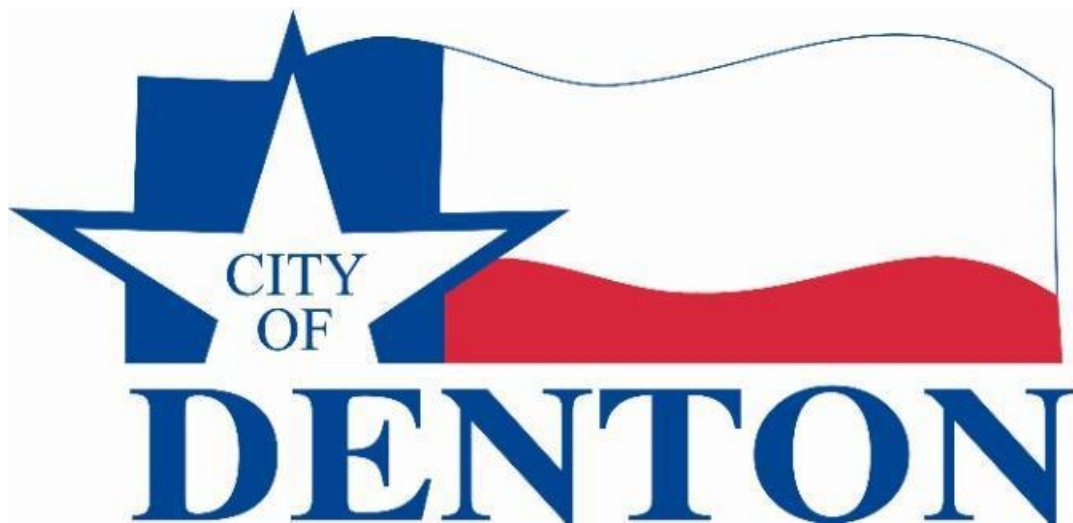


# **PURCHASING CARD (PCARD) PROGRAM MANUAL**



*Version 1.2*

# FORWARD

This Purchasing Card (Pcard) Manual (this “Manual”) shall serve as a guide to all those engaged in using Pcards in support of Procurement activity at the City of Denton. Updates to this Manual will be documented in the table below. If you are unable to find an answer to your question(s) or need additional information not found in this Manual, please contact a member of the Pcard Program at [pcard@cityofdenton.com](mailto:pcard@cityofdenton.com) or (940) 349-7100.

Revision #	Effective Date	Summary of Changes
1.0	1/4/2021	Baseline City of Denton Pcard Manual
1.1	1/11/2021	Clarifies how pre-approval requests are to be submitted to Tech Services
1.2	2/15/2021	Clarifies the criteria for which non-Travel Related meals and food purchases can be made

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## PROGRAM OVERVIEW

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### 1.1 PURPOSE

Procurement encourages departments to use existing vendor contracts resulting from a formal solicitation process, or by leveraging Purchasing Cooperatives, to purchase operational supplies and services. Contracts provide the City with the benefit of documented terms and pricing and are approved by Council.

However, when situations arise that create a purchasing need outside of an existing contract, a Purchasing Card (Pcard) may be used to facilitate payment to a vendor provided the purchase:

- Is less than \$3,000;
- Either results in significant savings for the City, or increases the efficiency and effectiveness of delivering a public service, or is due to an unforeseen urgent situation; and
- Meets all other requirements of the City's Procurement Policy and Procurement Card Manuals.

Thus, the primary purpose of the Purchasing Card (Pcard) Program is to provide an efficient, cost-effective method of purchasing low cost goods and services that do not require a formal, competitive procurement process or require a contract (as outlined in the City's Purchasing Manual) and approved travel expenses.

Purchase Orders (PO's) are still required to purchase contracted goods and services with limited exceptions.

### 1.2 GOVERNANCE

The Pcard Program is not intended to circumvent City policies, state or federal laws, proper payment procedures, or approval processes.

Because the Pcard is simply a mechanism for paying a vendor for goods or services received, the Pcard program is subject to the same governance requirements as other City procurement activities. In defining its procurement practices, the City is governed by applicable state laws, City ordinances and City policies. The Texas Local Government Code, the Texas Government Code, the City's Procurement Policy and this Pcard Purchasing Manual together define how the Pcard program will operate for the City of Denton.

Card controls such as purchase limits and merchant restrictions are utilized to ensure proper procedures and procurement laws are followed. Approval requirements, an online expense reporting system, and a third-party monitoring service are additional methods used by Procurement & Compliance to manage and audit Pcard compliance. Compliance reviews and audits are also performed by the City's Compliance Officer, Internal Audit team, and contracted external auditors.

### 1.3 KEY ROLES

There are four key roles in the Pcard Program:

- **Cardholder** – An employee who is approved by their Director and Pcard Program Administration to use the Pcard which they are directly issued to execute purchase transactions on behalf of the City
- **Approver** – The cardholder's direct Supervisor or other designated and approved employee within the Cardholder's division that will oversee Pcard purchases and reconciliation

- **Program Administrator** – A Procurement team member designated by the Program Manager and approved by the Director of Procurement & Compliance to respond to inquiries and coordinate daily operational needs of the Program. To ensure appropriate separation of duties, Program Administrators are not allowed to be assigned a Pcard. To avoid conflicts of interest, family members related within the third degree of marriage or blood (as defined in Ethics Policy 10.00) should not be provided a Pcard.
- **Program Manager** – A Procurement team member designated by the Director of Procurement & Compliance to oversee and manage the Program, its processes and related policies, and compliance review and enforcement. To ensure appropriate separation of duties, the Program Manager is not allowed to be assigned a Pcard. To avoid conflicts of interest, family members related within the third degree of marriage or blood (as defined in Ethics Policy 10.00) should not be provided a Pcard.

*See Section 4 – Roles and Responsibilities for additional important information regarding these roles*

## **1.4 RESOURCES**

**Email** – Requests and inquiries related to Pcards, the online expense reporting system, or the City’s business accounts may be sent to [PCard@cityofdenton.com](mailto:PCard@cityofdenton.com). This email is checked throughout the business day by the Program Administrator. Using this address creates efficiencies and improves response time in the event an individual may be out of the office or roles change.

**HUB Page** – A City intranet page specific to the Pcard program is available for all employees to access helpful information, instructional guides, and more for Pcards and the online expense reporting system.

# 2

## ELIGIBILITY AND CARD ISSUANCE

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### 2.1 ELIGIBILITY

Pcards may be issued to permanent, full-time City employees whose duties include procuring goods and services for their Department. Pcards will not be issued to temporary employees, part-time employees, elected officials, contractors, or sub-contractors.

Supervisors and Directors will recommend cardholders whose position justifies Pcard use to enhance cost savings and efficiencies within their respective departments. When determining which employees should be assigned a Pcard, Supervisors and Directors should consider the following:

- Will the employee's use of a Pcard enhance productivity and efficiency?
- Will the employee utilize the Pcard regularly for authorized goods and services?
- Will the cardholder have the necessary access and time to properly complete expense reports by the due date each month?
- Will the approver have the necessary access and time to monitor, review, and approve the cardholder's purchases and expense reports by the due date each month?
- How many cardholders are there in the department? Can cards or purchases be consolidated?
- Can anticipated purchases be made by an existing cardholder in the department?

### 2.2 REQUESTING A PCARD

Pcard request forms are available on the City's Pcard intranet HUB page

- Signatures are required from the cardholder, their immediate Supervisor, and their Director
- Completed request forms are submitted to [PCard@cityofdenton.com](mailto:PCard@cityofdenton.com) for approval
- The Program Administrator submits applications to the City's card-issuing financial institution
- The Program Administrator notifies all parties of the status once reviewed (and approved)

### 2.3 TRAINING

Pcard training includes, but is not limited to, a program overview, roles and responsibilities, procurement policies and laws, card and purchase information, business account information, and expense report processes. Department-specific in-person training may be provided at the department's request or as deemed necessary by the Procurement & Compliance Department.

Online Pcard training is available for cardholders and approvers on the City's Learning Management System (LMS). Online training for new cardholders will be assigned, and must be completed, before a new card will be issued. If the cardholder's expense report will be approved by a manager who has not participated in Pcard training during the previous 24 months, this manager/approver will also need to complete Pcard training prior to card issuance. Existing cardholders and approvers will be required to complete renewal training at least once every 24 months and renewal cards will not be provided until training is complete. The Pcard Program Manager is responsible for ensuring that training is assigned and completed by all appropriate parties before the distribution of Pcards.

Additional cardholder or approver training may be required at the discretion of the Procurement & Compliance Department for reasons including, but not limited to, non-compliance or misuse.

## **2.4 CARD ISSUANCE**

Once the Pcard is received by the Program Administrator from the card-issuing financial institution, and upon completion of required training, cardholders must sign a Cardholder Agreement, acknowledging receipt of their card and acceptance of their responsibilities as a Cardholder (See Section 3 – Roles and Responsibilities).

## **2.5 CARD SECURITY**

Pcards are to be used only for City of Denton business purposes and only by the person named on the card. Cardholders are responsible for the security of both the physical Pcard and its assigned account number.

- Pcards should always be treated with utmost care and safeguarded as if they were cash
- Pcards should be stored in an accessible yet secure location on City property when not in use
- Pcards should only be accessible to the Cardholder, who is the only authorized card user
- Account numbers should not be written down, shared, or stored anywhere accessible to others
- Card numbers should not be stored in websites, mobile apps, or any other system that may allow for either intentional or accidental use by the cardholder or another person

## **2.6 LOST OR STOLEN CARDS**

Cardholders are required to report lost or stolen cards immediately to (1) the card-issuing financial institution, (2) their Supervisor, and (3) the Pcard Program Administrator. The City's financial institution and their representatives are available 24 hours a day. Contact information is available on the Pcard HUB page or by contacting a Pcard Program Administrator.

## **2.7 CARD INACTIVITY**

Pcards are monitored for utilization and cards should only remain active if there is a regular business need for the cardholder to make operational purchases via Pcard. With very limited exceptions, if a Pcard shows no purchase activity for 9 months or longer, the Pcard account will be closed. The Cardholder or Approver is responsible for contacting a Pcard Program Administrator or Manager if a cardholder will have an extended absence from their Pcard duties.

## **2.8 VOLUNTARY ACCOUNT CLOSURE**

Cardholders may voluntarily surrender and close their Pcard account if no longer needed for business purchases on a regular basis. The Cardholder is responsible for notifying the Pcard Administrator and returning the card to their Approver or Supervisor. The Approver or Supervisor is responsible for destroying the card and attesting to the Program Manager of card destruction. The Cardholder and Approver are responsible for reconciling and expense reporting of any outstanding charges.



## **PURCHASE GUIDELINES**

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### **3.1 PURCHASE LIMITS**

Single Purchase Limit - \$3,000

Monthly Cycle Limit - \$3,000

The \$3,000 single purchase and monthly cycle limits serve as safeguards to help keep the City of Denton in compliance with state law. Local Government Code 252.0215 requires quotes for purchases of goods and services over \$3,000. For these purchases, purchasers must attempt to obtain a minimum of three quotes and attempt to collect at least two of the quotes from Historically Underutilized Businesses located in Denton County when available.

It is the Cardholder's responsibility to keep track of monthly expenditures and available funds. Cardholders may check their balance by calling the phone number listed on the back of their card. If card limit(s) are exceeded, transactions will be declined.

Cardholders should contact the Program Administrator if anticipated purchases will exceed the designated limits. They will help determine if a Pcard or a Purchase Order (PO) should be used and how to proceed with completing the purchase.

### **3.2 LIMIT INCREASE REQUESTS**

The City promotes progressive, productive work practices and proactive planning to achieve the best possible results. A Pcard should not be used, nor should increases be requested, as a substitute for proper planning. Inadequate planning does not constitute an emergency under City policy or State law, and transactions that should have been reasonably anticipated are not considered emergency purchases.

- Limit increase requests will be considered on a case-by-case basis though they are not often granted and when approved are typically for a short period of time.
- Increase requests must be made by the Cardholder's Director or designee
- Limit Increase Request Forms are available on the Pcard HUB page and completed request forms are submitted to [PCard@cityofdenton.com](mailto:PCard@cityofdenton.com)
- Requests are reviewed by the Program Manager and approved by the Director of Compliance & Procurement and all parties will be notified once a decision has been made regarding the request
- If approved, purchases over \$3,000 will require the collection of three quotes, including at least two of the quotes from Historically Underutilized Businesses in Denton County when available.

### **3.3 ACCEPTABLE PURCHASES AND VENDORS**

#### **3.3.1 ACCEPTABLE PURCHASES**

- Professional memberships, dues, and subscriptions
- Maintenance, repair, and operational expenses provided only pre-approved Service Providers are used
- Supplies and small tools not otherwise available through the Distribution Center
- Business-related books or training materials
- Approved conference registration and hotel expenses excluding travel-related business meals



that are provided through a per diem

- Approved non-travel related business meals
- Contracted goods or services associated with a designated Pcard contract that allows for payment via a Pcard or where a PO can't be issued by the vendor

### **3.3.2 SERVICE PROVIDERS APPROVED FOR PCARD PURCHASES**

The City requires insurance be carried by vendors who perform repair and installation services on City property. This includes, but is not limited to, locksmiths, electricians, and plumbers.

The Procurement department maintains a list of Service Providers who are approved for payment via a Pcard for these types of services. The list is posted on the Pcard HUB page and is updated on a regular basis.

Inclusion on the list of Service Providers does not constitute an endorsement of the business or their work by the City of Denton. The vendors on the list have demonstrated they carry the required insurance including general liability, automobile, and workers' compensation insurance and are therefore readily available for service needs.

If a service provider is not on the "Approved for payment via Pcard" list, please contact Procurement in advance to ensure that the service provider meets the minimum insurance requirements. If a Cardholder issues a Pcard payment to a service provider who is not on the approved list, and does not obtain prior approval from Procurement, a warning may be issued, or the cardholder may lose cardholder privileges.

## **3.4 RESTRICTED PURCHASES AND VENDORS**

### **3.4.1 RESTRICTED PURCHASES**

Pcards must **NOT** be used for purchases including, but not limited to:

- Personal use (See Personal Purchases section below)
- Split transactions to avoid established purchasing limits (See split purchases section below)
- Contracted goods and services where a PO can be issued (unless designated as a Pcard Contract)
- Gift certificates, gift cards, or other cash equivalents
- Unbudgeted goods, supplies, or services
- Items available through the City's Distribution Center
- Items available through the City's Fleet Services department
- Sales tax
- Office supplies from a non-contracted vendor (without justification)
- Uniform purchases from a non-contracted vendor (see Section 3.8 for more information)
- Unauthorized hazardous materials or supplies
- Travel-related meals
- Personal meals and/or alcohol
- Gifts that are personal in nature (e.g., flowers)
- Gifts provided to other City employees unless covered by an approved Incentive/Recognition program (see Policy 106.10)
- International purchases (contact a Program Administrator if an international purchase is necessary)
- Unauthorized entertainment
- Personnel, professional, or temporary services
- Purchases from eBay as the City is unable to consistently validate the identity of the provider of goods for these purchases
- Services requiring insurance and/or bonds (unless using a pre-approved service provider)
- Fuel for City vehicles inside City Limits (see Section 3.7 for more information)

- Purchases of fuel operated mechanical equipment >\$500 or that will be maintained by Fleet (unless prior documented approval is provided by Fleet Services)
- Cell phones or accessories (see Section 3.6 for more information)
- Computer Hardware (including Monitors), Software or Services (see Section 3.6 for more information)
- Communications Hardware, Software or Services (see Section 3.6 for more information)
- Printer ink and toner (see Section 3.6 for more information)

### 3.4.2 PERSONAL PURCHASES - PROHIBITED

**Intentional use of a Pcard for personal purchases, cash advances, or cash refunds can be considered a misappropriation of City funds and are strictly prohibited.**

If a personal purchase is made on a Pcard, the cardholder must notify a Pcard Administrator immediately upon discovering the personal purchase. The Administrator will provide the cardholder with information on how to reimburse the City and document the erroneous purchase.

### 3.4.3 SPLIT PURCHASES - PROHIBITED

**Splitting a purchase into multiple transactions to circumvent transaction limit controls violates state law and is strictly prohibited.**

Split purchases violate state law as defined below:

- **Separate Purchases** – Purchases made separately of items or services that, in normal purchasing practices, would be acquired in one purchase.
- **Sequential Purchases** – Purchases made over a period of time of items or services that, in normal purchasing practices, would be acquired in one purchase. This does not apply to subscriptions or membership renewals.
- **Component Purchases** – Purchases of the component parts of an item or service that, in normal purchasing practices, would be acquired in one purchase.

### 3.4.4 MCC RESTRICTIONS

Merchant Category Codes (MCC) are used to assist with transaction regulation. The MCC codes are established to deny certain purchases that are not allowed by the City of Denton's Pcard Program. Examples of restricted MCC's include, but are not limited to, Cash Advances, Money Transfers, Liquor Stores, Gambling Venues, Convenience Stores, Bars and Lounges, and Adult Entertainment Facilities.

## 3.5 MEAL PURCHASES

### 3.5.1 FOOD OR MEAL PURCHASES – TRAVEL RELATED

In accordance with the City of Denton Travel Policy 408.01, "The City will pay for the cost of meals for overnight travel on a per diem basis only." **Cardholders may NOT charge meals or incidentals related to travel on the Pcard as they are advanced or reimbursed on a per diem basis.**

A Cardholder may use their Pcard for business travel related expenses adhering to all other policies and procedures relating to official City travel (see Policy 408.01). On-site or online webinars and training follow the same policies as local travel under existing policies and procedure.

### 3.5.2 FOOD OR MEAL PURCHASES – NON-TRAVEL RELATED

Cardholders may use their Pcards for non-travel related business meals and food purchases that meet specific criteria and are approved by their Director for purchases less than \$250; Food purchases equal to or greater than \$250 require approval from the Assistant City Manager, Deputy City Manager, or City Manager. Approval is required prior to the purchase.

#### CRITERIA

Non-travel related business meals and food purchases are permissible when the City meeting or event meets all the following criteria:

- A meeting or event occurs during a typical meal time; and
- Required attendees do not have a reasonable opportunity to have a meal before or after the meeting or event; and
- There is no opportunity to schedule the meeting or event at a non-meal time; and.
- The meal is non-reoccurring in nature.

#### EXAMPLES

Meals, meetings, or events that would generally qualify for a food purchase:

- City Council, Board and Commission meetings of long duration that extend over a typical meal time and where participants have not had the opportunity to have a meal before or after the meeting
- Meetings or events where the scheduling is irregular or unpredictable (e.g., emergency)
- Staff meetings that are necessarily long in duration (e.g., day-long negotiations)

Meals, meetings, or events that would generally not qualify for a food purchase:

- City Council, Board or Commission meetings that are short and do not occur during a meal time
- Staff meetings that occur regularly with predictable scheduling (e.g., weekly staff meetings)
- Staff meetings or events that only occur during a portion of a typical meal time (e.g. 12:30-1:00).

#### EXEMPTIONS

Meal and food purchases that are exempt from the required criteria:

- Budgeted departmental programs that provide food for citizens, the community, or registered participants (e.g., Parks summer youth programs, neighborhood meetings)
- Employee retirement celebrations and budgeted appreciation meals that are part of a City Manager approved departmental recognition policy
- Employee training programs and events hosted by Human Resources (e.g., Supervisory training, Benefits and Wellness Fair, Employee Appreciation Day)

Exempt meal and food purchases are NOT exempt from approvals or documentation requirements.

#### COST

Employees shall be fiscally responsible stewards of public dollars and ensure that the food cost is reasonable for the purpose and setting. Pcard transactions may include a tip. However, gratuities may not exceed 20% of the cost of the food purchase. Staff shall use discretion and avoid an unreasonably large tip for actual services rendered (e.g., food delivery).

## SUPPLEMENTAL GUIDELINES

- Food may only be purchased for required attendees
- Staff will make all efforts to minimize leftover food and/or food waste
- When more efficient, staff is encouraged to pick up food rather than incur a delivery charge
- Bottled water may not be purchased if tap water, carafes, and cups are available

## FOOD VENDORS

Food purchases must be made from a local vendor and the choice of food vendors should be rotated over time to ensure equal distribution of City business.

## DOCUMENTATION

Per the Internal Revenue Service Publication 463, meal documentation requirements include the exact purpose of the meeting, all attendees, and a receipt. To meet this requirement, cardholders must upload a complete and signed Food Justification Form and receipt with the corresponding purchase in the online Pcard system.

### **3.6 TECHNOLOGY/COMMUNICATIONS PURCHASES**

All purchases of technology or communications related hardware, software, or services, and printers, ink, and toner, must be approved by Technology Services before making the purchase (see Policies 106.11 and 506.01). To request approval from Tech Services, submit requests to [servicerequest@cityofdenton.com](mailto:servicerequest@cityofdenton.com). Following review by Tech Services, you will either receive approval to move forward with your purchase or a denial of your request with details regarding the reason for the denial. When approved, the Tech Services approval needs to be uploaded with the purchase receipt in the online expense system to be compliant with proper documentation and auditing requirements.

Purchases of peripherals including, but not limited to, mice, keyboards, headsets, cameras, USB Hubs, and Bluetooth devices are not subject to the Technology Services pre-approval requirements.

### **3.7 FUEL PURCHASES AND CAR WASHES**

The purchase of fuel within City limits is prohibited. Fleet Services fuel pumps should be utilized for City vehicles and fuel operated mechanical equipment. Exceptions to this requirement will only be provided with written approval from Fleet Services.

The use of Pcards for car wash purchases are no longer permitted for City-issued vehicles. The Fleet Services department has a contractual relationship with a vendor payable via PO. Contact Fleet Services if you want to be included in the City's car wash program.

### **3.8 UNIFORM AND WORK WEAR PURCHASES**

Uniforms and Work Wear should be purchased from vendors with whom the City has active contracts in place for these items. If a contract exists, and a PO can be issued, a PO should be utilized for the purchase. See Policy 102.11 for additional information.

# 4

## ROLES AND RESPONSIBILITIES

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All purchases using the Pcard must be in accordance with established state and federal laws, City of Denton policies, and purchasing guidelines. Each Cardholder and Approver is responsible for compliance and must agree to their defined responsibilities. Pcards are issued to complement existing City Purchasing processes and are not intended to circumvent those processes, policies, or laws and regulations.

### 4.1 CARDHOLDER RESPONSIBILITIES

Each authorized Cardholder is assigned a unique account number and a Pcard embossed with the following information:

- Account number
- Cardholder's Name
- City of Denton Tax ID#
- City of Denton Logo

**Only the person named on the Pcard may make purchases** with either the physical card or card number and **only authorized City of Denton business purchases may be made** with the Pcard.

Cardholders are responsible for:

- Completing Cardholder Pcard training every 24 months
- Ensuring the security of both the physical Pcard and its assigned account number
- Ensuring their Pcard or account number is not used by any other employees
- Obtaining any necessary approvals prior to making a purchase
- Ensuring they make only acceptable, approved business purchases with their card
- Immediately reporting any suspected fraudulent use or misapplication of their Pcard
- Immediately reporting a lost or stolen Pcard
- Investigating and completing the appropriate procedures for any disputed charges
- Adhering to the per transaction and monthly cycle limits established for their Pcard
- Ensuring the physical receipt of the merchandise purchased
- Ensuring sales tax is not charged
- Coordinating any returns directly with the supplier
- Verifying any refunds are credited correctly
- Tracking their expenditures and available funds
- Maintaining proper documentation and uploading receipts into the online expense system
- Reconciling and submitting expense reports in the online system by the specified deadline
- Coding each transaction to the appropriate expense account in the online expense system
- Complying with requests for information for auditing purposes
- Complying with all procurement policies, ordinances, laws, and proper procedures

### 4.2 APPROVER RESPONSIBILITIES

Approvers authorize Pcard purchases, ensure budgeted funds are available for purchases, and ensures cardholders are following all applicable guidelines, policies, and laws. The Approver must also review and approve cardholders' expense reports each cycle in the online Pcard system by the specified deadline. Approvers are ultimately responsible for the appropriate use of all cards for which they provide expense approvals.

Approvers are responsible for:

- Completing Approver Pcard training every 24 months
- Verifying all purchases were made by the designated Cardholder
- Verifying necessary approvals were obtained for applicable purchases
- Ensuring only acceptable, approved business purchases are made
- Immediately reporting any suspected fraudulent use or misapplication of the Pcard
- Immediately reporting a lost or stolen Pcard
- Immediately reporting if the Cardholder has a change in reporting structure, goes out on extended leave, or is no longer employed by the City
- Verifying any discrepancies and fraudulent activity have been resolved
- Verifying the items purchased were received
- Verifying sales tax was not charged
- Verifying any refunds are credited correctly
- Tracking expenditures and budgeted funds
- Verifying proper documentation is included with expense reports in the online expense system
- Verifying the correct expense account was used on expense reports in the online expense system
- Reviewing and approving expense reports in the online expense system by the specified deadline
- Ensuring compliance with requests for information for auditing purposes
- Ensuring purchases do not violate polices, ordinances, laws, or circumvent proper procedures
- Not delegating to the Cardholder approval authority for Cardholder expenses
- Not approving transactions “On Behalf Of” (OBO) a manager when also acting OBO the Cardholder

#### **4.3 PROGRAM ADMINISTRATOR RESPONSIBILITIES**

The Program Administrator is responsible for:

- Answering questions and assisting with operational needs related to Pcards and the online expense system
- Answering questions and assisting with procurement processes, policies, laws, or regulations
- Administering and responding to correspondence via the PCard@cityofdenton.com email address
- Answering questions and completing requests from the card issuing financial institution
- Completing documentation and submitting requests to the card issuing financial institution
- Ordering and issuing Pcards, including completion of associated tasks and documentation
- Adding Pcard numbers in the online expense system as needed for new and replacement cards
- Updating information on the Pcard master file as applicable (e.g., status, limit, or approval changes)
- Immediately notifying the Program Manager of any suspicious or fraudulent Pcard activity
- Assisting with Pcard training documentation and facilitation
- Assisting with audits, research, or other functions as needed or requested by Program Management
- Cooperatively participating in any internal or external audits

#### **4.4 PROGRAM MANAGER RESPONSIBILITIES**

The Program Manager is responsible for:

- Overseeing the Pcard Program as a whole
- Overseeing Pcard training requirements, documentation, facilitation, and compliance
- Providing direction to the Pcard Administrators regarding Pcard related matters
- Developing procedures and policies related to Pcard issuance, usage, and compliance
- Answering questions and assisting with Pcard related needs

- Completing and submitting requests to the card-issuing financial institution, as needed
- Evaluates, approves (in cooperation with Department and Procurement & Compliance Directors) and processes credit limit increase requests
- Completing suspensions and closures as requested by the department or Procurement management
- Providing timely reporting and analysis of spending as needed or directed
- Cooperatively participating in any internal or external audits
- Cooperatively working with Compliance regarding audits, reporting, policies, and any other matters as needed or directed

#### **4.5 NON-COMPLIANCE**

Non-Compliance with City policies, state or federal procurement laws, or record keeping and expense reporting requirements by the Cardholder or Approver will result in loss of Cardholder or Approver privileges. Coaching and warnings are a courtesy intended to correct minor infractions. Loss of privileges can occur without warning, depending on the severity of the situation.

**Misuse or fraud will result in immediate termination of Cardholder privileges and may also result in termination from the City and/or criminal charges.**

#### **4.6 CHANGES IN EMPLOYMENT STATUS**

##### **EMPLOYEE ON EXTENDED LEAVE:**

If an employee is absent from work for an extended period (15 days or more) for any reason, the Approver or Supervisor should notify Pcard Administration or Management to temporarily suspend the employee's Pcard. This will help to mitigate potential fraudulent use by unauthorized parties.

##### **PROMOTION, TRANSFER, OR OTHER CHANGES**

If a Cardholder changes departments or roles, the Approver or Supervisor must notify Pcard Administration or Management of the change. The Pcard Administration or Management will contact the employee and their Supervisor (if changed) to confirm that the employee needs to have a Pcard to perform their job duties. The card may be deactivated at the request of the Cardholder or Supervisor.

##### **RESIGNATION, RETIREMENT, OR TERMINATION**

If a Cardholder's status with the City changes in such a manner that they are no longer an employee of the City, the card must be turned in to their Approver, Supervisor, or Pcard Program Administration to be destroyed. It is recommended that separating employees turn their Pcard in at least one (1) week prior to their date of separation. It is the Supervisor's responsibility to ensure the card has been turned in to appropriate personnel, the card has been destroyed, and the account has been deactivated.

The Cardholder is responsible for completing reconciliation and expense reporting for any unreported charges. If the Cardholder leaves the organization prior to reporting outstanding expenses, the Supervisor is then responsible for completion of reconciliation and expense report submission.

The Pcard Program Manager is responsible for closing the Cardholder's account as of the date of separation, or sooner if directed to do so by the Cardholder, Approver, or Supervisor. Pcard Program Administration will also verify if separating employees are active cardholders when HR Term email notifications are received. If they are an active cardholder, the Pcard Program Manager will be notified to verify the card has been destroyed and process the account closure upon separation.



## **TRANSACTION GUIDELINES**

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### **5.1 PURCHASE INFORMATION**

**The City of Denton's Tax ID #:** 75-6000514

**Billing Address:**

City of Denton  
901 B Texas Street  
Denton, TX 76209

**Shipping Address:**

Cardholder Name  
Department  
Cardholder Office Address

**Items should never be shipped to a home or other non-city address.**

### **5.2 MAKING A PURCHASE**

While formal bids or quotes may not be required for purchases below \$3,000, Cardholders are still responsible for obtaining the best value for products and services.

When making a Pcard purchase, the Cardholder is to:

- Check for City contracts for the desired good or service
- Check the City's list of service providers approved for service, repair, and installation services (due to insurance requirements)
- Check if the Distribution Center or Fleet Services stock or provide the item(s)
- Obtain any necessary approvals and complete any required forms
- Obtain the best possible price or overall value
- Ensure charges for all items and/or services are correct
- Ensure sales tax is not charged
- Request specific, itemized detail of all charges
  - Include additional information in documentation, when necessary
  - Auditors must be able to identify what was purchased
  - Stock numbers or other unidentifiable nomenclature must be clarified
- Retain all purchase receipts, shipping receipts, and documentation involved with the purchase in accordance with the City's Record Management Policy.
- Verify name, department, and office address are included on shipping label/information
- Input required information and upload receipt in the online Pcard system once the transaction is complete

### **5.3 ERRORS AND DISPUTED CHARGES**

Cardholders must immediately investigate and attempt to resolve any erroneous or unauthorized charges. If fraudulent use is suspected the Cardholder must immediately report it to (1) the financial institution, (2) their Supervisor, and (3) a Pcard Program Administrator.

**Disputed Charge Process:**

1. Contact the supplier directly
  - Most issues can be resolved between the Cardholder and supplier
2. Contact the financial institution if not resolved with the supplier
  - Disputed charges must be reported within 60 days of the disputed charge's billing cycle
  - Credits are typically issued to the account for the disputed amount during an investigation



- Disputes not settled in the Cardholder's favor will result in the charges being reapplied to the account
- Cardholders are responsible for verifying the proper credits/charges are applied and reconciling credits/charges on their expense reports. Credits should be applied to the expense account originally used for the purchase.

#### **5.4 RETURNS AND CREDITS**

If a Cardholder returns merchandise obtained with a Pcard, the Cardholder is to obtain a credit against the Pcard account for the amount of the return. Cash reimbursements, gift cards, store credit, or product substitution are prohibited. Cardholders are responsible for requesting an alternate form of refund from the vendor when a cash, cash equivalent, or product substitution is offered as a refund.

The Cardholder is responsible for ensuring proper credit is received on the Pcard account. A credit receipt should be obtained and uploaded in the online Pcard system. If a credit slip was not obtained, the Cardholder is to attach a written explanation of the return. If the credit does not appear by the second subsequent billing statement, the Cardholder is to contact the vendor to follow up.

#### **5.5 LOST OR INSUFFICIENT RECEIPTS**

The cardholder is responsible for obtaining, maintaining, and uploading itemized receipts. Care should be taken safeguard receipts until they can be uploaded. The online system allows a cardholder to upload a receipt even if the transaction has not yet posted to their account.

In order for a receipt to be considered a sufficiently documented record of the purchase for procurement purposes, the receipt must contain the following four items:

- Merchant name
- Date of purchase
- Itemized deliverables and prices
- "Ship To" address if the item is being shipped

If a receipt does not include these components, or the receipt is lost, it is the Cardholder's responsibility to request a copy of the receipt that contains all required components from the vendor. If the vendor cannot or will not supply a sufficiently documented receipt, the Cardholder must complete a Lost or Insufficient Receipt Form to upload in lieu of the receipt. Lost or Insufficient Receipt Forms are available on the Pcard HUB page.

Cardholders should rarely need to use a Lost or Insufficient Receipt Form. If a Cardholder regularly uses a Lost or Insufficient Receipt Form or a trend is noticed for certain purchases or vendors, a warning may be issued, or cardholder privileges may be revoked.

# 6

## RECORDS AND AUDITS

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Receipts and other pertinent Pcard purchase documentation must be retained for the current fiscal year plus three (3) preceding fiscal years, according to state record retention guidelines.

### 6.1 RECORD KEEPING RESPONSIBILITIES

#### 6.1.1 CARDHOLDER RECORD KEEPING RESPONSIBILITIES:

Cardholders are responsible for the following activities:

- Uploading itemized receipts into the online Pcard system
  - Receipts should include the date of purchase, the name of the business, a description of each item purchased, the total amount paid, and the method of payment
  - Physical receipts are not required to be maintained by the Cardholder if properly uploaded and approved in the online Pcard system (unless required by the Cardholder's Department Head)
  - Cardholders should also upload and/or maintain any supporting documentation regarding the purchase or credit (e.g., approvals, correspondence, quotes)
- Regular and timely maintenance of transaction information in the online Pcard system
  - Entering transaction information immediately following purchases ensures accuracy and that all entries are complete by the cycle deadline
  - Transaction information includes the correct HBU and a detailed description of the purchase or credit (in addition to uploaded documentation)
  - Accessing the system on a regular basis provides the opportunity to identify and resolve any errors or disputed charges in a timely manner
  - Failure to enter and reconcile transactions by the specified deadlines will result in loss of Pcard privileges and potential disciplinary action
- Obtain and maintain records of quotes, including HUB vendors, for purchases exceeding \$3,000
- Immediately investigating and resolving any errors or disputed charges
- Providing all transaction information requested for internal and external auditing purposes within the specified timeframe

#### 6.1.2 APPROVER RECORD KEEPING RESPONSIBILITIES:

Approvers are responsible for the following activities:

- Reviewing and approving legitimate transactions for each Cardholder in their approval chain
  - Must complete approvals by the specified approval deadline
  - Must provide an explanation to the Pcard Program Manager if any transactions are still under review or will be outstanding by the approval deadline
  - Not completing approvals by the specified deadline will result in loss of Pcard privileges and potentially disciplinary action for the Supervisor and/or Cardholders
- Ensuring Cardholders are entering and reconciling charges on a regular basis
  - Allows for timely approvals
  - Ensures errors and disputed charges are identified and resolved in a timely manner
  - Transaction information includes the correct HBU and a detailed description of the purchase or credit (in addition to uploaded documentation)
  - Cardholders failure to enter and reconcile transactions by the specified deadlines will result in loss of Pcard privileges and disciplinary action
- Ensuring proper documentation is maintained and/or included in the online Pcard system
  - Receipts should include the date of purchase, the name of the business, a description of each

- item purchased, the total amount paid, and the method of payment
  - Physical receipts are not required to be maintained by the Cardholder if properly uploaded and approved in the online Pcard system
  - Cardholders should also upload and/or maintain any supporting documentation regarding the purchase or credit (e.g., approvals, correspondence, quotes)
- Ensuring Cardholders have obtained and are maintaining records of quotes, including HUB vendors, for purchases exceeding \$3,000

### **6.1.3 PROGRAM ADMINISTRATION AND MANAGEMENT RECORD KEEPING RESPONSIBILITIES:**

- Maintain records of all Cardholder applications, acknowledgements, and requests
- Maintain records of all correspondence related to Pcards in the PCard@cityofdenton.com and/or individual City email accounts
- Maintain a master list or be able to easily produce a report of all Cardholders and Approvers, including departments and limits
- Maintain records and/or reports of all cardholder expenditures by cycle month and fiscal year
- Maintain records and/or reports of all payment wire transfers

## **6.2 AUDITS**

Transactions and accounts are subject to review and/or audit by Pcard Program Management, Ethics & Compliance, Internal City Auditors, contracted Pcard monitoring services, or other external auditors at any time. Regular monthly reviews and audits will be performed by Pcard Program Management independently, or in coordination with auditors and/or contracted Pcard monitoring services.

Cardholders are required to be cooperative during audits and provide any requested information or documentation in a timely manner.

Audit triggers include, but are not limited to:

- Purchase trends indicating the need to bid and establish annual contracts for repetitively obtained goods and services
- Purchases that exceed the established per transaction ceiling or exceed the designated per month expenditure limit (card usage violations)
- Monthly or multi-months purchase trends, which may indicate split or combined, Purchasing Card purchases to circumvent competitive quoting/bidding requirements

## **6.3 FUNDING OF CARD CHARGES**

### **PAYMENT WIRE**

The Pcard Program Manager is responsible for verifying the bank posted transactions match the Pcard bank statement. Upon verification, the Manager completes a wire request for the amount of the charges owed to the bank. The wire documentation is verified and signed by the Director of Procurement & Compliance. The Program Manager sends the signed wire request to Treasury for processing of payment. Treasury personnel complete the wire process on or before the statement due date.

### **FINANCIAL POSTING**

The Program Manager is responsible for reconciling the submitted expense reports to the bank statement. Once reconciled, the Program Manager processes the financial posting file from the online expense system and uploads the file to the financial system. Accounting verifies and posts the file to the City's financial system, allocating charges to the accounts specified in the posted expense reports.