

Policy Title:		Purchasing Card	
	OFFICE OF THE CHIEF FINANCIAL OFFICER	Category	General Accounting
		Administrative Policy #	200-FIN-Purchasing Card
		Revision #	N/A
		Review Frequency	As Needed – no less frequently than triennially
Administrative Division	General Accounting	Reviewed By	Controller, CFO, Director, Treasury Manager, Procurement Manager
BOWC Approval	11/27/2018: _____	Last Reviewed/Update Date	11/27/2018: _____
Implementation Date	11/27/2018: <u>amd.</u> _____	Resolution #	18-0244: _____

## 1. OBJECTIVES

- 1.1. To establish policies to be followed in making eligible purchases with purchasing cards (P-Cards).
- 1.2. To ensure proper internal controls are in place to provide an effective process for managing DWSD's P-Card process.

## 2. PURPOSE

- 2.1. The Detroit Water & Sewerage Department (DWSD) may need to purchase goods through the use of P-Cards for eligible purchases. This policy will provide guidance for the usage and payment of goods and services using P-Cards. The purchasing card program is designed to make it easier and more cost effective and efficient for DWSD personnel to make small dollar purchases of goods and services from any supplier that accepts the P-Card. This program is primarily for purchases of goods and services having a single purchase value up to \$5,000. Certain departments, approved by the CFO, have credit ~~card~~ limits of \$10,000.

## 3. DEFINITIONS

“Emergency Purchase” means a purchase made when exigencies require the immediate delivery of articles or performance of services or when there exists a threat to public health, welfare or safety or to prevent an imminent violation of a required environmental permit or Administrative Consent Order under emergency conditions where prior approval would be impossible or impracticable under the circumstances.

“P-Card” means a credit card that is issued to an individual authorized to make eligible purchases of goods and services as follows

- Emergency and small purchases as defined under the procurement policy
- ~~Professional or industry association fees, memberships, court fees and costs~~  
media subscriptions

“P-Card Cardholder” means an individual identified and assigned by the CFO. The Cardholder is responsible for the management of the P-Card assigned and under their jurisdiction, which includes the security and usage of the P-Card.

#### **4. SCOPE**

- 4.1. This policy applies to all P-Card Cardholders at DWSD.

#### **5. RESPONSIBILITIES**

##### **5.1. CFO**

- 5.1.1. The CFO, or delegate, shall establish the necessary procedures to implement this Policy and shall take all necessary measures to ensure this Policy is adhered to. The CFO may delegate all or some of his/her authority under this Policy to an appropriate member of the Management team.

##### **5.2. All P-Card Holders**

- 5.2.1. All P-Card Cardholders shall sign the P-Card Policy Acknowledgment form (exhibit B) stating that they have received, read and understand this Policy as well as any relevant user guide provided by the bank and that they agree to adhere to the guidelines outlined in this Policy.
- 5.2.2. Each Cardholder will be required to review and verify their P-Card transactions on a monthly basis.
- 5.2.3. Cardholder's manager must approve every P-Card purchase, in writing, prior to use.

##### **5.3. Procurement Manager**

- 5.3.1. The Procurement Manager's responsibilities include the following:
- Requesting CFO's authorization to issue a P-Card with specific category codes and upon approval requesting the Treasury Manager to order it
  - Requesting CFO's authorization and coordinating Cardholder transaction limits with the Treasury Manager
  - Receiving the P-Card from the Treasury Manager, meeting with the P-Card holder to issue the card and review the policy
  - Maintaining a copy of all policy acknowledgments signed by the Cardholders to adhere to the policy and any service user guides and provide a copy to Human Resources
  - Serving as the primary contact for Cardholder questions on the policy
  - ~~Setting up a process to monitor usage and make recommendations for improvement~~

##### **5.4. Treasury Manager**

- 5.4.1. The Treasury Manager's responsibilities include the following:
- Maintaining P-Card user accounts on the bank's website including activating and deactivating P-Cards and modifying authorized category codes
  - Receiving the cards and distributing to the Procurement Manager
  - Retrieving and distributing monthly P-Card statements to Cardholders
  - Contacting the bank with any questions regarding P-Cards



## 5.5. Controller

5.5.1. The Controller's responsibilities include the following:

- Reconciling all expense reports, receipts and statements from all P-Card holders on a monthly basis
- Submits statements for payment
- [Setting up a process to monitor usage and make recommendations for improvement](#)

## 6. POLICY

**6.1. General Information** - This policy is intended to provide guidelines to Cardholders in utilizing their P-Cards, and all Cardholders should carefully read this document. A Cardholder's signature on the P-Card Policy Acknowledgement form indicates that the Cardholder understands the intent of the program and agrees to adhere to these guidelines. In the event these guidelines are not followed, appropriate disciplinary action may be taken up to and including termination. The determination and administration of any disciplinary actions resulting from purchase card abuse shall be the responsibility of the Controller and Procurement Manager.

### 6.2. Issuance of P-Cards

- 6.2.1. DWSD issues P-Cards to designated employees. The person to whom the P-Card is issued can authorize its use by other department employees but retains responsibility for its use. The card is to be used for official DWSD business only.
- 6.2.2. Card privileges may be rescinded at any time at the discretion of the Procurement Manager and/or Controller if policies and/or procedures are not followed by the Cardholder.
- 6.2.3. The Cardholder shall be limited to specific category codes assigned based on each department's functional needs.

### 6.3. Cardholder Limits

- 6.3.1. In addition to being assigned to specific category codes as mentioned above, each Cardholder has a credit limit applied to his/her P-Card. The CFO approves the card limits for each Cardholder.

### 6.4. Unauthorized Uses

- 6.4.1. In addition to the controls that disallow certain purchases, the following purchases are expressly forbidden under this program. Purchases that:
  - Are made to avoid or circumvent the purchasing process
  - Are not immediately available at time of credit card use. No back-ordering of merchandise is allowed. Back-ordering will cause DWSD to pay for goods before they are received.
  - Are for personal use or non-DWSD expenditure of any kind.
  - Have a pre-existing and currently valid contract in place for the goods or services being purchased unless an emergency exist.

- 6.4.1. A Cardholder that makes unacceptable or unauthorized purchases or carelessly uses the P-Card may be liable for the total dollar amount of such unauthorized purchases plus any administrative fees charged in conjunction with the misuse. The Cardholder will also be subject to disciplinary action, up to and including termination.

#### **6.5. Card Deactivation**

- 6.5.1. Upon termination of employment of a Cardholder, the credit card must be turned into Human Resources prior to the employee's last day of work. Human Resources will then notify the Treasury Manager to deactivate the card. The credit card must be deactivated immediately.
- 6.5.2. A P-Card may be deactivated if the Cardholder has violated the policies and procedures set forth in this document.

#### **6.6. Reasonable and Necessary Accommodations**

- 6.6.1. Management may take reasonable and necessary actions to accomplish the intent of this policy.

### **7. PROCEDURE**

Following are the procedures for making purchases using the DWSD P-Card:

#### **7.1. General Guidelines**

- 7.1.1 P-Cards are issued to DWSD by the bank and assigned to specific users. Personal information of Cardholders is not provided to the bank when cards are issued. Card activity is not reported on a Cardholder's personal credit report, and, likewise, activity on the card is not used to compute a Cardholder's credit score with reporting agencies. Activity on the P-Card is reported on DWSD's credit report.
- 7.1.2 Only the Cardholder can authorize a purchase on his/her card. The cards cannot be loaned to another person. Written approval from the Cardholder's manager for each P-Card purchase is required.
- 7.1.3 Purchases utilizing the P-Card can be made in person, by phone, or over the internet from any vendor that accepts MasterCard. For security reasons, fax orders should be avoided as you do not know who at the other end has access to the card information.
- 7.1.4 Whether paying for orders in person, by phone, or over the internet, the Cardholder is responsible for obtaining and retaining proper documentation of all transactions, i.e., receipts, invoices, or other documentation showing the item(s) purchased and the amount paid. See the "Cardholder Recordkeeping Requirements" section below for information on submitting your receipts/documentation to the Controller for processing. A Cardholder that does not turn in receipts for all purchases made on a monthly basis may be subject to disciplinary action, including deactivation of card and up to termination.
- 7.1.5 The Cardholder must indicate the appropriate G/L code for each purchase when submitting the expense form and receipts to the Controller.



- 7.1.6 All DWSD purchases are exempt from sales and use tax. It is the Cardholder's responsibility to make certain that sales tax is not paid on any purchases that he/she makes using a P-Card. A copy of the DWSD's tax exempt certificate will be provided to the card holder at the time of issuance. This should be retained with the P-Card in case the vendor needs to make a copy.
- 7.1.7 A P-Card purchase may be declined at the point of sale if that purchase falls outside of the Cardholder credit limit or category code. If a transaction is declined, the Cardholder should cancel the transaction and contact the Treasury Manager as soon as possible to determine the reason for the declined transaction.
- 7.1.8 If the Cardholder attempts to use the P-Card for a category code not set up, the transaction will be denied. If necessary, the Procurement Manager can adjust the category codes assigned to each Cardholder.
- 7.1.9 Any returns or credits made on purchases paid for by a P-Card must be credited to that Cardholder's account (no cash refunds). The Cardholder should obtain and retain the appropriate documentation.
- 7.1.10 All charges made on DWSD P-Cards are billed directly to DWSD on a monthly summary invoice. This process minimizes paperwork and streamlines the payment process. The Treasury Manager retrieves the monthly statements from the bank website. Cardholders then request a copy of the statement from the Treasury Manager.
- 7.1.11 Upon termination of employment of a Cardholder, the P-Card must be turned into Human Resources prior to the employee's last day of work. The P-Card will be deactivated immediately.

## **7.2. Reporting Lost Cards, etc.**

- 7.2.1. If your P-Card is lost or stolen, contact the bank immediately and notify the Treasury Manager and your department manager as soon as possible.
- 7.2.2. If a card becomes damaged and needs to be replaced, the Cardholder must notify their manager and return the damaged card to the Treasury Manager. Once the damaged card has been returned to the Treasury Manager, a replacement card will be requested from the bank.

## **7.3. Disputed Items**

- 7.3.1. If there is a discrepancy on a monthly statement, the Cardholder shall contact the vendor immediately to try and resolve the matter. If successful, the Cardholder shall make a note on the monthly statement and be sure to verify the correction on the following month's statement.
- 7.3.2. If the discrepancy cannot be resolved with the vendor, the Cardholder shall contact the Treasury Manager for assistance in working with the bank to resolve the issue.

## **7.4. Unauthorized Account Usage**

- 7.4.1. The Cardholder is responsible for keeping track of how the card is used and for its safekeeping. Just like any credit card, the Cardholder should protect against fraudulent use of the card.

- 7.4.2. If the Cardholder detects or suspects that his/her card has been used fraudulently, he/she should contact the bank immediately and notify the Treasury Manager and their Manager as soon as possible.

## **7.5. Cardholder Record Keeping Requirements**

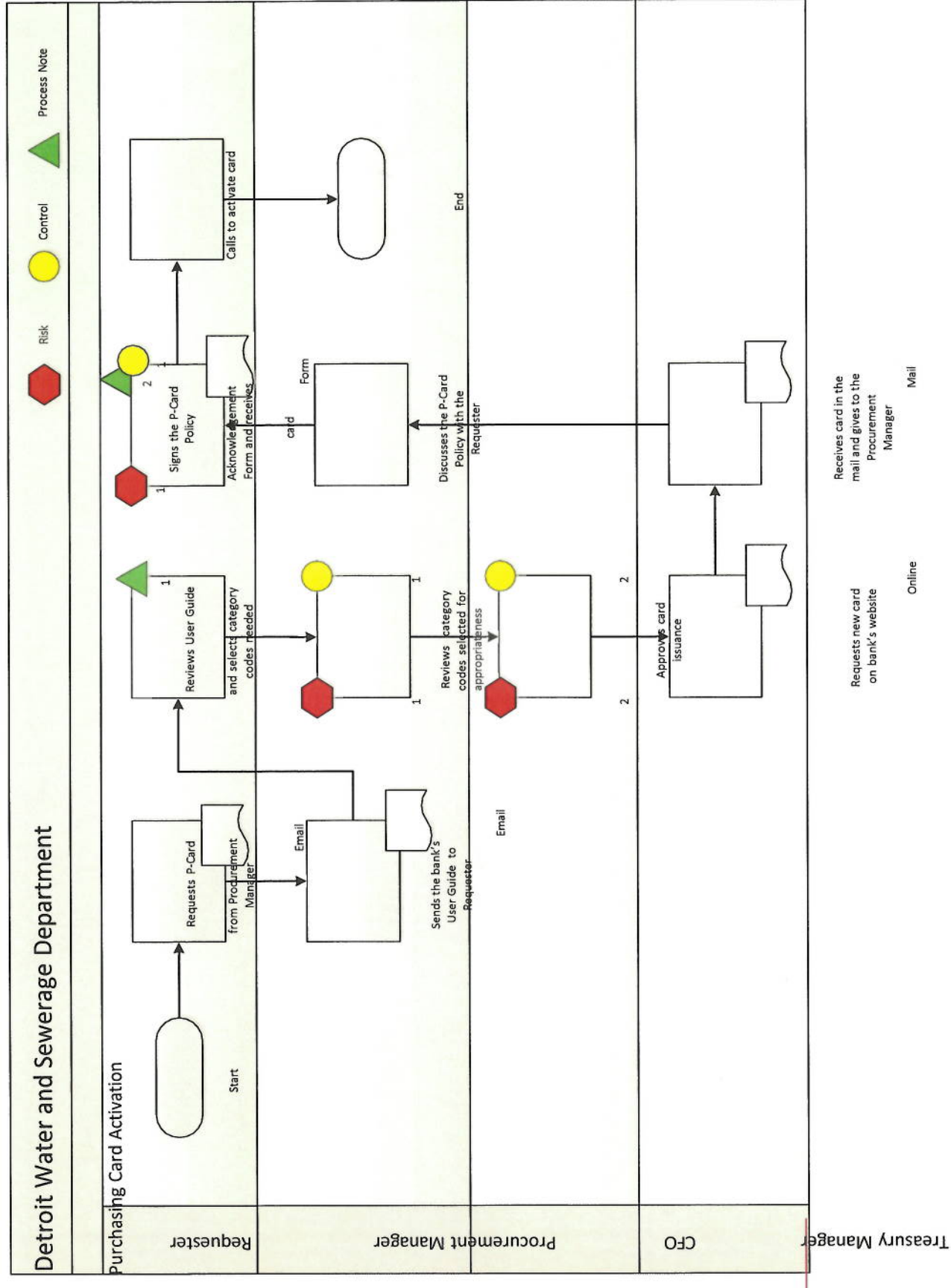
- 7.5.1. Cardholders must keep all original sales documents, such as original receipts and invoices. (receipts, packing slips, cash register tape, credit cards slips) from purchases made on their P-Card. Packing slips, cash register tapes, credit card slips are not acceptable documents to support purchases using the P-Card. These original sales documents will be required to be submitted to the Controller with the Cardholder's monthly account statement.
- 7.5.2. Each Cardholder/department is required to submit their monthly statement by email with receipts to the Controller by the 3rd of the next month. They must also provide an expense description for each transaction. Note: The G/L account that the expense should be applied to should also be indicated by the Cardholder.
- 7.5.3. The DWSD Controller is required to review all transactions. The review process includes matching receipts and other documentation to the monthly statement and submitting the statements for payment.
- 7.5.4. All hard copies of receipts, invoices, packing slips, statements, etc. must be kept and filed by the Controller.

### 7.5.5. Exhibits:

- Exhibit A for the P-Card process flowchart.
- Exhibit B: P-Card Policy Acknowledgement Form

EXHIBITS

Exhibit A: P-Card Process Flowcharts



EXHIBITS

Exhibit A: P-Card Process Flowcharts

- approved category codes assigned to their card.
- 2. The Procurement Manager will keep a copy of the signed acknowledgment form on file and will also email Human Resources a copy to put in the employee file.

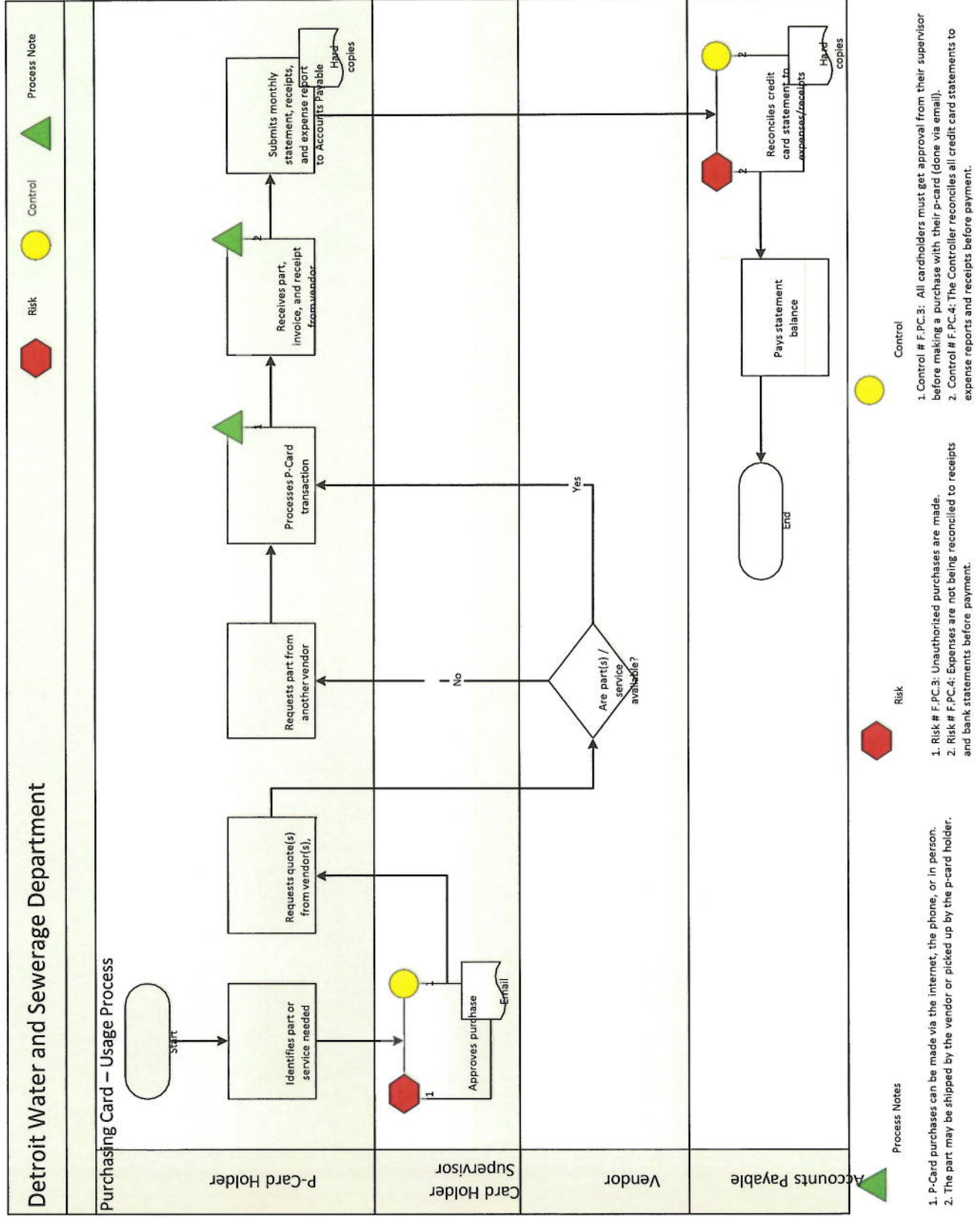
- 1. Risk # F.PC.1: Inappropriate expenses are charged with p-cards.
- 2. Risk # F.PC.2: P-cards are issued to unauthorized employees.

- 1. Control # F.PC.1: Only approved merchant category codes are allowed to be purchased using p-cards. In addition, all p-card holders must sign an acknowledgment form stating that they will follow the p-card policy.
- 2. Control # F.PC.1: All p-card issuances must be approved by the CFO.



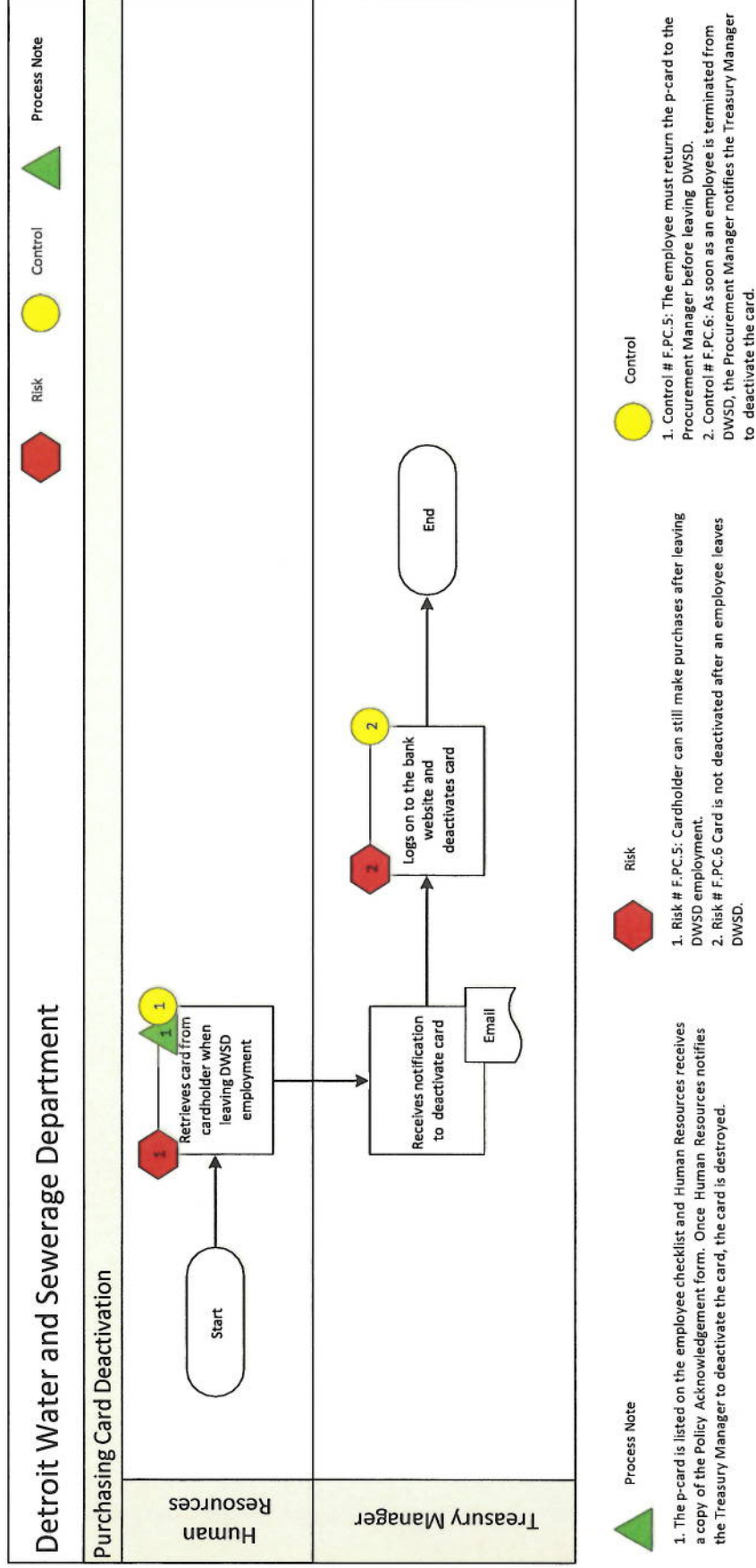
# EXHIBITS

## Exhibit A: P-Card Process Flowcharts



# EXHIBITS

## Exhibit A: P-Card Process Flowcharts



## Exhibit B: P-Card Policy Acknowledgement Form



### P-Card Policy Acknowledgment Form

#### **Purchasing Card Policy and Procedures Employee Acknowledgement**

I hereby acknowledge that I have received a copy of the Purchasing Card Policy and Procedure. I have read the policy and procedure and clarified any questions regarding its provisions. I understand that as a Cardholder I am responsible for all charges incurred on the purchasing card. I agree to comply with all the requirements contained therein and understand that appropriate disciplinary action will be taken if I am found in violation of the policy and that Detroit Water & Sewerage will require restitution if the purchasing card is used improperly.

Employee name: \_\_\_\_\_

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

Name of Manager: \_\_\_\_\_

Signature of Manager: \_\_\_\_\_ Date: \_\_\_\_\_