



Newtown Township Policy

Title: Procurement Card

Policy: 2016-01	Replaces: New Policy	Issue Date: X
Section: Fiscal	Distribution: All Employees	Effective Date: X
Chapter:	Issued By: Board of Supervisors	Review Date: X

Purpose:

To establish a procedure for handling, reconciling and purchasing items or services with a procurement card (p-card).

Definitions:

Cardholder	An individual to whom a Harris Bank MasterCard Purchase Card is issued.
Customer	The card user and Department Supervisor.
Department Supervisor	Person authorized to oversee and make decisions regarding expenditures.
Invoice	An itemized list of goods or services shipped or received with an account of all costs.
Merchant Category Code (MCC)	A four-digit classification code used in the authorization and settlement systems to identify the type of merchant, also commonly known as, Standard Industrial Code (SIC).
Point of Sale (POS) Terminal	A device placed at a vendor/merchant/supplier location which is connected to the bank's system via the telephone lines and is designed to authorize, record, and forward data by electronic means for each sale.
Program Card Administrator	A Newtown Township employee(s) administering the purchase Card program.
Receipt	Written acknowledgement that merchandise or service has been received.
Reconciliation	Check to assure receipts match with monthly statements.

Retail	Face to face transaction where cardholder presents the Purchase card to the merchant and the card are physically swiped through the terminal.
Revocation	To nullify by withdrawing, recalling or reversing card privileges.
Strategy	Operational criteria defining purchasing limit controls which are tied to each individual account.
Statement	Summary of all sales in a given period (NOT AN INVOICE)
Vendor/Merchant/Supplier	Synonymous terms, meaning the place where employees make the purchase.

Policy:

It is the policy of the Township of Newtown that every individual with access/involvement to a procurement card will follow the procedures outlined in this Policy. Failure to do so will result in revocation of an employee's procurement card and/or possible disciplinary action

Procedures:

P-Card Storage:

All procurement cards that are not active will be stored in a locked Township safe. In order to gain access to the procurement cards, an employee must notify the Office Manager. The Office Manager will unlock the safe where the P-Card is stored in a sealed, signed envelope. The Office Manager will hand the sealed envelope over to the employee for inspection. If the employee notices the signed seal on the envelope has been broken they will immediately notify the Office Manager who will report this to the Township Manager. If the seal has not been broken, he Office Manager will then log the time, date and which employee has signed out the P-Card. Upon completion of use, the employee will return the procurement card to the Office Manager who will put the card in a new envelope which will be sealed. The Office Manager will then log the card back in, along with amount charged to the card. The employee will then sign over the seal. It is the employee's responsibility to immediately hand any supporting purchasing documents (receipts) to the finance department.

- Township Manager, Police Chief and Public Works Director May Carry P-Cards at All Times If They Choose To Do So.

The Purchase Card may be used at any merchant that accepts MasterCard credit cards.

The Purchase Card is not to be used for personal purchases.

Purchase Orders are STILL required while making purchases with Procurement Cards. Employees are responsible for the security of their card and any transactions made against the card. The Purchase Card is issued in the employees name and it will be assumed that any purchases made against the Purchase Card will have been made by that employee.

Use of the Purchase Card not in accordance with the guidelines established for this program will result in revocation of the card.

Employees will not be charged an annual fee for the card.

Harris Bank will pay merchants within 48 hours of (the merchants') posting of the transaction to MasterCard.

Township Manager will select one default account code for charge-backs.

The Department budget is reduced by each transaction and reflected by the 15th of the following month

Original receipts and a copy of the Monthly Card member Activity Report (printed from Harris *details* Online Website) should be forwarded to the Finance Manager each month, by the 8th of the month.

Acceptable MasterCard Purchase Card Purchases

The following information provides examples of purchases that are appropriate for the Purchase Card:

Purchases of a small dollar amount

Recurring Expenses, i.e. leases, insurance

Food Services

Utilities

Fuel

Approved supplies for a program/department

Conference/Seminar registrations

Travel/Conference expenses

Hardware Stores

Fed Ex/UPS charges

Other miscellaneous items that apply to an employee's programs and budget

Unacceptable MasterCard Purchase Card Purchases

The following items define where the Purchase Card is **not** an appropriate choice:

Alcoholic Beverages/Tobacco

Lottery Tickets

Cash Advances, or ATMS's

Gift Certificates

This list is not intended to be all-inclusive. If an employee has specific questions, please call the Purchase Card Administrator for assistance

Program Restrictions

Each MasterCard Purchase Card has been assigned a monthly credit limit determined by the Board of Supervisors. Harris Bank will only take direction from the authorized program administrator. All requests and limit changes must be approved by the program administrator, or Harris Bank will not make those changes.

The MasterCard will be accepted for purchases of generally approved Local Government commodities. Businesses and services determined not to offer products commonly accepted for Local Government use have been blocked from accepting the Purchase Card. Limiting the acceptable Merchant Category Codes does this. The Merchant Category Code is a four-digit classification code used in the authorization and settlement systems to identify the type of merchant (commonly known as Standard Industrial Code "SIC").

Levels of credit authorization are in place to clearly define the individual purchasing limit controls. We have chosen to define our control limits by levels. Each designated level will have a transaction limit, daily limit, and monthly limit.

Level	Transaction Limit	Daily Limit	Monthly Credit Limit
Level 1	\$ 500	\$ 1,500	\$ 3,000
Level 2	\$ 2,000	\$ 6,000	\$ 12,000
Level 3	\$ 5,000	\$ 15,000	\$ 30,000
Level 4	\$ 100,000	\$ 300,000	\$ 600,000

Transactions falling outside the assigned level are designed to be declined at the point of sale.

If an employees card is declined by a merchant and that employee feels the decline should not have occurred, contact Richard Lafiata or Corporate Client Services at 1-800-263-2263 within 24 hours.

Request for transaction, daily and monthly limit changes are to be made by the Program Card Administrator.

Reconciliation and Payment

The MasterCard Purchase Card program carries corporate, not individual, liability. A single invoice covering all Newtown Township charges will be issued by the Purchase card vendor. The Purchase Card invoice will be paid each month by Accounting. An employee will not be required to pay monthly statements using personal funds. The Purchase Card does not impact an employees personal credit rating in anyway.

It is required that an employee retain all original receipts for goods purchased. If an employee purchase via phone or mail, require the merchant to include a receipt with the goods when the product is shipped to its destination. If that is not possible, an employee must obtain a packing slip when the shipment is received to document the purchase.

Every cardholder will need to review their statement (at a minimum one time per month) for all transaction made against their MasterCard Purchase Card during the previous billing cycle. Employees will be notified by e-mail to review and approve the transactions on the last working day of the month. Employees will have 7 days to complete this task. Employees have the option to change (reclassify) any portion of the 17-digit UFARS code, or to split and reclassify between multiple codes. Original receipts and a copy of Harris Bank Statements (printed form the website) should be forwarded to the Program Card Administrator each month, by the 8th of the month.

The cardholder may keep a transaction log of all receipts and statements. The log serves to remind cardholders of transactions and assists in reconciliation of the monthly statements. A periodic audit will be conducted of card activity, retention of receipts, reconciled detail and signed monthly statements.

Misuse of the MasterCard Purchase Card includes:

- ⊗ **Using the Purchase Card for personal purchases**
- ⊗ **Purchase of unauthorized items**
- ⊗ **Use of the Purchase Card by someone other than the cardholder**
- ⊗ **Fraudulent or inaccurate record keeping**

In the case of misuse, the next level supervisor shall document the occurrence on the Cardholder Misuse Report and forward it to the Program Card Administrator immediately for further action.

When an Employees Records Do Not Agree with Monthly Statement

There may be an occasion when employees find items on a transaction log that do not correlate with the retained receipts or monthly cardholder statement. Reconciliation of employee monthly statement is very important to determine if employees made a particular transaction, the amount of the transaction is correct, or have a quality or service issue.

An employee first recourse is to contact the merchant involved to try to resolve the error. If the merchant agrees that an error has been made, the account will be credited. Highlight the

transaction in question on the statement as a reminder that the item is still pending resolution. Be sure to check that the credit is received on the next monthly statement.

If employees are unable to resolve the issue directly with the merchant, contact the customer service department at Harris Bank, 1-800-263-2263. When calling be sure to have detailed information regarding the dispute. State that you would like to dispute a charge on the Purchase Card. Employees are required by law to submit the information in writing to initiate a claims dispute with Harris Bank. The amount of the next monthly statement will be reduced by the amount of the disputed item until the question is resolved. (See Cardholder Dispute Form at the back of the manual.)

Any charge an employee wishes to dispute must be identified in writing within 30 days of the statement date to Harris Bank.

Employees are responsible for the transactions identified on their statement. When an audit is conducted on an employees account, that employee must be able to produce receipts that Newtown Township, Delaware County approved transaction occurred. If an error is discovered employees are responsible to show that the error or dispute resolution process has been followed.

Lost or Stolen Cards

The MasterCard Purchase Card is the property of Newtown Township, Delaware County and should be secured just as an employee would secure their personal credit cards. If a card is lost or stolen contact Harris Bank customer service number (1-800-263-2263), immediately then notify the Purchase Card Administrator. When calling customer service, be prepared to provide an employee's social security number.

Upon notifying Harris Bank, the card will be deactivated immediately. If the card is reported lost or stolen and is later used, the Merchant will decline it. Prompt action in these circumstances is very important to reduce Newtown Township's liability for fraudulent charges.

Sales Tax

Merchants are usually required by taxing authorities to include sales tax when good are purchased. The amount is dependent on a variety of factors, including the state and city where employees are purchasing the goods.

Purchases of items by Newtown Township for their own use are generally exempt from sales tax. The exemption applies to the Township, not to the individual.

It is the cardholder's responsibility to notify the merchant that Newtown Township **is tax exempt**. Our Newtown Township state tax exempt number is **“(23-6000444)”** and a copy of the Newtown Township tax exempt form is included in the back of this manual. An employee will need to make a copy of the form, insert the vendor name, and then date the form prior to issuance (i.e., faxing or mailing). Do not distribute this form to any other employee in the organization. If they need one, they have been provided with a copy.

Should an employee should have additional questions, please contact a Richard Lafiata for assistance.

In Summary

The Newtown Township Purchase Card Program is an opportunity to reduce paperwork, expedite the purchasing process at the department level and reduce Newtown Township administrative expenses.

Historically, Newtown Township has used numerous other methods to make low dollar value purchases. The Purchase Card process will allow Newtown Township to realize significant savings in administrative processing costs while providing a customer friendly, efficient and effective method to buy low dollar value goods and services.

Exercise good judgment and act within the departmental authorized budget when using the card. The Purchase Card is issued in employees name and all activity will be assumed to have been incurred by the employee. We ask employees to maintain simple but accurate records and receipts for auditing purposes.

Newtown Township is working to continually improve the way business is conducted and employee feedback is critical to achieving that goal. Employee use of a MasterCard Purchase Card for appropriate purchases can help Newtown Township achieve significant savings by decreasing the amount of checks we process each month. On average 70 checks per month are written for amounts less than \$1,000, with the average check being \$301.17.

The purchase card is a program in progress. Utilized as another option to make low dollar value purchases, the program will continue to evolve and transform as it best fit Newtown Townships needs.

If an employee have any questions about the program or need additional information, please contact:

Name: Richard Lafiata (Tel) 610-356-0200 ext:115

Attachments:

CARDHOLDER APPLICATION FORM

MasterCard Purchase Card applicants need to acquire authorization from their Department Supervisor to apply for the Purchase Card.

APPLICANT INFORMATION: (Please print clearly)

Local Government or School Entity Location _____

Phone Number _____

Local Government or School Entity Location Address _____

Applicant's Name _____

Applicant's E-Mail address _____

Transaction Limit: _____ **Daily Limit:** _____ **Monthly Limit:** _____

Approver Name _____

Approver E-Mail address _____

(FILL IN AUTHORIZING INFORMATION:)

As the Township Manager, I hereby grant the above mentioned Applicant authorization to apply for, and use, the Newtown Township MasterCard Purchase Card for the account number listed below. I also agree to review and sign the monthly MasterCard Purchase Card statements issued to the above applicant. If the applicant's employment with the Newtown Township is terminated, I agree to notify the Program Card Administrator.

Township Manager Signature _____

Default Budget Account Code _____

**ACKNOWLEDGEMENT OF RECEIPT OF THE MASTERCARD
PURCHASE CARD**

I acknowledge that, on the date indicated below, I received my Purchase Card. I have previously received a copy of the procedure manual explaining the use and responsibilities of the Purchase Card.

I understand that:

The Purchase Card is a cost-effective method for the purchase and payment of small dollar material transactions and is limited to \$_____ per month.

The Purchase Card is to be used solely for business purchases; not personal purchases.

I am responsible for reconciling monthly statements and maintaining accurate accounting records.

Should my employment with Newtown Township terminate, I am responsible for returning the Purchase Card to the Program Card Administrator.

Employee Signature _____

Employee Name _____
(Please Print)

Date: _____

Please return this form to Richard Lafiata Program Card Administrator

**Newtown Township
MasterCard Order Log**

Cardholder Name: _____

Office Location: _____

Department: _____

For The Period: _____

Date Ordered	Date Delivered	Total \$ Amount	Description	Expense Code
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
18				
20				

Cardholder Signature: _____
Date: _____

Authorizing Signature: _____
Dept/Title: _____
Date: _____

RETAIN RECEIPTS, CARD STATEMENT AND LOG AT SITE/DEPARTMENT

CARDHOLDER MISUSE REPORT

Date: _____

Location: _____

DESCRIPTION OF MISUSE: _____

ACTION TAKEN: _____

RECOMMENDATION: _____

SUBMITTED BY: _____

TELEPHONE NUMBER: _____

DELIVER THIS FORM TO THE PROGRAM CARD ADMINISTRATOR IMMEDIATELY FOR REVIEW AND PROCESSING

TERMS OF REVOCATION FORM

As an authorized user of the MasterCard Purchase Card, I understand that I am the only person authorized to make purchases with the Purchase Card issued to me and that such purchases must be in connection with my employment with, for the benefit of, and authorized by Newtown Township.

I understand that the following items constitute misuse of the MasterCard Purchase Card and that any misuse will result in the revocation of my privileges to be a MasterCard Purchase Cardholder, and may result in revocation of all departmental and/or divisional Purchase Card privileges.

Misuse of the MasterCard Purchase Card includes the following:

Using the MasterCard Purchase Card for personal purchases

Purchase of unauthorized items

Use of the Purchase by someone other than the cardholder

Fraudulent or inaccurate record keeping

If the MasterCard Purchase Card is used for personal purchases, for unauthorized items or by someone other than myself, I hereby agree to personally pay either Newtown Township or the vendor for such purchases and hereby authorize Newtown Township, if necessary, to withhold from my paycheck any amount necessary to pay these charges.

Name of Cardholder _____ Date _____
(Please Print)

Cardholder's Signature _____

NOTE: In addition to the above consequences for misuse of the MasterCard Purchase Card, Newtown Township retains the right to take further action, whether in the form of disciplinary action, termination of employment, and/or legal prosecution, in the event of gross misuse or fraud involving Newtown Township funds.