



Administrative Policy
P-Cards
Finance– A501

Effective Date:

December 2002

Revised Date:

September 2008

Procurement Card Policy & Procedures

Summary

The Town of Payson Procurement Card (P-Card) program is to be used to purchase low value, maintenance, repair and operational items. The P-Card is a *MasterCard* Commercial Card offered by the bank.

Background

The P-Card program is intended to reduce internal purchasing restrictions by delegating the authority, responsibility, and capability for the purchase as described above directly to the end user at the departmental level.

The Procurement Card Administrator is assigned to oversee the P-Card program, promote use of the P-Card, enforce policies and procedures, assist cardholders, and to be the point of contact for the bank and P-Card users.

Controls

The Program uses internal management controls as well as features and reports from the bank's system.

The following controls are implemented for each cardholder's purchase limits; different limits can be set for each cardholder:

- a) Number of purchase authorizations per day,
- b) Single dollar purchase limits. If a cardholder exceeds their limit, the transaction shall be rejected when the merchant attempts to process the purchase through the bank. Limits shall not exceed \$2,500 unless coordinated through the Chief Fiscal Officer in writing.
- c) Spending limit per billing cycle,
- d) Blocked merchant category code.

General Information

Department and Division Managers recommend permanent full time employees whose positions would benefit in cost savings and efficiency within their respective departments to



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receive P-Cards. Part-time, temporary employees and contractors are not eligible. A P-card application must be prepared to issue a P-Card to an employee (cardholder) and the Department or Division Manager must sign the application.

The cardholder's name is embossed on the issued card. Authorization to use the card is restricted to the specified employee. The cardholder may make transactions on behalf of others within their department; however, the cardholder is responsible for the use of the card; it may not be delegated. The card is only to be used for official Town business and may not be used for personal purchases.

The cardholder is required to attend a training session prior to receiving the P-Card. Managers of new P-Card cardholders shall also be invited to attend the training session. A copy of the P-Card Policies and Procedures shall be issued to the cardholder and the cardholder's manager. Managers with multiple cardholders shall only receive one copy of the Policies and Procedures. The cardholder and cardholders' manager must sign the Participating employee Acknowledgement of Responsibilities form.

Failure to Comply with P-Card Policies & Procedures

Disciplinary measures may include termination or other disciplinary action as warranted by the severity of the offense. Following are examples of consequences for failure to comply with program guidelines and shall be applied as warranted. In each instance a training session will be held with the cardholder and cardholder's manager.

1. Verbal and written reprimand to the cardholder with a copy to the cardholder's manager.
2. P-Card privileges suspended for not less than 60 days.
3. P-Card privileges suspended for one year. The employee would be able to reapply for a card after one year. The card will not automatically be reinstated.
4. P-Card privileges revoked permanently.
5. Employee may be suspended or terminated, per the Town Personnel Manual.

Process

1. Employee or manager shall contact the P-Card Program Administrator by email or memo, requesting an application form. P-card Issuance/Cancellation/Change Request Form (Attachement A)
2. Complete the form and submit to the applicable manager for approval.



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3. Department/Division Manager, in coordination with the Chief Fiscal Officer, shall assign purchase limits.
4. Department/Division Manager shall forward the completed form to the Chief Fiscal Officer for final approval.
5. The application shall be forwarded to the P-Card Program Administrator.
6. Upon receipt by the P-Card Program Administrator, the card application shall be processed and a request made to the bank to issue a P-Card.
7. The card shall be sent to the P-card Program Administrator who shall contact the card applicant and schedule a time for training.
8. After completion of the training, the card shall be assigned.
9. The cardholder and manager must sign the Participating employee Acknowledgment of Responsibilities form (Attachment B). The P-Card Administrator shall retain this acknowledgment in the cardholder's P-Card file.

Policy for P-Card Use

The P-card is a supplement to the procurement process. Use of the card is not intended to replace effective procurement planning which enables volume discounts. P-Card cardholders, supervisors, and managers are expected to use sound business practices and high ethical standards when purchasing items.

Authorized Department Directors or their authorized representatives must approve all monthly statements. Supervisors are not authorized to approve monthly statements for department level cardholders except in the manager's absence. A copy of the delegation shall accompany the monthly statement, as required.

Restrictions

If an order totals more than the cardholder's assigned dollar limit, the P-Card may not be used to cover the purchase. Orders shall not be broken down into several purchases that are less than the applicable dollar limit to permit use of the P-Card or to avoid requirements that apply to purchases exceeding the assigned dollar amount.



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P-Cards shall not be used for:

1. Personal Use
2. Cash Advances
3. Cash Refunds
4. Purchases exceeding the assigned dollar amount
5. Travel and subsistence except by authorized cardholders
6. Alcohol
7. Training tuition except by authorized cardholders
8. Communications equipment such as pagers, cellular phones, etc.
9. Individual or organizational memberships except by authorized cardholders
10. Information processing hardware (e.g., PC's, laptops, component, printers, etc.)*
11. Computer Software*
12. Capital property items with a value over \$5,000.

*Except through Information Technology personnel or with their approval.

P-Card Program Administrator's Responsibilities

1. Ensure cardholders comply with established policies and procedures.
2. Print and send monthly statements via interoffice mail to the cardholders within three (3) business days of the last day of the billing cycle.
3. The P-Card Program Administrator shall work with the cardholder's manager and/or the cardholder to resolve any problems. If a cardholder's statement of account is not being reconciled or returned in a timely fashion, the P-Card Program Administrator shall notify the cardholder and manager. Failure to reconcile within the time specified may result in revocation of the P-Card.
4. The P-Card Administrator may suspend or cancel a cardholder's P-Card privileges at any time. The cardholder and manager shall be notified in writing of the reason for the suspension or cancellation.



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5. Maintain a listing of all cardholder applications and maintain the banks files.
6. Participate in program review and enhancements.
7. Coordinate implementation of the P-Card program throughout the organization to include program monitoring and review.
8. Randomly conduct reviews of cardholder P-Card activity. Notifying cardholders and managers of any non-compliance of established policies and procedures. Enforcement of disciplinary action will be implemented by the Chief Fiscal Officer, and if necessary, the Town Manager. Reviews shall be conducted at a minimum of once every 24 months.
9. Provide copies of the P-Card policies and procedures to the cardholders and managers.
10. Maintain a supply of P-Card application forms.
11. Assist with application for new cards, changes and deletions.
12. Read and understand cardholders and managers roles as outlined in this policy. Answer questions about the P-Card program and the policies and procedures of the bank.
13. Act as first line point of contact for cardholders and managers.
14. Perform P-Card related training.
15. Monitor and receive the completed monthly statements with attached support documents.
16. After reviewing for compliance, forward to Accounts Payable for processing into the accounting system.
17. Coordinate with Department Manager and Payroll Technician to insure that the P-Card has been returned to the Town upon termination of employment, and that required changes have been made if an employee's status/position changes.

Cardholder's Department/Division Manager Responsibilities

1. Recommend transaction and monthly credit limit on cardholder's card.
2. Approve supplies and services purchased using the P-Card.
3. Review cardholder compliance within the user's department in conjunction with the P-Card Program Administrator.



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4. Review and approve purchasing activity (monthly itemized transaction statements):
 - a. The P-Card Program Administrator disburses the monthly statement to the cardholder at the end of each billing cycle. The cardholder's signed, coded, and reconciled statement, with receipts attached, shall be submitted to their manager within three (3) days of receipt of the statement of the account.
 - b. Review each cardholder's statement for overall legitimacy and accuracy of charges. If an unauthorized purchase is discovered, the P-Card Program Administrator should be contacted immediately.
 - c. Ensure documentation is attached, e.g., receipt, packing slip. Acknowledge missing receipts by initialing the transaction on the statement of account. (This shall be allowed on an exception basis only and written explanation must be provided to the P-Card Program Administrator.) All charges must be assigned a Town expenditure account number before forwarding to the P-Card Program Administrator.
 - d. After completing the review, sign the statement acknowledging approval of purchases and forward statement of approval along with all documentation, e.g., receipts, packing slips, to the P-Card Program Administrator. Keep a copy of the monthly statement for department files. It is the manager's responsibility to ensure that all statements of account are approved and provided by the cardholder to the P-Card Program Administrator by the due date specified. If an employee is on leave or on assignment out of town, it is the manager's responsibility to ensure the reconciliation is completed and submitted by the specified due date. The P-Card Program Administrator shall assist as needed to help eliminate delays in the reconciliation process.
 - e. In the event the cardholder's employment status changes (termination), it is the manager's responsibility to obtain the card from the cardholder and return it to the P-Card Program Administrator. The steps for canceling a P-Card are described in the next section.

Cardholder Responsibilities

The P-Card is used for payment of materials and services up to a specified dollar limit, (including shipping and handling charges). The manager recommends the transaction and monthly credit limits on the card for agreement by the Chief Fiscal Officer. These limits are dependent upon the requirements of cardholder's position and function. With approval, the cardholder is delegated expenditure and purchasing authority. A P-Card is issued at the discretion of the Chief Fiscal Officer and the Department Manager to authorized employees.



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A. Ordering and Receiving

1. When making a P-Card purchase, the cardholder shall use his/her best judgment to obtain the best product at the best price for the Town. In addition, the cardholder shall consider departmental budget guidelines when making purchasing decisions.
2. When placing telephone orders, provide the vendor with complete shipping instructions, including address (department location), department name, and cardholder name. Deliveries must come to a Town location only. Instruct the vendor to include in the delivery package a sales receipt, invoice, or charge slips.
3. All original purchase documents (e.g., receipts, sales slips, etc.) must be obtained by the cardholder for purchases made on the P-Card. Brochures or flyers describing training or conference details must also accompany purchases of training tuition or conference registrations. All related documents are to be attached to the reconciled monthly statement for forwarding to the P-Card Program Administrator.
4. The cardholder is responsible for ensuring receipt of materials and services, and resolving any receiving discrepancies or damaged goods issues. Vendors are to charge the P-Card for items actually shipped. Back ordered items are to be charged at time of shipment.
5. Transactions must not be split into two or more transactions to stay below the assigned dollar limit. Splitting transactions is prohibited and could lead to suspension or revocation of P-Card privileges.
6. When procuring a non-capitalized property asset (less than \$5,000). It is the cardholder's responsibility to ensure compliance as stated in this policy.
7. Vendors shall issue credits to an individual P-Card for items that they have agreed to accept for return. This credit may appear on a subsequent statement. Under no circumstances may a cardholder accept cash instead of a credit to the P-Card account.
8. Reconciliation and approval of monthly statements are due as specified on the cover letter attached to the monthly statement. If an employee is unable to complete his/her reconciliation by the specified due date, he/she shall ensure the manager is aware of all open P-Card transactions. The manager shall be responsible for completing the reconciliation and returning the approved monthly statement by the due date specified.

B. Reconciliation and Approval Process

1. When a cardholder's statement of account is received, it should be verified by comparing receipts to the itemized purchases listed in the statement. If there are disputed charges, clearly mark them on the statement as disputed.



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2. The cardholder shall proceed with actions listed under resolving billing problems (in this policy). The cardholder shall review, code, and sign the statement with the purchases and attach all receipts and charge slips. Forward the statement to the department manager or authorized representative within three (3) days after receipt of statement.

C. Resolution of Billing Problems

1. The cardholder is responsible for settling any disputes, clearing erroneous charges, and requesting credit for returned merchandise directly with the vendor or the bank. The cardholder shall clearly indicate items on the monthly statement that are in dispute, erroneous or charges requiring a credit.
2. The cardholder is responsible to follow-up with the vendor or the bank on any erroneous charges, disputed items, or returns. The cardholder shall ensure that proper credit is given on a subsequent statement.
3. For disputed charges that cannot be resolved with the vendor, the cardholder shall contact the bank within 60 calendar days of the cycle date when the item originally posted. A Dispute form is available (Attachment C) and may be faxed to the bank. Contact the P-Card Program Administrator for the bank information.
4. Upon completion of an investigation by the bank, the cardholder shall be notified. If the dispute is not settled in the cardholder's favor, the account shall be charged for the disputed transaction amount.

D. Fraudulent Use of the P-Card

1. The cardholder is responsible for immediately reporting any fraudulent use or misapplication of the P-Card to the P-Card Program Administrator and their approving manager.
2. Misuse of the P-Card may lead to revocation of the card or other disciplinary actions as described in this policy.
3. Personal use of the P-Card is prohibited and is subject to disciplinary action up to and including termination as described in this policy.

E. Validation/Safekeeping

1. The cardholder must sign the P-Card immediately upon receipt. When the expiration date has passed and/or after he/she receives a new/replacement P-Card, the cardholder shall cut the old P-Card in half and return it to the P-Card Program Administrator.



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F. Lost or Stolen P-Card

1. Report any lost or stolen cards immediately to the banks 24 hour toll free number and the P-Card Program Administrator. Bank representatives are available 24 hours a day. The bank will immediately cancel the card and forward a replacement card to the P-Card Program Administrator within three to five business days.

Department Accounts

1. The Town has established Department accounts for use by a department at the discretion of the Department Manager. The use of the P-Card is subject to the same rules and regulations as any other cardholder.
2. Reconciliation of the department account credit card statement is the responsibility of the department manager or their authorized representative.
3. To reconcile the department account statement, the department representative shall compare the charges with actual invoices/receipts of orders placed against the P-Card. It is the responsibility of the employee authorized by the department using the P-Card to obtain invoices and signed receiving reports for each charge.
4. The department shall list applicable accounting data on the statement (or attach a listing) for each charge and summarize the dollar amounts for each accounting data item listed. He/she shall certify the statement for payment and forward to his/her department manager within three (3) days after receipt of the statement.
5. The department is responsible for completing the reconciliation and for ensuring the statement is received by the P-Card Program Administrator by the due date specified on the monthly statement letter.

Program Monitoring

A. Cardholders

Cardholders are responsible for verifying and sending signed statements of accounts with attached receipts to the approving receipts to the approving manager within three (3) days of receipt. Cardholders shall submit the monthly statement to the P-card Program Administrator by the due date specified on the cover letter. The cardholder shall maintain backup documentation for all purchases on a monthly basis.

B. Managers

Managers review the verified statements for legitimacy and accuracy of the charges and sign the statements approving the purchases.



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C. P-Card Program Administrator

Reconciles the summary reports with approved statements of accounts.

Periodically reviews cardholder's transaction files and summaries to ensure compliance with the P-Card policies and procedures.

Periodically reviews buying patterns and evaluates with the Chief Fiscal Officer to determine opportunities for volume discounts.

Cancellation

1. In the event a cardholder changes employment status within the Town, (promotion, transfer), the cardholder's new manager must determine the need for a card. If a P-Card is not required, the card must be turned in to the P-Card Program Administrator and the account shall be closed. In the event a need for the P-Card is required, the cardholder and new manager must jointly complete the P-Card Issuance/Cancellation/Change Form as well as a new Participating Employee Acknowledgement of Responsibilities Form.
2. If a cardholder's status with the Town changes in such a manner that he/she is no longer an employee with the Town (resignation, termination) the card must be returned to the P-Card Program Administrator and the account closed. If the account must be closed expeditiously, call or email the P-Card Program Administrator to request immediate closure with the bank and then follow the steps described below:
 - a. The cardholder and the manager must jointly complete the P-Card Issuance/Cancellation/Change Form.
 - b. Cut the P-card in half and send it with the above form to the P-Card Program Administrator.
 - c. **Note:** Terminated employees are to turn their card into the P-Card Program Administrator at the time the notice is given.
3. The Town may cancel the cardholder's privileges at any time for any reason. Cards may be revoked for misuse or non-compliance of procedures. The P-Card remains the property of the Town of Payson at all times.



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Contacts

JP Morgan Chase Bank

Customer Service (report lost/stolen cards): 1-800-316-6056

Customer Service – Fax 1-847-488-3024

Town of Payson P-Card Program Administrator

Janice Hopely X230 jhopely@co.payson.az.us



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P-CARD ISSUANCE/CANCELLATION/CHANGE REQUEST FORM

Check One:

Date: _____

_____ Issue a credit card – Signing this form indicates you have read and will abide by the Procurement Card Policy and Procedures

_____ Cancel a credit card

_____ Change request (e.g., limit increase, change of department etc.)

Reason for change: _____

Cardholder Name: _____

Department Name: _____

Cardholder Signature: _____

Department Manager Signature: _____

If requesting a single purchase limit greater than \$2,500, state reason:

Chief Fiscal Officer concurrence: _____

Single purchase limit of \$2,500 shall only be authorized for specific purchases. If the limit is granted, the P-Card holder agrees to only use the higher limit for the specific purpose for which it was approved. Other purchases greater than \$2,500 not approved in writing and on file with the P-Card Program Administrator, are not authorized. The cardholder also agrees to not split orders for circumventing current Procurement and P-Card policies and procedures. Failure to adhere to these regulations could result in revocation of the P-Card as described in the Procurement Card Policies and Procedure document.

FOR FINANCE USE ONLY

Date: _____ **Card No.** _____ **Limit:** _____

Notes: _____

ATTACHMENT A



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PARTICIPATING EMPLOYEE ACKNOWLEDGMENT OF RESPONSIBILITIES

This document outlines the responsibilities I have as a holder of the Town of Payson, AZ P-Card. My signature indicates I have read and understand these responsibilities, and further, I acknowledge receipt of the Town P-Card issued in my name. I have received a copy of the Procurement Card Policies and Procedures and attended the training session.

The Town P-card is intended to facilitate the purchase and payment of materials or services required for the conduct of Town business only. I agree NOT to use the card for personal purchases and I understand it is not to be used for any type of cash advance.

Use of the Town P-Card other than as authorized in the P-Card policies and procedures shall be considered misappropriation of Town funds. This could result in a) immediate and irrevocable forfeiture of the card, and/or b) disciplinary action up to and including termination of employment, and/or c) legal action as per the Town Personnel Manual.

I understand and agree to surrender the card upon termination of employment, whether for retirement, voluntary separation, resignation, or dismissal for any reason. In addition, I will surrender the P-Card and cease use of the P-Card in case of transfer or relocation, or at anytime the Town may deem necessary. I also acknowledge that the Town may cancel my P-Card privileges at any time for any reason. Cards may be revoked for misuse or non-compliance of procedures. The P-Card remains the property of the Town of Payson at all times.

I shall maintain the card and account number with appropriate security whenever and wherever I use the card. If the card is lost or stolen, I agree to immediately notify the bank and the P-Card Program Administrator, using the steps outlined in the P-Card policies and procedures. I understand, when I follow the procedure as outlined, I relieve the Town and myself of liability for fraudulent use.

I understand that the activity on the card shall be reported to the Town and/or its representatives. I am subject to periodic reviews by the P-Card Program Administrator and my Department Manager.

I understand I shall be provided a monthly statement. Since I am responsible for all charges on the card (but not for payment for Town authorized expenses), I shall verify the charges and credits appearing on the statement and promptly reconcile these charges. I agree to maintain proof of the purchase for each transaction in the form of a credit slip and/or packing list. I understand that these records are also subject to review by the Financial Services Department and/or the Town's external auditors. I shall note any differences and report them to my manager, as required by the P-Card policies and procedures.



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I understand I am responsible for obtaining my manager's signature approval and promptly forwarding this approved statement of charges with related support documents to the P-Card Program Administrator by the due date specified on the cover letter accompanying the statement.

I acknowledge the purchasing limit transaction established for my card, \$ _____ per transaction; \$ _____ per month, and agree not to split purchases for circumventing the Town's procurement policies and procedures.

I understand the Town P-Card is not provided to all employees. Assignment of the Town P-Card is based on understanding that my job requires me to make periodic purchases of materials or services for the conduct of the business. My card may be revoked for any reason as determined by the Town.

By signing below, I acknowledge that I have read and agree to the terms and conditions of this document. I certify that as a participating cardholder of the Town of Payson's Commercial Card Program (P-Card), I understand and assume the responsibilities listed above.

Cardholder Signature: _____

Cardholder Printed Name: _____

Date: _____

Approving Department Manager Signature: _____

Approving Department Manager Printed Name: _____

Title: _____

Date: _____



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DISPUTE FORM

Cardholder Name and Return Address _____

Cardholder Phone Number: _____ Fax Number: _____

Cardholder Account Number: _____

Merchant Name: _____

Amount: _____ Transaction Date: _____

Transaction Reference Number: _____

To assist our investigation, please indicate below the reason for your dispute, and please call our Dispute Representatives at 1-800-297-0768 if you have any questions.

_____ I did not make or authorize the above transaction (Please indicate the whereabouts of your commercial card) _____

_____ 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) _____

_____ Please send me a copy of the sales draft (Your account will be charged \$5.00 for each copy supplied).

_____ 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 date of expected delivery was _____. The details of my attempt to resolve the dispute with the merchant and the merchant's response are indicated below.



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_____ My account has been charged for the above transaction, but the merchandise has since been returned. The details of my attempt to resolve the dispute with the merchant and the merchant's response is indicated below. (Please enclose a copy of your postal receipt).

_____ Other (Please explain).

Cardholder Signature: _____ Date: _____

Send completed form and enclosures to:

JP Morgan Chase Bank

P.O. Box 2015

Elgin, IL 60121

Or fax to:

(847) 488-3024

(847) 931-8861