

Procurement Card Procedures

(Amended June 13, 2006)

Questions or comments?

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1.0 Purpose

To establish a methodology for use and to define the limits of use of County issued credit cards provided to certain personnel in order to make purchases of goods and/or services required by County.

2.0 Applicability

This procedure is applicable to all personnel, who are issued the credit card.

3.0 References

All purchases made with the credit card must be made in accordance with the current County Purchasing Policy.

4.0 Attachments

All forms listed as attachments are provided following the end of the policy narrative.

4.1 Sample - "Request for Credit Card"

4.2 Sample - "Authorization for Credit Card Use"

4.3 Sample - "Card Destruction Notice"

4.4 Sample - "Procurement Log"

4.5 Sample - "Statement of Questioned Item"

4.6 Sample - "Lost or Stolen Card Notification"

4.7 Sample - "Credit Card Maintenance Request"

5.0 General

5.1 Abbreviations

PCS - Procurement Card System

5.2 Definitions

5.2.1 Vendor A company from which the County is purchasing materials and/or equipment or services under the provisions of this procedure.

5.2.2 Cardholder County personnel who have been issued credit cards and who are authorized to make purchases in accordance with these procedures.

5.2.3 Statement This is the monthly listing of all transactions by
of Account the cardholder, issued by the bank directly to the cardholder.

5.2.4 Single A dollar amount limitation of procurement
Purchase authority delegated to a cardholder. The
Limit County's single purchase limit is \$1,000 including sales tax.

5.2.5 Monthly This is a budgetary dollar limit established for
Cardholder each cardholder.
Limit

5.2.6 Transaction The act of making a purchase with the credit card.

5.2.7 Requisitioner A County employee who has a need for materials or services that can only be fulfilled by a vendor. Under this PCS Procedure, a requisitioner may be a cardholder.

5.3 Responsibilities

5.3.1 The Finance Director shall be responsible for the implementation and enforcement of this procedure.

5.3.2 All personnel issued credit cards under this procedure shall be responsible for the credit card and its use in accordance with the procedure.

6.0 Procedure

6.1 Introduction

This program is being established in order to provide a more expedient procedure of purchasing low dollar value goods, and to reduce paperwork and handling costs. By using PCS the traditional purchasing/payment cycle is greatly reduced. Those requisitioners who have been issued credit cards may now initiate transactions in person, over the internet, or by telephone, within the limits of this procedure, and receive goods. Payments to vendors are made via the Visa settlement system. The County will make monthly settlements with the bank.

6.2 Receiving a Credit Card

6.2.1 Department Heads may propose personnel to be cardholders by completing the request for credit card (Attachment 4.1). The request(s) is to be forwarded to the Finance Office for final approval.

6.2.2 Upon receipt and review of the request form, the Finance Office shall notify the bank.

6.2.3 The proposed Cardholder shall be issued a copy of this procedure and shall be required to acknowledge (countersign) an authorization form, Attachment 4.2, indicating that the Cardholder understands the procedure and the responsibilities of a PCS cardholder.

6.2.4 The Finance Office shall maintain all records of credit card requests, limits, cardholder transfers and lost/stolen/destroyed card information.

6.3 Authorized Credit Card Use

6.3.1 The unique credit card that the Cardholder receives has his/her name embossed on it and shall ONLY be used by the Cardholder. NO OTHER PERSON IS AUTHORIZED to use that card. The Cardholder may make transactions on behalf of others in their department. However, the Cardholder is responsible for all use of his/her card.

6.3.2 Use of the Credit Card shall be limited to the following conditions:

The total value of a transaction shall not exceed a Cardholder's single purchase limit. Payment for a purchase WILL NOT be split into multiple transactions to stay within the single purchase limit.

6.3.3 The items or services that may be procured by using the credit card are limited by Section 6.4.

6.4 Unauthorized Credit Card Use

6.4.1 The credit card SHALL NOT BE USED for the following:

- a) Personal purchases or identification;
- b) A single purchase that exceeds the Cardholder's single purchase limit; unless a higher limit has been agreed in writing with the Finance Director.
- c) Cash Advances
- d) Telephone calls/monthly service

6.4.2 Any exceptions to 6.4.1 will be handled on an individual basis with the Finance Director.

6.4.3 A Cardholder who makes unauthorized purchases or carelessly uses the credit card may be liable to County 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 disciplinary action.

6.5 Making a Purchase

6.5.1 Whenever making a credit card purchase the Cardholder will check as many sources of supply as reasonable for the situation to assure best price and delivery.

6.5.2 Cardholders will utilize the following "checklist" when making a purchase:

- a) Solicit a reasonable number of sources. If vendors furnish standing price quotations or catalog prices on a recurring basis check that the price listed is current.
- b) Once a vendor is designated and that vendor confirms that the good or service is available, meets the specification and delivery requirements, etc.:
 1. Confirm that the vendor agrees to charge the credit card.
 2. Advise the vendor that the County is not tax exempt and must pay sales tax.
 3. Direct the vendor to include the following information on the shipping label and packing list:
 - * Cardholder's name
 - * Complete delivery address
 - * The words "Credit Card Purchase"
 - * The vendor's order number
 4. Give the vendor your credit card number.
 5. It is extremely important that all purchases be sent to the cardholder ordering the merchandise as this will ensure that the documents necessary for the record keeping listed in Section 6.6 are readily available to the cardholder.
 6. If necessary, advise the individual within your area who receives merchandise, of the vendor's name and order number, anticipated delivery date, number of boxes expected, carrier (UPS, Fed Ex, etc.) and to notify the Cardholder when delivery is made.

6.6 Cardholder Record Keeping

6.6.1 Procurement Log - Whenever a transaction is made, either over the counter or by telephone, documentation shall be made on the Procurement Log (Attachment 4.4) and all sales documents (packing slip, invoice, cash register tape and credit card slips, etc.) shall be retained as proof of the purchase. Such documentation will be used to verify the purchases listed on the Cardholder's monthly statement of account.

The information headings on the Procurement Log are self-explanatory. However, the following reminders should be noted:

- * Vendor - Record the vendor's order number.
- * Comments - add miscellaneous information pertaining to the purchase under this heading. "Comments" may include under/over shipment of quantity, goods were damaged, purpose of purchase, errors to be resolved.
- * Receipt date/received by - is important to record.

6.6.2 Over the Counter Transactions - 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 item(s), includes sales tax, does not make arithmetic errors, prior to the Cardholder signing the slip. The transaction's details shall also be added to the cardholder's "Procurement Log" (Attachment 4.4).

6.6.3 Telephone Transactions - When making a purchase by telephone, the cardholder shall also document the transaction on the "Purchasing Log". When the goods are received after placing the telephone order, retain all shipping documentation.

6.7 Review and Payment of Monthly Statement

6.7.1 Synopsis - At the end of each billing cycle, the Cardholder shall receive from the Bank his/her monthly statement of account that will list the Cardholder's transactions for that period. The Cardholder shall reconcile the statement with the purchasing log, secure Department Head's approval (Department Head must sign the reconciled statement), enter invoice into MUNIS, and submit to the Finance Office within ten (10) working days of receipt of statement.

If the Cardholder 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 the Finance Office for payment within the required time frame.

6.7.2 Review/Reconciliation - The Cardholder shall check each transaction listed against his/her procurement log, receipts and any shipping documents to verify the monthly statement.

The original sales documents, (packing slip, invoice, cash register tape and credit card slips, etc.) for all items listed on the monthly statement **MUST** be neatly attached, in purchasing log sequence, to the statement. This data attachment is critical to provide audit substantiation. **IF THIS ROUTINE IS NOT ADHERED TO, THE CREDIT CARD WILL BE REVOKED.** The careful matching of complete support documents to the log and then to the statement is vital to the successful use of this program.

After this review, the reconciled statement is to be approved by the Department Head (approval to be indicated by signature on actual statement), payment voucher for payment of the approved statement shall be completed and forwarded to the Finance Office for processing and payment.

6.7.3 Department Head Approval - The Department Head shall check the Cardholder's monthly statement and purchasing log and confirm the following items as a minimum:

- * Receipts and shipping documents exist for each purchase.
- * The goods were received or the services were performed.
- * The Cardholder has complied with applicable procedures, including this PCS procedure.

The Department Head shall sign reconciled statement indicating his review and approval. The Department Head's signature/approval of a Cardholder' monthly statement indicates that the Cardholder was authorized to make those purchases and those purchase were made in accordance with the applicable procedures.

6.7.4 Lack of Documentation of Transaction - 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) purchase, date of purchase, Vendor's name and reason for the lack of supporting documentation.

6.7.5 Procurement Card Returns - If an item is not satisfactory, received wrong, damaged and/or defective, duplicate order, etc. the following steps should be followed.

The cardholder makes contact with vendor to obtain a "Return Material Authorization" (RMS) number. (Every vendor is different for return policies - make sure your return meets their criteria without incurring a restocking fee). The Item(s) to be returned needs to be repacked in original manufacturer's carton. Make out "Return Form" (Attachment 4.7). Fill in all information as completely as possible.

- * Enclose one copy in box being returned.
- * Keep one copy for your records. (Purchasing Log)

* A credit voucher should then be received and reflected on your next monthly statement.

When an item has been returned and a credit voucher received, the cardholder shall verify that this credit is reflected on the monthly statement.

If the Vendor has not replaced or corrected the item by the date the Cardholder receives his/her monthly statement, then the purchase of that item will be considered in dispute. Attach "Statement of Questioned Item" from 4.5 to the monthly statement.

6.7.6 Disputed Charge - If the Cardholder is disputing a charge, he/she shall complete a disputed charge report and include it with the statement package. See "Statement of Questioned Item" form (Attachment 4.5).

If the Cardholder's monthly statement lists a transaction where the goods have not been received or some other discrepancy, the Cardholder should resolve these items prior to his/her sending an approved monthly statement to the Finance Office. Most exceptions can be resolved between the Cardholder and the Vendor. If the dispute cannot be settled at this level, the Cardholder shall advise the Finance Office.

6.7.7 Transactions not Appearing on Statement. 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 or Department Head shall notify the Finance Office to resolve and reconcile the statement.

6.8 Monthly Account Summaries

6.8.1 Monthly Account Summaries, listing all transactions, shall be issued by the Bank to the appropriate County staff and Department Heads. These listings will allow the Department Heads to track their cardholder's activities and act as a checklist to anticipate which approved monthly statements are due from which cardholder.

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

6.9 Reports

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

* Statement of Account - listing of all transactions by the Cardholder for the preceding month (30 days), sent directly to the Cardholder.

* Monthly Account Summary - This is the Bank's listing issued to County covering Cardholder' transactions.

6.10 Accounting Transaction Recording

On a monthly basis, the Bank will provide a file, listing all activity for the period, to the Finance Office.

For this purpose, when each procurement card is issued, a single account/center number will be assigned to the card. All transactions for that card will have this account listed as part of the data file.

Any questioned/disputed items are indicated by the cardholder on the Monthly Statements which are sent to Finance after the cardholder reviews them. All questioned/disputed items will be held in a file and the Finance Office will periodically check with the cardholder regarding the resolution of such items. If necessary, the questioned item will be referred to the Finance Office for resolution.

6.11 Card Security

6.11.1 It is the Cardholder's responsibility to safeguard the credit 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.

6.11.2 If the card is lost or stolen the Cardholder shall immediately notify the Wachovia Bank at the following number: 1-877-543-4453. Representatives are available 24 hours a day. Advise the representative that the call is regarding a Visa Procurement Card.

The Finance Office is also to be notified immediately.

The Cardholder shall also notify his/her Department Head 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 Department Head 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 purchase(s) made on the day the card was lost
- g) Any other relevant information

A copy of this report shall be forwarded to the Finance Office. The Finance Office shall also send the "Lost or Stolen Card Notification" form to the Bank (Attachment 4.6).

6.11.3 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 cut in half and given to the Department Head. The Department Head and Cardholder shall sign the "Card Destruction Notice" form (Attachment 4.3) and forward to the Finance Office who will notify the Bank.

6.12 Cardholder Transfer/Separation

6.12.1 Prior to a transfer to another County department or separation from County, the Cardholder shall surrender the credit card and current credit card purchasing log to his/her Department Head. Upon its receipt, the Department Head will review, approve and forward to Accounts Payable, the month end credit card statement. The Department Head shall cut the credit card in half, complete the "Card Destruction Notice" and forward the form to the Finance Office, who will notify the bank.

6.12.2 If this is a transfer, when the Cardholder reports to his/her new department, he/she may request a new card in accordance with Section 6.2 of this procedure.

NEW HANOVER COUNTY
PROCUREMENT CARD SYSTEM
REQUEST FOR CREDIT CARD

A PCS Card is requested for the following employee:

Name: _____

Title: _____

Department: _____

MUNIS Account #: Fund _____ Division _____ Organization _____

Telephone Number: _____

Sample Purchases:

Proposed Monthly Dollar Limit:

\$ _____

Department Head: _____ Date: _____

(Signature)

NEW HANOVER COUNTY
PROCUREMENT CARD SYSTEM
AUTHORIZATION FOR CREDIT CARD USE

I, _____, hereby request a Procurement Card. I understand that I am hereby delegated to purchase goods and services utilizing the County's PCS Card that do not exceed \$1000.00 (including sales tax) in value for a single transaction.

As a Cardholder, I agree to comply with the following terms and conditions regarding my use of the Card:

I agree to use this Card for approved official purchases only and agree not to make personal purchases.

I understand that the use of the Card for personal and non-work related purchases could require reimbursement to the County and would result in disciplinary action.

Goods and services may be purchased, consistent with your organizational responsibilities, to satisfy your department's needs.

All purchases shall be made in accordance with applicable purchasing procedures and PCS procedures.

This delegation shall automatically cease upon your separation from the County or upon your reassignment to another department within the company. The County can deduct any amount due from your final payroll check if you elect to leave employment with a balance due.

Please acknowledge your review and understanding of the various provisions of the above referenced procedure by signing below and return the original signed copy of this to the Finance Office.

**I HAVE REVIEWED AND UNDERSTAND THE PROVISIONS OF THE
PROCUREMENT CARD SYSTEM. I FURTHER UNDERSTAND THAT ANY
ABUSE CAN LEAD TO DISCIPLINARY ACTION.**

Employee's Name:

Employee's Name:

(Signature)

(Printed)

Date: _____

NEW HANOVER COUNTY
PROCUREMENT CARD SYSTEM
CARD DESTRUCTION NOTICE

The attached PCS card was destroyed for the following reason (please check one):

- Card had been reported as lost and was subsequently found.
- Cardholder has left employment with the County.
- Cardholder has transferred to another department within the County.
- Other: _____

Cardholder Name (signed): _____

Cardholder Name (printed): _____

Department Head Signature: _____

Date: _____

NEW HANOVER COUNTY
PROCUREMENT CARD SYSTEM
PROCUREMENT LOG

NEW HANOVER COUNTY
PROCUREMENT CARD SYSTEM
STATEMENT OF QUESTIONED ITEM

Cardholder Name: _____

Phone Number: _____

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 was billed. (A copy of your charge must be enclosed).

____ I only transacted one charge and I was previously billed for this sales draft. (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 enclosed).

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

_____ My account has been charged for the above transaction, but the merchandise has since been returned. (Please enclose a copy of your postal receipt.).

Signature: _____ Date: _____

Attach completed form to your monthly PCS statement for review and approval of your department head.

NEW HANOVER COUNTY
PROCUREMENT CARD SYSTEM
LOST/STOLEN CARD NOTIFICATION

Card Was: ___ Lost

___ Stolen

___ Other (Describe) _____

Card Holder Name: _____

Account Number: _____

Date Called Into Bank: _____

Approved By: _____

For New Hanover County

Date: _____

Print Authorized Signer's Name: _____

**THIS COMPLETED FORM MUST BE SUBMITTED WITHIN TWO BUSINESS
DAYS OF THE CARD LOSS TO THE FINANCE OFFICE FOR FORWARDING TO
THE BANK.**

NEW HANOVER COUNTY
PROCUREMENT CARD SYSTEM

RETURN FORM

RMA # _____

Return to (Vendor):

From (Cardholder):

Accountant Number: _____

Sales Order Number: _____

Date of Transaction: _____

Amount of Transaction: _____

Description of Merchandise: _____

Reason for return:

____ Wrong Item Received

____ Damaged

____ Duplicate Order

____ Defective

____ Did Not Like Product

____ Other

Cardholder Signature: _____

Date: _____

Phone: _____

