

**TOWN OF LEESBURG  
FINANCE DEPARTMENT  
POLICY AND PROCEDURES ON**

**PURCHASE CARD (P-card)**

**I. POLICY**

It is the Town's policy to issue Purchase Cards (P-cards) to Town employees in order to facilitate the purchase of certain goods and services. In order to safeguard against unauthorized purchases, these procedures must be followed for the issuance of the P-cards, monitoring their activity, and use.

**II. OBJECTIVES**

To establish procedures to control the use of P-cards assigned to and utilized by selected Town employees to purchase goods and services on behalf of the Town of Leesburg. These procedures are intended to accomplish the following:

- Ensure that use of the P-card is in accordance with the Town's Purchasing Policy and procedures;
- Ensure that transactions are for authorized purposes through the establishment, and utilization of appropriate internal controls;
- Ensure that the Town bears no legal liability from inappropriate use of P-cards; and,
- Provide a convenient, cost-effective method for the purchase of goods and services.

These procedures will be applicable to those Town employees selected to use P-cards to purchase goods, services or specific expenditures incurred under conditions approved by these procedures.

**III. RESPONSIBILITY FOR PURCHASE CARD PROGRAM**

**A. Director of Finance is responsible for:**

1. Issuing the procedures governing the use of the P-cards; and
2. Overseeing the administration of the P-card program.

**B. P-card Administrator (Chief Purchasing Officer [CPO]) is responsible for:**

1. Developing and keeping current the P-card procedures;
2. Administering the P-card program;
3. Assisting in the resolution of card holder problems;
4. Monitoring P-card activity to ensure departments and cardholders comply with procedures;
5. Maintaining a liaison with the financial institution issuing the P-card;

6. Reviewing the monthly consolidated reports from the financial institution for unusual activity and compliance with procedures;
7. Reporting problems and areas of noncompliance to the Director of Finance and the approving official;
8. Downloading and reconciling monthly transaction information from the P-Card vendor ensuring that the total transactions agree to the statement and the wire amount disbursed to the P-card vendor; and
9. Uploading the P-card transaction data through the MUNIS P-card import process.

**C. Approving Officials include the Town Manager and Department Directors. These officials are responsible for:**

1. Ensuring compliance with these procedures;
2. Ensuring purchases are made within the guidelines of the Town's Procurement Policy;
3. Signing off on the cardholder's monthly reconciliation submittals certifying that the charges were necessary and were for official Town business and are properly coded to the correct expense codes;
4. Administering appropriate discipline to employees who violate Town policies and procedures; and
5. Collecting cards from terminated employees and returning them to the P-card administrator.

**D. Staff Accountant is responsible for:**

1. Reviewing statements and supporting receipts for completeness and accuracy;
2. Monitoring P-card activity to ensure departments and cardholders comply with policy and procedures; and
3. Reporting problems and areas of non-compliance to the CPO and/or the Director of Finance.

**E. Accounts Payable Associate is responsible for:**

1. Posting the "Invoice/Wire Transaction" in MUNIS.
2. Randomly testing and verifying that the individual invoices posted on the wire transaction agree to the actual individual statements.

**F. Cardholders are responsible for:**

1. Making purchases which are in compliance with these procedures and the Town's Procurement Policy and that all purchases are "For Official Use Only";
2. Providing a complete audit trail of all P-card transactions;
3. Resolving disputes or billing errors directly with merchants and notify the P-card company and the P-card Administrator if the dispute is not resolved;
4. Assuring that sales tax is not charged on purchases, unless dictated by law;

5. Processing monthly P-card records as set forth herein; and,
6. Maintaining the security of the P-card at all times. Use of the P-card is limited to ONLY the person whose name appears on the face of the P-card.

UNDER NO CIRCUMSTANCES SHOULD A P-CARD BE LOANED TO ANOTHER PERSON.

#### **IV. USAGE GUIDELINES**

##### **A. Obtaining a Card**

1. To obtain a P-card the Application must be completed, signed by the applicable Department Director and submitted to the CPO. The CPO will complete the on-line application to request the card. Upon receipt of the card, the CPO will have the employee sign the Purchase Card Issue Statement and will give them a copy of the Purchase-Card procedures.
2. Department Directors are not authorized to have a Town issued P-card.

##### **B. Card Limits and Merchant Restrictions**

The P-card application submitted by an employee to acquire a card sets forth the (1) maximum dollar amount for each single purchase; (2) the maximum dollar amount for the cardholder's daily transactions; (3) the maximum dollar amount per billing cycle; and (4) the Merchant Strategy authorized by the Department Director.

##### **C. P-card**

The front of the P-card will have the following information:

1. Town of Leesburg logo
2. Cardholder's name
3. Town's Federal ID #
4. "For Official Use Only"
5. Expiration date

##### **D. Approved usages**

1. The P-card shall be used for official Town of Leesburg business purposes only and shall be used in accordance with established procurement policies. Initiation of disciplinary action shall be the responsibility of the approving official and the P-card administrator.

2. The Town Manager will approve the merchant code strategies (combination of merchant codes). These strategies will be assigned to individual card holders by the department directors.
3. P-cards are for the acquisition of minor supplies or services within the single quote limit of the current small purchase policy.
4. P-cards may be used for reoccurring charges provided such purchases are under contract.
5. P-cards may be used to place telephone orders, fax and Internet orders. When a detailed charge receipt is not provided with the order, the purchaser shall provide a written explanation of how the purchase was made and provide a detailed item description, date of purchase, amount of purchase, and the vendor name. Note: The Shipping/Packaging documentation SHALL be used to support documented telephone, Internet and fax orders. If possible, the online confirmation notice or e-mail confirmation notice is to be provided for Internet purchases.

**E. The P-card may be used to acquire contracted goods or services. These purchases may be on a frequent basis. (Example – office supplies, janitorial supplies, printing services, etc)**

1. Limitations/Restrictions
  - a. The P-card is embossed with the cardholder's name and may only be used by that cardholder. No other person is authorized to use the card.
  - b. The P-card is to be used for official Town business ONLY and shall not be used for any non-business transactions.
  - c. The following potential business transactions are restricted:
    - Alcoholic beverages
    - Cash advances
    - Entertainment
    - Firearms
    - Gift Cards
2. Documentation
  - a. Original receipts - Any time a purchase is made using the P-card, the cardholder must obtain a customer copy of the charge slip, cash register tape, paid invoice receipt or packing slip with pricing. This documentation must be included in the monthly submittal package.
  - b. The customer's copy of the credit card signature form alone is not sufficient unless accompanied with the cash register tape or other supporting documentation. Individual receipts do NOT require cardholder signature as their signature on the monthly submittal package certifies that the goods or services were purchased and used for official Town use.

c. Missing Documentation

- If the cardholder does not have documentation of the transaction, they must attach an explanation that includes a description of the item, quantity, unit cost, date of purchase, merchant's name and an explanation of why there is no supporting documentation. The cardholder and the cardholder's director must sign this documentation.
- Frequent instances of alternate documentation because of missing receipts may constitute abuse.

d. Food/Beverage/local travel documentation

- In the rare instances where you are purchasing food, beverages and/or the paper products necessary to serve these items, the following information is the minimum information that must be documented on your or P-card receipts:
  - event/meeting name, date and location
  - meeting purpose
  - names of the employees attending
  - names of the "public" in attendance (if a large gathering, the number of attendees will suffice)
- Similarly, if you are getting reimbursed for or are using your P-card for tolls, the following minimum information must be documented:
  - event/meeting name, date and location
  - meeting purpose

**F. Reconciliation**

1. The cardholder's transactions are to be maintained online. Maintenance includes inputting key financial transaction information including the appropriate MUNIS Org, Object and Project Codes, if applicable and the purpose of the expenditure. This maintenance is to be completed within 7 days following the cycle closing date.
2. Once the online maintenance is complete, the cardholder will print the expanded transaction information, attach all required receipts and/or other documentation and forward to their director for approval
3. After review and approval by the department director, this information is forwarded to the staff accountant, for further processing.

**The staff accountant must receive the complete package no later than the 10<sup>th</sup> of the month following the statement end date.**

**G. Returns**

To return an item, the cardholder must contact the vendor and follow their return procedures. Any credit documentation is to be included in the monthly submittal packet along with the original receipts. The transaction must also be coded in the online P-card system.

#### **H. Disputes**

In the event of a dispute, the instructions that appear on the cardholder's monthly statement must be followed.

#### **I. Fraud**

In the event of fraudulent use of a P-card, the card holder must immediately contact the CPO and/or the P-card company and follow the instructions given. Generally, this will include completing and returning an affidavit to the P-card company.

Any fraudulent transactions that appear on a card holders statement are to be highlighted on the statement and coded to XXXXX-XXXXX in the online system. Credits for fraudulent activity are to be highlighted on the statement and coded to the same general ledger.

#### **J. Card Security**

1. Use of the P-card is restricted to the person whose name appears on the card.
2. Under no circumstances should a P-card be loaned to another person.
3. In the event of an emergency, the emergency purchase procedures in the state code should be utilized.
4. P-cards should be kept in a secured location. The cardholder is responsible for all purchases made with a town P-card.
5. The account number is not to be posted.
6. Report lost P-cards immediately to the P-card administrator. If possible, also report the lost card to the P-card issuer.

#### **K. Employee Termination**

1. If the cardholder terminates employment with the Town of Leesburg, the card must be turned in immediately to the department director or to the CPO.
2. The Town may retain the employee's final paycheck until the P-card is surrendered.

### **V. INTERNAL AUDIT PROCEDURES**

A. STAFF ACCOUNTANT:

1. Obtains detail records including individual cardholder reports and receipts, and the consolidated detailed Town statements.
2. Reviews every transaction for supporting documentation.
3. Requests missing documentation and/or receipts from the card holder.
4. Coordinates the correction of coding discrepancies by working with the card holder and the CPO.
5. Reports any unauthorized transactions to the CPO.

B. ACCOUNTING ASSOCIATE

1. Compares a sampling of the "invoice" data that was uploaded into MUNIS with the printed P-card statement to ensure that transactions are properly uploaded and recorded.

C. CPO

1. Investigates, documents and reports any anomalies and compliance issues as described above and report's findings to the card holder and/or their director.

Authorized By: \_\_\_\_\_

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

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