

City of Newton
PURCHASING CARD PROGRAM

CARDHOLDER POLICY

March 1, 2014



Introduction

Welcome to the City of Newton Purchasing Card Program. This program is designed to better manage purchases and brings many benefits to you, the City and its vendors.

For the Purchasing Card process to operate efficiently and effectively, a timely response to each of the elements of these procedures is required from those concerned. Failure to do so will create problems and possible delays in preparing month-end closeouts for your general ledger accounts. Employee absences should be anticipated and contingency plans put in place so that the process flow will not be delayed. Please be sure to read and follow the program guidelines as specified within this manual.

What is the Purchasing Card?

The Purchasing Card is a credit card issued by BB&T. It is a fast, flexible tool which offers an alternative to the existing purchasing process and provides an extremely efficient and effective method for City Purchasing. ***The card is to be used only for official City purchases.***

The Purchasing Card will enable you to make purchases directly from vendors by telephone, fax, over the internet, or in person.

The Purchasing Card will be issued in the employee's name with "City of Newton" clearly indicated on the card.

The Purchasing Card program brings benefits to...

Cardholders - You will be able to obtain services directly from your vendors without payment requests and waiting for checks. This streamlines the City Purchasing process and can help improve turnaround time and reporting. It significantly reduces the workload and processing costs related to the purchase and payment of services.

City of Newton - The Purchasing Card program provides a cost-efficient, alternative method for City expenses. Built-in Card features make the Program easy to control, manage and reduce processing costs at all levels by reducing the number of requisitions, invoices and checks. The Purchasing Card enables all departments to focus on higher value-added activities.

Vendors - The Purchasing Card will be welcomed by vendors who accept credit cards. When they accept the card for business purchases, vendors need not send invoices to the City's departments for payment processing. The vendor will receive payment directly from BB&T within approximately 48 hours.

PARTIES INVOLVED

Card Issuer - BB&T's services include issuing BB&T Visa Purchasing Cards to City employees, providing electronic review of transactions, and billing City of Newton for all purchases made on the cards.

City of Newton - Arranges with the card issuer, BB&T, to have Purchasing Cards issued to approved employees and agrees to accept liability for the employees' use of the cards.

Department Manager - City official who must approve employee's request for a Purchasing Card, approve Cardholder statement reconciliations, assign Departmental Liaison, if desired, and submits change requests to the Purchasing Card Administrator. Department Manager approval delegates transaction authority to the Cardholder.

Departmental Liaison - An employee within a department appointed by the Department Manager to review transactions of individual Cardholders to assure legitimate business purpose, code transactions to the proper general ledger accounts (if Cardholder), and forward approved cardholder statement reconciliations to Accounts Payable after final approval by the Department Manager. This person may also be a cardholder.

Purchasing Card Administrator - The Finance Office employee who coordinates the Purchasing Card program for the City. The Purchasing Card Administrator makes all changes for departments and acts as the City's intermediary in correspondence with BB&T.

Cardholder – A permanent full-time employee of the City who is approved by his/her Department Manager to use the Purchasing Card to execute purchase transactions on behalf of the City.

Transaction Documentation - Original invoice (or electronic copy in the case of a telephone order), charge slip, packing list, itemized sales receipt and/or printout of the online order confirmation. Any paperwork from the vendor to verify the purchase.

Accounts Payable Specialist – Individual in the Finance Department responsible for reviewing Cardholder statement reconciliations for proper approval and proper general ledger account coding.

Vendor - The merchant from whom a Cardholder is making a purchase.

Cardholder Eligibility

Criteria to receive a Purchasing Card is as follows:

- **Applicant must be an employee of City of Newton.**
- **Applicant's request for a Purchasing Card must be approved by his/her Department Manager.**
- **Applicant must be able to reconcile his/her own account statement.**
- **Each individual Cardholder must sign a Cardholder Agreement [EXHIBIT A].**

Key Cardholder Responsibilities

CARDHOLDER RESPONSIBILITIES

The Cardholder must use the Purchasing Card for legitimate business purposes only **with a value of \$750.00 or less**. The Purchasing Card may be used for expenses as determined by City policy. An employee who misuses the card could be subject to disciplinary action up to and including termination and may be subject to legal action. The Cardholder must:

- Ensure the Purchasing Card is used for legitimate business purposes only.
- Maintain the Purchasing Card in a secure location at all times.
- Not allow other individuals to use their Purchasing Card.

- Obtain purchase documentation for all purchase transactions (original invoice or electronic copy in the case of a telephone order, charge slip, packing list, itemized sales receipt or printout of the online order confirmation).
- Record and reconcile all purchases on the P-Card Log **[EXHIBIT F]** as soon as the purchase takes place. Submit original Log, with all purchase documentation attached, to Department Liaison or Department Manager with the billing statement within **five** working days of the monthly billing date. Keep a copy for Cardholder records.
- Forward log of transactions and allocations with receipts attached to Accounts Payable, **before the 5th of each month**, for processing of Cardholder statement.
- Attempt to resolve disputes or billing errors directly with the vendor and notify the Departmental Liaison/Manager who will then notify the Purchasing Card Administrator if the dispute or billing error is not satisfactorily resolved.
- Ensure that credit for the reported disputed item or billing error appears as appropriate on a subsequent Cardholder statement.
- Receiving cash in lieu of a credit to the Purchasing Card account is strictly prohibited.
- Immediately notify Departmental Liaison/Manager and Purchasing Card Administrator of a lost or stolen Purchasing Card. If loss or stolen card is discovered outside normal operating hours (Monday – Friday 8:00am to 5:00pm) also contact BB&T at **1-800-397-1253**.
- Return the Purchasing Card to Departmental Liaison or Department Manager immediately upon giving notice of terminating employment with the City.
- Report rejected transactions and emergency transaction needs to the Purchasing Card Administrator during normal business hours.

DEPARTMENTAL LIAISON RESPONSIBILITIES

A Department Manager may designate one or more Departmental Liaisons for his/her department. The Department Manager will assign a Departmental Liaison to each Purchasing Card application approved for his/her employees. Responsibilities include:

- Reviewing vendor receipts attached to the BB&T Cardholder reconciled statements for proper business purpose and proper general ledger account coding.
- Reviewing Cardholder statement reconciliations on a monthly cycle and obtaining Department Manager approval.
- Ensuring that all Department Manager approved Cardholder statement reconciliations are forwarded to Accounts Payable **by the 5th of each month** after the Cardholder statements are downloaded online.
- Attempting to resolve any disputes with vendor and/or BB&T not resolved by Cardholder.
- Notifying Purchasing Card Administrator in 3 business days of any unresolved disputes, noting the reason for dispute.
- Notifying Purchasing Card Administrator of lost or stolen cards.
- Requesting Purchasing Card Administrator to cancel a Cardholder's card (e.g. terminated employees, loss of Purchasing Card privileges) as approved by Department Manager. Request for cancellation of card should be forwarded to the Purchasing Card Administrator as soon as possible.
- Collecting cancelled cards from Cardholders and forwarding to Purchasing Card Administrator for secure destruction.
- Assisting Cardholders with rejected transactions and emergency transactions.

PURCHASING CARD ADMINISTRATOR RESPONSIBILITIES

The Finance Department will assign a Purchasing Card Administrator to be responsible for the over-all Purchasing Card program. Responsibilities include:

- Organization liaison with BB&T.
- Reviewing Department-approved Purchasing Card requests for new employee cards.
- Online setup of new employee requests to BB&T and receiving Purchasing Cards from BB&T.
- Obtain Cardholders signature of Cardholder Agreements **[EXHIBIT A]**, signifying agreement with the terms of the Purchasing Card program.
- Handling disputed charges/discrepancies not resolved by Cardholder or Departmental Liaison/Manager.
- Securing revoked Purchasing Cards and submitting information to BB&T.
- Auditing usage of Purchasing Card data for appropriateness.
- Ensuring that lost or stolen cards have been blocked by BB&T.
- Assisting the Departmental Liaison with rejected transactions and emergency transactions.

1. Requirements for Receiving a Purchasing Card

Before receiving a Purchasing Card, you are required to sign the City of Newton Purchasing Card Cardholder Agreement **[EXHIBIT A]**. By signing this agreement, you indicate that you understand the intent of the program, and will comply with all guidelines of this Policy as well as City Policies and Procedures relating to the expenditure of City funds.

2. Purchasing Card Maintenance and Closure

All contact with BB&T for card set up, maintenance and closure (except for reporting lost or stolen cards) will be handled by the Purchasing Card Administrator who is located in the Finance Department. The requests for closing a Cardholder account will be submitted to BB&T by the Purchasing Card Administrator. The plastic card for the Purchasing Card account being closed should be returned to the Department Liaison/Manager and thereafter to the Purchasing Card Administrator for secure destruction.

3. Prohibited Actions/Uses

The following actions/uses could subject the Cardholder to disciplinary action in accordance with policies governing Purchasing card use as contained on this City of Newton Purchasing Card Program:

- **Purchases of more than \$750 are prohibited.**
- **The Purchasing Card is used for personal or unauthorized purposes. See EXHIBIT D for a list of prohibited transactions.**
- **The Purchasing Card is used to purchase any substance, material, or service which violates policy, law or regulation pertaining to the City, State, or Federal government.**
- **The Cardholder allows the card to be used by another individual.**
- **The Cardholder splits a purchase to circumvent the limitations of the Purchasing Card.**
- **The Cardholder splits a purchase with another Cardholder to circumvent the purchase limit assigned to either Cardholder or the limitations of the Purchasing Card.**
- **The Cardholder fails to provide Departmental Liaison with required receipts.**
- **The Cardholder fails to provide, when requested, information about any specific purchase.**
- **The Cardholder does not adhere to all of the Purchasing Card policies and procedures.**

4. Purchasing Card Use

The card works just like your personal credit card. City spending parameters for each Purchasing Card issued are determined by the Department Manager and set by the Purchasing Card Administrator.

5. Purchasing Card/Account Number Security and Storage

Cardholders should always treat the City Purchasing Card with the utmost care. The card should be maintained in a secure location and the card account number should be carefully guarded. The only person entitled to use the card is the person whose name appears on the face of the card. The card may not be lent to another person for any reason.

The Finance Department will retain the monthly Cardholder Logs and related purchase documentation as well as all other documentation concerning the Purchasing Card program.

6. Cardholder Liability

It is your responsibility to ensure that the card is used within stated guidelines of this Policy. Failure to comply with program guidelines may result in permanent revocation of the card, notification of the situation to management, and disciplinary action in accordance with policies governing Purchasing card use as contained in this City of Newton Purchasing Card Program.

7. Lost, Misplaced or Stolen Purchasing Cards

Report any lost or stolen Purchasing Card immediately to Department Liaison/Manager and Purchasing Card Administrator. If the loss or stolen card is discovered after normal operating hours (Monday – Friday 8:00am to 5:00pm), contact BB&T at **1-800-397-1253**. BB&T representatives are available to assist you 24 hours a day, 365 days a year. Be sure to notify your Purchasing Card Administrator and Department Liaison/Manager about the lost or stolen card at the first opportunity during normal operating hours if you have to contact BB&T.

8. Completing a Purchasing Card Transaction

Follow these general guidelines when using your card or account number to make a purchase:

- **Determine if the intended purchase is within spending and vendor guidelines.**
- **Any purchase made using the purchasing card of \$750 must go through the purchase order process before the purchase is made. Use vendor number 337 (BB&T Financial, FSB (VISA)) when creating the requisition. Also, list the actual name of the vendor within the body of the requisition.**
- **For face to face transactions provide the vendor with your Purchasing Card or for telephone orders give the vendor your Purchasing Card account number and expiration date.**
- **Obtain a copy of the charge slip and/or itemized sales receipt, and packing list signing, dating, and writing the general ledger account number on the copy.**
- **If the order is by telephone, fax, or Internet, retain a copy of the order blank or vendor supplied description of the order indicating cost signing, dating, and writing the general ledger account number on the copy.**
- **Record transaction on Purchasing Card Log and attach all purchase documentation.**
- **On the last day of the billing cycle (23rd of the month) each Cardholder obtains a copy of their cardholder statement from the BB&T Credit Card Connection website and reconciles activity to the**

Purchasing Card Log, charge slips, itemized sales receipts and/or packing slips. Forward completed reconciliation with attached receipts to Departmental Liaison.

- **If telephone, fax, or Internet orders are not received by the time of the billing statement, follow the procedures for the handling of disputed charges.**

8. Rejected Transactions

There may be certain situations when a vendor receives a decline message (rejected transaction) when processing your Purchasing Card transaction. If you do not know the reason for the decline, contact BB&T at **1-800-397-1253** for an explanation. If the decline was in error, the Cardholder should immediately contact the Purchasing Card Administrator for assistance. If purchase is being made outside of normal business hours, the employee must find an alternate payment method or terminate the purchase and contact the Purchasing Card Administrator during normal hours.

9. Emergency Transactions

For the purpose of this policy an emergency is defined as a sudden, unexpected, or impending situation that may cause injury, loss of life, damage to the property and/or interference with the normal activities of the city and which, therefore, requires immediate attention and remedial action. For any transaction which does not meet the spending controls assigned to the card, the Cardholder must contact the Purchasing Card Administrator for assistance.

10. Credits

The vendor should issue a credit to your card account for any item they have agreed to accept for return. This credit will appear on a subsequent statement. ***Under no circumstances should you accept cash in lieu of a credit to the Purchasing Card account.***

11. Disputes & Billing Errors

You should always attempt to resolve any disputes or billing errors directly with the vendor. In most cases, the vendor will issue a credit to the card account. Nearly all issues can be resolved using this process. If you are unable to obtain an acceptable resolution, the Cardholder must contact the Departmental Liaison/Manager for assistance. If an agreement cannot be reached with the vendor, the Departmental Liaison/Manager should contact the Purchasing Card Administrator. The Purchasing Card Administrator may request your assistance in completing a signed Dispute Form to document the reason for the dispute.

The total amount billed by BB&T to the City will be charged to the individual departmental accounts and credits for disputed transactions will be posted to departmental accounts when credit appears on the BB&T cardholder statement.

12. Sales and Use Tax

In-State Vendors - The vendor is responsible for collecting retail sales tax at the point of sale. **The amount of sales tax should be indicated on the itemized receipt provided by the vendor.**

Out-Of-State Vendors - Vendors located out of State **may or may not** be required to collect North Carolina sales tax. **If the vendor collects North Carolina sales tax then the amount should be indicated on the itemized receipt or order form provided by the vendor.**

13. Audit Assistance

The Purchasing Card Administrator will perform periodic internal audits of your compliance with the guidelines of the Purchasing Card program, Cardholder statements and other required documentation. Accounts Payable will be looking at them in depth each month for proper compliance and will bring items necessary, to the attention of the Purchasing Card Administrator.

14. Customer Service

BB&T Customer Service is available 24 hours a day, 365 days a year at **1-800-397-1253** for:

- Reporting a lost or stolen card (If after normal operating hours)
- Disputes or billing errors
- Cardholder Account information

For all other questions or issues, please contact the Purchasing Card Administrator.

15. Exhibits

- Exhibit A- New Cardholder Enrollment Form
- Exhibit B- Lost Receipt Form
- Exhibit C- Vendor Dispute Form
- Exhibit D- Purchasing Card Prohibited Transactions
- Exhibit E – Reimbursement Form for Accidental and Inappropriate Use
- Exhibit F – Purchasing Card Purchase Log

16. Log in information for website

- (<https://www.bbtcreditcardconnection.com>)
- User Name
- Security Question Answer
- Password

CITY OF NEWTON PURCHASING CARD
NEW CARDHOLDER ENROLLMENT FORM

(Card holder Applicant Complete Sections I and IV, Department Manager Complete Sections II and III prior to submission to Finance Office)

I. EMPLOYEE/CARDHOLDER INFORMATION:

Name: _____ Department: _____

II. CARD LIMITS: PLEASE CHOOSE ONE LEVEL: (DEPARTMENT MANAGER)

MONTHLY SPENDING LIMIT

Level 1 _____ \$1,000 Level 2 _____ \$2,500 Level 3 _____ \$5,000

III. APPROVAL:

Department Manager: _____

IV. CARDHOLDER'S AGREEMENT

- I understand that I am being entrusted with access to the City's Purchasing Card Program to make financial commitments on behalf of the City and will restrict my purchases to approved City of Newton activities.
- I understand that purchases over \$750 are prohibited.
- I understand that the PO threshold is \$750 and if a respective purchase requires a PO, then I am to obtain & prepare a PO requisition prior to making a purchase or placing an order.
- I understand that under no circumstances will I use the City's Purchasing Card Program to make personal purchases for myself or for others. Any such purchases made with my card will be considered to be made by me and my responsibility.
- I will not permit another person to use the City of Newton Purchasing Card issued to me. Any such purchases made with my card will be considered to be made by me and my responsibility.
- I will be responsible for the safekeeping of the City of Newton Purchasing Card issued to me and, if lost or stolen, I will report its loss immediately to, my Supervisor, and Finance. (Outside normal City of Newton business hours, Monday-Friday 8:00am to 5:00pm, also contact BB&T at 1-800-397-1253.)
- I understand that my personal credit will not be affected by any use of the City of Newton Purchasing Card.
- I will follow the established procedures for using the City's Purchasing Card Program. Failure to do so may either result in revocation of my use privileges or other disciplinary actions by City of Newton.
- I have read the Purchasing Card Policy and understand the requirements for using the City of Newton Purchasing Card.
- I agree that, if I have been issued a purchasing card in connection with the City's Purchasing Card Program, I will return the purchasing card to the City upon termination of my Purchasing Card Program privileges.
- I agree that should I violate the terms of the Agreement and use the City's Purchasing Card Program for personal use or gain that I will reimburse City of Newton for all incurred charges and any fees (including attorney's fees and expenses) related to the collection of these charges.
- The use of the City of Newton Purchasing Card to procure goods and services for other than the official use of the City is fraudulent use. An employee guilty of fraudulent use could be dismissed and could be subject to legal action.

I have read, understand and agree to the conditions above:

Sign: _____

Date: _____

V. CARD RECEIPT DOCUMENTATION:

Card Account Number: _____

Date Issued to Cardholder: _____

Cardholder's Signature: _____

CITY OF NEWTON Purchasing Card LOST RECEIPT FORM

Date of Purchase:	
Vendor Name:	
Amount of Purchase:	

Description & purpose of purchase:

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Why is the original receipt or appropriate documentation missing?

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I certify that I have contacted the vendor and was unable to obtain a copy of the purchase documentation. I also certify that this purchase was made for an official City business purpose.

Cardholder signature:	
Cardholder printed name:	

Form must also be approved by supervisor that has authority to approve purchasing card purchases or has requisition approval authority for other purchases.

Supervisor approval signature:	
Supervisor printed name:	

This form is to be used as documentation only if the actual receipt, invoice, internet order screen, or appropriate substitute is unavailable for a purchase made on a purchasing card. It must be filled out completely and signed by both the cardholder and a qualified supervisor.

**CITY OF NEWTON
Purchasing Card
Vendor Dispute Form**

Cardholder Name

Card Number

Vendor Name

Vendor Representative Name

Cardholder Signature

Date Form Completed

Invoice/Ticket No.	Invoice Total	Item(s) in Dispute	Unit Price	Sales Tax	Total (Items) in Dispute only	Credit to be issued (Yes/No)

Please give a brief description of the dispute and what the expected outcome is.

Return Authorization Number issued by vendor is _____

**CITY OF NEWTON
PURCHASING CARD
PROHIBITED TRANSACTIONS**

Purchasing Card use for the following types of transactions is prohibited by the City of Newton Purchasing Card Policy.

- RESTAURANTS (Allowed only in the event of an emergency)
- BARS/TAVERNS
- FAST FOOD RESTAURANTS (Allowed only in the event of an emergency)
- RETAIL LIQUOR
- HOTELS AND LODGING
- AIRLINES
- CAR RENTALS
- CASH-
- WIRE TRANSFERS
 - MONEY ORDERS
 - MANUAL CASH DISTRIBUTION
 - AUTOMATIC CASH DISTRIBUTION
 - TRAVELERS CHECKS
 - SAVINGS BONDS
- OTHER TRAVEL-
 - TAXIS/LIMOUSINES
 - BUS LINES
 - CRUISE LINES
 - TOLL AND BRIDGE FEES
 - TRAVEL AGENCIES
 - AUTO PARKING LOTS
 - TRAIN TRAVEL
- OTHER SERVICES
 - FUNERAL SERVICES
 - DATING/ESCORT SERVICES
 - BABY SITTING SERVICES
 - MASSAGE PARLORS
 - MISC PERSONAL SERVICES
 - CHILD CARE SERVICES
- HEALTH SERVICES
 - AMBULANCE SERVICE
 - DOCTORS
 - HOSPITALS
 - DENTIST
 - OPTICIANS
 - MISC MEDICAL SERVICE
- FINANCIAL SERVICES
 - FINANCIAL INSTITUTIONS
 - INSURANCE SALES
 - SECURITY BROKERS

REIMBURSEMENT FORM

For Accidental or Inappropriate Use of a City of Newton Purchasing Card

Complete this form if you accidentally used your p-card for non-City of Newton use (including personal use) or if you used a p-card inappropriately and have been contacted by the Finance Department for reimbursement. This form, related receipts (or copy) and the reimbursement (if by check), should be attached to the **FRONT** of your monthly p-card statement **PRIOR** to approval by your supervisor.

*******REMINDER*******

Appropriate action will be taken against personal inappropriate use that is repetitive and/or intentional according to the purchasing card standard procedure.

Infrequent, inadvertent personal use that is quickly acknowledged and reimbursed should not result in action against the cardholder.

Date of Purchase:	
Vendor Name:	
Amount of Purchase:	
Form of Reimbursement (select one):	CASH CHECK

Describe nature of the accidental or inappropriate use and how it occurred:

List steps you are taking to prevent future misuse:

Cardholder signature:	
Cardholder printed name:	
Cardholder's supervisor name:	
Cardholder's supervisor signature:	

