

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF EDUCATION SERVICES
Policies and Procedures**

OES PROCUREMENT CARD

Effective Date: April 22, 2005
Original Effective Date: October 21, 2003
Reference: H.B. 231, Section 28(b)

Purpose:

To establish internal policies and procedures for administering the Procurement Card system.

Policy:

The Procurement Card system developed by the [Department of Health and Human Services](#) was designed to simplify the process of making small purchases within an agency. The Procurement Card system merges small purchase acquisitions on-line with the North Carolina Accounting System and enhances management's review of the agencies' small purchases. This system is not intended to avoid or bypass appropriate procurement or payment procedures.

The Office of Education Services (OES) has initiated the Procurement Card system to allow OES Agencies to make small purchases (of goods only) more easily; while simultaneously reducing paperwork and handling costs associated with making small purchases. The system provides for a purchasing card to be issued to those employees whom management determines are appropriate to make small purchases for their agency. Those employees who become "Cardholders" have the approval to purchase goods on behalf of their Agencies. Purchases must be made from State Term Contracts whenever available. Under no circumstances is the procurement card ever to be used for personal purchases.

Each "Cardholder" is required to:

- ***Complete an enrollment form***
- ***Sign an agreement for use of the card***
- ***Attend training prior to issuance of the card***
- ***Adhere to reconciliation procedures***
- ***Maintain records of all purchases***
- ***Coordinate returns or problems with vendors***

The Procurement Card system mandates a reconciliation process that is designed to comply with the audit process. Initial reconciliation takes place with the “Cardholder”, who verifies the purchase, has been received by signing off on the original purchase receipt. The final reconciliation takes place in the Agency Business Office where purchase transactions listed on the monthly bank statement are verified against the purchase receipts. Successful reconciliation supports payment of the bank invoice. Unsuccessful reconciliation requires additional investigation prior to supporting payment of the bank invoice.

The general process established in the Procurement Card System is as follows:

- 1. Agency cardholder makes small purchase**
- 2. Charged amount is initiated with the vendor**
- 3. Charged amount goes to the bank**
- 4. Bank sends charged amount to OSC Procurement Card Module**
- 5. Agency cardholder verifies that small purchase was received by signing purchase receipt**
- 6. Cardholder’s supervisor signs purchase receipt**
- 7. Agency Business Office Reconciler receives approved receipt of small purchase indicating purchase has been received**
- 8. Agency Business Office Reconciler reconciles the transaction in NCAS by verifying the small purchase was received and the dollar amount of the purchase is correct**
- 9. Agency Purchasing Officer audits 10% of purchase receipts**
- 10. Bank sends one invoice with all transactions to Accounts Payable at end of month**
- 11. Cardholder and supervisor approve all received purchases on monthly bank statement and sends to Agency Business Office Reconciler**
- 12. Agency Business Office Reconciler verifies all purchases on the statement have been received and accounted for; then attaches all purchase receipts to monthly bank statement and maintains in a permanent file**
- 13. Business Director reviews agency monthly statement and reconciled transaction totals for OES, and signs statement authorizing payment to the bank.**
- 14. Accounts Payable sends payment to bank**

The policy developed by the Department of Health and Human Services has provided the framework from which OES has developed its internal operating procedures.

Procedures:

A. Issuance of Procurement Card

1. A Cardholder Enrollment form must be completed by the potential "Cardholder" and forwarded to the Agency Card Administrator for approval. If approved, the form is then forwarded to the Departmental Purchasing Card Administrator for final approval.
2. If approved, the potential "Cardholder" must sign an agreement stating the procedures and responsibilities associated with possessing a procurement card have been explained and are understood.
3. The potential "Cardholder" must also attend training that further explains the use of the card and the responsibilities of the cardholder.
4. After all the above is accomplished, the approved "Cardholder" receives a procurement card with his/her name on the card.

B. Use of Procurement Card

1. Each OES Agency has been authorized to make small purchases up to specific amounts as follows:
 - Three OES Schools **\$500**
 - OES Central Office **\$500**
 - Early Intervention Preschool **\$500**
2. Any P-Card purchases over the \$500 delegated amount must be justified in writing, signed by the Staff Members Direct Supervisor and the School/Preschool Director. The justification should be attached to the receipt and forwarded to the schools business offices. Purchases over the \$500 delegation are to be made in emergency situations only. If possible justification needs to be received and signed in advance of purchase being made.
3. For specific commodities that cannot be purchased through the E-Procurement system, the three School Purchasing Agents, and Maintenance Staff in emergency situations have been delegated a **\$2500** purchasing authority.
4. It is the Office of Education Services intent to always research and purchase through the State E-procurement system if time permits and the necessary items are available.
5. The "Cardholder" is the only person authorized to make small purchases using the procurement card.

6. Small purchases that are currently on State Term Contract must continue to be purchased from the contract. Use of the procurement card does not supersede any State Purchase and Contract rules that are already in place. **Questions regarding State Term Contract items should be addressed to the Agency Purchasing Officer.**
7. At the time the purchase is made, the “Cardholder” *must obtain an itemized receipt* that lists the quantity purchased; a full description of the item(s) purchased and includes sales tax (as applicable).
8. If the purchase is made over the phone, the “Cardholder” *must obtain an itemized receipt* that lists the quantity purchased; a full description of the items(s) purchased and includes sales tax (as applicable). A Packing List will not suffice for a receipt.
9. **Any questions from the “Cardholder” should be addressed to the Agency purchasing agent.**

C. “Cardholder” Reconciliation Requirements

1. If the “Cardholder” makes a small purchase and picks up the purchased item(s), the purchase receipt must be verified within one to two business days, sent to the supervisor for approval and then forwarded to the Agency Business Office Reconciler. However, if the “Cardholder” ordered the small purchase over the phone, the purchase receipt cannot be verified until the item(s) is actually received. Once the purchased item(s) is received, the reconciliation process can begin.
2. The “Cardholder” must write on the **original itemized receipt** the name of the county in which the purchase was made, date and sign the receipt and make a copy of the receipt for his/her records.
*****Note: The county of purchase is the county in which the item was physically located and bought. If the item is purchased from another state, and taxes must be accounted for, the county of purchase should be considered the county of use.**
(A Schedule of County Sales & Use Taxes is attached.)
3. The **original itemized receipt** is then forwarded to the “Cardholder’s” supervisor within one to two business days of receipt, which must approve the purchase by signing the **original itemized receipt**.
4. The **original itemized receipt** with the “Cardholder” and the supervisor signatures must be forwarded to the Agency Business Office Reconciler within one to two business days of receipt from the “Cardholder”.

5. If a receipt is lost, the Cardholder must work with the vendor to obtain a copy. If the receipt cannot be obtained from the vendor, the Approving Supervisor must document (written) actions before approving the statement for payment.
6. The “Cardholder” will receive from the bank a monthly statement of his/her purchases.
7. The “Cardholder” must compare his/her receipt copies against the monthly bank statement to verify the charges. If all transactions are verified the “Cardholder” must date and sign the original monthly bank statement and forward the original bank statement to his/her supervisor for approval. If all transactions cannot be verified, it is the “Cardholder’s” responsibility to take appropriate action to verify all transactions and to communicate those actions to his/her supervisor and the Agency Business Office Reconciler. The “Cardholder” should make every effort to submit the reconciled bank statement to his/her supervisor within one to two business days of receipt of the monthly bank statement.
8. The supervisor must approve the original monthly bank statement by signing and dating the bank statement.
9. The original monthly bank statement with the “Cardholder” and the supervisor signatures must be forwarded to the Agency Business Office Reconciler within three business days of receipt of the bank statement from the supervisor.
10. The “Cardholder” should keep a copy of each bank statement in a file with copies of the receipts.

“Cardholder” → Supervisor → Agency Reconciler

*****IT IS THE “CARDHOLDER’S” SOLE RESPONSIBILITY TO MAKE CERTAIN PURCHASE RECEIPTS HAVE BEEN OBTAINED AND SUBMITTED TO HIS/HER SUPERVISOR; AND THAT ALL TRANSACTIONS ON THE MONTHLY BANK STATEMENT ARE VERIFIED BEFORE SENDING THE MONTHLY BANK STATEMENT TO THE AGENCY RECONCILER.*****

D. Supervisor Reconciliation Requirements

1. The purpose of a required supervisor signature on each receipt and on the monthly bank statement is:
 - ***the supervisor is aware of all purchases being made***
 - ***the supervisor can monitor the “Cardholder” to be certain he/she is following the Office policy and procedures***

2. Within one to two days of the small purchase, the supervisor should receive a signed *original itemized receipt* from the “Cardholder”. The supervisor must date and sign the *original itemized receipt* within one to two business days of receipt and forward the *original itemized receipt* with both the “Cardholder” and the supervisor’s signatures to the Agency Business Office Reconciler.
3. Once the “Cardholder” receives a bank statement and validates and signs the monthly bank statement, it is sent to the supervisor for review and approval. The supervisor must date and sign the monthly bank statement within three business days of receipt from the “Cardholder”.
4. **The supervisor must forward the monthly bank statement with both the “Cardholder” and the supervisor signatures to the Agency Business Office Reconciler within three business days of receipt from the “Cardholder”.**

“Cardholder” → Supervisor → Agency Reconciler

*****IT IS THE SUPERVISOR’S SOLE RESPONSIBILITY TO INSURE THAT THE “CARDHOLDER” SUBMITS RECEIPTS FOR ALL SMALL PURCHASES BEFORE SENDING THE MONTHLY BANK STATEMENT TO THE AGENCY RECONCILER; AND THAT ALL SIGNED RECEIPTS AND THE MONTHLY BANK STATEMENTS ARE FORWARDED TO THE AGENCY BUSINESS OFFICE RECONCILER.*****

E. Agency Business Office Reconciliation Requirements

1. Within two to three business days of receipt of itemized original receipts, with approved signatures from the supervisor, the Agency Business Office Reconciler validates each transaction in the North Carolina Accounting System using the appropriate *Company, Account, Center* and *County* of Purchase codes.
2. After reconciling each transaction in NCAS, receipts are to be filed in the appropriate “Cardholder” file for the current month.
3. When the monthly bank statement arrives, the Reconciler must check all original purchase receipts against monthly bank statement transactions. If all transactions are accounted for, the original purchase receipts should be attached to the original monthly bank statement and placed in a permanent file for a period of at least Five years.
4. When the monthly bank statement arrives, and the Reconciler does not have approved receipts for all transactions, the Reconciler must report those “Cardholders” who fail to comply with the agency policy to the Agency Purchasing Officer who will forward that information to the supervisor. Repeated offenses must be reported to the Agency Card Administrator and may result in the cancellation of the procurement card for that employee.

F. "Cardholder" Reconciliation for Returns/Problems Requirements

1. The "Cardholder" must work with the vendor to correct any problem with a damaged, defective or unacceptable purchase, as soon as the "Cardholder" is aware of the problem.
2. If an item(s) has been returned for CREDIT, the "Cardholder" must obtain an itemized original receipt stating that a credit was issued.
3. When a CREDIT is issued, that transaction must be recorded on a separate receipt. If another item is purchased at the same time, the purchase must be recorded on a separate receipt. A receipt cannot be accepted that shows both a CREDIT and another purchase on the same receipt.
4. When the "Cardholder" receives a CREDIT, the original credit receipt must be dated and signed by the "Cardholder" and forwarded to his/her supervisor within one to two business days.
5. The supervisor must date and sign the original credit receipt within two to three days of receipt from the "Cardholder" and forward the signed original credit receipt to the agency Business Office Reconciler.
6. **The agency Business Office Reconciler must reconcile the credit transaction within two to three business days from receipt from the supervisor.**

"Cardholder" → Supervisor → Agency Reconciler

*****NOTE: IF A PURCHASE OR A CREDIT DOES NOT APPEAR ON THE MONTHLY BANK STATEMENT WITHIN TWO STATEMENT PERIODS AFTER THE TRANSACTION, THE "CARDHOLDER" MUST NOTIFY HIS/HER SUPERVISOR, WHO WILL NOTIFY THE BUSINESS OFFICE PURCHASING AGENT, WHO WILL IN TURN NOTIFY THE DIVISION CARD ADMINISTRATOR. THE DIVISION CARD ADMINISTRATOR WILL WORK WITH THE DEPARTMENTAL CARD ADMINISTRATOR FOR RESOLUTION.*****

G. Agency Purchasing Officer Responsibility

1. The Agency Purchasing Officer is responsible for providing assistance to "Cardholders" in determining those items that are on State Term Contract; and for providing training, as needed, on procedures for accessing the Internet for such information.
2. The Agency Purchasing Officer is responsible for auditing at least 10% of all Procurement Card purchase receipts on a monthly basis to insure that:
 - *Purchases are made from State Term Contract, whenever possible*
 - *Recycled goods are purchased, whenever possible*
 - *Purchases are made from Historically Underutilized Businesses, whenever possible*

3. The Agency Purchasing Officer is responsible for bringing persistent deviations to the attention of the “Cardholder’s” supervisor.
4. The Agency Purchasing Officer must insure that permanent procurement card purchase files are maintained in the Agency Business Office.

H. “Cardholder” Responsibility for Security/Maintenance

1. The “Cardholder” is responsible for safeguarding the procurement card and the account number. The procurement card must be returned to the supervisor when leaving the current position.
2. The cardholder will make a copy of the p-card on both sides and keep in a separate safe location for their records.
3. **Should the procurement card become lost or stolen, the “Cardholder” must notify the Bank at 1-877-543-4453 and must also notify his/her supervisor. A new card will be issued at the request of the supervisor. If the old card is found/returned, it should be given to the supervisor who will forward it to the Agency Card Administrator.**
4. Should the procurement card be lost, stolen, canceled, require a name change or is misused by the employee, the supervisor must notify the OES Card Administrator who will resolve the issue with the Departmental Card Administrator.
5. The OES Business Director may cancel a procurement card at any time it is deemed necessary.