

TOWN OF NEWTON

CREDIT CARD - PURCHASE CARD POLICY

(Adopted July 20, 2009)

OVERVIEW

The Town of Newton is delighted to offer employees an exciting, innovative program that simplifies the way you may purchase certain goods and services. The Credit Card - Purchase Card Program is intended to streamline and simplify the Purchasing and Accounts Payable functions by significantly reducing low value activities. The Card Program is a tool that reduces transaction costs, facilitates timely acquisition of materials and supplies, automates data flow for accounting purposes and offers flexible controls to help ensure proper usage.

The Program is designed as an alternative to a variety of processes including petty cash, check requests and low dollar purchase orders. It is not intended to avoid or bypass appropriate procurement of payment procedures but rather compliment the existing processes available. Newton's Credit Card is a VISA Card that is issued through Merrimac Savings Bank.

"Purchase Cards" provided by the Town of Newton include: Home Depot, Sam's Club, Walmart, Staples and Sunoco. The Purchase Card is not a credit card – it is a Town liability charge-card, requiring balances to be paid in full by the due date. Cardholders are not personally liable for any unauthorized purchases made with the card if the card has been reported lost or stolen; however cardholders are *personally responsible* for unauthorized purchases resulting from inadvertence, carelessness or intentional misuse. Careful record keeping is essential to ensure the successful use of these Purchase Cards whereby, standard payment policies require retention of original receipts, etc.

The Credit Card – Purchase Card User Manual provides 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 a variety of other Card Program information.

PROGRAM MISSION

To provide an alternative method which will enhance employee productivity and efficiency, significantly reduce paperwork, reduce administrative costs and maintain the fiscal integrity of the Town's accounts payable and budgeting processes. Also to make sure appropriate internal controls are established within each department guaranteeing that the cards are used only for authorized purposes and to ensure that the Town bears no legal liability from inappropriate use of Credit Cards.

BENEFITS

Cardholders can obtain goods and services in a quick and convenient way within the system's controls. Speed in obtaining materials will promote better service. The amount of paperwork involved with processing purchases will be sharply reduced for the User's Department, and Accounts Payable. The card also allows you to buy over the telephone, fax and internet.

Cardholders must confirm that any internet website they wish to use is secure.

DEPARTMENT HEAD AND SUPERVISOR RESPONSIBILITIES

The successful use of a credit card – purchase card depends on the cardholders, department heads, and supervisors. (Note: A Supervisory review and approval signature is not required on transmittal forms (see Appendix E) from the Department Head or Board of Selectmen unless it is for personal reimbursement, which requires supervisory approval.

Supervisors and Department Heads have the responsibility to:

- 1) Request the issuance of cards to appropriate staff. By their signature on the Credit Card – Purchase Card Cardholder Account Form (see Appendix A), they approve the cardholder’s request and acknowledge understanding and accepting their responsibility as included in these procedures.
- 2) Review the monthly cardholder’s log and transmittal form (Appendix E), submitted by the cardholder with receipts, prior to the end of the payment cycle. Review procedures including the following:
 - Ensure that all purchases are an appropriate use of Town funds.
 - Confirm receipts and written explanations (where receipts are not available), are attached for each item listed on the statement.
 - Review the attached receipts for completeness. The receipts and written explanations must provide detailed evidence of what was purchased.
 - Verify that no single purchase over \$1,500.00, requiring a signed requisition, was made using the credit card.
 - Sign any written explanations of “Lost Receipts”.
 - Ensure that the credit card is not used to make personal purchases.
 - Ensure that a purchase has not been “split” to avoid the single purchase dollar limit (\$1,500.00).
 - Ensure that the cardholder has completed the “VISA Dispute Form” (see Appendix D) for each disputed charge.
 - Ensure that the card is used and receipts are signed only by the cardholder. NOTE: A receipt may be signed by other than the cardholder if it is being used as a delivery receipt for a phone order. In this case, the receipt should be signed “Received By” followed by the employee’s name accepting the delivery.
 - Contact the cardholder to address and correct any variation with the monthly statement and receipts.
 - Contact the Town Administrator immediately if a noted violation requires revocation of the card.
 - **Coordinate with Accounts Payable to ensure that all documentation is forwarded in time to ensure all payment deadlines are met.**
- 3) Sign and approve the monthly Card Log and Transmittal Form (Appendix E) only after all the above actions have been taken. By signing and approving this monthly form, the appropriate supervisor certifies the form is in compliance to the established regulations and acceptance of administrative responsibility for the financial activity.

Credit Card / Purchase Card Policy continued

- 4) Once approved, ensure the monthly card statement and transmittal forms are forwarded to Accounting. The monthly card statement, transmittal form and attachments must be received by Accounting at least 10 days prior to the payment due date.
- 5) If the cardholder is absent, process their monthly card statement and transmittal form for them, including the attachment of all receipts, and forward to Accounting. Indicate on the transmittal form that the cardholder was not available for signature.
- 6) If a Notification of Exception report (see Appendix C) is sent by Accounting, take action with the cardholder to correct the exceptions identified on the monthly statement.
- 7) Supervisor will refer any irregularities to the Town Administrator.

CREDIT CARD – PURCHASE CARD POLICY **USER MANUAL**

PROCEDURES FOR CREDIT CARD – PURCHASE CARD USE

1. How is a credit card obtained?

Call the Town Administrator and request a Credit Card – Purchase Card Cardholder Account Form (see Appendix A). Complete the form and submit it to your Supervisor and/or Department Head for approval.

Supervisors and/or Department Heads are responsible for recommending permanent employees within their respective departments to receive a Town of Newton card. Employees on probation and temporary employees are not to be issued a credit card.

Designated cardholders are to be employees empowered by their Department Heads and Supervisor to:

- Make purchases for their departments
- Keep accurate receipts and transaction records for all purchases
- Submit transaction records to Accounts Payable in a timely manner

When determining which employees should be assigned a card, Department Heads and Supervisors should consider the following criteria:

- Will use of the card enhance employee productivity?
- Will use of the card reduce paperwork?
- Will the employee use the card **properly** and regularly for purchasing authorized goods and services?
- **Does the need justify the issuance of a card?**

The completed **Cardholder Account Form** shall be forwarded to the Town Administrator for processing and bank notification. Once the Town Administrator receives the new card from the bank (usually within seven to ten business days) **the new cardholder** will be contacted by the Town Administrator and scheduled for training. Upon completion of the training you will be asked to sign a Card User Agreement form (see Appendix B) and the card will be issued.

Town Administrator:

Nancy J. Wrigley
Town Hall
Phone: 382-4405 x 14 Fax: 382-9140
Email: newtontownadminnh@comcast.net

2. Once the cardholder receives their card is it immediately ready for use?

No. In order to provide a measure of security, the credit card requires activation. When the card is received, a sticker prompts the cardholder to call for card activation. The service representative will verify the cardholder's identity using the information provided on the

Credit Card / Purchase Card Policy continued

Cardholder Account Form (see Appendix A). Once activated, the credit card is ready for use. Activation is required only once for each card received.

3. For whom can a cardholder make purchases?

The cardholder may make Town business-related purchases for any employee who reports to the same department. **The Town Administrator may make Town business-related purchases for any department with their written authorization.**

4. What can be purchased with the credit card – purchase card?

The Card may only be used to purchase items or services that are for the Town of Newton's use. It may be used for non-contractual, small dollar purchases.

Acceptable purchase items include, but are not limited to:

- Books and subscriptions
- Supplies and products
- Repairs and repair parts
- Printing
- Services
- Training Seminars*
- Professional dues
- Catering for budgeted events
- **Travel related expenses***
- **Reimbursable restaurant meals**

***The travel / training request must be approved prior to use of the credit card for these expenses.**

5. What may not be purchased with the credit card – purchase card?

The Town of Newton Cards are not to be used for the purchase of:

- Personal items
- Contract items
- Goods, supplies and /or services that exceed your budget
- **Alcohol**
- Gift certificates
- Entertainment
- Products and services where a potential liability may exist and **an indemnification agreement, insurance and/or bonds are required.**

In addition, use of the Credit Card is prohibited for:

- Cash advances / Credit Card Checks
- Money orders
- Travelers checks
- Cashiers checks
- Purchases split in order to avoid the \$1,500 transaction dollar limit
(Additional Category's may be added from time to time)

6. Is personal use of the credit card – purchase card allowable?

Use of the Credit Card – Purchase Card for personal purchases is **strictly prohibited**. If the Card is inadvertently used for a personal purchase, notify your Supervisor, Department Head, **Accounting Department** and Town Administrator immediately.

7. How do I make purchases over the phone, fax or Internet?

When purchasing over the phone, fax or internet, the supplier will request the Cardholder's Card number and expiration date. For security reasons, ensure others do not overhear or view this information. The cardholder needs to ensure the supplier includes an itemized cash register tape, paid invoice or delivery slip with the order.

The Cardholder may also have the supplier mail the documentation to them prior to receiving the order. Cardholders must confirm to the Town Administrator that any Internet Website is secure before using it to make a card purchase.

8. Can the card be shared?

Use by anyone other than the Cardholder is prohibited. The only person entitled to use the card is the person whose name appears on the face of the card. Card transactions can only be signed for by the cardholder. **It is possible to have more than one person authorized to use a particular credit card. Approval for this must come from the respective Department Head to the Town Administrator.** A receipt may be signed by other than the cardholder if it is being used as a delivery receipt for a phone, fax, or internet order. In this case the receipt should be signed "Received By" followed by the employee's name accepting the delivery.

EXCEPTION: If the name on the card is listed as "Town of Newton", the Department Head or Town Administrator may authorize another employee to have card purchasing privileges with that card and will be asked to sign the Card User Agreement Form (See appendix B).

9. Which suppliers may I use?

The Town Credit Card is a VISA product. Any supplier or merchant who accepts VISA can accept the credit card.

10. What if the supplier does not accept credit cards?

VISA is accepted by more than 16 million suppliers, so acceptance shouldn't be a concern, however if a supplier currently does not accept VISA, notify the Town Administrator who will work out another schedule of payment.

11. What is the required documentation for each purchase?

Each cardholder is responsible for maintaining a Card Log and Transmittal Form (see Appendix E).

An original signed card receipt and a cash register receipt are required as the supporting documentation for a purchase. Originals must be submitted with the monthly card statement and transmittal form.

- If a merchant provides only a card receipt, the Cardholder must attach a written explanation describing each item or service purchased.

- If the cash register receipt provides no detail or description of the purchase, the Cardholder must attach a written explanation, describing each item or service purchased.

Meals, **that would otherwise be reimbursable**, also require the names of individuals in attendance and business purpose (i.e. nature of business discussion). This written confirmation must be submitted along with the card receipt and the cash register receipt.

12. What if a receipt is not available?

For mail, phone, fax or internet purchases in which a receipt is not available use a copy of the completed application, flier or order form as the receipt. It should clearly indicate the total dollar amount, description of the product or service ordered, Cardholder's name, and that payment was made using the credit card.

In all other instances, if the receipts are unavailable, the cardholder must submit a written explanation describing the transaction in detail.

13. What if a receipt is lost?

If the cash register receipt or the signed card receipt is lost, the Cardholder must submit a written explanation, entitled "Lost Receipt," describing the transaction in detail. The Cardholder's Supervisor must review and sign the written explanation.

14. What if the card is lost or stolen?

If the card is lost or stolen, immediately notify your **Supervisor, Department Head, Accounting Department and Town Administrator**. Call the Police Department to report a stolen credit card – purchase card. **NOTE: Always keep the card in a secure location.** It should only be accessible to the Cardholder.

15. What if the Cardholder terminates employment or changes to another department?

The cardholder must complete a Credit Card – Purchase Card Cardholder Account Form (see Appendix A) to close the account. As soon as notice of departure is given, submit it to the Supervisor and Department Head for signature(s) and forward both the credit card and the form to the Town Administrator for processing. A new card can be applied for if the employee changes jobs within the Town and **his/her** new Supervisor approves it. As soon as the Supervisor, Department Head or Accounts Payable becomes aware that an employee is on extended leave, the Town Administrator should be notified immediately.

16. How are charges paid for?

All transactions processed during a monthly 25 work day cycle will be reflected on a monthly statement of account. Each cardholder will receive a copy of their monthly statement at the end of the monthly cycle. During the cycle, Cardholders are responsible for retaining the original copy of all the transaction receipts.

Cardholders are to review each monthly statement of account for accuracy, including transactions, amounts, and vendors. Cardholders must complete a Card Log and Transmittal Form (see Appendix E) detailing each purchase on the monthly statement of account.

The monthly statement of account, transmittal form, and attached receipts should then be submitted to the Department Supervisor for review and approval signature and forwarded to **ACCOUNTING AT LEAST 10 DAYS PRIOR TO THE PAYMENT DUE DATE.**

Keep a record (duplicate copies) of all receipts, written explanations, statements and forms submitted. **Each Cardholder is responsible for keeping their own documentation when processing the statements for payment.** In the absence of the Cardholder, the Supervisor is responsible for processing payment. Each Cardholder is responsible for informing the Supervisor of the location where their receipts and documentation are kept. Charges will be expensed to the Cardholder's Department by Accounts Payable using the account information listed on the monthly Cardholder's statement of account.

The Accounting Department will review each monthly statement and, if an exception is identified, they will return a Notification of Exceptions Report (see Appendix C) to the Supervisor and Cardholder for correction. The Cardholder's Department Head and the Town Administrator will also be notified of the exceptions. Violations noted may lead to or be reason for card revocation.

17. What if there is an incorrect billing?

If you have a problem with a billing, try to reach a resolution with the providing merchant. The merchant should issue credit for a billing correction. This credit may not appear until the next monthly statement.

Do not remove or cross out the item on the current monthly statement or delay processing the payment because of credits or disputes.

18. How are purchases returned?

If a purchased item needs to be returned, follow the merchants return procedures. However, it is critical to first obtain a "Return Goods Authorization" (RGA) number from the merchant before returning a purchase. If the item is being returned because of the merchants' error, the merchant should be responsible for return shipping charges. Request a "Call Tag" be issued by the merchant for their shipper of choice.

19. Will using a credit card – purchase card affect personal credit?

Use of the card will not have any impact on the cardholder's personal credit. Although the card lists an individual's name, the card is actually issued to the Town of Newton.

20. What if I do not use the card?

Card activity is reviewed annually. A determination will be made by the Department Head and Town Administrator as to whether or not a card should be canceled because of lack of or minimal use.

21. What would cause a card to be revoked?

Failure to comply with any of the requirements of the User Manual may result in immediate revocation of the card privileges by the Town Administrator. The Board of Selectmen, Department Head, Supervisor, and the Town Administrator reserve the right to revoke the use of the Card with or without cause. This includes, but is not limited to, any of the following:

- Splitting of charges to avoid the single purchase dollar limit of \$1,500
- Loaning the card to **an unauthorized** employee for use
- Allowing purchases to be signed for by anyone other than the cardholder. The exception being a delivery receipt, explained in Procedure 8, “Can the card be shared?”
- Failure to submit receipts for charges
- An inadvertent personal purchase occurs for a second time
- Second time the monthly Cardholder statement is submitted to Accounting with less than 10 days before the payment due date and interest penalties are accessed by the bank
- Second time the attached receipts do not match the item descriptions or dollar amounts listed on the monthly statement of account
- **Lack of or minimal use**
- **Employment termination of a Cardholder**
- **Any use contrary to this or any other Town Policy**

22. What are some of the potential problems we anticipate encountering as we implement the use of credit – purchase cards?

- Monthly statement not submitted to Accounting within the required time frame (Procedure No. 16)
- Missing description of goods or services purchased (Procedure No. 12)
- Charges appearing on the monthly statement that are not recorded on the Card Log and Transmittal Form, for which there are no supporting receipts (Procedure No. 12)
- Missing receipt or suitable replacement for the receipt (Procedure No. 12)
- Card used by another employee (Procedure No. 8)
- Card Log and Transmittal Form not signed by the Cardholder or Supervisor (Procedure No. 16)
- Splitting of charges to avoid single purchase dollar limit of \$1,500 (Procedure No. 5)

23. What actions will be taken if a card is subject to revocation for cause?

If reported violations constitute revocation of card privileges, the Town Administrator will contact the Cardholder’s Department Head. Information will be provided regarding the “Notification of Exception Memo” (Appendix C) of the established policy or requirements that justify the cancellation of the card. A written determination from the Department Head will be obtained.

24. Who should I call if I have questions or experience problems?

Town Administrator

Nancy J. Wrigley

Town Hall

2 Town Hall Road

Newton, NH 03858

Phone: 382-4405 ext. 14

Fax: 382-9140

Email: newtontownadminnh@comcast.net

Accounts Payable

Kimberly K. Hughes

Town Hall

2 Town Hall Road

Newton, NH 03858

Phone: 382-4405 ext. 11

Fax: 382-9140

Email: newtonbookkeepernh@comcast.net

Credit Card / Purchase Card Policy continued

Appendix A

TOWN OF NEWTON
Card User Agreement

I agree to the following regarding use of the credit card – purchase card system for the Town of Newton.

- 1. I understand that I am making financial commitments on behalf of the Town of Newton and will strive to obtain the best value for the Town.
- 2. I understand that under no circumstances will I use the card to make personal purchases, either for myself or for others. I agree that should I violate the terms of this Agreement, I will reimburse the Town of Newton for all incurred charges and any fees related to the collection of those charges.
- 3. I have been given a copy of the Credit Card – Purchase Card User Manual, received the training and understand the requirements for card use.
- 4. Any single purchase in excess of \$1,500 requires a requisition signed by the Board of Selectmen.
- 5. I will follow the established procedures for use of the card. Failure to do so may result in the loss of privileges and may include other disciplinary actions, up to and including termination of employment.

Employee Name (PRINT) Credit Card Number

Employee Name (SIGNATURE)

Date

Appendix C

TOWN OF NEWTON
Notification of Exception Memo

DATE: _____

TO: _____
(Cardholder)

(Cardholder's Supervisor)

FROM: _____

SUBJECT: Notification of Exception on Your Credit Card,
for Statement Period _____

The exceptions marked below with an "X" were noted on your card activity, contrary to the Credit Card – Purchase Card User Manual and Town Policy. You as a Cardholder and your Supervisor are responsible for ensuring that the exception below is corrected within 30 days, if possible. You both are also responsible for ensuring that this type of exception does not re-occur in the future.

- Transmittal form not signed by Cardholder
- Transmittal form not signed by Supervisor
- Disputed item without Cardholder follow-up
- Exceeded monthly credit limit
- Greater than \$1,500.00 without Requisition
- No receipt or suitable replacement
- No dated receipt showing what was purchased
- Purchase of Cashier's Check or Money Order
- Receipt does not support transaction
- Restaurant without detail of who, what, when, where
- Signed by non-cardholder
- Transaction split to avoid limitation
- No monthly statement submitted to the Accounting Department
- Other _____

We are holding the original statement for your Card at our office. If you need a photocopy of it in order to take corrective action, please call the Accounting Department at 382-4405 Ext. 11. Thank you for your assistance in resolving the issue.

Copy 1: Cardholder

Copy 2: Cardholder's Supervisor

Copy 3: Accounting Department

Copy 4: Town Administrator

Appendix D

TOWN OF NEWTON
Credit Card – Purchase Card
DISPUTE FORM
Cardholder Information

Name _____
(As it appears on the Card)

Department _____

Billing Address _____

City _____ State _____ Zip Code _____

Business Phone No. _____ Fax No. _____

Account No. _____
(As it appears on the Card)

Dispute Issue

- | | |
|--|--|
| <input type="checkbox"/> Incorrect Dollar Amount | <input type="checkbox"/> Sales Tax Incorrectly Charged |
| <input type="checkbox"/> Duplicate Posting | <input type="checkbox"/> Credit Not Processed |
| <input type="checkbox"/> Other | All credit receipts must be attached |

Vendor _____

Product/Service _____

Dollar Amount _____

PROVIDE DETAILS ABOUT THE DISPUTED ITEM(S)

(Signature)
Credit Card / Purchase Card Policy continued

(Date)

