



PROCUREMENT CARD (PCARD) POLICY

Version 07.11.18

Purpose

The purpose of this Procurement Card (PCard) Policy for the Great Lakes Water Authority (GLWA) is to establish a clear understanding of the PCard program, the intended uses, and GLWA staff responsibilities. This policy authorizes and regulates credit card transactions pursuant to the State of Michigan law (Credit Card Transactions Act 266 of 1995, Effective July 8, 1996). This policy applies to both the Traditional PCard (TPC) and Limited Travel PCard (LtdPC).

Introduction

The GLWA PCard Program has been established to provide an efficient and cost-effective method of paying for business related goods and services. A PCard may be used with any merchant that accepts credit cards. This program is designed to serve as an alternative to the use of petty cash or instances where a purchase order, just-in-time procedures, or other formal procurement methods cannot be used. The PCard should not be used as a mechanism to avoid or bypass the GLWA Procurement Policy.

Definitions

Area Chief Executive (Area Chief): The executive officer for an area within GLWA.

Cardholder: The Great Lakes Water Authority (GLWA) employee whose name appears embossed on the PCard and is accountable for all charges made with that card.

Limited Travel Procurement Card (LtdPC): A PCard issued to any GLWA employee that can only be used for business related travel expenses associated with training, seminars and/or conference registration.

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.

Procurement Card Program Administrator (Program Administrator): Employee responsible for administering the PCard Program for GLWA and acting as the main contact between the cardholders and the bank.

Supporting Documentation: A merchant produced or non-GLWA document that records the relevant details for each item purchased including quantities, amounts, a description of what was purchased, the total charge amount and the merchant's name, and address (e.g. sales receipt, original invoice, packing slip, credit receipt, etc.). **GLWA purchases are not subject to sales tax.**



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Traditional Procurement Card (TPC): A PCard card issued to an employee of GLWA for making authorized business-related purchases and/or travel arrangements. GLWA will issue payment for charges made with the PCard.

Transaction Limit: A dollar limitation of purchasing authority assigned to the cardholder for each total charge made with the PCard.

Responsibilities

The Chief Financial Officer / Treasurer has delegated authority to the Treasury Manager to oversee compliance with this policy.

1. Group Director / Manager
 - A. Approve all PCard Request Forms for initiating PCards within their group and forwards to the Area Chief for final approval.
 - B. Approve requests for deactivating PCards or changes to card limits (subject to approval by Area Chief).
 - C. Notify Program Administrator immediately if a cardholder transfers or separates from GLWA.
2. Area Chief Executive (Area Chief)
 - A. Approve all PCard Request Forms within their area and forward to the Program Administrator.
 - B. Review quarterly report of cardholder activity and make recommendations or changes as necessary.
3. PCard Program Administrator (Program Administrator)
 - A. Manage the PCard program including process approved PCard enrollment, change, and deactivation requests; issue PCards; review documentation files for completeness; restrict cardholder purchasing profiles by use of Merchant Category Codes (MCC); and provide ongoing training to cardholders.
 - B. Document retention of transactions, sales receipts, and other applicable forms.



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- C. Provide the complete Cardholder Transactions Report to the Financial Reporting and Accounting Team (FRAT) monthly.
- D. Generate a Monthly Procurement Card Report to Chief Financial Officer (CFO) monthly.
- E. Provide Quarterly Procurement Card Report to each Area Chief quarterly.
- F. Monitor cardholder usage to ensure compliance with this policy.

4. Cardholder

Use the PCard in accordance with this policy and any other related policies.

5. Treasury Group

- A. Fund the water/sewer PCard bank accounts accordingly to pay PCard monthly invoices.
- B. Quarterly audit of cardholder eligibility.
- C. Ensures the total combined authorized credit limit for the PCard program does not exceed five (5) percent of the total budget for the current fiscal year.

6. Financial Reporting and Accounting Team

Journalize and post transactions from the Cardholder Transactions Report in the financial reporting software system.

7. Financial Planning and Analysis Team

Review monthly report of PCard transactions to monitor usage, budget, and GL number selections then make recommendations based on spending.

Policy

Cardholders are responsible for adhering to the following:

- 1. Make purchases to pay for all authorized commercially available goods, supplies, services within the GLWA transaction limits determined by the cardholder's authorizing manager.



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2. Cardholder is responsible for all transactions. If the cardholder authorizes another GLWA employee to use their PCard, both the cardholder and authorized user are responsible the transaction(s).
3. **Prohibited** expenditures include the following:
 - Items for personal use
 - Items for non-GLWA purposes
 - Flowers for employees
 - Alcoholic beverages
 - Meals associated with travel
 - Recreation and entertainment
 - Contracting
 - Gasoline (except when used in conjunction with rented vehicles)
 - Capital equipment including vehicles
 - Cash advances
 - Professional services
 - Michigan sales tax
 - Tips greater than 15%
 - Items that GLWA have a just-in-time (JIT) contract, existing contract and/or purchase order.
 - Travel arrangements that may be procured through the 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](#)).
4. Procure meals or refreshments for GLWA business meetings where:
 - A. The purpose of the meeting is to conduct official GLWA business and/or to provide training for GLWA employees or officials.
 - B. The employee is not free to take the meals elsewhere without being absent from essential formal discussions, lectures, or speeches concerning the purpose of the meeting.
 - C. Lunchtime hours are the only available time for all attendees to meet.



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

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

- For 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.
5. Refrain from splitting the cost of a purchase that is over the cardholder's single or monthly transaction limit into two or more charges; or splitting the cost between two or more cardholders for the purpose of circumventing card limit restrictions.
 6. Refrain from syncing the PCard to mobile payment and digital wallet services such as Apple Pay, Samsung Pay, or Google Pay.
 7. Assign correct General Ledger (GL) account number and submit supporting documentation detailing the goods or services purchased, cost, date of the purchase, and the business purpose within five (5) business days of posting date.
 8. Store the PCard in a secure location at all times and ensure exposure to the card number is strictly controlled.
 9. Report a lost, stolen, or damaged PCard to the Program Administrator within 24 hours of incident.
 10. The cardholder must surrender the PCard upon the termination of employment or upon management's request.

Approval levels for obtaining a PCard:

1. Manager

- Submit a request for themselves or another employee within their group/team.



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2. Group Director

- Submit a request for themselves or another employee within their group.
- Approve the PCard Request Form for another employee within their group.

3. Area Chief

- Complete the PCard Request Form for themselves or another employee within their area.
- Approve the PCard Request Form for another employee within their area and if necessary, can approve requests for other areas.
- Chief Executive Officer (CEO) can approve the PCard Request Form for all Area Chiefs.

Internal accounting controls:

1. The Program Administrator monitors the use of all PCard, reviews transactions and support documentation, and report any inconsistencies to reporting manager; performs periodic audits of PCard spending, generate reports of PCard activity, and recommend transaction limit increases/decreases as needed.
2. The Treasury Group reviews the PCard program statement balances prior to bank account funding and payment for charges. The balance, including interest and fees, under the credit card arrangement will be paid within sixty (60) days of the initial statement date.
3. Monthly reports provided to the Chief Financial Officer, Financial Reporting and Accounting Team, and Financial Planning and Analysis Team to review transaction activity and GL account numbers.
4. Quarterly reports provided to each Area Chief for their relative area(s) to review PCard activity.

Noncompliance:

1. Failure to adhere to this policy may result in disciplinary action against the cardholder and/or the employee making the purchase.



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2. The disciplinary action may result in one or more of the following in accordance with the Corrective Action Point System (CAPS) as outlined in The Way We Work Policies, Rules, and Guidelines and/or legal counsel recommendation:

- Reimbursement to GWLA for unauthorized charges
- Suspension or termination of PCard purchasing privileges
- Written reprimand, suspension, or immediate discharge.

Policy Revision History

Revision Number	Revision Effective Date	Description of Changes	Requested By