

## Procurement Card (PCard) Procedure

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| Version:<br>V1.0            | Prepared By:<br>Treasury Group                                 |                            |
| Effective Date:<br>07.11.18 | Approved By:<br>Great Lakes Water Authority Board of Directors | Date Approved:<br>07.11.18 |

**Purpose:** The purpose of this Procurement Card (PCard) procedure is to establish a clear understanding of the process for obtaining and using a PCard, reporting requirements, funding, and accounting for PCard transactions pursuant to the State of Michigan law (Credit Card Transactions Act 266 of 1995, Effective July 8, 1996). This procedure applies to both the Traditional PCard (TPC) and Limited Travel PCard (LtdPC).

**Scope:** This procedure applies to all Great Lakes Water Authority (GLWA) Departments.

**Responsibilities:** The Program Administrator is responsible for monitoring cardholder use and ensuring compliance with the PCard Policy.

**References:** See PCard Policy

Other related policies and procedures:

- Travel, Training, and Local Transportation Policy and Procedure
- Procurement Policy and Procedures
- The Way We Work Policies, Rules, and Guidelines

**Definitions:**

| Term   | Definition   |
|--|--|
| <b>Area Chief</b>                            | The Executive Officer for an area within GLWA.   |
| <b>BS&amp;A</b>                              | General Ledger System  |
| <b>Cardholder</b>                            | The GLWA employee whose name appears on the PCard and is accountable for all charges made with that card.  |
| <b>Cardholder Delegate</b>                   | GLWA employee authorized by cardholder to prepare and upload supporting documentation to Smart Data.   |
| <b>Comerica Card Management System (CMS)</b> | Online program management tool that allows the Program Administrator to manage and monitor the PCard program on a day-to-day basis. Program Administrator can view current balances and recent transactions, add new cardholders, change |

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|  | purchase profiles, block or cancel cards, export transaction data. This tool may be used in conjunction with Smart Data.   |
| <b>Financial Management Professional (FMP)</b> | Employee with the Financial Reporting and Accounting Team.   |
| <b>Limited Travel PCard (LtdPC)</b>            | A charge card issued to an employee of GLWA that can only be used for business related travel expenses associated with training, seminars and/or conference registration.  |
| <b>Lost Receipt Form</b>                       | This form is used when a receipt is lost, illegible, or damaged. This form may only be used when attempts to obtain a duplicate receipt from the merchant are unsuccessful.  |
| <b>Merchant Category Codes (MCC)</b>           | Purchasing profiles created by the bank used to assist with PCard spend controls.  |
| <b>MasterCard Smart Data (Smart Data)</b>      | MasterCard Smart Data is an online tool used to manage, organize and integrate card transaction data in GLWA's GL system. This application includes transaction review/approval, standard reports, report and export scheduling, and data customization. A cardholder may use this tool to view transactions and upload supporting documentation. The Program Administrator may use this tool in conjunction with CMS. |
| <b>PCard Request Form</b>                      | Form used to request a Traditional or Limited PCard for GLWA employees.  |
| Procurement Card (PCard)                       | A company sponsored credit card restricted for use to only designated personnel for the purchase of goods and services when conducting official GLWA business.   |
| <b>Supporting Documentation</b>                | A merchant produced or non-GLWA document that records the relevant details for each item purchased including quantities, amounts, description, total charge amount, and merchant's name and address (e.g. sales receipt, original invoice, packing slip, credit receipt, etc.). <b>GLWA purchases are not subject to sales tax.</b>  |
| <b>Traditional Procurement Card (TPC)</b>      | Charge card issued to an employee of GLWA for making authorized business-related purchases and/or travel arrangements.   |

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## **Procedures:**

### **I. Program Overview - Traditional PCard Program (TPC)**

Cardholders are authorized to use the Traditional PCard (TPC) to purchase goods or services required as a function of their duties at GLWA. Cardholders may use the card for conference registration and travel arrangements not covered by the Travel, Training, and Local Transportation Policy and Procedures. TPC cardholders do not need a Limited Travel PCard (LtdPC).

- PCards profiles are created to allow purchases from specific Merchant Category Codes (MCC).
- Monthly spend limits range from \$1,000 to \$10,000. Any amount greater than \$10,000 requires a written explanation on the PCard Request Form.
- Area Chief may request credit limit increases for designated emergency response personnel within their Area/Group.

### **II. Cardholder Enrollment – Traditional PCard Program (TPC)**

Department managers and above can request PCards for their department by completing a PCard Request Form. The Area Chief Executive (Area Chief) approves all PCard Request Forms. This form is available on the GLWA intranet (<https://glwater.sharepoint.com/Areas/FS/Treasury/SitePages/Home.aspx>).

- A. Manager or Group Director forwards the completed PCard Request Form to their Area Chief for approval.
- B. Area Chief approves all PCard requests within their area.
  1. Area Chief Executive can approve the PCard Request Form for another employee within their area and if necessary, can approve requests for other areas.
  2. Approved PCard Request Form is emailed to the Program Administrator at [PCard.Administrator@glwater.org](mailto:PCard.Administrator@glwater.org).
- C. Program Administrator creates a PCard account and assigns an access code via the Comerica Card Management System (CMS) website after approved PCard Request Form is received.

- D. Once the card is received via US Mail, a Program Administrator meets with the cardholder to review the PCard Policy, Procedures, and Cardholder User Agreement.
- E. Cardholder reviews the documents and signs the Cardholder User Agreement.
- F. Cardholder completes online self-registration process on Comerica's Smart Data website.
  - This website is used to view PCard activity, enter accounting information, and upload supporting documentation.
- G. Program Administrator provides overview of Smart Data website and emails cardholder a link to the Smart Data instructional video and website.
- H. Cardholder receives the card and four (4) digit access code.
- I. Cardholder activates PCard via telephone using the assigned access code and creates a new four (4) digit Personal Identification Number (PIN) to complete card activation.
  - Card cannot be used until activated.
  - Card must be activated within 45 days of issuance or card is automatically disabled by Comerica. If this occurs, Program Administrator must request a new card.
- J. The Program Administrator files the approved PCard Request Form and Cardholder User Agreement on a shared network drive.

### **III. Program Overview - Limited Travel PCard (LtdPC)**

The LtdPC is restricted to the following purchases associated with travel:

- training, seminar, or conference registration
- lodging (reservations and payment)
- rental car (see Section III Authorized PCard Usage of this policy for rental car guidelines)
- gasoline (rental car only)
- transportation services (e.g., taxi, shuttle, Uber)
- parking and tolls
- baggage fees (one (1) checked personal item)

An employee with a TPC does not need a LtdPC.

#### **IV. Cardholder Enrollment – Limited Travel PCard (LtdPC)**

Department managers and above can request a Limited Travel PCard (LtdPC) for employees authorized to travel on official GLWA business by completing a PCard Request Form. The LtdPC should only be requested when the employee may be required to present a card at point-of-sale.

The Area Chief approves all PCard Request Forms. The form is available from the Program Administrator or on the GLWA intranet (<https://glwater.sharepoint.com/Areas/FS/Treasury/SitePages/Home.aspx>).

- A. Manager or Group Director forwards the completed PCard Request Form to their Area Chief for approval.
- B. Area Chief approves all PCard requests within their area.
  1. Area Chief Executive can approve the PCard Request Form for another employee within their area and if necessary, can approve requests for other areas.
  2. Approved PCard Request Form is emailed to the Program Administrator at [PCard Administrator@glwater.org](mailto:PCard Administrator@glwater.org).
- C. Approved PCard Request Form and Travel and Training Authorization Form (TTAF) (see Travel, Training, and Local Transportation Policy) are emailed to [PCard Administrator@glwater.org](mailto:PCard Administrator@glwater.org) at least ten (10) business days prior to travel.
- D. Program Administrator creates a PCard account.
  1. Card limit is based on estimated travel expenses from TTAF. Any revisions to travel dates or expenses requires email notification to the Program Administrator.
    - Reporting manager should be carbon copied (cc'd) on the email.
  2. Employee's purchase profile will only include MCC associated with travel.
  3. A four (4) digit access code is assigned via the CMS website.
- E. Program Administrator meets with the cardholder to review the PCard Policy, Procedures, and Cardholder User Agreement once the card is received via US Mail.

- An employee with a LtdPC must adhere to the guidelines outlined in the GLWA PCard Policy and Procedures.

F. Cardholder reviews the PCard Policy and signs Cardholder User Agreement.

G. Cardholder completes online self-registration process on Comerica's Smart Data website.

- This website is used to view PCard activity, enter accounting information, and upload supporting documentation.

H. Program Administrator provides overview of Smart Data website and emails cardholder a link to the Smart Data instructional video and website.

I. Cardholder receives the card and four (4) digit access code.

J. Cardholder activates PCard via telephone using the assigned access code and creates a new four (4) digit Personal Identification Number (PIN) to complete card activation.

- Card cannot be used until activated.
- Card must be activated within 45 days of issuance or card is automatically disabled by Comerica. If this occurs, Program Administrator must request a new card.

K. The Program Administrator files the approved PCard Request Form, Cardholder User Agreement, and TTAF on a shared network drive.

L. Program Administrator reduces credit limit to \$1.00 five (5) business days after traveler's expected return date.

- Card limit remains at \$1.00 until a new approved TTAF is received.
- Cardholder keeps Limited Travel PCard (LtdPC) in their possession.

## **V. Authorized Usage**

A. Cardholders are authorized to purchase goods and/or services based on the type of PCard issued (Traditional or Limited Travel) and in accordance with the GLWA PCard Policy. This includes conference registrations, hotel accommodations, rental car, and parking not covered by the Travel, Training, and Local Transportation Policy.

B. Car rental expenses and fuel charges related to the car rental may be charged to the card only if necessary for GLWA business and approved in advance.

- Cardholder must initiate and pay for the entire rental agreement with the PCard at the time the vehicle is returned.
- Cardholder must decline the optional collision/damage waiver (or similar coverage) offered by the rental company because coverage by MasterCard.
- A cardholder cannot rent a vehicle for another employee. The vehicle must be in the cardholder's name and sign a rental agreement.
- The rental agreement must be for a rental period not to exceed more than thirty-one (31) consecutive days. Rental periods that exceed thirty-one consecutive days are not covered MasterCard insurance.
- The rented vehicle must have a Manufacturer suggested retail price (MSRP) that does not exceed \$50,000 USD.
- See MasterCard Commercial Guide to Benefits for complete rental car coverage information (pp. 3-6):  
<http://sp.dwsd.org/group/GLWA/FinancialServices/PCard/MasterCard%20Commercial%20Guide%20to%20Benefits.pdf>

C. **Prohibited** expenditures for all cardholders include the following:

- Items for personal use
- Items for non-GLWA purposes
- Flowers for employees
- Alcoholic beverages
- Meals associated with travel
- Michigan sales tax
- Recreation and entertainment
- Contracting
- Gasoline (except when used in conjunction with rented vehicles)
- Capital equipment including vehicles
- Cash advances
- Professional services

- Tips greater than 15% defined in GLWA Travel, Training, and Local Transportation Policy
- Items that GLWA have a just-in-time (JIT) contract, existing contract and/or purchase order.
- Travel arrangements that may be procured through the GLWA travel program at a lower cost.
- Items listed as illegal expenditures as identified by the State of Michigan Attorney General dated January 07, 2002 (Determining Lawful Expenditures, pp. 7-8 <http://sp.dwsd.org/group/GLWA/FinancialServices/PCard/Determining%20Lawful%20Expenditures%202002.pdf>).

D. Food and beverage items may only be purchased for public/group meetings as outlined in the GLWA PCard Policy.

- A list of attendees and a calculation of per person cost is required for all transactions associated with meals.

E. **Prohibited meal expenditures** include the following:

- Anniversaries of agencies, receptions for new, existing, and/or retiring employees or officials, or other **non-public** celebrations.
- Regularly scheduled meetings such as weekly team meetings.

F. The cardholder may authorize another employee within their group to make purchases with the PCard. Both the cardholder and authorized user are responsible for ensuring transactions are within the guidelines of the GLWA PCard Policy.

## VI. Making a Purchase

- Confirm the selected merchant accepts MasterCard. If not, choose another merchant or submit a requisition to Purchasing so the purchase can be made via purchase order.
- When making purchases in person, the cardholder must sign the charge receipt and retain the customer copy. The cardholder should verify the charge receipt or sales receipt complies with the requirements for supporting documentation (see definition for supporting documentation). The cardholder must inform the merchant that **GLWA purchases are not subject to Michigan sales tax prior to the transaction**.

- The [Michigan Sales and Use Tax Certificate of Exemption Form](#) is available on SharePoint or from a Program Administrator.

C. When making purchases **via telephone or online**, cardholders should provide their account number and direct the merchant to include the following on the shipping label and/or packing slip:

- Cardholder name and phone number
- Area, Group, and/or Team name (e.g., Financial Services Area, Treasury Group)
- Complete delivery address, including building name and/or number

D. Cardholders are encouraged to receive their own shipments. If someone will be receiving a shipment on the cardholder's behalf, the cardholder must notify them in advance. Regardless of who receives the shipment, the cardholder is responsible for obtaining all documentation (packing slips, mail order form copies, etc.) related to the purchase and verifying it complies with the requirements for supporting documentation.

## **VII. Declined Transaction**

A transaction may be refused by the Comerica Bank/MasterCard authorization system for any of the following reasons:

- MCC not in cardholder's profile
- Daily Transaction limit reached
- Single Transaction limit reached
- Individual Cardholder limit reached
- Fraud Criteria met

A. If a transaction is declined, the cardholder should contact a Program Administrator.

B. The Program Administrator will review the transaction on CMS to identify reason for decline.

C. If decline was due to MCC, Program Administrator may do one or more of the following:

- Add the MCC to the cardholder's profile
- Override as a one-time approval

- Contact an approving Manager, Director, or Area Chief for authorization.

D. If decline was due to transaction limit being reached, Program Administrator will need authorization from approving Manager, Director, or Area Chief before approving a transaction override or increasing cardholder limits.

E. Once override is performed, the cardholder should attempt to make the purchase again.

- The Program Administrator will set a time limit, dollar amount, and maximum number of override occurrences allowed for each transaction override in CMS.

## **VIII. Resolving Errors, Disputes, Returns and Credits**

There may be occasions where items on the statement do not correlate with receipts. The transaction may not have been made by the cardholder, the amount may be incorrect, or there is a quality issue. The cardholder is responsible for contacting the merchant when merchandise purchased with the PCard is not acceptable (incorrect, damaged, defective, etc.) and arrange a return for credit or an exchange.

- A. If merchandise is returned for credit, the cardholder is responsible for obtaining a credit receipt from the merchant and retaining that receipt with the documentation for that purchase. Receiving cash or checks to resolve a credit is prohibited.
- B. If merchandise must be exchanged, the cardholder is responsible for returning the merchandise to the merchant and obtaining a replacement as soon as possible. Documentation showing the proper resolution of the exchange is to be retained with the supporting documentation for that purchase.
- C. In the event of a disputed charge, the cardholder must try to resolve the dispute directly with the merchant. If the merchant agrees that an error has been made, they will credit the account. The cardholder can verify the credit has occurred in Smart Data.
- D. If a charge or credit does not appear online, the cardholder should contact the merchant where the purchase was made. If the charge or credit does not appear within 30 days after the original charge was made, and the merchant confirmed the charge or credit, the Program Administrator should contact Comerica Customer Service Department.

- E. If the cardholder is unable to resolve an issue with the merchant, they should call Comerica Customer Service Department at 1-800-759-9610 to dispute the transaction and request the purchase(s) be removed from the account until the dispute is resolved. Comerica will initiate the investigation.
- F. The cardholder is responsible for notifying the Program Administrator of any disputes within three (3) days of the transaction.

## IX. Verification of Charges – Cardholder

Cardholders are responsible for all charges made with their PCard. A review is performed weekly using Smart Data.

- A. The cardholder views the transactions for the week in Smart Data.
- B. The cardholder saves electronic copies of the receipt(s) for each transaction to be uploaded to Smart Data.
- C. In the RARE event that a receipt is lost, illegible, or damaged, the cardholder **must** attempt to get a duplicate receipt from the merchant. If unsuccessful, the cardholder must complete a Lost Receipt Form and have it signed by their manager or department head.
  - 1. This form must be attached to any other documentation that can substantiate the purchase and uploaded to Smart Data.
  - 2. Program Administrator forwards a copy of the Lost Receipt Form to the Area Chief.
    - The Lost Receipt Form does not require signature when the receipt is not legible or damaged. The illegible or damaged receipt must accompany the Lost Receipt Form.
    - The Lost Receipt Form should **NOT** be used habitually. Any apparent abuse of this will be reported to the Manager, Group Director, or Area Chief and may result in the loss of PCard privileges.
- D. Cardholder uploads the supporting documentation (and Lost Receipt Form if applicable) for each PCard transaction weekly to Smart Data. It is recommended that cardholders perform this task as transactions occur. The original documentation is retained in their department for 7 years.
  - If all supporting documentation has not been uploaded to Smart Data within five (5) business days of notification of transaction(s), the Program Administrator notifies the approving Manager, Director, or Area Chief.

- Cardholder may lose PCard purchasing privileges if documentation is not submitted within thirty (30) days of the transactions.
- Multiple offenses may result in the loss of PCard purchasing privileges.

## **X. Verification of Charges – Program Administrator**

- A. The Program Administrator is responsible for reviewing all transactions and supporting documentation in Smart Data to verify it meets all the criteria for authorized card use as defined in the PCard policy.
- B. In the event of questionable transactions, the Program Administrator will contact the cardholder who must provide a timely explanation, supporting documentation and/or reimbursement.
- C. All discrepancies must be investigated and resolved. The nature of each discrepancy must be documented and retained with the supporting documentation. Cardholders are accountable for all discrepancies.
  - Discrepancies resulting from unauthorized card usage must also be reported to the Manager, Group Director, and/or Area Chief.
- D. The documentation supporting PCard activity is saved to the network drive and retained for seven (7) years.

## **XI. Verification of Charges / Fraud Alerts – Comerica**

Comerica will contact the Program Administrator in the event of suspected fraudulent activity via email and/or telephone. The cardholder is not responsible for fraudulent charges.

- A. Program Administrator will contact the cardholder to verify charges.
  1. If authorized, Program Administrator contacts Comerica to approve the transaction(s).
  2. If unauthorized, Comerica will deactivate the card and reissue a new PCard.
- B. On some occasions, Comerica will automatically deactivate a PCard when fraud is suspected depending on the type of transaction.
  1. Comerica emails the Program Administrator and advises them to call the Fraud Department.

2. Comerica explains the reason for the fraud alert and reissues a new PCard.

## **X. Lost, Stolen or Damaged Card**

- A. If a PCard is lost, stolen or damaged, the cardholder must notify the Program Administrator immediately. If after business hours, the cardholder can contact Comerica Customer Service Department directly at 1-800-759-9610. Representatives are available 24 hours a day.
- B. Program Administrator will request and issue the cardholder a new PCard.
- C. A PCard that is found after it has been reported lost or stolen must be destroyed by cutting it in half, then forwarded to the Program Administrator. The same procedure applies if a card is damaged.

## **XI. Cardholder Account Maintenance**

- A. A revised cardholder PCard Request Form must be completed and signed by the Director or Area Chief whenever any information contained on a PCard Request Form changes including if the cardholder:
  - moves to another location within their current department
  - moves to another area or group
  - title changes.
- B. The revised PCard Request Form is emailed to the Program Administrator for update in CMS.

## **XII. Card Cancellation**

The Program Administrator must be notified immediately when a PCard is to be canceled for any reason.

- A. Manager, Director, or Area Chief completes the PCard Request Form and emails it to [PCard.Administrator@glwater.org](mailto:PCard.Administrator@glwater.org).
- B. The PCard is deactivated in CMS.
- C. The PCard should be cut in half and forwarded to the Program Administrator, then destroyed by shredding.

### **XIII. PCard Bank Account Funding – Treasury**

- A. A Treasury Management Professional (TMP) generates a monthly statement containing all PCard activity (separated by water and sewer) for the prior month on/by the ninth (9<sup>th</sup>) business day of each month.
  - Each statement provides the total dollar amount of transactions for the month.
- B. TMP funds the water and sewer bank accounts based the transaction totals from the monthly statement.
  - Two (2) wires are performed: One to fund the water bank account and one to fund the sewer bank account.
- C. All documentation supporting the PCard account funding(s) is saved on a shared network drive.

### **XIV. General Ledger (GL) Entry – Financial Reporting and Accounting Team**

- A. Program Administrator provides a monthly Cardholder Transactions Report to the Financial Reporting and Accounting Team listing all PCard activity with corresponding GL numbers by the 15<sup>th</sup> calendar day of the following month.
  - If there is missing information, the Program Administrator will send a final report once all outstanding documentation has been submitted.
- B. A Financial Management Professional (FMP) reviews the report for appropriate coding and create a monthly journal entry.
- C. The FMP records the data in to a monthly journal entry worksheet and is uploaded to BS&A.

### **XV. Reporting**

- A. Program Administrator generates the Monthly Procurement Card Report for the Chief Financial Officer (CFO) listing all PCard activity by the 15<sup>th</sup> calendar day of the following month.
- B. Program Administrator generates the Quarterly Procurement Card Report for each Area Chief listing all PCard activity for their relative area by the 30<sup>th</sup> calendar day at the end of the quarter.

**Revision History:**

| Revision | Date | Description of changes | Requested By |
|----------|------|------------------------|--------------|
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|          |      |                        |              |
|          |      |                        |              |