

**PURPOSE AND SCOPE:**

The Town of Upton has hereby 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.

The Town’s procurement card program is intended to provide primarily 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.

**APPLICABILITY**

This policy applies to employees to whom procurement cards are issued and to those Town employees required to assist in the management of the procurement card program, including but not limited to the Town Manager, Town Treasurer/Collector and Town Accountant.

**POLICY**

The municipal finance laws of the Commonwealth 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 Manager 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.

Cards are to be used for Town of Upton business only. Improper use of a procurement card may 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 Upton reserves the right to revoke, suspend or cancel any procurement card assigned to any employee without warning and at any time.

## **Procurement Card Program**

Use of procurement cards shall be governed by all applicable rules, regulations and policies of the Town of Upton, 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 shall be limited to purchases with a value less than \$1,000.00 and to procurements for which the Chief Procurement Officer has determined that Town's standard procurement and/or accounts payable process cannot be used.

The Town Accountant shall conduct random audits of the procurement card program to ensure compliance with this policy.

### **APPLICABILITY**

This policy applies to employees and elected or appointed officials who are issued a card. Non-compliance with the policy may result in disciplinary action against the employee, or the Town taking action to recover misappropriated funds.

### **IMPLEMENTATION PROCEDURES**

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

1. As determined by the Town Manager or Treasurer/Collector, only authorized Town employees may use the assigned procurement card.
2. All employees issued a procurement card by the Town Manager or the Treasurer/Collector shall execute a Cardholder Agreement, the form of which is attached hereto and made part of this policy.
3. 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.
4. A procurement card shall be used only for the purchase of goods or services for official business of the Town. Further parameters for the use of the card shall be established

## Procurement Card Program

jointly by the Town Accountant and the Town Manager, following consultation with the Collector/Treasurer, and shall include:

- a. A limit on the number of daily transactions allowed on the card;
  - b. A limit on the amount that may be charged to the card per month;
  - c. The general ledger accounts to which procurement card transactions are to be charged; and
  - d. Limitations on the kind of expenses that can be incurred with the procurement card.
5. 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. The cardholder will present a copy of the Town's ST-2 tax exemption form to the vendor or merchant.
6. At the time of the transaction, the cardholder shall obtain an original, detailed transaction receipt marked by the vendor as "paid." The receipt shall include the following information: vendor's name, date of transaction, description of each item purchased, unit cost and extension, the cardholder name and the signature of the cardholder.
- a. **Purchase 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.
  - b. **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 fax 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.
7. 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.
8. The cardholder shall be responsible for ensuring receipt of goods and services purchased with a procurement card.
9. Cancellation of transactions or returned items after department voucher has been submitted for payment. The department head will provide proper documentation to the

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Treasurer and the Town Accountant of the canceled transaction or returned items so the Town records are updated.

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

### Unauthorized Purchases

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

- Purchase of meals, alcoholic beverages, tobacco products, or entertainment.
- Purchase of gifts or gratuities to individuals whose situations may appeal to public sympathy.
- Out-of-state travel expenses with the exception of professional conferences and meetings.
- Cash advances.
- Personal advances or loans.
- Donations or contributions to any individuals or organizations.
- Any other personal (non-Town business) expenditure regardless of the intention of the cardholder to reimburse the Town.
- Any individual purchase of greater than one-thousand dollars (\$1,000.00), without the prior approval of either the Town Manager or Treasurer/Collector.

### Internal Control Procedures

The Town Treasurer/Collector shall be responsible for ensuring accuracy of the procurement card statement. The Town Accountant shall be responsible for monitoring compliance of the purchases with State law. This includes but shall not be limited to reviewing and approving all procurement card transactions prior to payment, and ensuring that all expenditures are within the amounts budgeted by the relevant department prior to including the payment on the weekly warrant. The Treasurer/Collector shall be responsible for the following:

1. Confirming receipt of all account information and documentation for each line of entry associated with each charge.
2. The balance due on the procurement card with payment to be made within 30 days of the initial statement date.
3. Follow up with vendors on any disputed charges.
4. 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.
5. Retention of all executed Cardholder Agreements.

## Procurement Card Program

### **APPROVED BY**

*Board of Selectmen, Chair:* Kenneth E. Picard \_\_\_\_\_

*Board of Selectmen:* James A. Brochu \_\_\_\_\_

*Board of Selectmen:* Robert J. Fleming \_\_\_\_\_

**Original date:** \_\_\_\_\_, 2015

**Revised dates:**

# Procurement Card Program

## ATTACHMENT A TOWN OF UPTON PROCUREMENT CARDHOLDER AGREEMENT

Agreement and requirements for use of Town Procurement Card:

1. I understand and agree that the procurement card must be used in accordance with the provisions of the Procurement Card Policies and Procedures established by the Town of Upton, as attached hereto.
2. I agree to use the procurement card for approved business purchases only and I agree that the procurement card may not be used under any circumstances to purchase items for my personal use or for any use not authorized by the Department.
3. 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.
4. I understand that any violation(s) of Procurement Card Policies and Procedures may result in revocation of my card use privileges, disciplinary action up to and potentially including termination, and/or the Town taking action to recover any misappropriate funds.

Card Account #: \_\_\_\_\_

Received by: \_\_\_\_\_  
Name (Please Print)

I acknowledge receipt of the attached Procurement Card Policies and Procedures and agree to abide by said policies and procedures.

Signature: \_\_\_\_\_

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