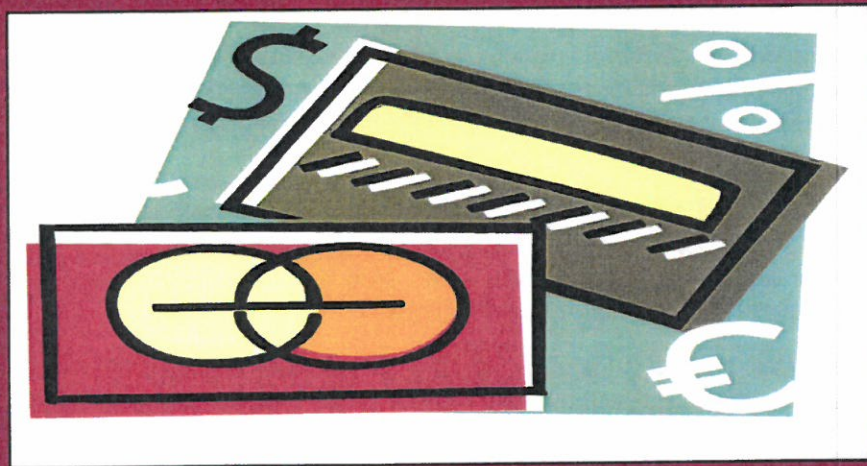


PURCHASING CARD POLICY AND PROCEDURES



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March 2016 REVISED

UNDER \$5,000.00

ISSUED BY:

AUGUSTA, GEORGIA
PROCUREMENT
DEPARTMENT

GERI A. SAMS
DIRECTOR



PURCHASING CARD POLICY AND PROCEDURES (P-CARD)

Program Overview

The Augusta, Georgia Purchasing Card (P-Card) Program provides charge cards and commercial purchasing card accounts designed to enable authorized, permanent Augusta, Georgia employees to make purchases of supplies, materials, equipment, and services for Augusta business use. The program streamlines payments by eliminating the administrative burdens and costs associated with traditional methods of payment.

The Augusta Procurement Director is the Augusta Cards Program Manager and reserves the right to withdraw any authority or delegated approval due to non-compliance with applicable laws, rules, regulations, policies, and procedures, or the terms of any conditional approval. The Augusta Card Program Administrator is the Program Manager's designee.

The P-Card Program (Program) utilizes VisaCard® purchasing card commercial accounts with plastic cards issued by State Bank and Trust Company. P-Cards and related accounts can only be used for official Augusta, Georgia business and cards must be surrendered and/or accounts closed upon termination of employment for any reason or upon demand by the Augusta, Georgia Procurement Department.

Other than Sam's Club Card, this P-Card program is the only purchasing card program authorized for use by employees of any Augusta Department. It includes traditional card based accounts, Ghost Accounts and other cardless products including but not limited to ePayables.

The terms of the contract with State Bank and Trust Company also permit Augusta Authorities and Commissions, to use the program. Accordingly, it is the responsibility of Augusta, Georgia's governing body to put into place a purchasing card policy and ensure their local entity adheres to that policy.

The Augusta Procurement Director and or the Augusta Administrator, approves all participation in the program.

All policies and procedures in this manual are subject to change with or without notice at the discretion of the Director of Procurement. Hard copies of additions/revisions are disseminated when available. The web copy, located on City Net at: <http://augwebv017:8080/pages/default.aspx>, is updated as needed following approval. Prior to acting in reliance upon a specific policy or procedure as Procurement appears in any copy of the manual, please check to make sure that the Director of Procurement has not recently approved any additions or revisions to that specific policy or procedure. All program official forms mentioned in this policy can be found on the web site.

Use of Purchasing Card Accounts for Personal Purchases Prohibited

Under no circumstances is a cardholder or program participant permitted to use the P-Card or related accounts for personal purchases. (Personal purchases are defined as purchases of goods or services intended for non-work related use or use other than official Augusta business.) Using the P-Card and or related accounts for personal purchases may result in disciplinary action, up to and including termination from Augusta employment and criminal prosecution. The Official Code of Georgia, Annotated (O.C.G.A.), §50-5-80 and §50-5-83 states that any person who knowingly uses P-Card funds for personal purchases under \$500 is guilty of a misdemeanor. A

person who knowingly uses P-Card funds for personal purchases of \$500 or more is guilty of a felony punishable by one to 20 years in prison. Supervisors or other approving officials who knowingly, or through willful neglect, approve personal or fraudulent purchases are subject to the same disciplinary actions as those making the purchases.

Authority

This document, initially adopted by the Director of Procurement on June 6, 2011, and will be updated periodically thereafter, constitutes select policies and procedures for the governance and operation of the Procurement Department. All policies contained herein conform to the Augusta, Georgia's Policies and Procedures. The body of policies contained in this document shall supersede all other understandings, prior practices, letters, and other informal writings for the governance of the Procurement Department unless prior written approval for exception is authorized by the Director of Procurement.

In accordance to the Augusta, Georgia Article 3:

Sec. 1-10-23. Authority and responsibility of procurement director.

(a) *Authority.* The Procurement Director is designated as the principal public procurement official for Augusta, Georgia, and shall be responsible for the procurement of commodities, services, construction, and professional service products in accordance with the AUGUSTA, GA. CODE and this chapter.

(b) *Duties.* The duties of the Procurement Director include but are not limited to:

- Procuring or supervising the procurement of all commodities, services, construction, and professional and consultant service products needed by Augusta, Georgia
- Acting to procure for Augusta, Georgia the highest quality in commodities, construction and service products at the best value to Augusta, Georgia
- Discouraging collusive bidding and endeavoring to obtain as full and open competition as possible on all purchases and sales
- Keeping informed of current developments in the field of procurement, prices, market conditions and new products, and secure for Augusta, Georgia the benefits of research conducted in the field of procurement by other governmental jurisdictions, national technical societies, trade associations having national recognition, and by private businesses or organizations
- Adopting operational procedures

Program Administration

A. *Augusta Purchasing Card Program Policy*

The Augusta Procurement Department administers the contract. In this capacity, Augusta Procurement personnel serve as resources for all program users in the areas of policy development and implementation, day-to-day administration of the program, audit, staff development, and account holder training.

Augusta Procurement has developed this Augusta Purchasing Card Program Policy (Policy) to establish minimum standards for use of the P-Card and related accounts in order to ensure compliance with all applicable State, Federal and Augusta laws pertaining to purchasing as contained in the Augusta, Georgia Procurement Code, as approved by the Augusta, Georgia Commission. The version of the Policy posted on the City Net web site will always be the official Policy governing the P-Card program. The effective date of the policy will be in the footer of the document. Augusta Procurement Department will maintain an archive of previous versions of the Policy, which will be available upon request should the need arise.

B. Augusta P-Card Program Manager (Director of Procurement)

Augusta's P-Card Program Manager will:

1. Develop the Augusta Purchasing Card Program Policy.
2. Review the Policy at least annually to ensure that it is in keeping with "best practices" in the purchasing card industry and that it allows participants in the Program to utilize the P-Card and related accounts to their utmost advantage in the procurement process within sufficient control guidelines.
3. Work with other areas of Procurement and with other Program users to determine new ways that the P-Card Program can be used within legal and Policy requirements.
4. Serve as a central point of contact on all issues of policy and procedure. This position is the official liaison between the Bank and all P-Card users.
5. Communicate all Program and Policy changes to P-Card users.
6. Review or assign a designee to review all requests for exceptions to this Policy and decide on the appropriateness of each request.
 - i. Approvals for the following policy exceptions are coordinated through the local Card Program Administrator once original approval is granted by the Augusta Cards Program Manager:
 - (a) Increases in spending limits above mandated levels
 - (b) Approval to use the P-Card Program to pay for vehicle repairs and maintenance
 - ii. All other types of policy exceptions must receive prior, written approval from the Augusta Cards Program Manager or the designee for each occurrence
7. Develop and maintain Program forms.
8. Develop and maintain training materials and manuals.

C. Process Improvement and Audits

1. The Finance Department conducts periodic reviews of the programs receipts and statements at Entities under Augusta Procurement Department purchasing authority. Reviews take a risk-based approach and focus on the level of compliance with Augusta Policy, adequacy of and compliance with internal policies and procedures, and evaluation of internal controls.
2. The Finance Department issues reports providing an assessment of the Program, makes recommendations for improvement when warranted, and works with the Program personnel to implement action plans to make corrections or other improvements to the Program.
3. In those cases where it is determined that internal controls are not adequate, the Finance Department has the authority to require policy improvements and/or place other restrictions on the local card program until such controls are developed, documented, and implemented.

D. Professional Development

1. The Procurement Department assists in developing and delivering training on the P-Card Program on an as needed basis.
2. Collaborate with the Procurement Director and with the Finance Department to develop training materials for cardholders.

Augusta Entity Program Roles and Responsibilities

The Procurement Director's designee serves as the official liaison between the Entity and the Augusta Cards Program Manager for all matters related to the local Program. This individual usually serves as the Purchasing Card Program Administrator (Administrator), although any or all of the following administrative responsibilities may be delegated to one or more Card Program Coordinators, depending on the size and complexity of the local program.

E. Card Program Administrator Responsibilities (Program Manager's Designee)

1. Program Administration

- i. Develop the internal policy governing the use of the P-Card Program, to include, the following minimum requirements:
 - (a) In compliance with the State, Federal and Local laws. Analyze Augusta's entity's current and forecasted purchases (composed of any and all departments of Augusta) on at least a quarterly basis to identify supplies, materials, equipment, and services which must be sourced through the competitive bidding process.
 - (b) Monitor the Augusta entity's compliance with State, Federal and Local laws and, when areas of non-compliance are found, determine the appropriate course of action needed to correct the non-compliance, document the action plan, and detail the correction action(s) taken.
 - (c) Ensure compliance with the Augusta Purchasing Card Policy;
 - (d) Provide for unique needs based on mission;
 - (e) Provide a method for reporting suspected misuse or fraudulent use;
 - (f) List in detail consequences of misuse or fraudulent use;
 - (g) Create a provision for review of the internal policy for adequacy at least annually; and
 - (h) Create a provision for audit or other independent review of all areas of program administration and transactions at least annually.
- ii. Work with management throughout the organization to determine the appropriate spending limits for the Program as a whole and for individual account holders based on budget constraints, job responsibilities, historical spending patterns, and overall procurement practices.
- iii. Designate the following Program administrative positions as needed and ensure coordination among the positions:
 - (a) Electronic Contact to handle data transmission matters; and
 - (b) Settlement Contact to handle monthly payment matters.
- iv. Work with management to identify job titles/positions within the organization that require a P-Card account or that would be good candidates for use of the P-Card and related accounts.
- v. Develop written internal procedures for requesting P-Cards, Ghost Cards and other accounts and approving cardholders. The appropriate form is the Purchasing Card Profile Form Request for Purchasing Card. (Exhibit #1)

2. Program Compliance

- i. Establish written procedures to ensure compliance with, or request exceptions to, Augusta purchasing laws and regulations, and the internal purchasing card policy.
- ii. Coordinate any exceptions to the Augusta Purchasing Card Policy with the Augusta Cards Program Manager.
 - (a) Initiate all requests using the Special Approval Request, Form Augusta Procurement Department. (Exhibit #2)
 - (b) Document review of the status of all exceptions on an annual basis to determine if the exceptions should still be granted and notify Augusta Procurement Department of any revocations.

- iii. Ensure that Department has sufficiently documented internal controls and other measures (e.g. audits) to prevent and/or detect misuse or fraudulent use of the P-Card and related accounts.
 - iv. Establish written procedures to ensure security over P-Card account information to include:
 - (a) Ordering and receiving new and replacement cards;
 - (b) Reporting or stolen cards and/or compromised accounts to the Bank and to the Program Administrator and/or Coordinator(s); **(Exhibit #5)**
 - (c) Collecting and destroying cards when cardholders transfer to jobs not requiring a P-Card, resign, or are terminated; and
 - v. Establish written procedures to ensure that misuse or fraudulent use of a P-Card or related account is documented. Minimum requirements include:
 - (a) Documentation of the transaction (e.g. copies of receipts, invoices);
 - (b) Evidence of who conducted the transaction, who approved the transaction, and when and how the misuse or fraud was discovered;
 - (c) Documentation of personnel actions taken (e.g. account holder was terminated); and
 - (d) Notifying the Bank immediately when fraud or account misuse occurs in order to properly meet the Bank's guidelines regarding Bank reimbursement of transactions related to fraud or account misuse.
3. Appropriate limits on the number of cardholders in order to ensure adequate review of business need and documentation (transaction logs, receipts/invoices, and monthly billing statement) for each purchase.
4. Training – Develop an Entity-specific training program for all program users to include:
 - i. Mandatory Cardholder Agreement specifying terms and conditions for use of the card and related accounts; **(Exhibit #3)**
 - ii. Augusta Purchasing Card Policy;
 - iii. User manual; and
 - iv. Familiarity with all forms, including the Sales and Use Tax Exemption form and transaction log.
5. Using the P-Card and related accounts
 - i. Establish written internal procedures covering how to use the P-Card account(s), including telephone, fax, and Internet orders as well as Ghost Cards if applicable, in order to maintain security over P-Card account information.
 - ii. Monitor accounts for inactivity and close accounts that are no longer needed.
 - iii. Establish written internal procedures for compliance with Augusta Policy regarding documentation of transactions.
6. Internal Accounting Requirements
 - i. Designate the storage location for all original transaction documentation.
 - ii. Establish billing discrepancy procedures, including disputed transactions. **(Exhibit #6)**
 - iii. Establish reconciliation procedures between cardholders, and Accounts Payable to ensure timely payment of the corporate monthly billing statement.
 - (a) Use of generic "P-Card" general ledger account is prohibited
 - (b) All transactions should be allocated to the appropriate expenditure account in order to allow for the accurate monitoring of department spending is in adherence with the Augusta Purchasing Card Policy.

F. Cardholders:

All program participants are de facto purchasing agents for Augusta, Georgia. Accordingly, all participants must have a minimum understanding of Augusta's purchasing laws, Augusta Procurement Department rules and regulations as contained in the Augusta Procurement Code, and internal purchasing rules. Program participants must also be familiar with the provisions of O.C.G.A. §45-10-1 et seq. regarding Employee Code of Ethics and Conflicts of Interest:

Code Of Ethics For Government Service:

Any person in government service should:

- I. Put loyalty to the highest moral principles and to country above loyalty to persons, party, or government department.
- II. Uphold the Constitution, laws, and legal regulations of the United States and the State of Georgia and of all governments therein and never be a party to their evasion.
- III. Give a full day's labor for a full day's pay and give to the performance of his duties his earnest effort and best thought.
- IV. Seek to find and employ more efficient and economical ways of getting tasks accomplished.
- V. Never discriminate unfairly by the dispensing of special favors or privileges to anyone, whether for remuneration or not, and never accept, for himself or his family, favors or benefits under circumstances which might be construed by reasonable persons as influencing the performance of his governmental duties.
- VI. Make no private promises of any kind binding upon the duties of office, since a government employee has no private word which can be binding on public duty.
- VII. Engage in no business with the government, either directly or indirectly, which is inconsistent with the conscientious performance of his governmental duties.
- VIII. Never use any information coming to him confidentially in the performance of governmental duties as a means for making private profit.
- IX. Expose corruption wherever discovered.
- X. Uphold these principles, ever conscious that public office is a public trust.

Cardholder responsibilities include:

1. Maintain security of the account number, expiration date, and security code at all times.
2. Maintain knowledge of Augusta Purchasing Card Policy and internal policies and procedures.
3. Ensure all purchases are allowable purchases according to Augusta's Purchasing Card Program Policy.
4. Ensure all purchases comply with purchasing requirements of the Augusta Purchasing Card Policy concerning Order of Precedence and Competitive Bidding.
5. Obtain "best value" for Augusta when making purchases with the P-Card account.
6. Maintain all documentation required by Augusta and internal purchasing card policies. Minimum documentation requirements are:
 - i. Monthly or weekly transaction log as determined by the Program Administrator and purchasing volume;
 - ii. Itemized receipt or invoice;
 - (a) If receipt has been lost and a duplicate cannot be obtained, the Program Administrator can determine if internal policy will allow use of the Lost Receipt Affidavit Form. **(Exhibit #4)** If allowed, a single cardholder can use the form no more than three times in one fiscal year.
 - (b) Use of the form more than three times in one fiscal year will result in suspension of account privileges.
7. Submit all documentation to the Procurement Department, Program Administrator in order to ensure timely payment of the monthly billing statement.
8. Either the original receipt or invoice must be sent to the Procurement Department, Program Administrator for each for each transaction. The receipt must be accompanied by a signed requisition with your Department Account numbers for payment. (Maintain a file copy of all transactions submitted for payment)
9. A comment for each transaction stating the purpose of the transaction must be included on the requisitions. Provide a written report for all disputed transactions. **(Exhibit #6)**
10. Immediately reporting or stolen/lost cards and/or compromised accounts to the Bank and to the Program Administrator **(Exhibit #5)**

G. Use of the Card and Related Accounts

This Policy establishes appropriate and inappropriate uses of program accounts. All purchases made through the program must be for official Augusta business.

When plastic cards are issued, only the employee whose name appears on the face of the P-Card is authorized to initiate transactions with the card. Use of the card by any other person is considered misuse of the card, even if the purchase is for legitimate Augusta business. For Ghost Card accounts and other types of program accounts, only individuals identified as account users or custodians may use the accounts. Use of the accounts by any other person is considered misuse of the accounts, even if the purchase is for legitimate Augusta business. Use of any P-Card program accounts for personal purchases is strictly prohibited and will result in disciplinary action, including termination of employment and criminal prosecution.

a. Recommended Purchases

Use of the P-Card is highly recommended when making purchases under the following circumstances:

1. From Statewide Contracts via the virtual catalog from a vendor identified as accepting the P-Card
2. From Statewide Contracts via face-to-face transactions with vendors that accept the P-Card
3. From Agency Contracts when P-Card is used to create a requisition for a non-virtual catalog purchase and the vendor accepts the P-Card (We also recommend the P-Card be used for one-time purchases made via on-line for computer, parts software, etc.)

b. Allowable Purchases

The P-Card and related accounts can be used for official purchases of supplies, materials, equipment, or services, where not otherwise prohibited or restricted. All purchases must be within assigned spending limits unless prior, written approval is received to exceed these limits. Card Program Administrators can manage spending limits up to \$5,000 without approval from Augusta Procurement Director. Any Single Transaction Limit of \$5,000 or more for Open Market Purchases must receive prior written approval from the Augusta Cards Program Manager (Procurement Director) using the Special Approval Request Form. (Exhibit #2)

c. Allowable purchases include:

1. Equipment – Single units under \$1,000 for Augusta Departments, Commissions, or Boards. Augusta entities must obtain written approval from the Augusta Cards Program Manager (Procurement Director) or his/her designee prior to the purchase in order to exceed these thresholds.)
2. Software – Data plans, software, or applications (i.e. "apps") for Augusta-issued devices such as smart phones (e.g. iPhone, Android, blackberry) and tablets (e.g. iPads) ONLY. Purchases cannot be made for personal devices even if used for Augusta business.
3. Supplies and materials up to the cardholder's approved Single Transaction Limit and/or approved cycle limit not on Annual August Contracts.
4. Filing or coping of Legal or court documents for Augusta, Georgia (Law Department).

5. Airline tickets and vehicle rentals for Augusta personnel traveling on official Augusta business as defined in the Augusta, Georgia Code.
6. Special approval is not needed for the following types of purchases:
 - i. Food and lodgingDocumentation must follow guidelines for "group meals" in the Travel Regulations:
 - (a) Itemized receipt showing all meals purchased
7. Food provided for consumption at events or services provided to the general public, Augusta benefit recipients and/or Augusta program participants (other than Augusta employees), or purchased for resale in gift shops, bookstores, etc., and other non-employee meal related use.
8. Purchases of goods or services intended for official Augusta, Georgia work-related use which are not otherwise excluded in the Prohibited Purchases section.

H. Prohibited Purchases

The following types of purchases are strictly prohibited by Augusta policy. No exceptions will be granted unless otherwise indicated. This list must be included in lists of prohibited purchases in policies at the local program level:

1. Personal purchases of any kind (Personal purchases are defined as purchases of goods or services intended for non-work related use or use other than official Augusta business.)
2. Data plans, software, or applications (i.e. "apps") for non-Augusta Entity issued devices, including, but not limited to, smart phones (e.g. iPhone, Android, blackberry), laptop computers, or tablets (e.g. iPad).
3. Cash advances including use of the card, card number or account number at Automated Teller Machines (ATMs), inside bank branches or at cash advance, quasi-cash and money transfer locations such as Western Union, Telecheck, etc.
4. Gift cards, stored value cards, calling cards, pre-paid cards or similar products
5. Employee travel expenses, including lodging, transportation, and meals, except as specifically covered under Allowable Purchases
6. Entertainment, including in-room movies, except as specifically covered under Allowable Purchases
7. Alcoholic beverages
8. Tobacco products
9. Fuel, mechanical repairs, and maintenance of Augusta-owned or rental vehicles (Exceptions may be granted upon verification of procedures to enter costs into Augusta's fleet management system administered by Fleet Management.) **Note:**
 - i. Non-mechanical body shop repairs not covered under Augusta's vehicle maintenance contract may be paid for with a purchasing card.

- ii. Allowable auto parts purchases must follow the process outlined in the auto parts flow chart.
- 10. Food for consumption by Augusta employees unless the purchase qualifies as a "group meal" according to the Augusta, Georgia Code
- 11. Memberships and/or fees to wholesale shopping clubs or "warehouse" type retailers

I. Declared Emergencies and Natural Disasters

Augusta authority to forego standard procurement requirements for needs arising from unforeseen causes. In cases involving the welfare of the general public, extreme weather conditions, or official declared emergencies, the Program Administrators (Procurement Director and Administrator) are allowed to obtain after-the-fact approval for exceptions to this Policy.

- 1. The Department Director must contact the Augusta Procurement Department, within 72 hours of any actions taken in response to these emergencies and the nature of the actions taken.
- 2. Documentation for transactions must follow guidelines for emergency purchases as contained in the Augusta Procurement Code.

J. Sole Source / Sole Brand Purchases

The P-Card and related accounts may be used for purchases resulting from sole source or sole brand acquisitions provided those goods/services are not identified in the prohibited subsection. Guidelines for Sole Source and Sole Brand purchases are found in the Augusta Procurement Code

- 1. Any request for a Single Transaction Limit of \$5,000 or more that would qualify as a Sole Source and/or Sole Brand must include a Sole Source Form.
- 2. These forms, and instructions for use, are available on the City Net website. These forms must also be attached to the Original Transaction Receipt as documentation for the transaction.

K. Clarification on Credit Card Fees and Convenience Fees

Many merchants charge a "credit card processing fee" or "convenience fee" for accepting credit cards including the Augusta Purchasing Card or P-Card. These types of fees are strictly regulated by Visa and VisaCard (also called the Associations). "Convenience fees" for certain transactions can be paid if they are charged in compliance with VisaCard rules. (The Augusta, Georgia P-Card and related accounts are State Bank and Trust Company VisaCard accounts, so VisaCard regulations apply.) Other fees, such as "credit card fees", "processing fees" or "surcharges" for example, are not allowed by VisaCard regulations and are therefore not permitted on the P-Card or related accounts.

According to VisaCard's Card Acceptance and Chargeback Management Guidelines for Merchants (Merchants is synonymous with Vendors) available on VisaCard's website, credit card surcharges are not allowed. Merchants "may not impose any surcharge on a VisaCard transaction." Convenience fees, however, are allowed under certain circumstances.

According to the website:

For merchants who offer an alternate payment channel (i.e., mail, telephone, or ecommerce) for customers to pay for goods or services, a convenience fee may be added to the transaction amount. If the merchant chooses to assess a convenience fee to its customers, the merchant must adhere to the following rules:

- The fee is being charged for a bona fide convenience of using an alternative payment channel outside the merchant's normal business practice.
- The fee:
 - must be disclosed to the customer as a charge for the alternative payment channel convenience
 - is applied only to non face-to-face transactions
 - must be a flat or fixed amount, regardless of the amount of the payment due
 - is applied to all forms of payment products accepted in the alternative payment channel
 - is included as part of the total transaction amount
 - cannot be added to a recurring transaction
 - is assessed by the merchant that provides the goods or services to the cardholder and not a third party
- The customer must be given the opportunity to cancel prior to the completion of the transaction. VisaCard is very clear about what a convenience fee is and how and when they can be charged. As a result, many vendors that charge fees do so incorrectly and are therefore out of compliance with VisaCard regulations.

Examples of common violations of VisaCard's convenience fee policy include, but are not limited to, the following:

- Charging a tiered or percentage based fee. Only a flat fee regardless of the transaction amount is allowed.
- Charging a fee for transaction below or above a certain dollar amount. Convenience fees must be charged on all transaction regardless of amount.
- Charging the fee in person, for face-to-face or point of sale transactions. The fees can only be applied to transactions via the mail, telephone or internet.
- Charging only for VisaCard or credit card transactions. Convenience fees must be applied to all payment methods accepted via that channel.
- Calling the fee a "processing fee", "credit card fee", "surcharge" or anything other than a "convenience fee". The fee is designed to offset the cost of the convenience, not the cost of accepting credit cards.
- Charging higher prices for credit card purchases versus checks or cash. **Note:** Vendors may offer a "cash discount" to customers paying with cash, in person.
- Charging a convenience fee via the internet when that is the vendor's only "normal business practice". If the vendor only sells on the internet, there is no convenience versus coming in to a retail location, so no convenience fee can be charged. There are many ways a vendor's actions can fall outside VisaCard's guidelines. As such, only vendors in compliance with the guidelines shall be allowed to receive convenience fees via the P-Card and/or related accounts.

One example of an allowable convenience fee is a utility that charges a convenience fee for paying a bill via the phone or internet versus having to come to an office and drop off a payment. As long as the convenience fee is a flat fee and is charged to all transactions accepted via the phone or internet (such as all card types, electronic checks, etc.), it is acceptable on a P-Card transactions.

Convenience fees charged in accordance with the VisaCard guidelines quoted above are permitted on the P-Card or related accounts. All other charges, surcharges or fees are prohibited and should not be paid with a P-Card or related accounts. For clarifications, please consult your entity's P-Card Administrator or contact the Augusta Cards Program Manager. Violations of the VisaCard guidelines should be reported to the Augusta Cards Program Manager as merchants can be reported to VisaCard through State Bank and Trust Company.

L. Ghost Card Accounts

The term "Ghost Cards" refers to a cardless P-Card account established for the payment of monthly or other periodic charges to an established vendor of an Augusta entity. In cooperation with the Augusta Cards Program Manager and the Bank, an entity's Program Administrator may establish a Ghost Card account with an identified vendor used to pay recurring charges based on services or goods purchased periodically (including monthly) from the vendor through an entity contract, statewide contract, a sole source/mandatory source purchase or for other allowable purchases. Ghost Cards provide a secure payment method restricted for use with the identified vendor and secured through numerous account restrictions including spending limits, Merchant Category Code (MCC) restrictions and the absence of a physical card.

Ghost cards may be considered when there is a one-to-one relationship between the vendor and the Augusta entity and the vendor provides goods or services through an established relationship, often sending a monthly invoice for those goods or services. Examples of vendors suitable for payment via a Ghost Card include, but are not limited to, wireless device and wireless service providers, utilities, bulk fuel providers, landlords, food service, temporary service and other vendors.

Please contact the Augusta Cards Program Manager for more information on Ghost Cards or for assistance in setting up Ghost Card accounts.

M. Program Compliance

Internal Controls

Each Cardholder must establish a control structure that ensures compliance with Augusta, Georgia Procurement Code, State and Federal Laws and the Purchasing Card Policy.

Internal controls must include:

1. Appropriate separation of duties between making transactions (cardholders) and payment of the monthly billing statement (Accounts Payable).
2. Independent review of all account maintenance activity received on monthly statement. Statements are to be signed by the User and must provide the appropriate account number to be charged.
3. Appropriate hierarchical review and approval of purchases by someone with supervisory authority over the cardholder and/or with the authority to question purchases if needed.
4. No cardholder can provide approval for payment for his/her transactions or of the corporate monthly billing statement. Review and approval responsibilities cannot be delegated to someone else.
5. Provision for an annual independent audit or review of the purchasing card program by the Card Program Administrator, Finance Department, or other assigned audit responsibilities. Reviews must address:
 - i. Adequacy of internal policies and procedures;
 - ii. Appropriateness of cardholder spending limits;
 - iii. Adequacy of review, reconciliation, and payment procedures; and
 - iv. Adequacy of documentation for transactions.

c. Cardholder Spending (Credit) Limits

Spending limits enable management to provide cardholders with the purchasing power to accomplish the needs of the job without exposing Augusta to unnecessary risk. Spending limits should be based on job responsibilities of the cardholder and/or of the job title. Cardholder spending limits must be reviewed at least annually to determine that actual usage is consistent with spending limits.

Spending limits that are available are:

1. Cycle (Credit) Limit – The cycle limit is a mandatory spending limit that restricts the amount of purchases a cardholder can make in one billing cycle.
 - i. The cycle limit cannot be less than the cardholder's Single Transaction Limit.
 - ii. A cardholder's cycle limit cannot be more than \$5,000 without prior, written approval from the Augusta Cards Program Manager. (Exhibit #2)
 - iii. Review the Procurement Code Article 10 on Small Purchases. Sec. 1-10-54. Informal bids selection methods (standard and small purchases).
2. Single Transaction Limit (STL) – The STL is a mandatory spending limit imposed on each cardholder account.
 - i. A cardholder's STL must be less than \$5,000. The local Program Administrator can establish organization-wide and/or individual spending limits less than this, as determined by overall procurement and card program goals. (Review the Procurement Code Article 10 on Small Purchases. Sec. 1-10-54. Informal bids selection methods (standard and small purchases).)
 - ii. Program Administrators can grant approval for individual limits greater than \$5,000 for purchases. (Exhibit #2)
 - iii. Cardholders must request prior, written approval for the Program Administrators for all other STL's greater than \$5,000. (Exhibit #2)
3. Number of Transactions per Day (Optional) - Management can choose to impose a maximum number of transactions on a cardholder account in order to control use of the P-Card and related accounts.

d. Account Issuance Requirements

1. Issuance is limited to one Purchasing Card per cardholder.
2. Cardholders must be permanent full-time Augusta employees whose job requires the use of a purchasing card or related account. There will be no exceptions to the following:
 - i. Neither cards nor accounts will be issued to part-time or temporary workers, or contractors.
 - ii. Cards and related accounts will not be issued in the name of a Department or work unit to be shared by multiple employees.
 - iii. Neither cards nor related accounts will be issued to employees of foundations associated with any Entity.
3. Program Administrator must approve a cardholder's application for a P-Card or related account. (Exhibit #1)
4. All training requirements as described in this Policy must be met before an employee receives the P-Card or is given access to a related account.

N. Legal Issues

a. Failure to Comply with Laws, Policies, and Procedures

Cardholders or approving officials who knowingly, or through willful neglect, fail to comply with the following may be subject to suspension or termination of account privileges or other disciplinary action, up to and including termination of employment and criminal prosecution to the fullest extent of the law.

1. Official Code of Georgia, Annotated (O.C.G.A. §50-5-80 and §50-5-83), sections related to governmental purchasing
2. Applicable requirements of the Augusta, Georgia Procurement Code
3. Augusta, Georgia Purchasing Card Policy

The Augusta Procurement Director is the Augusta Cards Program Manager and reserves the right to withdraw any authority or delegated approval due to non-compliance with applicable laws, rules, regulations, policies, and procedures, or the terms of any conditional approval.

b. Competitive Solicitation

1. O.C.G.A. §50-5-69 requires competitive bidding for all open-market purchases anticipated to be \$25,000 or more. However, O.C.G.A. § 50-5-83 sets the legal Single Transaction Limit for a P-Card transaction at \$5,000 unless made against a Statewide Contract or in compliance with Augusta procurement policy. Use of the P-Card as a method of payment does not relieve the program participant or the Entity of these responsibilities:
 - i. Because of the legal Single Transaction Limit, all cardholders must have a Single Transaction Limit (STL) of less than \$5,000, except as noted.
 - ii. Cardholders are prohibited from splitting a transaction between two or more transactions on a single account or two or more transactions on multiple accounts on the same day or on separate days in order to circumvent any Single Transaction Limit, regardless of the level.
2. Where job responsibilities require cardholders to make single purchases of \$5,000 or more:
 - i. The Augusta Card Program Administrator can approve Single Transaction Limits over \$5,000. (Exhibit #2)
3. Cardholders who need to make open-market purchases of \$5,000 or more must use the appropriate bid process for any purchase greater than or equal to \$5,000. Complete bid requirements are found in the Augusta Procurement Code. (Review the Procurement Code Article 10 on Small Purchases. Sec. 1-10-54. Informal bids selection methods (standard and small purchases)
 - i. For any purchase of \$5,000 or more, cardholders must use the Georgia Procurement Registry to obtain bids from the appropriate number of bidders.
 - ii. One-time approval to exceed \$5,000 will be granted upon submission of proof of the competitive bid process. Transaction documentation must include evidence of the appropriate bid process and be available for audit by the Augusta Cards Program Manager, the Augusta Procurement Department and Internal Audit personnel.

c. Payment of Augusta Sales and Use Tax

1. O.C.G.A. §48-8-3(1) exempts purchases made by Agencies from Sales and Use Tax when payment is made with appropriated funds.
2. Cardholders must present the Department of Revenue Sales and Use Tax Exemption, Form ST-5, to merchants upon request. This form may be obtained through the Procurement Department.
3. Cardholders are responsible for ensuring that merchants do not charge tax.
 - i. If taxes are charged, the cardholder must contact the merchant to obtain a credit to the account.
 - ii. Credits cannot be obtained by any other method, including, but not limited to, cash, gift card, gift certificate, or store credit.
 - iii. Documentation of attempts to obtain credit for any Augusta Sales and Use Tax charged in error must be maintained with the documentation for the transaction where the tax was charged.

d. Records Retention Requirements

The Augusta Procurement Department maintains the official Records Retention information for all transactions under the P-Card Program.

1. Documents related to transactions are accounting records and must be maintained according to the requirements of Accounts Payable Files.
2. Documents related to the issuance of accounts to employees are accounting records and must be maintained according to the requirements.
3. Statements will be attached to Purchase Orders.

e. Internal Revenue Service 1099 Reporting

Effective in 2011, the IRS announced changes to the Internal Revenue Code, Section 6050W, which affects sections 6041 and 6041A of Internal Revenue Service rules. This change shifts the burden of payment reporting requirements to the credit card account transaction acquirer's bank (the supplier's merchant bank) instead of the card end users when credit cards are used as the form of payment for reportable transactions. As a result, beginning with transactions that occur in 2011 and are reportable beginning January 2012, Augusta program participants are no longer required to report P-Card transactions. Instead, the acquiring banks that process the transactions for suppliers will assume this responsibility. This change applies only to credit card transactions – **reporting for all other payment methods including checks, ACH and others will remain the responsibility of the entity making payment.** Please consult the tax specialists in your entity for further information and details regarding these changes.

PURCHASING CARD PROFILE - REQUEST FOR PURCHASING CARD

EXHIBIT #1

TO: Geri A. Sams, Procurement Director

FROM:
(Department)

SUBJECT: Request for Purchasing Card

I request to be issued an Augusta, Georgia Purchasing Card for the purpose of making small-dollar purchases in the normal course of authorized Augusta, Georgia business.

Full Name of Employee (print): _____

Employee Social Security Number: _____

Employee Signature: _____

Employee Title: _____

Single Item Purchase-Supplies or Material (Not to exceed \$5,000):

Daily Transaction Limit: _____ # of Transactions _____

Restrictions: _____

Will the card be used for travel related items? (i.e. airline tickets, rental cars, hotels, etc.): ☐ Yes ☐ No

REQUESTED BY: _____

Signature: _____

APPROVED BY: _____

Signature of Procurement Director: _____

Copy to:
Designated Cardholder
File

SPECIAL APPROVAL REQUEST PURCHASING CARD (P-CARD) EXCEPTIONS

EXHIBIT #2

TO: Geri A. Sams, Procurement Director

FROM:
(Department)

Reason for Exception:

Card Number: _____

Full Name of Employee (print): _____

Employee Signature: _____

Employee Title: _____

Date of Increase: _____

Increased To: _____

Other Requests: _____

Head Department Signature: _____

Date Changed: _____

Request: ☐ APPROVED ☐ DENIED

Procurement Director's Signature: _____

Copy to:
Designated Cardholder
File

PURCHASING CARD CARDHOLDER AGREEMENT

EXHIBIT #3

I, hereby agree to comply with the purchasing card policy and procedures and the following terms and conditions regarding my use of the card. As a cardholder, I have read and understand the **Augusta, Georgia Purchasing Card (P-Card) Policy and Procedures**.

1. I understand that I am being entrusted with a valuable tool, the purchasing card. I will be making financial commitments on behalf of Augusta, Georgia. I will obtain the best value for Augusta, Georgia by using the card wisely and with discretion.
2. I agree to use this card for official approved purchases only. I fully understand that misuse or abuse of the card will result in revocation of the card and appropriate disciplinary action which may include termination of my employment. I also agree to attend training on the use of this card as prescribed by the Procurement Director.
3. Policy violations include, but are not limited to:
 - Expenditures for personal purposes;
 - Cash advances or refunds;
 - Expenditures for entertainment, including but not limited to the purchase of alcoholic beverages;
 - Purchases under contracts, unless an emergency exception is granted;
 - Separate, sequential, and component purchases or transactions made with intent to circumvent State, Federal or Augusta's Laws, policies, rules and regulations;
 - Transaction amounts greater than cardholder's limits;
 - Failure to submit proper documentation with each monthly statement, and;
 - Allowing the card to be used by someone else
4. I agree to return the card immediately upon request or upon termination of employment (including retirement and resignation). Should I be transferred, qualify for extended leave or undergo an organizational change which causes my duties to no longer necessitate the use of the card, I agree to return it immediately and arrange for issuance of a new card as may be appropriate.
5. If the card is lost or stolen, I agree to immediately notify the Procurement Director and Bank both verbally and in writing.

I understand and agree that my use of the purchasing card is subject to the following specific purposes or restrictions:

Employee Signature: _____ Date _____

Print Name: _____

Department: _____ Title: _____

Credit Limit Authorized: \$ _____ Last 4 #'s on Card _____

Submit to Procurement Director:

P-Card Issue Date: _____

Copy to:

Designated Cardholder

File

**PURCHASING CARD LOST RECEIPT AFFIDAVIT
EXHIBIT #4**

TO: Geri A. Sams, Procurement Director

FROM:
(Department)

Card Number: _____

Full Name of Employee (print): _____

I certify that I made purchase shown below for official business but do not have a receipt because
(check all that apply):

- ☐ Vendor did not provide a detailed receipt
- ☐ I have requested an invoice, but the vendor has not provided it
- ☐ I had a receipt but cannot locate it
- ☐ I have a receipt but it is not readable and this document is provided in order to describe the items purchased
- ☐ Order was placed via telephone, fax, or Internet and vendor has not supplied an invoice

All information must be completed in ink. All information is required. Use one affidavit per lost receipt.

Merchant Name: _____

Date of Purchase: _____

Detail Description of items purchased: _____

Total Purchase Amount: _____

Tax Paid ☐ No ☐ Yes

This document will be used in lieu of an invoice or receipt for this transaction. I certify that all items listed above (and on the attached, if applicable) were purchased and received for Augusta, Georgia Business. I also understand that use of this form instead of submitting actual receipts or invoices will result in suspension or termination of purchasing card privileges.

Employee Signature: _____

Employee Title: _____ Date _____

Copy to:
Designated Cardholder
File

PURCHASING CARD LOST/STOLEN REPORT

EXHIBIT #5

TO: Geri A. Sams, Procurement Director

FROM:
(Department)

Card Number: _____

Full Name of Employee (print): _____

Employee Social Security Number: _____

Employee Signature: _____

Employee Title: _____

Date of Loss: _____

Date Stolen: _____

Date Reported to Bank: _____

Details:

Copy to:
Designated Cardholder
File

CARDHOLDER STATEMENT OF DISPUTED ITEM(S)

EXHIBIT #6

RE: _____

CARDHOLDER NAME: _____ CARD NUMBER: _____

MERCHANT NAME: DISPUTED AMOUNT: _____ \$ _____

I dispute the charge(s) described herein as follows: [Check Appropriate Box(es)]

- ☐ I certify that the charge listed above was not made by me nor were the goods or services represented by the above transaction received by me or by a person authorized by me.
- ☐ I do not recognize the transaction as listed above. Please inform me of merchant name and description of merchandise purchases.
- ☐ Although I did engage in the above transaction, I dispute all or part of the charge in the amount of \$ ____.
- ☐ I have contacted the merchant and requested a credit adjustment that I did not receive or was not satisfactory.
- ☐ I have been charged twice for the same transaction. Posting dates: _____ and _____
- ☐ A credit slip was listed as a sale on my statement.
- ☐ The amount of the sales slip was increased from \$ _____ to \$ _____. Enclosed is my copy of the sales slip prior to alteration.
- ☐ I received a price adjustment (credit slip) on the above transaction, and it has not appeared on my statement. Enclosed is a copy of the credit memorandum.
- ☐ Non-Acceptance
- ☐ Other: please explain completely. _____

I am disputing the charge because: _____

Designated Cardholder Signature: _____ Date _____

Department and Daytime Phone: : _____

Email Dispute Form to: gsams@augustaga.gov and spaulk@augustaga.gov

Copy to:
Designated Cardholder
File

PURCHASING CARD RETURN FORM

EXHIBIT #7

TO: Geri A. Sams, Procurement Director

FROM:
(Department)

Card Number: _____

Full Name of Employee (print): _____

Employee Signature: _____

Employee Title: _____

Date Card Returned: _____

----- PROCUREMENT DEPARTMENT ONLY BEYOND THIS POINT -----

Received By: _____

Signature: _____

Reason: _____

Action Taken: _____

Copy to:
Designated Cardholder
File