



Department of Administration

Procurement Card

Policy and Procedures Manual

Departmental Card Administrators:

Office of Fiscal Management

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Overview of the Procurement Card System

Project Goals

The Procurement Card Program is designed to simplify the process of small purchases within the Division, providing users to acquire materials necessary to complete their tasks instantaneously. The project goals of the System are to merge small purchase acquisitions on line with the North Carolina Accounting System and enhance management's review of the small purchases. A reconciliation process is designed to comply with the audit process.

Procurement Card Process

- Credit Card User makes a Purchase
- Charge Initiated with Vendor
- Charge goes to the Bank
- Bank sends charge to OSC Procurement Card Module
- Agency then reconciles the transaction, with proper documentation
- End of Month, All cardholder statements with attached receipt/invoice documentation is forwarded to Fiscal Mgmt.
- End of Month, One Invoice is created from Bank and sent to Accounts Payable
- Account Payable sends check to Bank

Use of the Card

All purchases will be charged to a specific company, account, and center that is valid within the North Carolina Accounting System This manual provides the guidelines under which you may utilize your Card. Please read it carefully. Your signature on the Employee Agreement Form indicates that you understand the intent of the Program and agree to adhere to the guidelines.

The Program is NOT intended to avoid or bypass appropriate procurement or payment procedures. Rather, the Program complements the existing process.

Application Process

- * Division Manager submits a request to Departmental Card Administrator to add a cardholder.
- * The Division Head signs the Cardholder's Enrollment Form giving them authorization to make purchases within these guidelines. The form indicates all information needed to set up a cardholder properly in the credit card system.
- * Division Head/Card Administrator/Reconciler sends the completed Enrollment Form and Employee Agreement to the Department Card Administrator.
- * The Department Program Administrator requests the card from the bank and sets the employee's card information in NCAS.
- *The proposed Cardholder is issued a copy of the policy and procedures manual and will be required to sign an Employee Agreement Form. The Employee Agreement, when signed indicates the cardholder has read and understands the procedures and responsibilities of obtaining a Card. The employee then receives the card.
- * The Division Card Administrator/Reconciler shall maintain the original of all applications and employee agreement forms, maintenance changes including limits, card lost/stolen/destroyed information, etc.

Roles and Responsibilities

Cardholder Responsibilities

The credit 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. The cardholder may make transactions on behalf of others in the agency, but the cardholder is responsible for all use of his/her card.

The cardholder is required to:

- * Adhere to the agency Purchasing Card Procedures for reconciliation.
- * Keep a per transaction record of purchases or copy.
- * Review Monthly Statement to ensure that all charges represent bona fide services or received goods and that any credits or adjustments have been made. The statement should be compared with the transaction records. Upon completion of the review, send the signed monthly statement to the Supervisor/Manager for signature.
- * Coordinate returns with the vendors.

Cardholder's Manager Responsibilities

The card is an efficient tool a manager can offer his or her employees. However, the card is not for all kinds of purchases and the manager must understand the Card process and must be willing to take responsibility for ensuring the employee is using the card within Department guidelines.

The cardholder manager is required to:

- * Determine who in the agency should have Cards, and establish the per-transaction dollar limits and monthly limits.
- * Initiate appropriate action should misuse of Card become apparent. This can also be initiated by the Departmental Card Administrator.
- * Review monthly cardholder statements and approval of purchases by signature on individual reconciliation forms received from cardholder.
- * Review your employee's transaction statements daily before forwarding to reconciler.
- * Submit signed statements to reconcilers to retain with monthly transactions.
- * Notify Division Card Administrator/Reconciler as well as Departmental Card Administrator of any changes to the cardholders' accounts, (additions, cancellations, blocks, limit changes, etc.).

Division Card Administrator/Reconciler Responsibilities

The Division Card Administrator is responsible for submitting requests for the enrollment, maintenance and cancellation to the Department Card Administrator. The individual is also responsible for ensuring each employee receives the proper training and documentation necessary for the use of the Card. An updated copy of all account cardholder information should be available for audit. The Division Card Administrator in most

cases is also the reconciler for the divisions procurement card charges and is responsible for reconciling all charges in NCAS, maintaining all cardholder purchase documentation and forwarding all approved cardholder monthly statements with supporting documentation attached, to the Office of Fiscal Mgmt. at the end of every month.

Department Card Administrator

This individual is responsible for the overall Procurement Card Program for DOA. The position will act as a liaison between the Bank and the Using Agency. The Policies and Procedures are developed at this level and are to be consistent with all agencies. The handles the maintenance and initial set up of the account. Cards are sent directly to the Department Card Administrator and entered in the NCAS System before forwarding to the using Agency. This individual maintains files of all Cardholder information.

Reconciler

The Reconciler is responsible for reconciling all transactions in the NCAS System with proper documentation. A transaction should not be reconciled unless approved with proper signatures and accompanied by a detailed transaction receipt. The reconciler is responsible for ensuring statements have all detailed transaction receipts attached before filing.

A/P Administrator

The A/P Administrator is responsible for creating the invoice, accruing and pay state tax as needed, and submitting payment through NCAS to the Bank. The A/P office should verify invoice and payment matching monthly to the bank. This function is performed by the Office of Fiscal Mgmt.

Purchasing

It is recommended the Purchasing Department perform monthly audits on ten percent of the transactions to ensure the compliance with State Contract Items, Internal Purchasing Procedures, etc.

Purchasing

Card

Procedures

The attached document states the purpose of the card and procurement for issuance, use, reconciliation, security, and maintenance thereof.

State of North Carolina
Department of Administration
Division of XXXXXXXXXXXX
Purchasing Card Procedures

1. Purpose of Card.

This program is being established to allow Division of _____ to make small purchases of goods more easily while simultaneously reducing paperwork and handling costs associated with these purchases. A Purchasing Card will be issued to an employee when management determines the division can benefit from the employee becoming a Cardholder. The Purchasing Card gives the Cardholder the power to purchase goods on behalf of the division. Under no circumstances will the Card be used for personal purchases.

2. Issuance of Card.

- a. A new Cardholder Enrollment Form is completed and approved by the Division Head
- b. (_____ at 919/XXX-XXX) and forwarded to the Departmental Purchasing Card Administrator (Dewey Stephens 919/807-2444), at 1306 MAIL SERVICE CENTER, Raleigh NC 27699-1306 or faxed to 919/733-0021.
- c. The Cardholder must sign an agreement stating the procedures and responsibilities associated with having a Purchasing Card have been explained and understood.

3. Use of Card.

- a. The Cardholder is the only individual authorized to make purchases using the Card.
- b. The Card does not supersede any State Purchasing and Contract rules that are already in place. Items on State Term Contracts must still be purchased from the contract. The Division Purchasing Agent can assist, if needed, with State Contract Items.
- c. When a purchase is made, the Cardholder must obtain an itemized receipt. The Cardholder is responsible for ensuring the vendor lists the quantity, fully describes the item(s) and **does not charge sales tax since the State is Sales Tax Exempt**.
- d. Purchases that are phoned-in must have an itemized detail receipt included with the items being shipped. A Packing List will not suffice.

4. Cardholder Reconciliation Procedures.

- a. The Cardholder must make a copy of each Itemized Receipt and file. Upon receipt of the materials, the **Original** Itemized Receipt must be copied and the original receipt plus a copy of the receipt attached to the Reconciliation Form by the Cardholder with the, letters "STC" for State Term Contract Items and "R" for Recycled. Forward the reconciliation form to the Supervisor who approves the purchase with their signature, whom then forwards the receipt(s) to the Reconciler within 3 business days of receipt.
- b. There shall be no undocumented transactions, all transactions must have itemized receipts.
- c. Upon Receipt of Itemized Receipts with Approved Signatures, the Reconciler reconciles the transaction within 2 to 3 business days in the North Carolina Accounting System using the appropriate Company, Account and Center coding information.
- d. After reconciling in the NCAS, the Reconciler will file the receipts by name; therefore, when the monthly statement for the employee arrives, the reconciler will attach all receipts matching the statement and submit to the Office of Fiscal Mgmt.
 - **The cardholder is no longer required to sign off on his/her monthly statement since they will be signing off on their charges prior to submitting to the reconciler.**
- e. Each agency will receive from the Bank monthly individual cardholder statements along with a monthly "agency as a whole", statement. Cardholder receipts should be attached to his/her

statement. The individual cardholder statements should then be attached to the Agency Statement.

Agency heads should review the charges and approve by signing off on the top page of the Agency statement. This entire packet should then be forwarded to the Office of Fiscal Mgmt.

- f. If a receipt is lost, the Cardholder must work with the vendor to obtain a copy. If the receipt cannot be obtained from the vendor, then the Cardholder must document (written) actions before submitting for reconciliation.

5. *Reconciliation Procedures for Returns/Problems.*

- a. If the Item(s) purchased are unacceptable, damaged and/or defective, the Cardholder should work with the vendor to correct the problem as soon as the Cardholder is aware of the problem.
- b. If an item or items have been returned for credit, the Cardholder shall obtain an Itemized Receipt and verify that the credit is reflected on the monthly statement. When the Cardholder receives a credit, the receipt should be attached to the reconciliation form and forwarded to the Supervisor within 3 business days. The Credit Receipt should be forwarded to the Reconciler within 3 business days. The Reconciler will reconcile the transaction within 2 to 3 business days. If a purchase or credit does not appear on the statement within two statement periods after the transaction, the Cardholder shall notify the Division Card Administrator. The Division Card Administrator will work with the Departmental Card Administrator for resolution.

6. *Card Security/Maintenance.*

- a. It is the Cardholder's responsibility to safeguard the credit card and the account number, and the Cardholder must return the Procurement Card to their Supervisor when leaving employment with the Division or changing jobs.
- b. If the Card is lost or stolen the Cardholder shall immediately notify the Bank. Representatives of the Bank are available 24 hours a day and the Cardholder must advise the representative that the call is regarding a Visa Purchasing Card. The Supervisor must be notified immediately of any changes, lost or stolen cards, cancellations, or misuse of Purchasing Cards.
- c. The Supervisor should then notify the Departmental Card Administrator for resolution.
- d. A new Card will be issued to the Cardholder after the reported loss or theft. If a reported Card is subsequently found by the Cardholder, it shall be immediately given to the Departmental Card Administrator.
- e. It is the Division's Purchasing Card Administrator's responsibility to notify the Departmental Purchasing Card Administrator of any changes or cancellations of Purchasing Cards.
- f. The Departmental Card Administrator may cancel or suspend a card any time he or the Division Head deems necessary for misuse or for the cardholders failure to follow proper procedure.

7. *Making a Purchase*

- a. Procurement procedures permit a purchase of products if their value is within the limits set for the cardholder and are made from "vendor of choice" but must check State Term Contracts and Hub Vendor List. Please ask your purchasing office if you have questions about the contracts.

Card Usage

Do's and Don'ts

Do's

Essentially you should continue to make the same type of purchases with the procurement card as you currently make. You should continue to follow all Purchasing rules and regulations.

The following are examples of potential purchases that can be made with the card:

- * Office Supplies
- * Cleaning Supplies
- * Facilities maintenance repair operation supplies
- * Auto fleet maintenance repair operation supplies (not motor fleet vehicles)
- * Small equipment items
- * Other miscellaneous repair parts
- * State Term Contract items. The following website; <http://www.doa.state.nc.us/pandc/keyword.htm>; has been provided to perform a keyword searches for State Term Contract items. It will provide information awarded vendors, minimum contract ordering amounts, etc.

Remember: Term contracts constantly change, so if there are any questions regarding your purchase you should contact your Purchasing office for guidance or need assistance in identifying items on a contract.

Don'ts

The following purchases are NOT permitted with the Card:

- * Purchases of items that have been restricted from purchase with the card
- * Personal purchases
- * Cash advances/reimbursements
- * Telephone calls/monthly services {Except where approved by Departmental Card Administrator}
- * Purchase over the Cardholder's transaction limit (controlled by the system)
- * Meals, Travel and Entertainment (the card is not to be used for business travel or entertainment)
- * Memberships requiring approval
- * Contractual or consulting services {Except where approved by Departmental Card Administrator}
- * Motor Fleet Vehicles – services, gas, etc.

Misuse or Abuse of the Card

If a cardholder is making unauthorized purchases for which the Card is not intended--such as travel and entertainment or any other item on the DON'T list--he/she may be liable for the total dollar amount of such unauthorized purchases plus administrative fees charged by the bank in connection with the misuse. The cardholder may be subject to one of the following actions depending on the severity and repetitiveness of the violation:

- * Cardholder advised to stop using the Card outside of policy. Cardholder and Cardholder Manager will be notified of the infraction by the Departmental Card Administrator. The Cardholder will also be advised of possible Card cancellation if further violations occur.
- * Card cancellation for a term of six months. The Cardholder and Cardholder's Manager will be notified of the violation and the cancellation of the Card. Reinstatement of the Card will be granted after the six (6) month term only upon approval of the Departmental Card Administrator.
- * Permanent cancellation of the Card. Removal of the Cardholder's buying authority and appropriate disciplinary action up to and including termination.

Misuse or abuse of the Card will reduce the effectiveness of the program. Vital statistical and managerial reporting relies on the appropriate use of the Card as stipulated in this guide.

If FRAUD is detected, the following steps will be taken:

- * Immediate cancellation of the Card
- * Removal of Cardholder's buying authority.
- * Termination of employment

Application

Cardholder Enrollment Form

The attached form is used when adding new cardholders. The form collects information required to establish an individual's account within the system. The transaction limits and monthly limits are listed. A default company, account and center and agency signatures are required.

Process

The Division Program Administrator submits request to the Department Card Administrator for processing.

The proposed cardholder is issued a copy of the Policy and Procedures Manual and is required to receive a Cardholder's Enrollment Form and the Employee Agreement Form which must be signed. The Division Head Signature authorizes the cardholder to make purchases within the delegation for the using agency.

The Division Program Administrator shall maintain all records of credit card requests, limits, cardholders transfers, lost/stolen/destroyed cards, etc.

**DEPARTMENT OF ADMINISTRATION
PROCUREMENT CARD REQUEST**

CARDHOLDER INFORMATION

Cardholder Name: _____

Division: _____

County Code: _____

Cardholder Location Address: _____

City: _____ State: **NC** Zip _____

Social Security #: _____ Office Telephone #: _____

PURCHASING

Transaction Limit \$ _____ Monthly Limit \$ _____

Type of Purchases _____

FISCAL SERVICES

Company _____ Account _____ Center _____

Approval Signature

Division Head Signature _____ Date _____

() **EMPLOYEE AGREEMENT RECEIVED** DATE _____

Send Form to Departmental Card Administrator Dewey Stephens

Maintenance

Request

Form

This form is required when requesting changes to an existing account, such as: address change, name change, transaction limit, closing an account, etc.

**DEPARTMENT OF ADMINISTRATION
MAINTENANCE REQUEST -- PURCHASING CARD**

Division Name: _____ Date of Request: _____

Account Number: _____ Name on Account: _____

Requested Maintenance to Account:

__ Address Change to: _____ (street address--26 characters)

city: _____ state: _____ zip code: _____

__ Close Account reason: _____

__ Name Change from: _____ to: _____

__ Credit Line Change from: \$ _____ to: \$ _____

__ Transaction Limit from: \$ _____ to: \$ _____

__ MCC Change delete: _____ add: _____

Additional Comments on Request: _____

AUTHORIZED SIGNATURE

Authorized/Approving Individual: _____ Date: _____

**-SEND CARDHOLDER SET-UP FORM TO: DEPARTMENTAL CARD
ADMINISTRATOR: Dewey Stephens**

Employee Agreement Form

The attached form, when signed and dated by the employee includes the employee's agreement to abide by policies and procedures pertaining to the Procurement Card. Violation of the policy may result in disciplinary action up to or including dismissal.

DEPARTMENT OF ADMINISTRATION

Employee Agreement for Purchasing Card

I, _____ (employee name), hereby acknowledge being issued a Purchasing Card. As the holder of this Card, I agree to comply with the following terms and conditions regarding my use of the Card.

- I understand that I am being entrusted with property of the State of North Carolina--a Purchasing Card--with which I will be making financial commitments on behalf of the State of North Carolina, Department of Administration.
- I understand that the State is liable to BANK OF AMERICA for all charges made on the Card.
- I agree to use this Card for approved agency business purchases only and agree not to use it for personal purchases under any circumstances. I understand that there will be audits of the monthly statements regarding this Card and that appropriate action will be taken by management in the event of Card misuse.
- I will follow the established procedures for the use of the Card. Failure to do so or any misuse of the Card may result in revocation of my use privileges and/or disciplinary action(s) up to and including possible dismissal, in accordance with disciplinary policies of the Department of Administration and the Office of State Personnel.
- I have been given a copy of the Purchasing Card Policy & Procedures and understand the requirements for Card use.
- I agree to return the Purchasing Card immediately upon request or separation from employment (including termination, transfer, resignation or retirement).
- If the Card is lost or stolen, I agree immediately to notify BANK OF AMERICA and the Departmental Purchasing Card Administrator.
- I am aware of my responsibility for reporting any misuse of this Card.

EMPLOYEE SIGNATURE

DATE

cc: Personnel File
Purchasing Card Administrator

Revised: January 21, 2007