# *CITY OF HARTFORD*

# *PURCHASING CARD PROGRAM*

**JULY 1, 2012**

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## OVERVIEW

The Purchasing Card (P-Card) program is a procurement tool that increases efficiency in the purchasing process, reduces administrative costs and improves financial and managerial control. This program is co-sponsored by the Finance Department and the Office of the Chief Operating Officer, Procurement Division. It streamlines and simplifies the purchasing and accounts payable functions by eliminating waste and low value activities, ultimately, reducing transaction costs, and improving vendor relations. The P-Card is a tool that facilitates the timely acquisition of materials, automates data transactions for accounting purposes, supports travel services and offers flexible controls to help ensure proper usage.

The P-Card reduces the time and paperwork associated with purchase orders under the specified P-Card transaction limits, invoices and checks. The P-Card also offers an alternative to a variety of processes including petty cash, check requests, low dollar purchase orders, and travel reimbursement. The P-Card Program is not intended to avoid or bypass appropriate procurement procedures and controls, but rather, to complement the existing processes available.

The City's P-Card is a VISA credit card issued by the Bank of America. Any vendor that accepts VISA will accept your City of Hartford issued P-Card for payment. Please remember that a commitment of the City of Hartford's funds is made each time the P-Card is used for payment.

## WORK RULES

The Cardholder Work Rules provide information about the process, the types of purchases that can and cannot be made, records that must be maintained and reconciled for each cycle, and other pertinent information.

This guide is a description of the work rules for any employee entrusted with and assigned to use the P-Card. Please remember that you are committing city funds each time you use the P-Card. You are the person responsible for all charges made to the card that has been issued to you. Intentional misuse or fraudulent abuse may result in disciplinary action up to and including termination of employment.

The P-Card will have no impact on your personal credit. Although the Purchasing Card lists an individual's name, it is a corporate card issued to the City of Hartford.

## HOW IT WORKS

The P-Card is a VISA credit card issued by Bank of America (BOA). It works much like a personal credit card. However, each card has custom designed features, with built-in controls, to meet the specific needs of the cardholder, the cardholder's department, and the City of Hartford.

The process is fully automated, allowing all purchases to be tracked and easily managed. BOA's Works program is the software used for these reporting purposes. Works is an internet application where cardholders and administrators can view, approve, and monitor transactions, on each credit card issued, 24 hours after a purchase has been made.

Periodically, the transactions will be uploaded into the Munis financial system in statement format. Each cardholder will be able to code their transactions and submit their P-Card statement for approval through Munis Workflow. Once approval is received, the transactions will post against the City's vendor files creating an audit trail and the ability to research based on commodity codes and vendor names or numbers.

The P-Card simplifies the procurement and disbursement process by facilitating point-of-demand purchasing. Purchasing authority is delegated to the ordering departments enabling the authorized cardholders to place orders directly with the suppliers.

## PCARD PROGRAM CONTACTS

Please direct any questions related to the P-Card program to:

- **New card requests, lost or stolen card, replacement cards, disputed transactions, credit limits questions:**
  - Josephine Williams, Procurement
  - Phone: 860-757-9612
  - Email: WILLJ003@hartford.gov

- **BOA Works, Munis, approvals, workflow, general financial systems questions**
  - John Huyghebaert, Finance - Financial Systems
  - Phone: 860-757-9608
  - Email: HUYJ001@hartford.gov

- **Account coding, audits, budget questions**
  - Leigh Ann Ralls, Finance - Accounting
  - Phone: 860-757-9665
  - Email: RALLL001@hartford.gov

- **HPS – all questions**
  - Felicia Henderson-Smith
  - Phone: 860-695-8568
  - Email: fhendersonsmith@hartfordschools.org

## CARDHOLDER APPLICATION PROCEDURES

Any employee that has applied for and received a P-Card is considered a cardholder. An employee can request the cardholder application from the Procurement Division. When the employee has completed the application, it must be submitted to their Department Head for approval. The department head should recommend a credit limit, single transaction limit, and merchant category code (MCC) grouping for the approved application.

The Chief Operating Officer has final approval for all new P-Card applications. The Chief Operating Officer additionally has the opportunity to modify the Department Head's recommended credit limit and single transaction limit for the approved application

The approved employee must then attend a mandatory cardholder training session and sign the City's Cardholder Agreement before receiving their card.

## CLOSING A CARDHOLDER ACCOUNT

Any employee, who is discontinuing their P-Card account, must cut their card in half and deliver it to the Procurement division and make sure that their final transactions are addressed appropriately within the Works and Munis financial systems. The Procurement Division will immediately deactivate the Cardholder's account. P-Card accounts should be closed a minimum of two weeks in advance of a planned termination of employment.

If the employee transfers to a new department or to the Hartford Public Schools, the P-Card must be returned to Procurement immediately. The P-Card may be cancelled or temporarily closed until it is determined whether or not the employee will continue to need the P-Card in their new venue.

It is the Department Head's or their designee's responsibility to ensure that a cardholder's account is properly closed as a result of a change in responsibilities, a transfer or termination of employment.

## POLICY FOR P-CARDS

### Commodities

The P-Card is to be used for official City of Hartford purchases only wherever VISA is accepted. In addition, the P-Card is to be used in conjunction with city purchasing policies.

Vendors that have been approved by Accounting and Control's Accounts Payable Division can be paid using the P-Card. The P-Card is to be used for official City of Hartford purchases wherever VISA is accepted and in conjunction with current city contracts. In addition, the P-Card is to be used in conjunction with city purchasing policies.

### Travel Option – Transportation, Hotel and Car Rental Purchases

A travel option is available to departments currently participating in the P-Card Program. This option is available to frequent travelers within the city. The P-Card, modified with this travel

option, allows for payment of transportation, cost of hotel lodging, meals, and out-of-state car rental and gasoline for out-of-state car rentals. Any in-state traveling done in a City vehicle must use the City's gasoline found at the DPW yard. Employees traveling in their personal vehicles who use the mileage reimbursement rate set by the IRS may not use the P-Card for gasoline; it is built into the mileage reimbursement.

The Travel Account allows purchasing authority to be delegated to the Cardholder enabling him/her to place orders directly with the City contracted vendor, Sanditz Travel. When using the travel option, all personal expenses, i.e., meals outside of the per diem rates, movie rental, personal telephone charges, gasoline for city vehicles, etc, must not be charged to the City of Hartford Purchasing Card.

**CREDIT CARD LIMITS**

The Purchasing Card Program provides enhanced control for each transaction. When the vendor at the point-of-sale requests a purchase authorization, the VISA system validates the transaction against pre-set limits and MCC groupings established by the city. All transactions are approved or declined (instantaneously) based on the following Purchasing Card authorization criteria:

- Monthly Dollar limits per cardholder not to exceed:
    - $5,000 for Department Heads, Executive Staff, and HPS Principals (except with prior approval of the Chief Operating Officer)
    - $3,000 for Staff Level
    - $10,000 for Accounts Payable level cardholders.
- Number of transactions allowed per billing cycle
- Number of transactions allowed per day
- Single transaction purchase limit not to exceed:
    - $2,500 for Department Heads
    - $1,000 for staff level or travel cardholders
    - $5,000 for Accounts Payable cardholders.
- Approved or excluded MCC codes (established by the bank and encoded into the magnetic strip on the reverse side of the card)

These limits are required for each card. Your department head and the P-Card program team have determined what these pre-set limits will be for your individual card. If any of these limits are reached, further transactions in that month's billing cycle will be denied.

**<u>Single Transaction Purchase Limit - $2,500/$1,000/$5,000</u>**

Each Purchasing Card will have a maximum amount of $2,500 per transaction for Department Heads, $1,000 per transaction for staff level commodities, or $5,000 for accounts payable

transactions. If a card has the travel and entertainment option, the single transaction purchase limit could be up to $2,500 for travel use for Department Heads but remains at $1,000 for staff level cardholders. The transaction limits cannot be changed. The P-Card will reject purchases for amounts greater than this limit. Under no circumstances should a transaction be split in order to bypass the single transaction dollar limit.

**HOW TO USE THE PURCHASING CARD FOR COMMODITY PURCHASES**

The P-Card automates the authorization process for small purchases and gives purchasing control directly to the cardholder. While this contributes to efficiency, it also requires the cardholder to be familiar with the purchasing guidelines. The Purchasing Card may be used to purchase approved goods at the point of sale, over the phone, by fax or by mail. The following guidelines have been adapted specifically for the P-Card. For further questions related to procurement policy, please contact the Procurement Agent, Tara Washington, at 860-757-9785.

1. **Identify**: The P-Card is only to be used for job related purchases. Identify if the purchase is appropriate for the P-Card by determining if your transaction total is under the single transaction limit. If not, the purchase must be processed in accordance with established procurement policy and procedures. The cardholder must make reasonable effort to find the best price for all items purchased. Please keep in mind the department budget and available funds as no department is allowed to exceed their budgeted allotment. The P-Card user also must make every attempt to use a City of Hartford vendor before branching out nationwide. Please visit the City's Procurement website for a list of acceptable vendors.

   All city P-Cards will have specific commodity code restrictions including but not limited to:

   **Cash & cash advances**
   **Gift Cards**
   **Alcohol**
   **International Travel (pre-approval required)**
   **Gasoline (except out of state car rentals & HPS fleet)**
   **Paypal transactions**
   **Limousine**
   **Florists (Except HPS)**
   **Apple/I-Tunes**

2. **Contract**: Determine if the item you need is available from a City contract. If the item you are ordering is available from a City contract supplier, the order must be placed with the City contract supplier. Please contact the Procurement office is there are any concerns with using the contracted supplier. See "Contract Compliance."

3. **Contact**: Call or go to the vendor's place of business and place the order. If calling, please advise the vendor that you are calling from the City of Hartford and you will be making a VISA Purchasing Card purchase. **Emphasize that it is a tax-exempt purchase. Please note: the tax-exempt number is imprinted on the card under the cardholder name.**

   **However, this information is not automatically passed to the vendor through the magnetic strip. Please contact the Procurement Division at 860-757-9785 if a tax exempt certificate is needed.**

4. **Order**: Give the vendor the account number and expiration date on your P-Card. **Important**: Tell the vendor that the address label/packing slip that accompanies the package must contain the following information; cardholder's name, city name, building and room

number, street and city address. Packages that are not labeled as described may delay the delivery of items ordered indefinitely. ***Under no circumstances should the vendor indicate the Purchasing Card number on any address label or packing list***. Listing this information would threaten the security of your card. Inform the vendor not to send a bill or invoice to the ordering department or your business office. Submitting an invoice for a charge card transaction may result in a duplicate payment.

Purchases may never be split into multiple parts in order to circumvent limits on the P-Card. If the maximum dollars per transaction limit is reached, you may not continue the purchase by splitting the payment into multiple, smaller installments.

5. **Retain**: Retain all documentation pertaining to the purchase. See "Proof of Purchase Documentation."

6. **Inspect**: Inspect the shipment when it is received or picked up. In case of returns, the cardholder is responsible for coordinating the return directly with the supplier. The cardholder should make sure that the account is created for any returns.

**CONTRACT COMPLIANCE**

While the P-Card is a purchasing tool, it does not signal a change in policy regarding compliance with the City's contract suppliers.

The Procurement Division is authorized to negotiate and issue contracts that will provide the City with "least total cost" arrangements for goods and services required from outside vendors. In negotiating those contracts, Procurement will consider not only the vendor's line item pricing for the products or services, but will also consider the vendor's:

- Ability to provide the necessary quality, delivery and service
- Overall pricing structure
- Financial stability
- Warranty and Service Policies
- Other organizational requirements

Supplier contract pricing and performance are normally based on the City's overall anticipated volume of purchases during the contract period. In order to assure city agencies of "least total cost" of goods or services, and to fulfill the obligation to consolidate all of its requirements with the authorized contract supplier(s), all offices are obligated to order required goods or services

from those suppliers that are authorized contract suppliers.
Circumventing the use of these contracts may result in some initial savings, but repeated circumvention reduces contract value, discourages vendors from bidding in the future and eventually results in higher prices. What appears to be a savings on an individual purchase basis can and often does result in higher costs over time.

**DOCUMENTATION**

By law, the City of Hartford is required to keep supporting documentation for all disbursements. Cardholders are responsible for maintaining adequate transaction documentation for their P-Cards. Documentation must support the business purpose of all transactions made with the P-Card. Acceptable documentation should be itemized and must include pricing information. Supporting documentation should include the following items:

- Copy of an order form or application when available
- Packing slip (for goods received)
- Original cashier receipt or vendor invoice

All supporting documentation must be scanned and attached to the cardholder's statement in Munis. Please refer to Munis P-Card procedures at the end of this document.

**Missing Documentation:**

If no documentation is present – or if the documentation is unacceptable – the cardholder should complete a "Missing Receipt Waiver Form", scan and attach it in Munis, and forward a copy to the Finance Department. When three missing receipt waiver forms have been turned into the Finance Department, the cardholder will be recommended to the Finance Director and Chief Operating Officer for deactivation. If they agree with the recommendation, the cardholder's card will be cut in half and the cardholder will not be permitted to apply for a new P-Card for a minimum of three months or at the discretion of the Finance Director and Chief Operating Officer.

Cardholder receipt retention and submission is a crucial and mandatory part of the P-Card process.

## PROCESSING DEADLINES

The Bank of America P-Card cycle ends on the 27th of every month. The Finance Department downloads all P-Card transactions into Munis into a default org and object. The Department has 5 business days from the day the activity is uploaded into Munis to properly code the transactions into a budgeted line item and approve the transactions.

Any department not coding the transactions in a timely manner will be subject to disciplinary actions such as deactivation or loss of their P-Card until the transactions are properly coded. P-Cards will also be monitored monthly in the City wide FINSTAT meetings.

## PAYING THE BILL

The Purchasing Card is a corporate account. The Purchasing Card bill will be paid in full each month by the City Treasurer's Office.

## WHAT TO DO IF YOUR CARD IS LOST OR STOLEN

The Purchasing Card should be secured, just as you would secure your personal credit cards. **If your P-Card is lost or stolen, it is your responsibility as the cardholder to immediately report this to Bank of America and cancel your account.** Please follow these instructions:

- Immediately contact Bank of America at 1**-888-449-2273**. (Bank of America Bank representatives are available 24 hours a day, seven days a week.)
- Contact your city Purchasing Program Administrator:
  - City of Hartford/Hartford Public Library employees: Josephine Williams, phone #860-757-9612
  - Hartford Public Schools employees: Felicia Henderson-Smith, phone #860-695-8568

**REFUSAL OF CARD OR ACCOUNT**
Should you be declined at the point of sale for any reason, please contact your city Purchasing Card Coordinator or Bank of America at 1-888-449-2273. Every effort will be made to determine why your card was declined.

**DISPUTING TRANSACTIONS**
Please notify the Procurement Division that a transaction is under dispute. Please note the transaction, dollar amount, and reason why it is being disputed. If possible, please provide a copy of the payment documentation.

**FRAUDELENT ACTIVITY**
Report any suspected fraud (e.g., unauthorized transactions) to Bank of America immediately. Then immediately contact the Finance Department – Financial Systems Division, as well as the Purchasing Program Administrator noted above via phone and email.

**PURCHASING CARD AUDIT ACTIVITY**
To ensure the continued success of the Purchasing Card Program and to meet audit requirements, random audits will be made by appropriate personnel in the Finance Department, Accounting and Control Office. The random audits are to help ensure adherence to the Program's policies and procedures. The Purchasing Card program and related activity will also be periodically audited by the Internal Audit Department.

**EMERGENCY P-CARD – E CARD**
The City of Hartford is implementing an Emergency Purchasing Card that is part of the current Purchasing Card Program administered by the Finance Office and the Office of the Chief Operating Officer. The purpose of the Emergency Purchasing Card is to have in place a purchasing mechanism that is activated in the event of a City of Emergency.

**Conditions of Use**

The City Purchasing Card may be used for emergency purchases in the event of a State of Emergency or if the City of Hartford's Emergency Operations Center is activated by the Mayor.

**Emergency Cardholders**

***Not all departments have a need for an emergency purchasing card***. Each City E-Card cardholder has been pre-determined by the Mayor's Office. Emergency cardholders will have transaction limits raised and be responsible for placing orders, maintaining receipts and following the normal P-Card procedures. The Finance Department, Financial Systems Division, will be responsible for maintaining the list of authorized city individuals designated as emergency cardholders.

The Chief Operating Officer, the Mayor, or the Finance Director and his designees will serve as the Citywide Purchasing Card Administrator and liaison with the bank of record to maintain the current listing of authorized emergency staff and to ensure that the emergency limits have been activated.

**Emergency Credit Limits**

The Finance Director has established specific limits for the use of the Purchasing Card during a City of Emergency and will conduct post audits on the use of the cards.

The Purchasing Card emergency credit limits will not be activated until the Mayor declares the emergency and contact is made at the Bank of America.

**COMPLIANCE**

The city expects and believes that you will use you P-Card in accordance with the policies and procedures that have been reviewed and provided. To avoid disciplinary action, obey all of the policies discussed in this manual as well as policies, guidelines, or instructions circulated by the Finance Department or the Office of the Chief Operating Officer regarding the P-Card program.

The City retains the right to discipline cardholders for violations of P-Card policy. Violations of the guidelines described in this manual are considered violations of the P-Card policy.

Consequences of violating policies included in this manual and procurement ordinances in general include:

1. Expenditures and obligations may be voided unless approved by the Finance Director.

2. Employees who make or authorize purchases which violate policies or ordinances will be liable to the City for the full amount paid.
3. A Public Official or employee of the City who knowingly incurs any obligation or authorizes any expenditure in violation of policies included in this manual, and procurement ordinances in general, will be subject to disciplinary action up to and including termination of City employment. Examples of disciplinary action include suspension or revocation of your card privileges, mandatory re-training, or probationary status. The City also retains the right to revoke or cancel the card at any time for any reason.

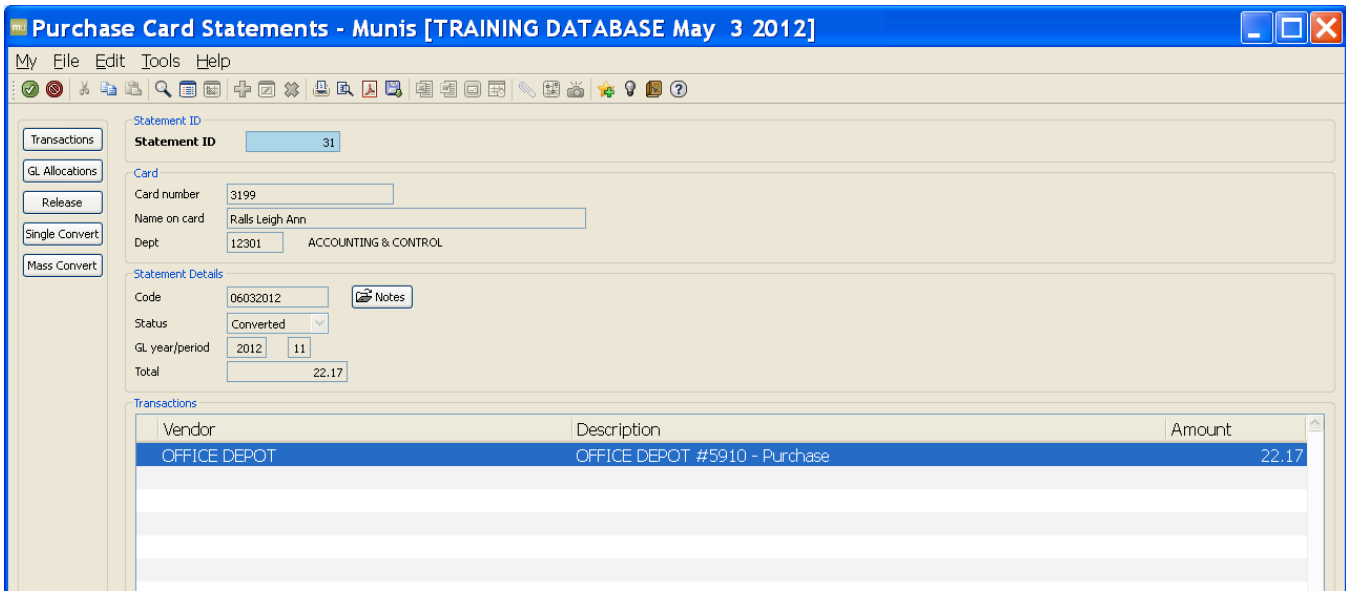
**P-Card Munis Operating Procedures**

## Purchase Card Statements

This program allows you to maintain your Purchasing Card statements. In it, you can find, browse, view, release, approve, convert and print statements. You can also update the transactions contained in them. You or your designee can add notes and attach files to statements.

**Note:** Statements cannot be added or deleted in this program. Statements and the transactions they contain can only be created by the transaction import program which is only done in the Finance Department. Statements can only be updated by releasing, approving, and converting. You can also update the transaction records as described below.

The New P-Card Statements Program is listed under the departmental functions menu.



***Menu Options***
The following menu options are available.

***Transactions***
This button opens the *Transactions* screen. In it you can view the transactions on the current statement, and must update the charge description and GL allocations as described below.

***Release***
Releases the current statement into workflow. Once the statement has been approved, the departmental administrator will convert the statement.

***GL Allocations***
Shows a browse of the accounts affected by the current statement, groups lines by account and budget code, shows account (org-object or long account, depending on your settings), and amount.

***Single Convert***
Creates one or more invoices from the current statement only. The purpose of creating invoices is to keep a record of what has been purchased from various vendors, not to pay the vendors (since they have already been paid by the bank which issues the P-Cards).

***Mass Convert (Finance Department Only)***
Creates invoices from all the approved statements in the find set for the statement code on the current record> You can only create invoices for one statement code at a time. They system will warn you if there is more than one statement code in the find set.

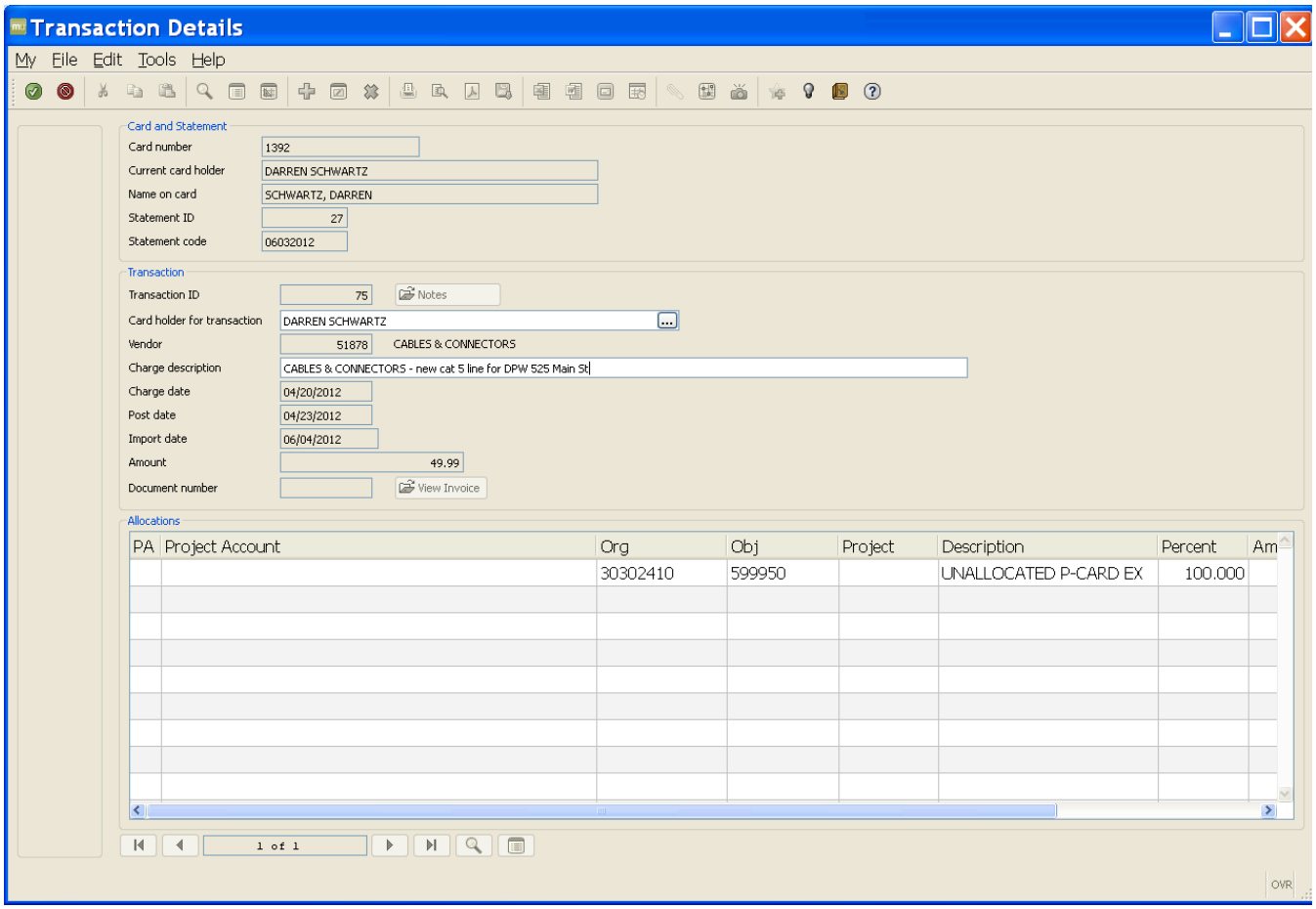
***Workflow Toolbar***
Provides the standard workflow functions.

***Transactions Screen***
When this screen is opened, all the transactions for the current statement will appear in the find set.

You cannot add or delete transactions in this program. They can only be added during the import process. You can update some transaction fields as outlined below. If the statement is *Created*, *Released* or *Rejected*, you may update the card holder for the transaction, the charge description and the GL for each charge, if their permissions allow. If the statement is *Approved* or *Converted*, no fields may be updated, although a note may be added.

The allocation rules are similar to those in other programs. The account must be valid, will usually be an expense account, must fall within your entity code restrictions, and must fall within your GL permissions for the program. If multiple allocation lines are entered, they must sum to the amount on the transaction.

If an account is over budget, you will be notified. No over budget transactions will be allowed> You must transfer proper funding to cover the expense or move the transaction to a proper line.




***Transactions***
This button opens the *Transactions* screen. In it, you can view the transactions on the current statement, and must update the charge description and GL allocations as described below

***1.*** Enter the card holder for this transaction if not the named card holder.

***2.*** Update the charge description field, it will be populated with the vendor's name from BOA. You will need to enter the items or services purchased.

***3.*** Update the ORG, OBJ, and Project with valid GL accounts that have available budget.

***4.*** Scan in appropriate documentation and attach to the transaction.

***5.*** When all the transactions have been updated, use *file exit* to return to the statement screen.

***Release***

Releases the current statement into workflow. Once the statement has been approved, the departmental administrator will convert the statement.

Once all the transactions have been updated, you must hit the release button to send the statement through workflow. Once the statements have been approved, the Finance Department accountants complete the statement process.

***Workflow***

P-Card Statements follow the standard MUNIS workflow as outlined below:

P-Card Coordinator
Department Head
Finance Department Accountant

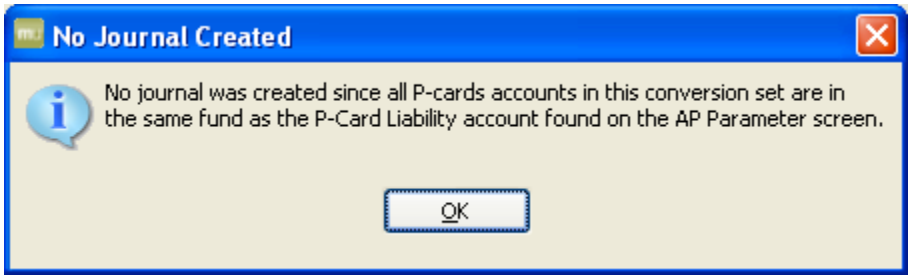
***Statement Conversion***
The convert process creates unposted invoices for either the current approved statement (Convert). One invoice is created for each distinct vendor contained on the transaction records attached to the statement being converted.

At the beginning of the conversion process, you are warned if there are any over-budget lines in the find set.

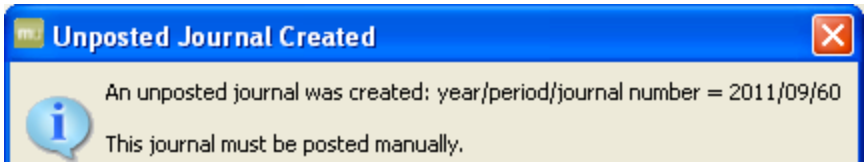
Next, you are prompted for a GL effective date.

Invoices are then created for the transactions on the statements in the find set, and the transaction records are updated with the document number of the invoice to which they belong.

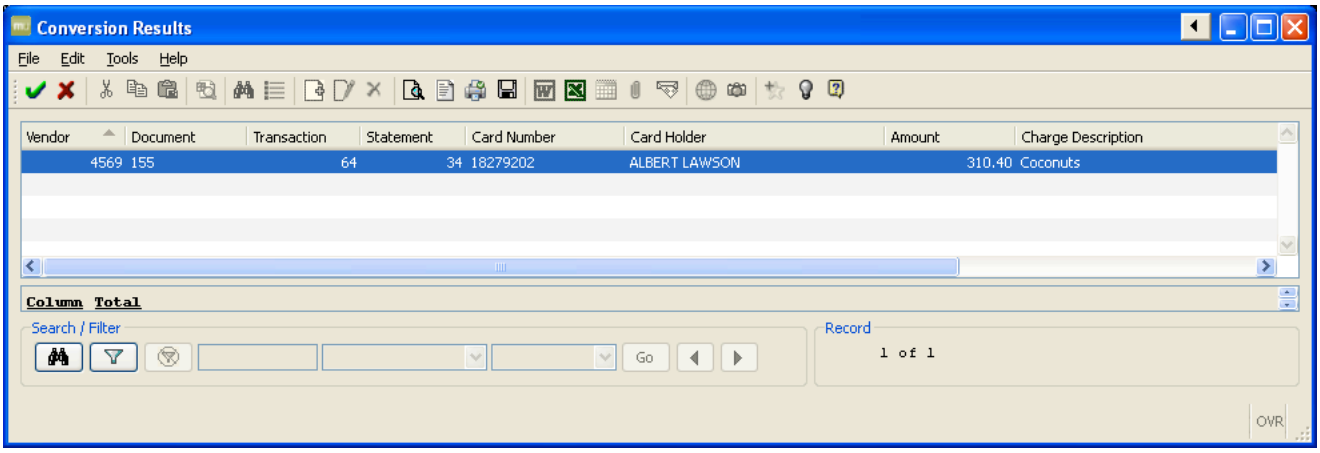
Once the invoices are created, the program determines whether any of the allocation lines in the find set do not belong to the fund for the P-Card (ACI) Liability account stored on the AP Settings screen. If all allocation lines are in this fund, no offset journal is created and you see this message.




If there *are* any allocation lines outside this fund, you will see the message below. In this case, they will need to post the journal in the *General Journal Entry/Proof* program (glcjeent).



Finally, a browse window opens to show the conversion results. You can see all the invoices created in this window.




## Summary of GL Impact

When the transactions are imported, the memo balance of the account listed on the P-Card for the GL fiscal year entered on the import program will be updated for the amount on the transaction.

If the transaction is later allocated to a different account, or several accounts, in the *Statement* program, the update to the memo balance made when the transaction was initially imported will be reversed, and the memo balance(s) of the new account(s) will be updated for the GL fiscal year on the statement.

There will be no GL impact when the statements are released or approved.

When statements are converted into invoices, a general journal will be created if any of the allocation lines on the transactions are in a different fund than the fund for the P-Card liability account listed on the AP Settings screen. When the journal posted through the *General Journal Entry* program, the necessary Due To – Due From entries will be automatically generated.

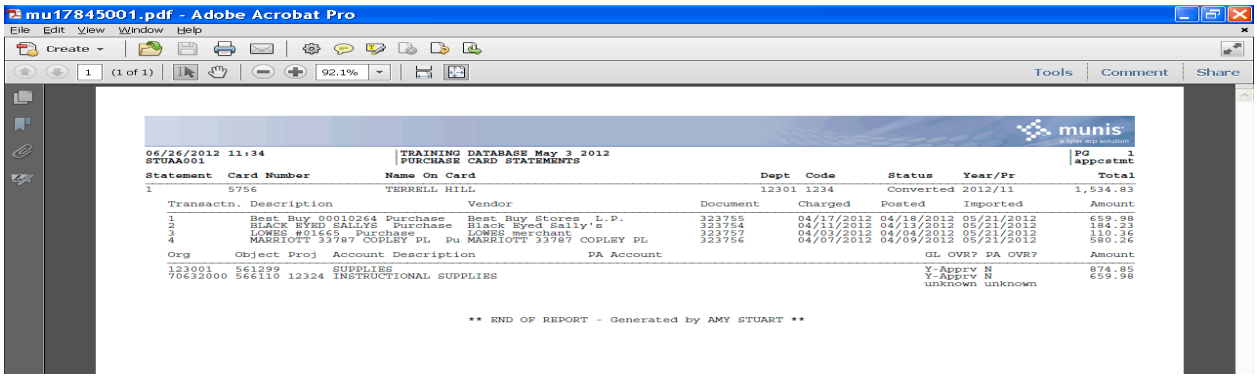
When the P-card invoices are posted, journals will be created to reflect the account updates made when the transactions were imported and modified. The P-card liability accounts will be credited to offset the debits made to the expense accounts listed on the transactions.

In order to pay the card issuer monthly, an AP Invoice will be entered manually, and charged to the general P-card liability account listed on the *AP Settings* screen.

## Reporting

P-Card data can be viewed in the following places.

- After a file is successfully imported, an import report will be saved. This will show the details of every imported transaction.
- After a conversion is performed, the results are output to a browse window from which they can be printed or saved.
- Individual statements can be printed from the *Purchase Card Statements* program.
- All P-card transactions for an invoice can be browsed from *Invoice Entry*, *Invoice Maintenance*, or *Invoice Inquiry*.
- All P-card transactions for a vendor can be browsed from the vendor program.




Example of P-Card statement print out