

	<b>New Hanover County</b>	
		<b>Revised: 10/01/2017</b>
<b>SUBJECT: PROCUREMENT CARD POLICY</b>		

**I. Purpose**

The purpose of this policy is to provide a procedure for the management and official use of the County’s credit card, more specifically referred to as Procurement Card. This policy applies to all County employees, volunteers, interns, Fellows, and appointed boards. Any required updates to the policy will be made administratively and will not require Board of County Commissioner approval.

The Procurement Card Program enables employees to make small dollar purchases using a credit card which is owned and issued by the County. The program is designed to make County purchases easier and more convenient by reducing the use of petty cash, small value purchase orders, and other expenditures as discussed in the policy; thereby, increasing efficiency, decreasing wait time, and reducing paper work by reducing the number of requisitions and purchase orders requested, as well as reducing the number of vendor checks processed.

The Procurement Card also simplifies the process for making travel arrangements when necessary to conduct County business. The travel must be authorized and approved prior to any expenses being charged to the Procurement Card.

**II. Policy**

1. New Hanover County’s policy mandates that the Procurement Card be used for official County business only. No personal use of the card is allowed for any reason or occasion.
  - a. Using the Card for other purposes could be considered fraudulent use and 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.
  - b. Authorized Uses
    - i. To conduct official county business only.
    - ii. For purchase of supplies, equipment, materials, having a total cost including all charges (i.e. freight, shipping, sales tax, etc.) \$1,000 or less.
    - iii. For purchases of supplies, equipment, materials, and services greater than \$1,000 when approved by the Chief Financial Officer/Designee.

- iv. Travel accommodations (hotel, airfare, rental car, registration) excluding food. The travel authorization must be obtained prior to using the card to charge travel accommodations. Travel expenses are not limited to the single transaction limit. Finance will lift controls to allow payment for travel related expenses that may exceed the \$1,000 transaction limit as approved by the travel authorization.
  - v. Non Travel, Non-Emergency Related Business Meals (Refer to attachment A).
  - vi. Emergency meals include the provision of meals, including beverages and meal supplies, for employees and volunteers engaged in eligible Emergency Work where one of the following circumstances apply: (a) conditions constitute a level of severity that requires employees to work abnormal, extended work hours without a reasonable amount of time to provide for their own meals, or (b) food or water is not reasonably available for employees to purchase. These are meals that are brought to the work location and purchased in a cost effective and reasonable manner, such as bulk meals. This does not include costs related to group outings at restaurants or individual meals.
  - vii. Gas for fueling rental vehicles.
- c. Unauthorized Uses include but are not limited to;
- i. Non-business/personal purchases
  - ii. Food purchases related to travel. Employees receive per diem in accordance with the Travel Policy
  - iii. Computer hardware and computer software unless approved in advance by IT
  - iv. Fuel purchases for County vehicles except in emergency situations (County vehicles are equipped with gas cards. Contact purchasing prior to using the Procurement Card for gas in County vehicles.)
  - v. Fuel purchases for personal vehicles.
  - vi. Employee appreciation items including gift cards. IRS regulations required that gift cards be included as taxable income. Human Resources is responsible for employee appreciation items and events.
  - vii. Ammunition/Weapons
  - viii. Prescription Drugs
  - ix. Alcoholic beverages
  - x. Cash Advances
  - xi. Services requiring a purchase order and/or certificate of insurance.
  - xii. Donations and gifts
  - xiii. Leases
- d. The Procurement Card received by the cardholder has his/her name embossed and shall only be used by the cardholder. **No other person is authorized to use the card or account number.**

### III. Process

#### 1. Obtaining a Procurement Card

- a. The Department Head/Designee will make a request to the Finance Department 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 \$2,000; however, Department Heads/Designees may request a higher or lower monthly card limit.
- b. 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 procurement card. The Chief Financial Officer/Designee must authorize and approve a per transaction limit increase for a purchase totaling \$1,000 or more. This does not include travel related expenses.
- c. After receiving the request, Finance will order the Procurement Card. When the card is received, Finance will notify the cardholder and arrange a session to discuss appropriate use of the card and documentation required by the cardholder for the payment process. The cardholder will be required to attend this session and sign the **Employee Agreement Form** prior to receiving the card. Finance will set up new users and add MUNIS accounts in the WORKS program.
- d. If card is lost or stolen, cardholder will notify the Bank **immediately**.

#### 2. Using the Procurement Card and Processing Payment – The billing cycle runs from the 1<sup>st</sup> day of the month to the last day of the month. As transactions posts to a cardholder's account, they become available in the WORKS program for coding and processing.

- a. Keep itemized receipts of all transactions charged to the card. If a receipt is lost, contact the vendor for a duplicate. If a duplicate receipt can't 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**. Finance reserves the right to revoke Procurement Card privileges or to deduct subsequent purchases without a receipt for excessive missing receipts.
- b. 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.
- c. Log-in the WORKS program and 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**.
- d. After completion of the review and reconciliation, print the excel spreadsheet or transaction log. Attach receipts and supporting documents

to the transaction log in the order displayed on the **Cardholder Activity Statement**.

- e. Submit all information to the Department Head/Designee to review for accuracy and legitimacy. Department Head/Designee must sign the **Cardholder Activity Statement** prior to information being sent to Finance.
- f. Department Head/Designee is responsible for the budget that the cardholder uses to charge the expenditure against.
- g. Forward all documentation to the Finance Department by the 15<sup>th</sup> of the month in to the order detailed in the **Procurement Card Reconciliation Checklist**. Cardholders who turn in the log after the 15<sup>th</sup> of the month more than twice during a six-month period may have their Procurement Card privileges revoked or suspended. Cardholders are still responsible for meeting this deadline if they are out of the office for any reason.
- h. Finance will monitor the program for compliance and answer any questions regarding the use of the Procurement Card.

### 3. Cancellation of the Procurement Card

- a. It shall be the responsibility of the Supervisor to take custody of the Procurement Card when an employee is terminated and destroy the card. Finance will close the cardholder's account with Bank of America when an employee is terminated. If a Supervisor determines an employee should no longer have a Procurement Card, they must notify the Finance Department in writing. The Finance Department also has the authority to cancel/revoke procurement card due to noncompliance with this policy.
- b. 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 Chief Financial Officer approval.

### 4. Disputed Charges

- a. A transaction should be disputed when:
  - i. The purchase was not authorized by the cardholder
  - ii. The item was never received
  - iii. The charge amount is different than the authorized amount
  - iv. The item has been returned but no credit has been issue
  - v. A credit appears as a charge
  - vi. The charge appears more than once for the same transaction
  - vii. A hotel reservation was canceled but the card was still charged
  - viii. The cardholder does not recall the transaction
  - ix. The cardholder needs more information about the charge
- b. The cardholder should try to resolve the problem with the vendor if there is a disputed charge. If the cardholder cannot resolve the problem with the vendor, the cardholder should notify the Bank **immediately**. The cardholder should identify the charge as a disputed charge on their monthly reconciliation to alert Finance.

- c. To avoid being charged late fees, the County will pay the amount of the disputed transaction while a decision is being made by Bank. If the Bank decides the card was charged in error, a credit will appear on the **Cardholder Activity Statement** within one or two months. Cardholders will include the credit as part of their reconciliation.

#### VIII. Appearance Test and Reasonableness Test

Purchase card 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.

#### XIII. Procurement Card Reconciliation Package

The Procurement Card Reconciliation Package consists of the following:

1. Cardholder Activity Statement
2. Transaction Log
3. Receipts and any other documentation to substantiate charges to the procurement card

#### XIV. 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 County'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 County's personnel policies.

#### XV. References

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

#### XVI. Attached Forms

- Procurement Card Business Meal Chart
- Procurement Card Change Request Form
- Procurement Card Employee Agreement Form
- Procurement Card Employee Enrollment Form
- Procurement Card Missing Receipt Form
- Procurement Card Reconciliation Checklist

## Business Meals

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

Common Types of Business Meals	Defining Criteria	Documentation Required In Addition to Purpose/Reason and Number of Participants
Recruitment Meal	Hosted by the County 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 and identification of the group addressed.
Employee Function	Functions hosted by the County for employees.	Date, time, and place of function and prior approval by County Manager/Designee
Training	Training must last for longer than two hours	The type of training conducted.
Working Meal	Employees are required to work during their meal periods. Food is generally brought into the workplace.	Names of participants, business discussed, and prior approval by County 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.
Sheriff and Police Officers	SWAT Team, Stake-out, Active Crime Scene	Date, time, and place
Officer and Prisoner Security	Meals for Detention Officers when transporting prisoners.	Date, time, and place
Emergency Operations	Emergency On Call or Incident Management Team activation	Communication from EOC Director

**CHANGE REQUEST FORM**

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 \$1,000, approval by the Chief Financial Officer / Designee is required. (Not required for travel related expenses)

Department Head / Designee Name: \_\_\_\_\_

Signature \_\_\_\_\_

Chief Financial Officer / Designee Name: \_\_\_\_\_

Date: \_\_\_\_\_

## EMPLOYEE AGREEMENT FORM

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

1. The use of the Procurement Card for small value purchases is a standard procedure of the County.
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 County'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 and Finance.
6. In the event of termination of my employment with the County, I authorize the County to deduct any amount due to the County from my final payroll check if not settled prior to my departure.
7. The Procurement Card may be used only for purchasing goods for the official use of the County. 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 purchases made on the Procurement Card that are not in accordance with this policy may be deducted from my payroll check if not settled otherwise.
9. I agree that should I violate the terms of this agreement and use the County's Procurement Card for personal use or gain, I shall reimburse the County 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.
10. 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 Finance by the 15<sup>th</sup> day of the month as prescribed by the County's Procurement Card Policy.
11. I agree to not use the County's Procurement Card to circumvent the adopted 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: \_\_\_\_\_



## ENROLLMENT FORM

A Procurement Card is requested for the following employee:

Name: \_\_\_\_\_

Proposed Monthly Limit: \_\_\_\_\_

Department Head/Designee's Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**MISSING RECEIPT 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 New Hanover County purposes.

Cardholder's Signature: \_\_\_\_\_

Department Head/Designee's Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## **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. Transaction Log (signed by the Cardholder)
  - \_\_\_\_\_ 1C. Receipts, invoices and/or supporting documentation for each transaction attached to the transaction log in the order listed on the statement.
  
- \_\_\_\_\_ 2. Cardholder must review the reconciled package and sign and date the Cardholder Activity Statement after the package is compiled and complete and before submitting 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 County business. The Department Head/Designee must sign the Cardholder Activity Statement.
  
- \_\_\_\_\_ 4. Forward Monthly Reconciliation Package to Finance by the 15<sup>th</sup> day of the month