

Procurement Card Administration

Outline

- 1. Overview & Purpose
- 2. Participants
- 3. Authorization & Issuance
- 4. Limits
- 5. Responsibilities
- 6. Authorized Purchases
- 7. Restrictions/Prohibitions

Overview & Purpose

Procurement Cards (p-cards) are an authorized payment mechanism to facilitate routine purchasing activities in lieu of the accounts payable process. The purpose of p-cards is to allow flexibility to carry out necessary operations in a more time-efficient manner. Use of p-cards does not negate appropriate planning for purchases. P-card use is subject to all purchasing thresholds and methods, in addition to the guidance within this policy.

Participants

Council/Board – elected officials responsible for directing staff to purchase goods and services to facilitate the mission and activities of the Town/Academy

Employee – person tasked with the administration of ordering, receiving/implementing, and issuing authorized payments for goods and services

Vendor – business entity or individual that seeks to have or has a contract to provide goods or services to the Town/Academy; could be a consultant, contractor, company, or individual provider

Authorization & Issuance

The Town Manager and Head of School can authorize the issuance of a p-card to an employee within their respective organization, based on the employee’s role and contingent upon the Director of Finance’s verification. Department Heads/Principals are able to request p-cards for themselves and staff. Town Manager, Head of School, Director of Finance, and Department Heads/Principals all have the authority to request a card be closed or denied to an employee in writing.

Issuance for a new card requires a completed and signed form.

Limits

Similar to a personal credit card, p-cards are subject to credit limits. The Town/Academy has account limits, which are separate from the card and transaction limits below. Credit limits are based on the actual spending needs of the cardholder, as defined by their job duties.

Employee – Employees with a p-card will have a limit of \$3,000.00 per month. Individual transactions are limited to \$2,999.99.

Department Head/Principal – Department Heads and Principals may have occasion to make purchases on behalf of a larger group and will therefore have a limit of \$5,000.00 per month. Individual transactions are limited to \$2,999.99.

Town Manager/Head of School – The Town Manager and Head of School may have occasion to make purchases for their organizations and will therefore have a limit of \$10,000.00 per month. Individual transactions are limited to \$2,999.99.

Travel Coordinator – Westlake Academy designates one administrative employee, usually an Administrative Assistant, as the Travel Coordinator. That employee is responsible for the booking of travel arrangements, like flights and hotels, which typically require a credit card. Due to the timing of travel, larger groups generally are booked together, therefore, the limit will be \$10,000.00 per month. Individual transactions are limited to \$2,999.99.

Emergency Response – Emergency purchases may be necessary to facilitate the safety of life and property within the Town limits, including disaster or medical responses and the maintenance of the water and sewer system. To ensure continued operations, the limit will be \$10,000.00 per month with no individual transaction limit.

In instances when the standard limits are not adequate, the cardholder can request a temporary credit limit. Temporary increases must have a documented business explanation and cannot extend beyond 30 days.

Responsibilities

The Finance department is responsible for the issuance, updating, and general administration of p-card use. Administration includes reconciliation, recording to the general ledger, payment of statement balances, and training. Finance will offer annual training to all card holders. First time recipients of cards are required to participate in training prior to the release of the card for use.

The cardholder is responsible for the custody, safety, and appropriate use of their card. Cards are not be loaned to or used by anyone else.

The cardholder is responsible for turning in itemized receipts each month with an explanation of the business purpose and the budgetary account within the credit card portal. These updates must occur by the 10th day each month for the statement covering the month immediately preceding.

The Town/Academy operates using a three strikes rule to ensure fiduciary responsibility, adequate documentation, and proper oversight. The strikes are accumulated over a rolling 12-month period, beginning with the first instance. Any misuse or failure to adhere to p-card policy can result in a strike; this includes failure to turn in itemized receipts, making purchases not authorized by policy, and not reconciling statements.

Instance one will result in an email notifying the card holder of the issue, with their supervisor copied. A response is required to explain and document the occurrence. The card holder will be offered optional training.

Instance two will result in an email notifying the card holder of the issue, with their supervisor copied. The limit will be reduced to \$0.00 until the card holder completes mandatory training to review the policy and process.

Instance three will result in a formal write-up and the p-card will be turned into Finance for a period of up to one-year.

In the case of abuse or fraud, the cardholder will be required to immediately surrender their card and will be disciplined, including and up to termination. Fraud will be reported to the appropriate authorities.

Authorized Purchases

P-cards are a tool utilized by the Town/Academy for ease of executing operations. The preferred uses for p-cards include:

Tangible items under \$3,000.00. Purchases of \$3,000.00 or more must adhere to other purchasing rules, which are better monitored outside of the p-card process.

Travel expenses including hotels, flights, meals, and individual registrations. Meals would not be allowed when the traveling employee requests per diem. Registration for groups of attendees should go through the accounts payable process. Rental cars are invoiced directly by Enterprise Rental Cars.

Catering or food services for events or meetings. These orders must be pre-approved and budgeted.

Restrictions/Prohibitions

Certain purchases are not authorized via p-card. In addition to the merchant code restrictions setup by the p-card issuer, PNC, the Town/Academy recognizes its responsibility to safeguard its financial assets and reduce the opportunity for misuse or fraud.

Purchase of goods or services that cannot be received within the statement period are not allowed.

The purchase of alcohol is not permitted on a p-card, unless expressly authorized for resale at special events.

Purchase of goods or services for one's direct benefit are not allowed.

Purchases made to circumvent purchasing laws or policy are not allowed.

Purchases made from any employee, official, or a party related to them are not allowed.

Automatically recurring charges must be preapproved, budgeted, and must adhere to all applicable purchasing thresholds.

Purchases relating to an outside grant are generally not allowed via p-card. Grants require significant documentation and proper oversight and therefore should go through the regular requisition-purchase order-invoice process.