Town of Black Mountain Purchasing Card Policy

PURPOSE

The purpose of the Purchasing Card Policy ("Policy") is to establish procedures for the administration of Town purchasing cards and to regulate their use. The Policy is intended to provide an efficient purchasing method while maintaining appropriate stewardship of public funds through effective internal controls and accountability.

SCOPE

This Policy applies to all Town departments, including all employees who are authorized and issued a Town purchasing card. This Policy does not replace or circumvent procurement policies and procedures.

POLICY

It is the Policy of the Town of Black Mountain that the Finance Department (Finance) shall be the primary department responsible for managing Town purchasing cards, including the sole authority to obtain purchasing cards on the Town's behalf. Finance shall oversee the accounts and maintain the list of authorized cardholders. The Town will limit the number of purchasing cards issued to those employees with a demonstrated and continuing operational need. A Department Head may submit a written request to become (or identify) an authorized cardholder to Finance that demonstrates a continuing operational need and explains why standing procurement procedures are not sufficient. No card may be issued without approval from the Finance Officer.

A cardholder must review and sign the Cardholder Agreement. Signed copies shall be sent to Finance, as well as the Human Resources Department for inclusion in the cardholder's personnel file. The purchasing card limit is set by the Finance Officer.

Town Purchasing Card Use

Purchasing cards are issued to an individual employee and shall always remain under the custody and control of that employee. Cardholders are responsible for safeguarding the physical card and card account information against unauthorized use.

Purchasing cards are intended to facilitate efficient procurement of routine, low-dollar goods and services for official Town business when use of a purchasing card is appropriate and the most efficient purchasing method. Town-issued purchasing cards may also be used in the following situations:

- Emergencies that present a public safety hazard or threat
- A purchase order cannot reasonably be issued or payment cannot be processed through the Town's normal procurement and accounts payable process
- As authorized by the Finance Officer or designee

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All purchases shall comply with applicable Town policies and procurement procedures. Purchasing cards should not be used to circumvent routine procurement procedures and shall only be used for official Town business. Under no circumstances shall a Town purchasing card be used for personal use or gain. Any person who conducts any personal business with a Town purchasing card will be subject to corrective action up to and including termination and/or criminal prosecution. Cash advances are strictly prohibited.

Purchasing cards may be used only for travel that has been approved in accordance with the Town's Travel Policy. Use of a purchasing card does not exempt an employee from compliance with any provision of the Town's Travel Policy, including advance approval, allowable expenses, lodging limitations, meal limitations, per diem requirements, or required documentation.

Unauthorized Use

Unauthorized purchases include purchases that violate Town policy, are not supported by adequate documentation, or do not serve a legitimate public purpose.

Cardholders shall reimburse the Town for any unauthorized or personal purchases in accordance with procedures established by the Finance Officer. Failure to provide timely reimbursement may result in payroll deduction where authorized by law, revocation of purchasing card privileges, disciplinary action, or other remedies available to the Town.

Purchasing card transactions shall not be divided or structured to circumvent established purchasing limits, approval requirements, or competitive purchasing requirements.

Purchasing cards shall only be used by the individual to whom the card is issued. Card sharing is strictly prohibited. The cardholder remains responsible for all transactions made with the assigned purchasing card, regardless of who initiated or completed the transaction.

Documentation and Payment

At the time of a transaction, the cardholder shall obtain and retain an original, itemized receipt. Required details are an itemization of goods or services, unit price, vendor name, date of purchase, sales tax, and total price. Lack of proper documentation or authorizations may result in loss of purchasing card privileges and/or personal liability. Securing missing receipts shall be the responsibility of the cardholder. The cardholder shall validate card charges monthly and reconcile to the card statement.

All purchasing card transactions shall be reviewed and approved by the employee's supervisor or other designated approver. Finance will prescribe a monthly validation and signoff process for each cardholder. Itemized receipts and sufficient documentation to demonstrate the public purpose of each purchase shall be provided within the timeframe established by the Finance Officer.

Missing Receipt Affidavits may be accepted only in exceptional circumstances. Excessive use of Missing Receipt Affidavits may result in suspension or revocation of purchasing card privileges. Excessive use shall be determined by the Finance Officer in accordance with administrative procedures.

Lost, Stolen, or Compromised Cards

It is the responsibility of the cardholder to immediately notify the Finance Office in the event of a lost, stolen, or compromised purchasing card. If criminal activity is suspected, the cardholder shall also notify the Police Department.

Authorized Employee Termination

Upon termination of employment for any reason, an authorized cardholder must relinquish their purchasing card to the Finance Office at the time of separation and ensure the account is reconciled. The Human Resources Department shall notify the Finance Office of a termination as soon as possible. The Finance Office will instruct the purchasing card issuer to deactivate the card. Any cardholder who uses a Town purchasing card fraudulently after termination shall be subject to legal action.

Annual Review

The Finance Officer shall conduct an annual review of all purchasing cards. Department Heads shall annually certify that each cardholder continues to have a legitimate business need for a purchasing card. Purchasing cards that are no longer necessary shall be cancelled. All cardholders shall complete annual training and execute a new Cardholder Agreement acknowledging their understanding of this Policy and their responsibilities as a cardholder to continue participation in the purchasing card program.

Audit

The Finance Office may conduct audits of card activity and related documentation at any time, with or without prior notice. Finance may request supporting documentation for any transaction at any time. If necessary, the Finance Officer may suspend or terminate a cardholder’s account.

Noncompliance With Town Policy

Failure to comply with this Policy may result in corrective action, including reimbursement of unauthorized expenditures, written warning, temporary suspension of purchasing card privileges, permanent revocation of purchasing card privileges, disciplinary action, or other action deemed appropriate by the Town.