

# Village of Avoca Procurement Card Policy

Policy: <b>Village of Avoca Procurement Card Use Policy</b>						Policy <b>#23</b>	
Effective: <b>September 9, 2021</b>				Author: <b>Eric R. Tyner</b>			
Approved by Board:	Mayor:	Trustee:	Trustee:	Trustee:	Trustee:	Filed:	Clerk:

I. Purpose: To establish a standardized policy for the storage and use of the Village of Avoca Procurement Card. This policy is to be implemented and adhered to by all Village of Avoca employees and officials, both elected and appointed, during their official duties and tenure in the employment of the Village of Avoca. The Procurement Card system is designed to simplify the procurement / disbursement process to improve efficiency especially for small-dollar purchases. Benefits include accelerated payment to the vendor, expedited delivery of goods, reduced paperwork, lower overall transaction processing costs, and the ability to set and control purchasing dollar limits. This program is designed to complement the existing purchasing process allowing cardholders to buy approved commodities and services directly from vendors thus possibly reducing the number of purchase orders issued and streamlining the payment process allowing personnel to focus on issues of greater importance to taxpayers. The procurement card shall not be used to avoid the competitive bid requirements or the approval process. Procurement Card activity relative to purchasing regulations will be monitored by the Mayor, unless the Board of Trustees of the Village of Avoca, hereafter designated as "Board", otherwise designates.

II. Policy: It shall be the policy that every employee or official, either elected or appointed, who use the Procurement Card in their official duties or capacity for the Village of Avoca, are covered under the following provisions set forth in this policy and will adhere to the provisions as outlined in Village of Avoca Policy #11 – Procurement Policy. This policy is being implemented to ensure all employees follow the standardized procedure for the use of the Procurement Card. This process is being implemented to ensure all purchase with the Procurement Card used by the Village of Avoca employees is accounted for and recorded in the official records being maintained for the residents of the Village of Avoca.

### III. Definitions:

#### A. Cardholder:

The Cardholder for the Village of Avoca shall be the elected official or employee who has signed the cardholder agreement and has received a Procurement Card.

#### B. EIN Number:

The EIN Number is the employer identification number, which represents the Village of Avoca tax-exempt status.

C. Merchant Category Code List (MCC)

The MCC is the record of vendors currently approved by the Board to use the Procurement Card at their place of business.

D. Procurement Card(s):

Procurement Card(s) are Village of Avoca owned credit cards that are used strictly for purchasing official Village business goods and services.

E. Procurement Card Program Administrator (Program Administrator):

The Mayor shall be the individual responsible for implementing and administering the Village Procurement Card Program.

F. Employees:

1. Any person in the employment of the Village of Avoca, either full-time or part time, hired under the provision of the State of New York.
2. Employees are further defined as receiving weekly, biweekly, or monthly compensation in the form of funds and/or benefits by the Village of Avoca.

G. Officials:

1. Any person who is appointed to a job description for the Village of Avoca, either elected or appointed, for the duties they are performing.
2. Officials may be compensated for the duties they are performing by funds or benefits, as provided for the job description they are occupying.
3. Certain officials may be occupying job description that do not receive any form of compensation, but shall also be covered by the provisions as outlined in this policy.

H. Village Clerk:

1. This is the person appointed by the Mayor of the Village of Avoca and approved by the Board of Trustees to be the official record keeper of all transactions and business conducted for the Village of Avoca.
2. The Village Clerk shall be the person responsible for reporting to the Board each month on all bills paid with the Procurement Card(s) used by the Village Employees or Officials on any given month.

I. New York State Definitions

1. In no event, shall the definitions as outlined above override over any New York State legal definition for any position (employees or officials) for the Village of Avoca and in the event of any conflict in terms, the New York State definition will take precedence.

#### IV. Authorization and Responsibilities

A. Procurement authorization and responsibility is delegated to each employee or official by the authorized cardholder to place an order directly with the vendor. Procurement Card(s) will be used only by authorized employees or officials, but the buyer of goods and services shall clearly indicate Village of Avoca is the purchaser. Procurement Card(s) activity will be audited and can be restricted and/or rescinded at any time by the Administrator.

#### B. Administrator / Cardholder Responsibilities

1. As a matter of record, the Administrator shall be consulted and/or advised before any purchases are made with the Procurement Card(s) to:
  - a) Designate employees or officials who are authorized to make charges;
  - b) Ensure confidentiality of account information;
  - c) Ensure security and physical custody of the Procurement Card;
  - d) Be accountable for all transactions made with the card;
  - e) Comply with record-keeping requirements;
  - f) Will check as many sources of supply as reasonable to assure best price and delivery;
  - g) Will assure that the vendor and purchases comply with the established policies and procedures of the Village of Avoca;
  - h) Obtain itemized sales documents and attach to voucher payment documents;
  - i) Ensure that the purchases are tax-exempt;
  - j) Ensure funding is available for purchases and assigns account codes;
  - k) Receive and inspect all ordered materials and services;
  - l) Review statements for validity of all transactions;
  - m) Will make only authorized purchases – no cash advances or prohibited or personal items;
  - n) Report to the Board instances where the Village's policies and procedures were not followed and the disposition of same;
  - o) Immediately notify the Board if the Procurement Card(s) are lost or stolen card.

#### C. Board of Trustees

1. It shall fall to the responsibility of the Board of Trustees to ensure the following is adhered to during the use of the Procurement Card(s):
  - a) Review monthly statements;
  - b) Ensure all supporting receipts and documents are attached;
  - c) Verify appropriateness of account numbers to charges;
  - d) Sign statements indicating authorization of itemized charges;
  - e) Handle unresolved disputed items or charges;
  - f) Notify the Administrator of improper purchases or potential violations of this policy;
  - g) Review and authorize spending limits within established guidelines

- h) Perform periodic (recommended quarterly) review of the authorized purchases for consistency;
- i) Discuss and authorize the need to cancel the Procurement Card(s)
- j) Assess spending limits and authorize increases to the spending limit.

## V. Making Purchases with the Procurement Card

A. Each employee or official for the Village of Avoca will follow the following procedure during their employment when using the Procurement Card for the Village of Avoca, when they make purchases in their official capacity for their official duties.

### 1. Internet, Telephone and Fax Purchases

- a) Procurement Card(s) may be used to purchase goods over the Internet, telephone or by fax. These purchases must be evidenced by an order confirmation along with either the original packing slip that accompanied the purchased goods or an itemized receipt or email.
- b) When using the Internet, the cardholder must make sure the web site where the card information is being placed is secure, and that all account numbers are secured while being passed electronically. A cardholder can determine if the web site address is secure in two ways:
  - (1) An Internet web site is secure when the address changes from <http://www> to <https://www>. The “s” stands for secure.
  - (2) A symbol resembling a “lock” will appear at the bottom of the browser. The “lock” symbol signifies that the web site is secure and that all card numbers will be encrypted when passed.
- c) The Administrator will be held responsible for all orders placed, even those with vendors that turn out not to be legitimate businesses.
- d) The employee or official should inform the vendor that the purchase will be paid through the Village Procurement Card, and that the purchase is tax exempt. The employee or official should also ensure the vendor will comply with the requirements of this policy.
- e) Instruct the merchant to indicate on the shipping document or packing slip:

#### • ***Credit Card Purchase***

This information will help avoid duplicate payments.

### 2. Returns, Credits and Dispute Resolution

- a) If the purchased item needs to be returned for any reason, the credit shall be to the Procurement Card account. The employee or official using the card shall NOT accept cash or a rain check instead of a vendor credit. If the

dispute cannot be resolved, the cardholder should notify the Administrator for immediate action.

- b) If the vendor has not replaced or corrected the item by the end of the monthly Village billing cycle, then the purchase of that item will be considered in dispute. Attach “Statement of Questioned/Disputed Item” (see attached) to the monthly statement.

### 3. Declined Attempts

- a) The Procurement Card will be declined if one of the embedded limits is exceeded, if the merchant commodity code is blocked, if the card issuer has a security concern because of a spending pattern, or, sometimes if the “bill to” address does not match the “ship to” address.
- b) In this event, the employee or official, shall notify the Administrator and then attempt to secure the item(s) to be purchased through other Village of Avoca procurement means.

## VI. Record Keeping

- A. Each employee or official for the Village of Avoca will follow the following procedure during their employment for record keeping when using the Procurement Card for the Village of Avoca.

### 1. Original receipts

- a) The employee or official using the Procurement Card(s) will obtain and retain the original receipt (invoices, cash register tape, itemized credit card slip, e-mail confirmation, etc.). The receipt must contain the vendor’s name, date of purchase, itemized description of purchase, per unit price and extended price. The Board will, on a monthly basis, match and attach receipts to billing statements as part of the account reconciliation.

### 2. Documentation

- a) Documentation requirements for Procurement Card purchases are the same as it is for all other payment requests. This includes an approved travel request should the card be used for travel expenses.

## VII. Procurement Card(s) Use Restrictions and General Provisions

- A. Village of Avoca Procurement Card(s) will NOT be used for personal or non-work-related purchases.
- B. The Administrator is responsible and accountable for all transactions that occur on his/her card.
- C. The Administrator shall ensure available funding.

- D. Individual Procurement Card(s) are subject to the authorization limit as established by the Board and issuing Financial Institution.
- E. Purchases made with a Village Procurement Card are tax-exempt. The words “tax-exempt” will be on each receipt bill or invoice. Vendors are prohibited from charging the Village any acceptance or service fees. The Board and the Administrator will be notified immediately of this breach of contract.
- F. The Procurement Card is not an ATM (automated teller machine) card or a debit card. The following purchasing categories are prohibited:
  - a) Alcoholic beverages
  - b) Fines, late fees and penalties
  - c) Gifts & donations
  - d) Personal items
  - e) Cash transactions
- G. Improper use of the Procurement Card may result in revocation of the card. Improper use can be considered misappropriation of Village funds and may be cause for disciplinary action. Additionally, the employee or official could be held personally liable for payment of improper purchases and may be subject to criminal prosecution. The Village may withhold amounts attributable to improper use by the cardholder from any paycheck or other check which may be payable to employee or official. Any incident of improper or unauthorized use of the Procurement Card(s) shall be immediately reported to the Mayor for action and discussion with the Board.
- H. If the card is lost, stolen, or misplaced, the Administrator shall immediately notify the Card Issuer/Provider (1-800-VISA911). Prompt action will reduce the liability for fraudulent charges. The Administrator must confirm the phone call and document the incident to the Board at the next monthly Board of Trustees Meeting, with the completion of Procurement Card Request/Change, and Lost Card Form (See Appendix) providing written notification including the date and time of the report of the lost or stolen card to the card issuer/provider, with copies to be presented to the Board.
- I. The Administrator shall have the authority to authorize and approve any employee or official for use of the Procurement Card(s). The Procurement Card(s) shall be stored and maintained in the Village Hall in a secure location as designated by the Mayor. Designated employees or officials may be added or deleted from the approved list of employees or officials for use of the Procurement Card(s) at any time. Each designated user of the Procurement Card(s) shall complete the User’s Agreement, which will then be kept on file with the Village Clerk.

## PROCUREMENT CARD USER'S AGREEMENT

Name of Employee / Official \_\_\_\_\_

Position/Title \_\_\_\_\_, \_\_\_\_\_

Contact Number (\_\_\_\_) \_\_\_\_ - \_\_\_\_

The Employee / Official agrees to accept responsibility for the proper use of the Procurement Card in accordance with the Village of Avoca Procurement Card Policy and procedure including the following responsibilities:

1. Acknowledgement below that the employee / official has read and clearly understands all provisions of this policy
2. Insure confidentiality of account information
3. Ensure security and physical custody of the Procurement Card(s) while in use
4. Accountable for all transactions made with the card – will not loan card to any other person
5. Comply with record-keeping requirements
6. Will check as many sources of supply as reasonable to assure best price and delivery
7. Will assure that the vendor and purchases comply with policy and procedures
8. Obtain original itemized sales documents and attach to voucher
9. Ensure that the purchases are tax-exempt
10. Ensure funding is available for purchases and assigns account codes
11. Receive and inspects all ordered materials and services
12. Timely reconciliation / match receipts to billing statements
13. Review statements for validity of all transactions
14. Will make only authorized purchases – no cash advances or prohibited or personal items
15. Reports instances where the Village's policies and procedures were not followed to the Procurement Card Administrator
16. Immediate notify the Administrator of a lost or stolen card
17. Will surrender card immediately upon request or separation from employment

*Your signature acknowledges that you have reviewed and will adhere to all policies outlined for use of the Procurement Card. The Procurement Card represents the Village's trust in you. You are empowered as a responsible agent to safeguard Village assets and improper use of this card may be considered misappropriation of Village funds. This may result in disciplinary action up to and including termination of employment. Your signature below verifies that you have read and agree to comply with the Village's purchasing and Procurement Card policies and procedures and that you authorize the deduction from your pay the amount of purchases as determined by the Board of Trustees of the Village of Avoca to be improper.*

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

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