Town of Ashburnham
Policy Statement

POLICY NAME:	**Procurement Card**	POLICY NUMBER:	**007**
APPROVAL AUTHORITY:	**BOS**	APPLIES TO:	**All Town Employees**
ADOPTED:	**5/1/2017**	REVISED: **08/07/2017**	REVIEWED: **--**

1.0 Policy Statement

The Town of Ashburnham has established a procurement card program. A procurement card, also known as a "P-Card" is a type of credit card issued to designated employees or officials to facilitate the purchase and prompt delivery of small dollar value goods and/or services.

2.0 Reason for the Policy

The Town's procurement card program is intended to primarily provide for rapid acquisition of low value items. The procurement card program is designed to promote purchasing efficiency, flexibility and convenience. Procurement card purchases shall be made in accordance with established purchasing laws, rules, and policies and expenditures for proper public purposes.
The purpose of this policy is to establish guidelines and parameters pursuant to which Town employees and elected or appointed officials (collectively referred to herein as, "employees") may use a procurement card for small purchases.

3.0 Scope of Policy

This policy covers procurement cards in the Town of Ashburnham.

4.0 Who does this policy apply to?

This policy applies to employees and elected or appointed officials who are issued a card. Town employees required to assist in the management of the procurement card program, including but not limited to: the Town Administrator, Town Treasurer/Collector and Town Accountant. Non-compliance with the policy may result in disciplinary action against the employee, or Town taking action to recover misappropriated funds.

5.0 Who is responsible for enforcing this policy?

The Town Administrator and Town Accountant are responsible for enforcing this policy.

6.0 Definitions

None.

7.0 Policy

A. Background

The municipal finance laws of Massachusetts prescribe standard methods for procuring goods and services necessary for the delivery of Town services. These methods are intended to make certain:

- that assets, liabilities, revenues, expenditures and fund balances of the Town are accurately accounted for;
- that Town funds are only used in accordance with the budget appropriated by Town Meeting, grants, trust agreements, and state, federal and local laws; and
- that goods and services are acquired at the least possible cost to the Town, consistent with necessary quality.

Recognizing that limited situations exist where operating departments need flexibility for small purchases, the Board of Selectmen hereby authorizes the Town Administrator and the Treasurer/Collector to assign procurement cards to designated employees for certain limited

types of purchases. Only those designated employees authorized to incur financial obligations on behalf of the Town with these procurement cards may do so.

B. Card Use

Cards are to be used for Town of Ashburnham business only. Improper use of a procurement card shall result in the loss of procurement card privileges, disciplinary action up to and potentially including termination for appointed employees and/or pursuit of all actions necessary and appropriate to recover misused funds. The Town of Ashburnham reserves the right to revoke, suspend or cancel any procurement card assigned to any employee without warning and at any time.

Use of procurement cards shall be governed by all applicable rules, regulations and policies of the Town of Ashburnham, and the laws of the Commonwealth of Massachusetts including G.L. c.30B (the Uniform Procurement Act).

Each employee to whom a procurement card is assigned shall be responsible for the protection and custody of the card at all times, and may only use the card for purchases in compliance with this policy and for which the cardholder's department has available funds. The use of the procurement card constitutes an encumbrance of the Town. Therefore, the cardholder/user assumes all budgeting and payment responsibilities.

All financial obligations incurred with the procurement card shall be reported to the Town Accountant immediately, and the Town Accountant shall reserve funds for the payment of all such obligations on the Town's general ledger immediately upon notification. The Town Accountant shall, in accordance with law, be responsible for reviewing and approving all procurement card transactions.
Procurement card purchases should generally be used for purchases under $1,000. This limit may be increased with prior approval.
The Town Accountant shall conduct random audits of the procurement card program to ensure compliance with this policy.

C. Implementation Procedures

The following procedures outline the process for issuing a procurement card, as well as the duties and responsibilities of the cardholder:

i. As determined by the Town Administrator or Treasurer/Collector, only authorized Town employees may use the assigned procurement card.
ii. All employees issued a procurement card by the Town Administrator or the Treasurer/Collector shall execute a Cardholder Agreement, in the form of which is attached hereto and made part of this policy.
iii. The cardholder is responsible for the protection and custody of the procurement card and shall immediately notify the Treasurer/Collector's Office if the card is lost or stolen. Execution of a new cardholder agreement shall be required to obtain a replacement card.
iv. A procurement card shall only be used for the purchase of goods or services for official business of the Town. Further parameters for the use of the card shall be established jointly by the Town Accountant and the Town Administrator following consultation with the Treasurer/Collector and shall include:
    - A limit on the amount that may be charged to the card per month;

- The general ledger accounts to which procurement card transactions are to be charged; and
- Limitations on the kind of expenses that can be incurred with the procurement card.

v. At the time of each transaction, the cardholder must notify vendors or merchants that the transaction should be exempt from Massachusetts Sales and Use Taxes (tax exempt certificate available) if it is used for the purchase of goods or services in the State of Massachusetts. Copies of the Town's ST-2 tax exemption form are available from the Treasurer/Collector if needed by the vendor or merchant. **WARNING: Cardholder may be responsible to pay any sales tax incurred on transactions.**

vi. At the time of the transaction, the cardholder shall obtain an original, detailed transaction receipt showing the transaction as paid. The receipt shall include the following information: vendor's name; date of transaction; description of each item purchased; unit cost; the cardholder's name; and the signature of the cardholder.

- **Purchases over the Internet**: If the procurement card is used to purchase a good or service over the internet, the cardholder shall print the confirmation page from the website showing the details of the order and deliver the same to the Town Accountant. If a good is purchased, upon receipt thereof, the cardholder shall attach the packing slip to the confirmation page and submit it to the Town Accountant.
- **Purchase by Phone**: If the procurement card is used to purchase a good or service over the phone, the cardholder shall ask for confirmation of the order by tax or e-mail. In addition, the vendor shall be asked to include an original, detailed receipt with the packing slip that accompanies the goods at delivery. If a good is purchased, upon receipt thereof, the cardholder shall attach the packing slip and receipt to the confirmation fax or e-mail and submit it to the Town Accountant.

vii. Receipts and documentation required by this policy shall be submitted to the Town Accountant's office as soon as possible and no later than the next expense voucher following the date of purchase so that the Treasurer/Collector may be able to reconcile against the monthly procurement card statement.

viii. The cardholder shall be responsible for ensuring receipt of goods and services purchased with the procurement card.

ix. **Cancellation of transactions or returned items after a department voucher has been submitted for payment**: The Department head will provide proper documentation to the Town Accountant for the cancelled transaction or returned items so the Town records are updated.

x. Users must immediately surrender the procurement card upon the employee's separation of employment with the Town of Ashburnham, expiration of their elected term of office or expiration of their appointment to a board or committee.

D. Unauthorized **Purchases**

The use of the procurement card for any of the following purposes is strictly prohibited:

i. Purchase of alcoholic beverages, tobacco products or entertainment;

ii. Purchase of gifts or payments of gratuities (tipping) are NOT authorized to be charged to the card

iii. Out-of-state travel expenses with the exception of professional conferences and meetings;

iv. Cash advances;
v. Personal advances or loans;
vi. Donations or contributions to any individuals or organizations;
vii. Any other personal (non-Town business) expenditures regardless of the intention of the cardholder to reimburse the Town;
viii. Any individual purchase of greater that one-thousand dollars ($1,000.00), without the prior approval of either the Town Administrator or Treasurer/Collector.

E. Internal Control Procedures

The Treasurer/Collector shall be responsible for ensuring accuracy of the procurement card statement. The Treasurer/Collector and Town Accountant shall be responsible for the following:

i. for monitoring compliance of the purchases with the State law;
ii. reviewing and approving all procurement card transactions prior to payment;
iii. confirming receipt of all account information and documentation for each line of entry associated with each statement charge;
iv. The balance due on the procurement card with payment to be made within 30 days of the initial statement date;
v. ensuring that all expenditures are within the amounts budgeted by the relevant department prior to including the payments on the bi-weekly warrant;
vi. Follow up with vendors on any disputed charges;
vii. Compliance with State of Massachusetts Records Retention requirements for safekeeping of statements and receipts for no less than seven years or otherwise for the term specified in an applicable records retention schedule; and
viii. Retention of all executed Cardholder Agreements, which shall include any/all addition forms required by Card Vendor.

8.0 Attachments

8.1 Procurement Cardholder Agreement

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TOWN OF ASHBURNHAM PROCUREMENT CARDHOLDER AGREEMENT

The procurement card represents the Town's trust in you. You are empowered as a responsible agent to safeguard Town assets. Your signature below is verification that you have read the Procurement Card Policies and Procedures and agree to comply with it as well as the following responsibilities. It also acknowledges that you have received the procurement card
_____.

1. I understand the card is for Town approved purchases only and I agree not to charge personal purchases. I understand the bank cannot accept monies from me directly; therefore, any personal charges billed to the Town could be considered misappropriation of Town Funds.
2. Improper use of this card can be considered misappropriation of Town funds. This may result in disciplinary action up-to and including termination of employment.
3. If the card is lost or stolen I will report it immediately to the Town Treasurer/Collector. If I fail to give proper notice of a lost or stolen card, I will be responsible for all improper charges made after the loss or theft.
4. I understand and agree that I shall be accountable for any use of the procurement card while in my possession and I agree not to allow any other person to have possession of the procurement card or to use the procurement card for any reason not authorized by the Procurement Card Policies and Procedures established by the Town of Ashburnham.
5. I understand I am responsible for the charges on the card and will resolve any purchase or order discrepancies by contacting the vendor, supplier or bank. The Accountant will follow up to ensure the card has been credited for disputed items.
6. I understand I am responsible for timely submission of all receipts and invoices.
7. I understand the procurement card is not necessarily provided to all employees. Assignment is based on my need to purchase items for the Town and/or to provide for business travel.
8. I understand that the card may be revoked at any time for any reason.
9. I agree to surrender the card immediately upon separation from my position with the Town.

Employee Signature: _____
Employee Printed Name: _____
Town Administrator Signature: _____

Office Use only:
Card expiration date: _____ Card Limit: _____

Default G/L_____