage will result in termination of employment. Additional legal action may be pursued to prosecute the fraudulent use and to recover losses incurred.

For purchases, the PCard is authorized for small dollar purchases with a single transaction limit not to exceed \$500. Purchases may not be broken up into smaller purchases (parceling) to meet this transaction dollar amount. Higher limits may be authorized by the Director of Finance for Special Circumstances detailed in Section VII, however, pre-approval is required. The \$500 limit includes any and all applicable charges including freight and shipping, but does not include sales tax.

The Procurement Card may also be used for travel for City business. No expenses should be charged to the card without prior approval of the travel authorization. The single transaction limit for travel related expenses is not limited to the \$500 transaction limit; however, travelers must notify purchasing in advance when traveling on official City business. The Purchasing and Warehouse Manager will lift controls to allow charges for travel such as hotels, airline tickets, registrations and other travel related expenses that may exceed the \$500 transaction limit as approved by the travel authorization. A copy of the approved travel authorization form must be submitted to purchasing prior to the charge being incurred. Email a copy of the approved Travel Requisition Form to the "PCARDS" e-mail. Meals related to travel may not be charged on the Procurement Card as employees will receive the established per diem rate to cover meals.

The City of New Bern Accounting Division is exempt from the \$500 limit noted above and is authorized to use the procurement card as an alternative method for paying invoices. Transaction limits will be set accordingly for such transactions.

Obtaining a Procurement Card

The Department Head/Designee will make a request to grant purchasing authority for each employee identified to receive a card. He/she shall sign and date the Procurement Card Enrollment Form indicating the employee's monthly card limit. The minimum monthly card limit recommended is \$1,000; however, Department Heads/Designees may request a higher or lower monthly card limit. The single transaction limit may not exceed \$500 unless related to travel expenses or as approved by the City Manager/Designee.

After receiving the request, Purchasing will order the Procurement Card. When the card is received, Purchasing will notify the cardholder and arrange an informal training session to include the appropriate use of the card, and documentation required by the cardholder for the payment process. The cardholder will be required to sign the Employee Agreement Form acknowledging their understanding of the policy prior to receiving the card.

Responsibilities

1. Cardholders: The Cardholder's name shall be embossed on the PCard and shall only be used by the cardholder. No other person is authorized to use the card or account number. The Cardholder is responsible for all use of his/her card. The cardholder is required to.
 - a) Read and sign the Employee Agreement Form prior to the issuance of the Card
 - b) Adhere to all City policies when making purchases or traveling on City business.
 - c) If card is lost or stolen, notify the Bank immediately. Complete "Lost/Stolen Card Notification Form" and submit to Purchasing and Warehouse Manager after notifying the Bank.
 - d) Maintain receipts of all transactions charged to the card. Original receipts must be submitted with the Monthly Reconciliation Package and must be detailed to include all items purchased. If a receipt is lost, contact the vendor for a duplicate. If a duplicate receipt cannot be obtained, complete the "Missing Receipt Form". The form must be signed by the cardholder and Department Head/Designee and included with the Monthly Reconciliation Package.

- e) Review Cardholder Activity Statement to ensure that all charges represent bona fide services and/or received goods and that any credits or adjustments have been issued.
- f) Log-in to the WORKS program to reconcile the Cardholder Activity Statement to receipts. Allocate the expenditures to the proper account and enter a detailed description of the transaction. Description should include, at a minimum, the business purpose and individuals involved Sign the Cardholder Activity Statement.
- g) After completion of the review and reconciliation, print the excel spreadsheet or transaction log. Attach original receipts and supporting documents to the transaction log in the order displayed on the Cardholder Activity Statement.
- h) Submit all information to the Department Head/Designee for review Department Head/Designee must sign the Cardholder Activity Statement.
- i) All documentation must be submitted to the Accounting Division by the 15th day of each of the subsequent month as detailed in the Procurement Card Reconciliation Checklist.

2 Purchasing and Warehouse Division responsibilities.

- a) Order PCard for approved employees.
- b) Train cardholders on the Procurement Card Program Policy.
- c) Monitor the program for compliance and answer any questions regarding the use of the Procurement Card
- d) Set-up new users.
- e) Maintain spending control limits according to this policy
- f) Cancel/Revoke PCard (if necessary)

3. Accounting Division responsibilities:

- a) Train cardholders in the PCard (Works) Program
- b) Assist cardholders with completing the Procurement Card Reconciliation Package
- c) Review transactions for accuracy and proper coding in the WORKS program
- d) Maintain General Ledger accounts in the WORKS program
- e) Import and post transaction to the General Ledger
- f) Record use tax on out of state taxable purchases not taxed by vendor and remit tax to the NC Department of Revenue
- g) Process payment to bank provider.

4 Department Head/Designee responsibilities:

- a) Department Head/Designee will make a request to grant purchasing authority for each employee identified to receive a card and will sign the Enrollment Form indicating the employee's recommended card limit.
- b) Department Head/Designee shall review and verify that all transactions on the Cardholder Activity Statement are accurate and legitimate He/she shall sign the Cardholder Activity Statement upon completion of review and verification.
- c) Department Head/Designee is responsible for ensuring the appropriate budget line is charged and that purchases do not exceed the approved budget.
- d) It shall be the responsibility of the Department Head/Designee to take custody of the Procurement Card when an employee is terminated, and to return the card to Purchasing and Warehouse Manager for cancellation.

- e) Department Head/Designee shall complete the Procurement Card Change Request Form to change a cardholder's monthly credit limit, or to request an increase to the single transaction limit with Director of Finance approval
- f) Department Head/Designee shall sign-off on Cardholder's Missing Receipt Form when necessary.

Authorized Uses

The PCard is to be used to conduct official City business only, including:

1. Purchase of supplies, equipment, and materials having a total cost including all charges (i.e freight, shipping, \$500 or less)
2. Purchases of supplies, equipment, materials, and services greater than \$500 when approved by the Director of Finance
3. Travel accommodations (hotel, airfare, rental car, registration) excluding food. The travel authorization form must be approved per the travel policy prior to using the card to charge travel accommodations. Travel expenses are not limited to the single transaction limit. Travelers must notify Purchasing and Warehouse Manager in advance when traveling on official City business to insure appropriate transaction limits are in place. A copy of the travel authorization form should be sent to "PCARDS" email
4. Non Travel Related Business Meals (Refer to attachment A).
5. Gas for fueling rental vehicles.

Unauthorized Uses

Unofficial uses of the PCard include any personal expense, along with specific work-related expenses as outlined below:

1. Non-business/personal purchases
2. Food purchases related to travel. Employees receive per diem in accordance with the Travel Policy
3. Computer hardware and computer software (These items will only be allowed to be ordered by IT)
4. Fuel purchases for personal vehicles are not allowed
5. Employee appreciation items including gift cards.
6. Prescription Drugs
7. Alcoholic beverages
8. Cash Advances
9. Services requiring a purchase order and/or certificate of insurance
10. Donations and gifts
11. Leases

Special Circumstances

There are times when a department requires goods and services from vendors who only sell via the internet and/or do not accept purchase orders. The most expedient method to procure the goods or services is the PCard. The Director of Finance must authorize and approve a purchase totaling \$500 or more. This does not include travel related expenses.

Appearance Test and Reasonableness Test

PCard statements and supporting documentation are open to public record. Individuals are expected to exercise prudent judgment and all expenses should be able to sustain the test of public review.

Payment

The billing cycle runs from the 1st day of the month to the last day of the month. As transactions post to a cardholder's account, they become available in the WORKS program for coding and processing.

At the beginning of each month, statements for all cards with a balance from the previous month are mailed from the bank directly to Accounting. Upon receipt of the Cardholder Activity Statement from Accounting, Cardholders should complete the Procurement Card Reconciliation Package and submit to the Accounting Department no later than the 15th day of each month. Accounting will review all transactions prior to posting and process the payment to the bank prior to the due date to avoid late charges.

It is imperative that cardholders adhere to the 15th day of the month due date for submitting their Procurement Card Reconciliation Package. Cardholders who fail to turn in the log after the 15th day of the month twice during a six month period may have their Procurement Card privileges revoked or suspended. If the Cardholders cannot review the monthly statement at the time it is received, the Department Head is responsible for ensuring that the statement is reviewed/reconciled and submitted to Accounting.

Card Destruction Form

If a cardholder leaves City of New Bern employment, it is the Department Head/Designee's responsibility to ensure that the Procurement Card is turned in for cancellation and destruction. The Department Head/Designee will fill out the Procurement Card Destruction Notice and forward to Purchasing and Warehouse Manager who will deactivate and destroy the card. This form can also be used when a Department Head/Designee determines an employee should no longer have a PCard.

Change Request Form

The Department Head/Designee should complete a Procurement Card Change Request Form for all necessary changes and forward to Purchasing and Warehouse Manager. The Purchasing and Warehouse Manager will process the change and notify the cardholder when complete.

Dispute Form

Before a Dispute Form is submitted to Accounting, the cardholder should try to resolve the problem with the vendor. If the cardholder cannot resolve the problem with the vendor, the cardholder should submit a Dispute Form to Accounting with the Procurement Card Reconciliation Package.

To avoid being charged late fees, the City will pay disputed transactions pending the Bank resolving the dispute charge. If the Bank decides the card was charged in error, a credit will appear on the Cardholder.

Activity Statement within two billing cycles. Cardholders will include the credit as part of their reconciliation

A transaction should be disputed when

1. The purchase was not authorized by the cardholder
2. The item was not received
3. The charge amount is different than the authorized amount
4. The item has been returned but no credit has been issued
5. A credit appears as a charge
6. Duplicate charges for the same transaction
7. A hotel reservation was canceled but the card was charged
8. The cardholder does not recall the transaction
9. The cardholder needs more information about the charge
10. Any and all other improper charges appearing on the Cardholder Activity Statement

Procurement Card Reconciliation Package

The Procurement Card Reconciliation Package consists of the a Cardholder Activity Statement and Receipts and any other documentation to substantiate charges to the PCard

Compliance

Is it expected that the Procurement Card policy and procedures will be adhered to by all participants. Failure to comply with the Procurement Card Policy may result in the procurement card being suspended or revoked. Any cardholder who knowingly violates the City's Procurement Card policies and procedures may be held personally responsible for the payment of any unauthorized purchases or services and may be subject to disciplinary action in accordance with the City's personnel policies.

References

All purchases and/or services obtained by charging the Procurement Card must be made in accordance with all applicable City policies.

Attached Forms (See Appendices)

Procurement Card Business Meal Chart
Procurement Card Destruction Form
Procurement Card Change Request Form
Procurement Card Dispute Request Form
Procurement Card Employee Agreement Form
Procurement Card Employee Enrollment Form
Procurement Card Lost/Stolen Card Notification Form
Procurement Card Missing Receipt Form
Procurement Card Reconciliation Checklist



Mark A. Stephens, City Manager

12/21/16

Date

Appendix A. Business Meal Chart

Business Meals

The following chart lists common types of meals, their defining characteristics, and the documentation that may be required in addition to a detailed receipt, purpose or reason and number of participants, both of which are required

Common Types of Business Meals	Defining Criteria	Documentation Required In Addition to Detailed Receipt, Purpose/Reason and Number of Participants
Recruitment Meal	Hosted by the City for the purpose of recruiting prospective new employees	Names of participants.
Meals with Guest Speakers	Meal is served to large group while attendees listen to speaker(s)	Name of the guest speaker, identification of the group addressed and names of City participants.
Employee Function	Functions hosted by the City for employees.	Date, time, and place of function and prior approval by City Manager/Designee
Training	Training must last for longer than two hours	The type of training conducted and the names of City participants
Working Meal	Employees are required to work during their meal periods. Food is generally brought into the workplace or jobsite	Date, names of participants, business discussed, location and prior approval by City Manager/Designee
Committee Meetings	Working meeting of a committee	Names of participants.
Receptions for the Public	Function must have been open to the general public, and public announcement must have been made	Affirmation that the public was invited
Emergency Operations	Hurricane	Communication from the City Manager and/or EOC Director

Appendix B Procurement Card Destruction

Please destroy the card for the reason identified below:

1. () Card has been reported as lost and was subsequently found
2. () Cardholder is no longer employed by City of New Bern
3. () Cardholder has been transferred to another department.
4. () Cardholder no longer needs a Procurement Card
5. () Other:

Name on Card _____

Department Head/Designee Signature _____

Date _____

Appendix C. Procurement Card Change

Date _____

Cardholder Name: _____

Last 4 Digits of Card _____

Requested Action:

_____ * Change the Single Transaction Limit (STL) Current STL \$ _____ New STL

_____ Change the Monthly Credit Limit (CL) Current CL \$ _____ New CL

Justification _____

*To increase the single transaction limit to more than \$500, approval by the Finance Director/Designee is required (Not required for travel related expenses)

Department Head /Designee Name _____

Signature _____

Date _____

Director of Finance Name _____

Signature _____

Date _____

Appendix D: Procurement Card Dispute

Cardholder Name: _____

Last Four Numbers on Card _____

Vendor Name. _____

Transaction Amount: _____

Transaction Date _____

The above referenced transaction is being disputed for the following reason(s).

- There is a difference in the amount I authorized and the amount I charged
- I only transacted one charge and I was previously billed for this sales draft.
- The above transaction is mine but I am disputing the transaction because

- 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 enclosed)
- 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(s) with the merchant and the merchant's response are

- My account has been charged for the above transaction, but the merchandise has since been returned

Signature. _____

Date. _____

Include completed form in your Monthly Reconciliation Package

Appendix E. Procurement Card Employee Agreement Form

In connection with my employment, I am being entrusted with a City of New Bern Procurement Card and understand this is a privilege and a responsibility, not a right. Upon acceptance and possession of any such Procurement Card, I agree to the following terms and conditions:

1. The use of the Procurement Card for small value purchases is a standard procedure of the City
2. I shall be expected to use the Procurement Card issued to me as directed under the provisions of the standard procedures and in compliance with the adopted Procurement Card Policy
3. I shall not permit another person to use the Procurement Card issued to me. Any such purchase made with my card shall be considered to be made by me and be my responsibility
4. I understand that my personal credit will not be affected by any use of the City's Procurement Card
5. I shall be responsible for the safekeeping of the Card issued to me and if lost or stolen, I shall report its loss immediately to Bank of America at 888-449-2273, my Department Head/Designee, Purchasing and Accounting.
6. In the event of termination of my employment with the City, I authorize the City to deduct any amount due to the City from my final payroll check if not settled prior to my departure
7. The Procurement Card may be used only for purchasing goods and services for the official use of the City. I understand that using the Card for other purposes is fraudulent use and I may be subject to disciplinary action and/or termination of employment. In addition, legal action may be pursued to prosecute the fraudulent use and to recover losses incurred
8. I agree that, should I violate the terms of this agreement and use the City's Procurement Card for personal use or gain, I shall reimburse the City for all incurred charges and any fees (including attorneys' fees and expenses) related to the collection of these charges and face possible termination and legal prosecution
9. I agree to review my monthly statement and attach all receipts covering that month's charges and complete a Monthly Reconciliation Package. The Package will be submitted to the Accounting Division by the 15th day of the month as prescribed by the City's Procurement Card Policy
10. I agree to not use the City's Procurement Card to circumvent the adopted Purchasing Policy and that every effort shall be made to make purchases in a cost effective manner

I have read, understand and agreed to the conditions above

Cardholder's Name _____

Signature _____

Date. _____

Appendix F Procurement Card Enrollment Form

A Procurement Card is requested for the following employee

Name _____

Proposed Monthly Limit: _____

Department Head/Designee's Name _____

Signature _____

Date _____

Appendix G Procurement Card Lost/Stolen Card Notification Form

Cardholder's Name _____

I reported that my card was.

() Lost () Stolen

() Other _____

Date Reported to Bank: _____

Cardholder's Signature. _____

Date. _____

Appendix H Procurement Card Missing Report Form

I _____, have either not received or have misplaced a Procurement Card receipt totaling \$_____ This document will be used in lieu of the receipt for this transaction.

Vendor Name _____

Amount: \$ _____

Date of Purchase _____ Transaction Number: _____

Item(s) Purchased
(Include description, quantity and unit price, and business purpose for each item)

What attempts have been made to request a duplicate receipt from the vendor?
(Include names, dates, phone numbers, or emails used in requesting documentation from the vendor)

I certify that the amounts shown above (and on the attached, if applicable) were purchased and received for City of New Bern purposes.

Cardholder's Signature _____

Department Head/Designee's Name _____

Department Head/Designee's Signature: _____

Date. _____

Appendix I: Procurement Card Monthly Reconciliation Checklist

1. Compile and complete the Procurement Card Reconciliation Package. The “package” consists of the following arranged in order as shown below:
 - _____1A. Cardholder Activity Statement
 - _____1B. Receipts, invoices and/or supporting documentation for each transaction attached to the transaction log in the order listed on the statement.
2. Cardholder or designee (i.e. executive or administrative assistants) must review the reconciled package, verify all required documentation is included, sign and date the Cardholder Activity Statement for submission to Department Head/Designee for review
3. Forward package to Department Head/Designee for review to ensure that all transactions are reasonable, appropriate, and related to City business. The Department Head/Designee must sign the Cardholder Activity Statement.
4. Forward Monthly Reconciliation Package to Accounting by the 15th day of the month