



LITTLE ELM
PROCUREMENT
CARD POLICY

INTEGRITY
CUSTOMER SERVICE
EFFICIENCY
INNOVATION

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Purpose

The Procurement Card (P-Card) Program is designed for efficient and effective procurement of low dollar value goods and services, and approved travel expenses. This program is an additional tool available for use in compliance with Purchasing and Finance policies and procedures. It provides the Town an efficient and controllable method for monitoring small dollar purchases, reducing paperwork, and payment to vendors in a timely manner.

New Cards

New cards are approved by department Director and issued through JP Morgan Chase by a Program Administrator, on an as needed basis. Cardholders must be employees of the Town of Little Elm, and agree and adhere to the guidelines listed below and those set forth in the Town's Procurement Policy. The card is intended to replace petty cash, small dollar purchase orders, emergency purchases, and other Finance approved credit card use. Any usage outside of this policy is a violation and subject to revocation of P-Card and purchasing privileges.

P-Cards are issued with one of the following limit thresholds:

Level One: Low Use – \$1,000 monthly limit and no transaction limit

Level Two: Moderate Use - \$5,000 monthly limit and \$3,000 transaction limit

Level Three: High Use - \$10,000 monthly limit and \$3,000 transaction limit

Monthly Limit: The maximum amount authorized for the billing cycle

Transaction Limit: The maximum amount authorized for a single transaction

Usage

P-Card expenditures will follow the same procedures that are in place under the Purchasing Guidelines for purchases under \$3000. Minimum standards for card use, security and payment procedures are established in this guideline. This does not, however, preclude any department from adopting internal procedures that are more restrictive in nature.

A purchase should not be made with the P-Card unless it is the most productive purchasing method. In many cases, a Purchase Order is the most preferred method. P-Cards should NOT be used to replace adequate planning.

This P-Card policy is intended to:

- Ensure that P-Card transactions are in accordance with the Town's ordinances, policies, and procedures
- Ensure appropriate internal controls are established within the program
- Ensure that the City bears no legal liability from inappropriate use of procurement cards

Upon activation and signing the back of the card, cardholders may use their P-Card for Town purchases only. When in doubt as to whether a purchase is allowable, the cardholder should contact their Director or the Program Administrator prior to making the purchase. The card may be used for most transactions not exceeding the cardholder's transaction limit, including, but not limited to:

- In-person retail purchases;
- Telephone or online orders;
- Travel (including lodging, conference fees, and training); and
- Services.

Payments

Purchases made with a P-Card must be paid for when the order is placed. If the exact amount is not known or the vendor does not accept credit cards, the user should enter a requisition into the financial system for a purchase order to place the order.

If an invoice is inadvertently received that was intended for P-Card payment, it shall be forwarded to Accounts Payable for payment. Invoices shall not be paid with a P-Card after the fact. This is to reduce risk of accidental duplicate payment.

Receipts

An original, itemized receipt for every purchase must be obtained from the vendor each time the card is used. Restaurant purchases must include the credit card receipt with the items purchased, total, including tip, in addition to the itemized receipt. Online and telephone purchases must also be documented by an itemized receipt, which may be emailed, faxed, or mailed to the cardholder.

Vendors should not send duplicate invoices for P-Card purchases to Accounts Payable, as this may result in accidental duplicate payments.

Receipts must be scanned and uploaded into the financial system during reconciliation.

If a receipt is lost, misplaced, or destroyed, the cardholder must make every attempt to obtain a duplicate. In the event that a duplicate receipt cannot be provided within a reasonable timeframe, the cardholder must notify the P-Card Administrator, and provide an Affidavit of Lost or Destroyed Receipt with the appropriate P-Card billing cycle reconciliation.

Card Security

Each cardholder is responsible for all charges to their assigned P-Card and must maintain the card in a safe and secure manner that prevents unauthorized or improper use. The P-Card shall not be loaned or made available to another employee, friend, or family member under any circumstance.

Restrictions

Restrictions include, but are not limited to:

- Alcohol or liquor; minimal exceptions may be authorized in writing by the Town Manager. Authorization must be granted BEFORE the purchase is made, and a copy uploaded to the financial software with the itemized receipt as part of the reconciliation process;
- Spouse or family member expenses incurred while traveling (see Travel Policy for other excluded travel related expenses);
- Circumventing the Purchasing Process by splitting transactions to avoid quote or bid requirements;
- Entertainment, such as theatre, movies, etc.;
- Services for existing contracts and agreements;
- Cash refunds or advances;
- Fuel purchases for a personal vehicle;
- Gift Cards; minimal exceptions may be authorized in writing by the Town Manager. Authorization must be granted BEFORE the purchase is made, and a copy uploaded to the financial software with the itemized receipt as part of the reconciliation process. Gift cards purchased in advance of distribution shall be held in the Purchasing office for tracking;
- Computer and / or communications hardware, software, and services without prior written approval from Information Technology (IT). Authorization must be granted BEFORE the purchase is made, and a copy uploaded to the financial software with the itemized receipt as part of the reconciliation process;
- Personal purchases;
- Payment of an invoice.

Each procurement card has a transaction limit, a monthly limit, and restrictive merchant codes (MCC). A card transaction will be denied if the transaction exceeds any of these limits. These limits and restrictions can be adjusted online by the Program Administrator and will take effect immediately.

Sales Tax

As a tax-exempt government agency, the Town of Little Elm does not pay sales tax in most cases. P-Cards display the Town's tax exempt number. Cardholders are responsible for ensuring that the Town is not charged sales tax by alerting the merchant in advance that the transaction is tax exempt. If tax is included, the Cardholder is responsible for the reversal or reimbursement of the sales tax charge. Exceptions are allowed for restaurants, hotel/motel, and minimal tax charges of \$2.00 or less.

Accidental Charges / Reimbursement

If a restricted purchase is made accidentally, and noticed at time of payment, request the vendor reverse/refund the purchase. If the transaction is not noticed until later, a personal check for the full amount of the purchase must be included with the copy of receipt for the monthly statement. This includes accidental tax charges. In all cases, notify the Program Administrator as soon as any accidental charges are incurred to provide an explanation for review.

Billing Cycle

The P-Card billing cycle ends on the 5th of each month (or the following business day) and must be reconciled and approved by the prescribed due date each month. Repeat failure to reconcile may result in cardholder infraction.

Travel Expense Reports

It is the Town's policy to pay for, or reimburse, all reasonable and necessary expenses incurred when an employee travels for Town-related business. Direct payment of travel expenses with a P-Card is encouraged, as permitted. (See Personnel Policy as it relates to Town travel).

If a cardholder places Town travel expenses on a personal credit card, and the airfare/hotel/event is cancelled or postponed for any reason; providing a credit to the individual, the Town will not reimburse the cardholder for such travel expenses.

Travel expense reports allow for the itemization of P-Card purchases as "prepaid expenses."

As outlined in the Town's Personnel Policy, meals are paid for via per diem and meal charges are not permitted on a PCard.

Promotional Gift Items

It is recognized that suppliers may include a promotional item, gift, or incentive with purchase. If a promotional item, gift, or incentive is received, the cardholder must surrender the item(s) to their department director for tracking and distribution upon receipt. Cardholders should take caution, by not choosing to purchase from a business simply based on promotional offerings.

Cardholder Duties and Responsibilities

Cardholders, or an assigned Admin, are responsible for reconciling PCard transactions in the financial system within the published due date each billing period. The cardholder must ensure each transaction is within the guidelines, sales tax was not applied (or exception applies), and the original, itemized receipt is included. Once the transactions have been reconciled and approved in the financial system, the transactions will route to Finance for review and finalization.

The cardholder is responsible for processing returns, verifying credits are received, and disputing charges directly with the vendor. Any transaction in dispute must be noted in the item's description in the financial system. Cash refunds for returns are not allowed. The cardholder must verify the credit is received and attach documentation such as a return receipt or email from the vendor to the expense report. If a cardholder finds a discrepancy, they should contact the vendor and attempt to resolve the problem directly. If a cardholder cannot resolve a disputed item directly with a vendor, the cardholder should contact Program Administrator for assistance.

The cardholder is responsible for immediately notifying JP Morgan Chase, their supervisor, and the Program Administrator if the card is lost or stolen. The contact number is found on the back of the physical card. The cardholder shall also complete the Lost Card Form and submit it to the Program Administrator Promptly. If fraud is suspected, the same steps should be followed.

Department Director Duties and Responsibilities

The Department Director is responsible for auditing and approving the transactions in the financial system after cardholder reconciliation.

P-Cards must be returned to the Program Administrator immediately upon notice of resignation, transfer, or termination of the cardholder. In the event of unauthorized or inappropriate purchases, the Town reserves the right to withhold final paychecks until this is resolved.

In the event a cardholder has used the card fraudulently, the Department Director shall immediately retrieve the card and report the misuse to the Program Administrator. Fraudulent activity of any kind is cause for immediate suspension or termination administered by the Town's Human Resources Department.

Program Administrator Duties and Responsibilities

The P-Card program is administered and maintained by the Purchasing Division and is the Town's point of contact for the program. Upon approval in the financial system, billing statement and receipts are reviewed by the Program Administrator for audit purposes. The Program Administrator orders and terminates the P-Cards, trains cardholders, maintains card limits and documentation, reconciles the expense reports with the Town's financial software, and audits the statement and receipts for compliance.

The Program Administrator will report to the Department Director and Chief Financial Officer (CFO) any cardholder infractions. Misuse and/or abuse of card privileges will be dealt with as follows:

1st Occurrence: The Program Administrator, Chief Financial Officer (CFO), and Department

Director will provide a warning to the cardholder. Cardholder will take the necessary, documented steps, to prevent further issues.

2nd Occurrence: The Program Administrator, Chief Financial Officer (CFO), and Department Director will determine if the cardholder will continue in the card program. Department Director will take the necessary, documented steps, to prevent further issues.

3rd Occurrence: The Program Administrator and Chief Financial Officer (CFO) will terminate the cardholder's privileges with deferral to the Human Resources Department for disciplinary action.

Revocation of the Purchasing Card

The purchasing card is subject to revocation at any time at the discretion of the Purchasing Manager and the Chief Financial Officer (CFO). Each cardholder must acknowledge receipt of the purchase card, understand the rules of usage, and sign the Cardholder Agreement Form. Failure to abide by this policy will result in revocation of their card and disciplinary action up to termination of employment. The cardholder will be required to reimburse any unauthorized transactions and the Town reserves the right to withhold final paychecks until all purchases are satisfactorily reconciled.

The Program Administrator will recommend to the Chief Financial Officer (CFO) that the card be revoked following any violation of the Procurement Card policy. The Program Administrator is authorized to temporarily suspend use of the card if unauthorized use is discovered and poses a threat to internal financial controls.



AFFIDAVIT OF LOST OR DESTROYED RECEIPT

Employee Name	
Department	
Card Number	<i>(Last four digits only)</i>


I declare on oath that the original receipt for the transaction dated _____ in the amount of \$_____ from _____ (vendor name) has been lost or destroyed. The vendor has been contacted and is not able to provide a duplicate receipt for this purchase. The information below details the transaction in lieu of an itemized receipt.

I understand that falsification of this affidavit / itemization of this purchase constitutes an act of fraud.

Item Purchased (must be detailed)	Amount

Please list each item on a separate line. Use a supplemental sheet if necessary.

Employee Signature		Date
Department Director Signature		Date
Finance Department Signature		Date

	TOWN OF LITTLE ELM BUSINESS MEAL AUTHORIZATION & EXPENSE FORM <p style="color: red; font-weight: bold;">Attach this form to your PCard Statement</p> <p style="color: red; font-weight: bold;">Receipts must be itemized</p>		
Meeting Date:		Amount:	
Location:			
Individuals Included:	Business Relationship:		
Purpose:			
Business Meals must meet ALL of the following criteria. Please check where applicable:			
<input type="checkbox"/> Non-Routine			
<input type="checkbox"/> Clear Business Objective which will benefit the Town			
<input type="checkbox"/> Involves an Executive Level Employee or Designee and an client, official, or customer			
And must meet one of the following tests:			
1 Directly-Related Test: The meal must satisfy all of the following:			
<input type="checkbox"/> a. The main purpose of the combined business and meal is active conduct of business.			
<input type="checkbox"/> b. Business is actually conducted during the meal period, and There is more than a general expectation of deriving income to the Town, Lowering Town expenses, or some other specific Town benefit at a future time.			
<input type="checkbox"/> c.			
2 Associated Test: The meal must satisfy all of the following :			
<input type="checkbox"/> a. Associated with the active conduct of the Towns Business, and			
<input type="checkbox"/> b. Directly before or after a substantial business discussion.			
Approvals:			
Date	Cardholder Signature		
Date	Dept. Head Signature		
Finance Use Only:			
Date	Finance Approval		