

City of Middletown

Purchasing Card Program

Manual for Department Administrators and Budget Staff

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Overview	2
Smart Data Online	3
Hierarchy	4
Transaction Processing	
Ongoing Activity Process	7
Billing and Payment Process	10
Documentation	13
Split Transactions	15
Auditing	16
Disputes	18
Card Limits	19
Cardholder Application Procedures	22
End-of-Year Procedures	24
Travel Policy	24
Appendix A: Responsibilities Associated with the Purchasing Card	25
Appendix B: Billing and Payment Process Flow Chart	27
Appendix C: Contact Information	28
Appendix D: Cardholder Training Program	29

Overview

The City of Middletown Purchasing Card is a new procurement tool that encourages efficiency in the purchasing process without sacrificing managerial control.

The Purchasing Card Program substitutes credit cards for purchase orders. Employees approved by administrators in both their department and the Finance Department receive MasterCard, provided by Fifth Third Bank of Cincinnati, Ohio. These employees are empowered to use their p-cards to purchase job-related merchandise on behalf of the City of Middletown.

Advanced software allows City administrators to monitor and evaluate cardholder activity. Smart Data Online (“SDOL”), an internet-based reporting service, allows managers in participating City departments and in the Finance Department to view and manipulate p-card transactions. SDOL also enables City staff to run reports, track activity, and integrate transaction data into the City’s accounting software.

At its heart, the p-card utilizes electronic processing to create efficiencies. The p-card program’s goal is to reduce or eliminate certain types of paper-based processing, thereby saving City employees time and effort. The p-card is not intended to change what items are purchased—only the method by which they are purchased.

Throughout the life of the program, you may refer to the City’s p-card homepage at <http://www.cityofmiddletown.com/pcard/pcard.htm> for manuals, forms, news, updates, and other p-card related materials.

Smart Data Online

Smart Data Online (“SDOL”) is an internet-based reporting service for p-card activity.

Whenever any MasterCard is swiped, information on that transaction (dollar amount, date, vendor, card number, etc.) is automatically transmitted to MasterCard. This information is ordinarily made available to the cardholder once per month in the form of a billing statement. The City of Middletown—in addition to receiving paper billing statements (see page 10)—also receives access to transaction information on an ongoing basis via SDOL.

P-card transactions generally become available in SDOL within approximately seventy-two hours after they are made, and appear with all relevant information (dollar amount, date, vendor, partial card number, etc.). In SDOL, users have the opportunity to associate unique information with individual transactions. SDOL also offers the City the ability to “export” transaction information and incorporate it into its accounting software.

In the City of Middletown’s p-card program, SDOL access is typically reserved to department-level administrators and higher. SDOL is accessed through a user ID and password, both of which are distributed by the Program Administrator when a department joins the p-card program.

Users may logon to the SDOL website at <https://sdol.mastercard.com>

Hierarchy

The City's purchasing card program is organized according to a hierarchical plan. This hierarchy is built into the SDOL software package, and serves as a framework for reporting as well as an organizational structure.

Please refer to the charts located in Appendix A (page 25) for a breakdown of program responsibilities according to hierarchical level.

Cardholder

The cardholder is the bottom level of the organizational hierarchy. Any individual who has applied for and received a p-card is considered a cardholder.

The process by which a City employee applies to hold a p-card is described on page 22. Once the cardholder has attended a Cardholder Training session, signed a Cardholder Agreement, and received plastic, he/she is ready to begin using the p-card. A copy of the Cardholder Training program is included in Appendix D (page 29) of this manual for your reference.

The cardholder retains receipts or other documentation for each transaction. He/she submits this documentation daily to a designated clerk. This is the extent of the cardholders' role. A cardholder is not responsible for keeping track of his/her purchases, nor is he responsible for voluntarily limiting his spending, unless otherwise instructed by his department director or the Program Administrator.

Department

The department director is responsible for all aspects of the p-card program within his/her department. These responsibilities include naming cardholders, supervising card activity, approving p-card transactions for payment, and providing required payment-related information to the Finance Department in a timely manner.

The department director is also authorized to issue instructions to his/her cardholders on how to use the p-card, what to purchase with the p-card, etc. The department director is expected to cooperate with the Program Administrator when developing and enforcing departmental “p-card policy.” The Program Administrator must receive written copies of all departmental p-card policy.

The department director is responsible for coordinating his/her staff as necessary. The director, however, retains ultimate responsibility for the p-card program in his/her department.

Please note that neither a department director nor an assistant department director should ever approve of his/her own card activity. When the policies described in this manual and/or the Program Manual create a situation in which the department director would approve his/her own card activity, the director should defer to his assistant director and ask the assistant to perform the review and approval.

Program Administrator

The Program Administrator directs all aspects of the City's Purchasing Card Program in all departments. The Program Administrator is responsible for the entire p-card program including oversight, staff coordination, communication with department-level users and cardholders, and the overall growth and direction of the program.

The Program Administrator is additionally responsible for directing the use of City of Middletown p-cards in an efficient fashion, including analyzing City p-card policy and recommending changes as necessary. To this end, the Program Administrator also plays a role in selecting cardholders.

The Program Administrator serves as your first point of contact for all p-card related issues, including SDOL-related issues. See Appendix C (page 28) for contact information for the Program Administrator.

Transaction Processing

All p-card activity is subject to two recurring processes: the Ongoing Activity process and the Billing and Payment process. The Ongoing Activity process takes place on an ongoing basis, and is preliminary. The Billing and Payment Process takes place monthly—following the end of the billing cycle—and is final.

Ongoing Activity Process

Cardholders are responsible for retaining documentation of every transaction. Documentation is described in greater detail on page 13.

At the end of every day, cardholders submit their p-card receipts to a designated clerk.* The cardholder is responsible for communicating with the clerk to establish the nature of the purchase, as well as the purpose for which it is used. This information helps the clerk determine an appropriate expenditure account. It also helps the clerk to determine the need to split any transactions. Once an expenditure account(s) has been determined, the clerk writes the account(s) on back of the receipt and initials it.

Transactions generally become available in SDOL approximately seventy-two hours after they are made. The clerk identifies and updates SDOL-reported transactions by entering the SDOL Financial Transaction Summary Screen (Figure 1, page 9), matching receipts-in-hand to transactions-on-screen, and entering data into the appropriate field. At this

* Throughout this manual, the word “clerk” refers to departmental budget staff. In large departments, a Budget Analyst will most likely head this staff. Also in large departments, the budget staff may include intermediate-level clerks such as Public Works’ City Yard clerk. In small departments, the word “clerk” refers to the staffperson ordinarily responsible for paying bills.

stage, the clerk updates the FUND, DEPT, OBJ, and Expense Description fields, as well as the Have Receipt? flag.

Please note that this process is ongoing: as receipts are received, they are updated in SDOL. Finance exports whatever information you provide, and updates ADMINS-based expenditure accounts on a daily basis. Any significant delay in updating p-card transactions will impact the accuracy of your expenditure accounts. To ensure current expenditure accounts, you should review and update SDOL-reported p-card transactions on a daily basis.

Ongoing Activity Process Best Practices

- **The expenditure account does not have to be set in stone.**

You will have the opportunity to change the expenditure account before final posting. Your initial input is, however, used to make the funds temporarily unavailable. It is essential to use an appropriate expenditure account in order to prevent the duplication of funds from that expenditure account.

- **Vendor numbers are managed by the Purchasing Office.**

In addition to the fields described above, each transaction must have a vendor number in order to be processed correctly. To facilitate efficient vendor-number management, the Purchasing Office performs this function. Any questions about p-card vendors or vendor numbers may be referred to Purchasing.

- **Keep receipts separate.**

When you have processed a receipt, be sure to keep the receipts separated by cardholder. They will later be used in the Billing-and-Payment process (page 10).

Figure 1: SDOL Financial Transaction Summary Screen

The screenshot shows the 'Financial : Transaction Summary' screen. At the top left, there is a navigation bar with 'Smart Data OnLine' and 'Financial Search' buttons. Below this, the user's name 'JOSEPH SCIRFO' and address 'CITY OF MIDDLETOWN, CT' are displayed. The main area contains search filters for 'From Date' (04/16/2002) and 'To Date' (04/24/2002), and a 'View' button. A summary table shows 'Search Transaction Count Total' as 1 and 'Search Transaction Amount Total' as 35.36 USD. Below the table, there are 'Apply' and 'Discard' buttons. On the right side, there are fields for 'FUND' (100), 'DEPT' (227), and 'OBJ' (220), with a 'Have Receipt?' checkbox checked and a 'Dispute?' checkbox. A 'Date Range' callout points to the date range. A 'FUND, DEPT, OBJ' callout points to these fields. A 'Have Receipt?' callout points to the checkbox. A 'Dispute?' callout points to the checkbox. A 'Split' callout points to the 'Split' button. An 'Expense Description' callout points to the 'Expense Description' field.

Date Range
Select a date range to view here, and then click "View." The billing cycle begins on the 16th of every month, and ends on the 15th of the next month (posting dates).

FUND, DEPT, OBJ
Use these three fields to enter an appropriate expenditure account.

Have Receipt?
Check this box if you have documentation for the purchase. Don't check this box if you use a lack-of-documentation waiver.

Dispute?
Only check this box for disputed items.

Expense Description
Use this field to describe the transaction.

Split
Click here to split the transaction. See page 16.

Billing and Payment Process

In addition to the Ongoing Activity process described immediately above, p-card activity is subject to a second process at the end of every billing cycle.

The City's billing cycle ends on the 15th of each month. Around that time, the clerk receives and processes the last cardholder receipts for the old billing cycle. Simultaneously, Fifth Third Bank produces a memo statement* for each cardholder and mails the statements to the same clerk who receives and processes cardholder receipts.

The City's billing cycle begins on the 16th and ends on the 15th of the month. A schedule of billing cycles with relevant deadlines may be found at <http://www.cityofmiddletown.com/pcard/pcard.htm>

The clerk has already reviewed and updated each transaction in SDOL as receipts were received over the previous month. The clerk now prints each cardholder's card activity for the cycle using SDOL, and reconciles the printout to the memo statement.

The reconciliation must ascertain two things: (1) that each receipt received over the previous billing cycle appears on the statement, and (2) that each transaction on the statement has a corresponding receipt.

* The City of Middletown operates a "corporate liability" card program. Individual cards are technically not card accounts—rather, all of the cards issued to City employees form a single card account held in the name of the City. For billing purposes, however, Fifth Third Bank produces a "memo statement" for each cardholder. This is not a statement of monies due, but rather an informational item detailing the previous billing cycle's activity for that cardholder.

If the SDOL printout matches the memo statement exactly, the clerk must only ascertain that all of the receipts are present.

If the SDOL printout does not match the memo statement exactly, the clerk must perform a simple reconciliation on a separate sheet of paper. The clerk is responsible for detecting any discrepancies and working with the cardholder and vendor to resolve them.

If a receipt is missing, the clerk contacts the relevant cardholder and attempts to recover the receipt. If the receipt has been lost, or is otherwise unrecoverable, the cardholder is required to sign a “Lack-of-Documentation Waiver Statement,” indicating that he/she made the transaction, and that it was a legitimate business transaction. (see page 13)

If a discrepancy cannot be resolved, the transaction may be disputable. See page 18 for more information on disputed transactions.

Once the reconciliation has been performed, the clerk attaches the memo statement, receipts, SDOL printout, and reconciliation (if necessary) to a “Payment Authorization of P-Card Activity” form. This form takes the place of a Receiving Report, and can be found online at <http://www.cityofmiddletown.com/pcard/pcard.htm>. A similar package is assembled for each cardholder. The clerk signs each Payment Authorization where indicated, and submits all of the packages to the department director.

The department director is responsible for reviewing the Authorization for Payment and all attached materials for accuracy, completeness, and propriety. Any transaction that alarms the department director may be investigated with the cardholder. Any questionable activity may be referred in writing to the Program Administrator.

When the department director is satisfied with the transactions, he/she signs the Payment Authorization where indicated. After reviewing and signing each package, the director returns them to the clerk.

If the department director has made any modifications to the information reported in the SDOL printout, the clerk must update the information in SDOL to reflect those modifications. The clerk ends the department's portion of the process by forwarding each signed package to the Finance Department. The department's total activity for the billing cycle must be included in a cover sheet to this package, with itemized spending totals by cardholder. A suitable screen is available through SDOL.

It is absolutely essential that this process be complete by the date indicated on the Billing Cycle and Payment Schedule. (see <http://www.cityofmiddletown.com/pcard/pcard.htm>)

Billing and Payment Process Best Practice

- **Fit the SDOL printout on to one sheet of paper.**

When printing the SDOL activity printouts use your browser's Page Setup to configure the page to print lengthwise (landscape), and use legal-sized paper if available.

Documentation

By law, the City of Middletown is required to keep supporting documentation for all disbursements. Under the old system, receiving reports and invoices fulfilled this requirement. Under the p-card program, transaction documentation fulfills this requirement.

Each cardholder is apprised of what constitutes “acceptable documentation” in the Cardholder Training program. Packing slips (for mail, phone, fax, or internet orders) or order forms (for mail or fax orders) may be used as documentation. In most cases, however, a simple sales receipt suffices. Acceptable documentation must be itemized (i.e., list all items purchased separately), and must include pricing information.

Each cardholder retains documentation for each transaction, and submits it to the department’s bill-paying clerk on an ongoing basis. Documentation is later used to determine expenditure accounts and establish the transaction as official city business. This process is described in the section entitled “Ongoing Activity Process” (page 7).

If no documentation is present—or if the documentation is unacceptable—the clerk should first contact the cardholder and attempt to recover the documentation. If acceptable documentation cannot be recovered, the cardholder must sign a “Lack of Documentation Waiver Statement.” This form requires the cardholder to indicate that the purchase is an official City transaction, and substitutes for acceptable documentation.

The waiver is online: <http://www.cityofmiddletown.com/pcard/pcard.htm>

Documentation Best Practices

- **Be strict in enforcing documentation rules.**

Sales receipts are the City's principal source for line-item detail. The City has not only a financial responsibility, but also a legal responsibility to collect these receipts.

Cardholder receipt retention and submission is a crucial part of the p-card process.

- **Do not allow cardholders to lose documentation.**

The Lack-of-Documentation Waiver exists for exceptional cases, and should not be used frequently.

Cardholders who fail to submit acceptable documentation should expect their card activity to be scrutinized very carefully. Cardholders who have a history of failing to submit acceptable documentation may see their card privileges revoked.

Split Transactions

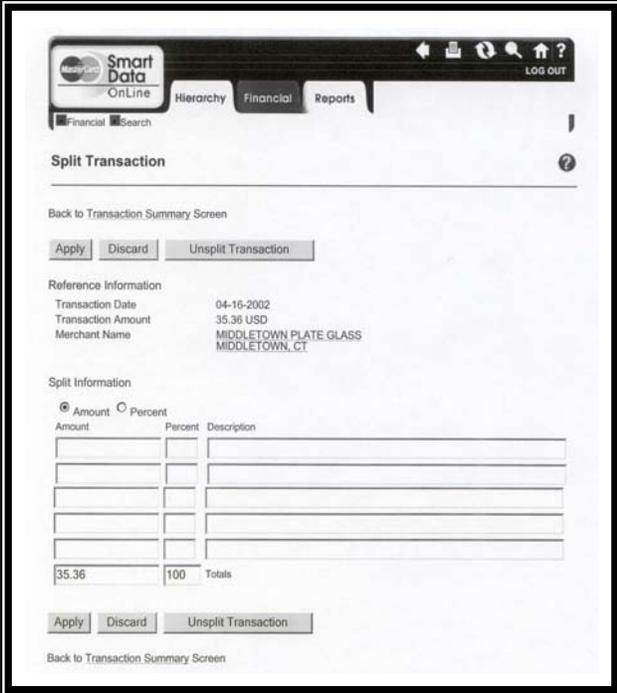
Occasionally, a cardholder may make a transaction that draws from more than one expenditure account. This is called a split transaction.

Cardholders are instructed to inform the clerk of the nature of their transactions when submitting transaction receipts, thereby giving the clerk an understanding of how to charge the transaction. The need to split a transaction should become apparent then.

To split a transaction, click the Split button in the SDOL Financial Transaction  Summary screen. You see a split-transaction worksheet similar to the one below.

Figure 3: SDOL Split Transaction Screen

A transaction can be split up to 100 ways, either by flat amounts or by percentages. Transactions can also be unsplit using the same worksheet. All information on splits should be noted on the back of the appropriate receipt or documentation. Please note that a split transaction is not the same as a split payment. (see page 16)



Smart Data OnLine

Financial Search Hierarchy Financial Reports LOG OUT

Split Transaction

Back to Transaction Summary Screen

Apply Discard Unsplit Transaction

Reference Information

Transaction Date 04-16-2002
Transaction Amount 35.36 USD
Merchant Name MIDDLETOWN PLATE GLASS
MIDDLETOWN, CT

Split Information

Amount Percent

Amount	Percent	Description
35.36	100	Totals

Apply Discard Unsplit Transaction

Back to Transaction Summary Screen

Auditing

Each department conducts simple transaction auditing as part of the Ongoing Activity and Billing-and-Payment processes.

P-card auditing activity is nearly identical to auditing activity performed under the old system. Department administrators and clerks review transaction receipts and billing statements for completeness, accuracy, and propriety, thereby ensuring that the p-card is being used properly.

Departments may also request that the Finance and Purchasing Departments pay special attention to certain activity in their auditing activities. To do this, inform the Program Administrator in writing of your request. The Program Administrator will coordinate the efforts of Finance and Purchasing Department staff to accommodate your request.

What to Look for When Auditing

- An obviously split payment (i.e., consecutive transactions at a single vendor that collectively exceed the cardholder's per-transaction spending limit)
- A transaction at an unfamiliar or unknown vendor.
- A transaction that appears to circumvent an existing City or State contract.
- A transaction that appears to be non-official.
- A transaction that is not consistent with the cardholder's historical activity.
- A transaction that violates citywide or departmental policies.

Any of these instances should first be investigated with the cardholder to clear up any possible misunderstanding, and then referred in writing to the Program Administrator.

Auditing Best Practices

- **Review transaction receipts closely.**

Except in the case of vendors who have advanced data-capture abilities, transaction receipts are the City's principal source of line-item detail for p-card purchases. Scrutinize the receipts when they are received, and look over them again before they are approved for payment.

If a cardholder has a history of failing to produce acceptable transaction receipts, you should be concerned.

- **Emphasize activity that you feel requires special attention.**

As department-level administrators, you are most familiar with your employees. Focus on cardholders or high-value activities that most need auditing. Never fail to review transaction activity, but direct your energy where it is most needed.

- **Better safe than sorry.**

If something looks even a little suspicious, inform the Program Administrator.

Disputes

As a MasterCard customer, the City of Middletown has the right to dispute inaccurate billings. These disputes are detected at the department level.

During the Billing and Payment process, department clerks reconcile SDOL card-activity printouts against cardholder memo statements. Disputes are detected at this stage—by detecting irresolvable discrepancies between the SDOL printout and the memo statement.

Disputable items may take one of a number of forms:

- Unrecognized/unauthorized charge
- Duplicate charge
- Incorrect charge amount
- Returned item not credited

If any of these become apparent through the Billing and Payment process, the transaction may be disputable. Disputes may also be initiated when a vendor refuses to accept a return, or refuses to exchange an incorrect order.

To dispute a transaction, fill out the dispute form printed on the reverse side of the cardholder's memo statement. Forward this form and a memo describing the situation to the Program Administrator. The Program Administrator will handle the disputed items with Fifth Third Bank. Be sure to check the "Dispute?" box in the SDOL Financial Transaction Summary screen. The disputed transaction will be processed, but will be stopped before payment.

Disputed Items Best Practice

- **Always inform the Program Administrator when investigating a dispute.**

Card Limits

Each p-card is configured with built-in limits that govern where, when, and how the p-card is used. Limits are typically unique to each card. There are three types of limits: spending, velocity, and MCC.

Spending Limits

P-cards can be configured to prohibit spending greater than a specified ceiling over a specified period of time. Spending limits can be set on a daily, weekly, billing cycle, or fiscal year basis. (i.e., \$1000 per day; \$5000 per billing cycle) Spending limits may also be set for individual transactions. (i.e., \$500 per transaction) The per-transaction limit is mandatory for all City of Middletown p-cards, and may be applied at either the department or cardholder level.

Velocity Limits

“Velocity” refers to the number of transactions an individual p-card may make over a given period of time. Velocity limits—like spending limits—may be set on a daily, weekly, billing cycle, or fiscal year basis. (i.e., five transactions per day)

MCC Limits

“MCC” refers to a Merchant Category Code. When signing up to accept MasterCard, a merchant uses a category-classification to describe what type of business it is. (i.e., Amato’s Toy & Hobby would describe itself as a toy store) Cards can be configured either to spend only at or not to spend at specified MCCs.

Setting up Card Limits

Card limits are implemented in a hierarchical fashion consistent with the hierarchy described on page 4.

The Finance Department has developed a list of blocked MCCs that the City never anticipates having to use—classifications such as gambling, escort services, etc. Please note that the Finance Department has chosen not to set a firm per-transaction spending limit: such limits will be set at the department- and cardholder- levels.

Each participating department is required to set default spending, velocity, and MCC limits when joining the City's p-card program. These limits will be applied to all p-cards in the department in lieu of limits unique to the individual card.

Cardholder-level limit criteria are specified by the department director when approving/denying a cardholder application (see page 22). If the director approves of an application, he/she may attach a limit template and/or an MCC template that will be applied to only that p-card. If the director chooses not to attach limit criteria, the card will be assigned that department's default spending, velocity, and MCC limits.

Changing Cardholder Limits

A cardholder may use the Cardholder Limit Change Request form to modify his/her p-card limits. This form is initiated by the cardholder, and is available on the City's p-card homepage at <http://www.cityofmiddletown.com/pcard/pcard.htm>. The form requires the cardholder to provide a reason for changing his/her card limits and—like the initial

application—must be approved by the cardholder’s department director, the Finance Director, and the Program Administrator before becoming effective.

Requests to change department default limits or department-wide MCC restrictions should be addressed to the Program Administrator in writing.

Card Limits Best Practices

- **Make the most of per-transaction and per-month spending limits.**

Each card must have them, and the two limits are the City’s principal means of controlling card spending. A per-transaction limit should exceed \$1000 only for a cardholder whose activity frequently requires a higher limit.

Departments are encouraged to set monthly spending limits approximately five times as much as per-transaction spending limits. For example, if a cardholder’s per-transaction limit is \$1000, his/her monthly limit should be about \$5000.

- **Exclude MCCs.**

Departments are strongly encouraged to “exclude” MCCs rather than “include” them. By specifying where cardholders can never use their p-cards, you retain the option of shifting the p-card into new roles without extra paperwork.

- **Use discretion when issuing cards.**

Responsibility for card limits lies with the department director. The director is most familiar with the department’s employees and their purchasing responsibilities. The director is therefore most qualified to develop and enforce appropriate limits.

Directors should consider cardholders’ current duties—as well as responses provided on the Cardholder Application—when formulating limits.

The director must also consider each individual applicant personally. If the director is uncomfortable with an applicant, he/she should not issue a p-card.

Do not issue a p-card under the assumption that elaborate limits will preclude all possibility of misuse.

Cardholder Application Procedures

During the initial implementation, pilot, and roll-out phases (April – September 2002), cardholders will be pre-selected by participating departments. After that time, new cardholders will be selected based on a user-initiated application procedure.

The Cardholder Application form may be found at the City's p-card homepage:
<http://www.cityofmiddletown.com/pcard/pcard.htm>

When the applicant has completed the application, he/she submits it to his department director. The department director has the option of approving or denying the application. When making this decision, careful consideration should be given to the information provided by the applicant.

If the director approves the application, he/she has the option of attaching spending, velocity, and/or MCC limits using forms provided by the Finance Department. In the absence of limit information, a new card is assigned the department's default limits. The department director also specifies a statement mailing address before forwarding the form to the Finance Director.

If the department director denies the application, the application is considered "vetoed." No p-card may ever be issued without the consent of the department director who oversees the funds from which that p-card will draw. The department director need not attach limit criteria, and may forward the denied application to the Program

Administrator for filing. The department is encouraged to keep copies of all applications for its records.

The Finance Director and Program Administrator both have the opportunity to approve or deny the application. Any party's denial of the application is considered a "veto" of the application. The Program Administrator additionally has the opportunity to modify the department director's recommended spending, velocity, and MCC limits, although this step should only be taken in consultation with the department director.

The successful applicant must attend a cardholder training session and sign the City's Cardholder Agreement before receiving his/her plastic. When the new cardholder receives plastic, the Program Administrator sends a memo to the department's director and budget analyst informing them that the account has become active.

Cardholder Application Best Practices

- **Only give out as many p-cards as absolutely necessary.**

Not every employee who wants a p-card will use it enough to justify having it.

When reviewing cardholder applications, pay careful attention to questions #2 and #3. The responses should provide insight into potential card activity.

- **Consider the character of the applicant.**

If the department director does not trust an applicant, that applicant is not an appropriate cardholder.

- **P-cards are not tied to job description.**

An applicant is not entitled to hold a p-card simply because his/her predecessor held one. The department director is responsible for judging each individual applicant's fitness to hold a p-card.

End-of-Year Procedures

Funds equal to the amount of each transaction are “shadowed” on an ongoing basis, thereby keeping expenditure accounts current. Departments should therefore never be surprised when/if they exhaust an expenditure account. The department’s Budget Analyst (or comparable staff member) is expected to detect potential shortfalls and take appropriate action well before the account is exhausted.

As the end of a fiscal year approaches—and funds may be more difficult to replenish using transfers—a department director may choose to limit or suspend p-card use in the department. As with any departmental p-card policies, copies of these directions should be provided to the Program Administrator.

Travel Policy

Cardholders are strongly encouraged to use their p-cards for work-related travel. Travel plans (including conference registration) must, however, be disclosed to- and approved by- both the department director and the Mayor in advance of booking. Approval is obtained by submitting a “Request for P-Card Travel Expenses” form and having it approved by both the department director and the Mayor in advance of booking.

Cardholders are asked to submit a receipt for each purchase, as they do ordinarily. Travel-related purchases made without an approved “Request” form are considered non-compliant. Cardholders using a personal automobile for travel are additionally informed that p-cards are never to be used for gasoline for a personal automobile.

Appendix A

Responsibilities Associated with the Purchasing Card

Responsibilities of the Cardholder

- Use the p-card to purchase in accordance with policies articulated in the Cardholder Manual, Program Manual, and other materials circulated by the Program Administrator and his/her department director
- Ensure receipt of merchandise; follow up with vendors to resolve problems and arrange for returns, credits, etc.
- Submit itemized receipts or other itemized supporting documentation for each transaction to a designated individual
- Communicate with that individual to ensure that submitted receipts are complete, accurate, and all-inclusive
- Safeguard card security (card number and expiration date) at all times
- Retain responsibility for all purchases made with the p-card that displays his name
- Repay improper charges made unintentionally
- Report lost or stolen cards to Fifth Third Bank immediately (1-800-782-0279)
- Participate in focus and discussion groups with the Program Administrator

Responsibilities of the Intermediate-Level Clerk[†]

- Receive receipts from designated cardholders on an ongoing basis
- Work with Departmental Clerk/Bill-Payer to edit transactions using SDOL
- Submit receipts to Departmental Clerk
- Report questionable activity to the Program Administrator
- Participate in focus and discussion groups with the Program Administrator

Responsibilities of the Departmental Clerk/Bill-Payer

- Receive cardholder receipts and other documentation on an ongoing basis
- Review receipts and supporting documentation for propriety
- Assign expenditure accounts and descriptions to each transaction receipt
- Use Smart Data Online to edit transactions—assign expenditure accounts, assign vendor numbers, add descriptions, split transactions, etc.—on an ongoing basis
- Reconcile Smart Data Online printout to applicable billing statement at the end of each billing cycle
- Detect discrepancies and dispute inaccurate transaction billings
- Sign Authorization for Payment where indicated
- Work with department head/director to obtain authorization for payment of card activity
- Ensure the timely delivery of a complete and accurate “export file” to the Department of Finance
- Report questionable activity to the Program Administrator
- Participate in focus and discussion groups with the Program Administrator

[†] This level may not exist in all departments.

Responsibilities of the Department Head/Director

- Review card activity documentation—including Smart Data Online printouts, statements, and receipts—for propriety
- Authorize payment of card activity by signing each documentation package where indicated on the Authorization for Payment
- Maintain departmental policies regarding p-card use (as necessary) and inform the Program Administrator of these policies
- Designate an individual to assume responsibility for the timely processing of end-of-month transactions
- Work with the Program Administrator to create and maintain a reporting hierarchy for the department and designate supervisors for each reporting level
- Receive and approve/deny employee applications to hold a p-card
- Work with the Program Administrator to set spending, velocity, and MCC limits for cardholders and the department
- Report questionable activity to the Program Administrator
- Participate in focus and discussion groups with the Program Administrator

Responsibilities of the Finance Department

- Receive, review, and file Authorizations for Payment and all supporting documentation
- Review department-approved transactions for appropriate allocation and sufficient cash-in-fund
- Reimburse Fifth Third Bank for the City's total card activity every cycle

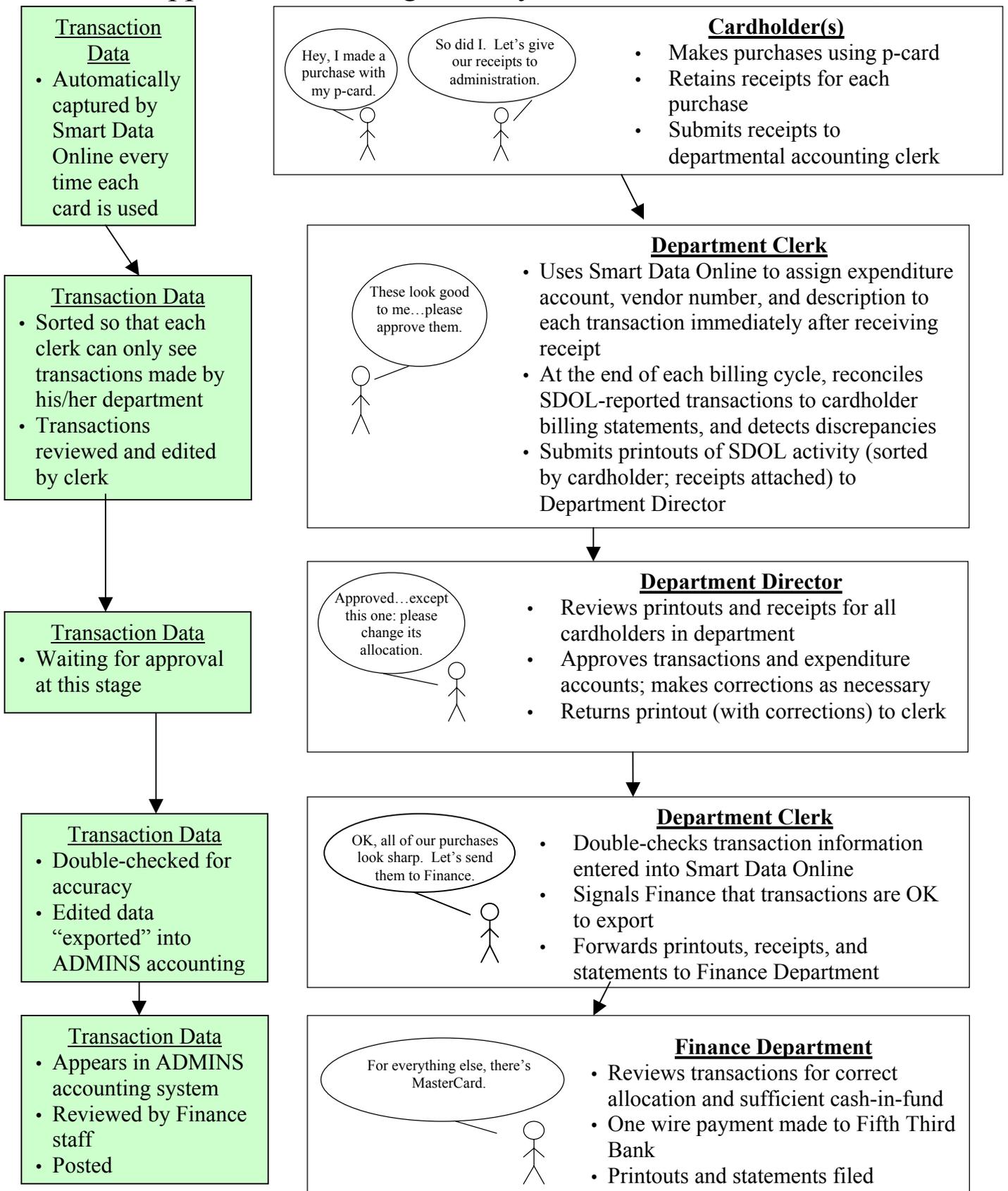
Responsibilities of the Purchasing Office

- Use Smart Data Online to conduct visual audits and review transactions for compliance with purchasing and p-card guidelines
- Review card activity for propriety
- Manage p-card vendor relationships

Responsibilities of the Program Administrator

- Create and maintain a Citywide reporting hierarchy
- Receive and approve/deny employee applications to hold a p-card
- Receive allegations of non-compliance and take further action as necessary
- Receive exception reports from Fifth Third Bank's fraud department and take further action as necessary
- Organize and track disputed-item claims
- Hold focus and discussion groups to communicate with departmental managers, staff, and cardholders
- Review p-card usage policies for effectiveness and make revisions as necessary
- Maintain files as directed in the Program Manual
- Develop and conduct Cardholder and Departmental Training sessions
- Coordinate staff efforts in the Finance and Purchasing Departments

Appendix B: Billing and Payment Process Flow Chart



Appendix C Contact Information

Program Administrators	
Permanent Program Administrator	Interim Program Administrator (until 9/1/02)
<p>Phyllis Prokop Purchasing Office, City Hall 245 DeKoven Drive Middletown, CT 06457</p> <p>Phone: 860-344-3465 Fax: 860-344-3561</p> <p>phyllis.prokop@cityofmiddletown.com</p>	<p>Eric Haskell Finance Department, City Hall 245 DeKoven Drive Middletown, CT 06457</p> <p>Phone: 860-344-3440 Fax: 860-344-3565</p> <p>eric.haskell@cityofmiddletown.com</p>

Fifth Third Bank	
Customer Service:	1-800-375-1747
Lost and Stolen Cards:	1-800-782-0279
Card Activation:	1-800-535-6807

Appendix D: Cardholder Training Program

City of Middletown, Connecticut



Purchasing Card Program Cardholder Training

What Is The P-card?

Credit Card

- MasterCard
- Issued by Fifth Third Bank of Cincinnati, Ohio
- Used for job-related purchases



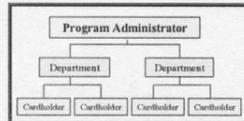
Why Use A P-card?

- Merchandise received immediately
- Wider vendor selection
- Reduced paperwork
 - **No Purchase Orders for p-card purchases**
 - **Approvals required only monthly**

The City of Middletown's P-Card Program

Hierarchical

- Cardholders report to department staff (dept. director, budget analyst, supervisors)
- Departments report to Program Administrator



Supervisory

- Cardholder activity is limited
- Departments review cardholders' activity
- **Finance and Purchasing still approve of all activity**

The City of Middletown's P-Card Program

Card Limits

Each p-card has limits that govern where, when, and how it is used.

- **Spending Limits**
Control card's dollar-spending over a period of time
- **Velocity Limits**
Control how frequently a card may be used
- **MCC ("Merchant Category Code") Limits**
Control the vendor types where a card may be used

If your p-card is declined, it is most likely due to the limits placed on it. If you have a limit problem, contact the PA.

Where Can You Use Your P-card?

Simple answer: **JUST ABOUT ANYWHERE**

- Places of business (i.e., a store)
- Websites (such as amazon.com)
- Phone, fax, and mail orders

You may use your p-card at vendors not on the City's vendor list.

Complicated answer:

- The vendor must be acceptable to your supervisor(s)
- You must observe City and State contracts
- The vendor must offer you a low price or unique item
- The vendor must accept MasterCard
- The vendor must not be a "blocked" MCC



What Can You Buy With Your P-card?

- Items you currently buy using a blanket Purchase Order
- Items you currently buy using petty cash
- Items you currently buy using your personal credit card
- Other small-dollar items as directed by your supervisor



What Can't You Buy With Your P-card?

- **Items you don't currently buy**
- Large-dollar items (>\$1000)
- Alcohol or tobacco
- Gasoline
- Financial services including ATM access

Appendix D: Cardholder Training Program

The Fine Print: Contract Compliance

City and State contracts must be followed whenever applicable. This means you must:

- Use the contracted vendor
- Pay the contract price

City contracts are available on the network at

[H:/purchasing/contract awards/contract listing.doc](H:/purchasing/contract%20awards/contract%20listing.doc)

State contracts are available online at

<http://www.das.state.ct.us/muopp.htm>

If you are unsure whether or not an item is on contract, call the Purchasing Office at 860-344-3465.

The Fine Print: Acceptable Purchasing

Selecting a Vendor

- The vendor must offer a low price or a unique item
- Inform your supervisor(s) before using a new vendor

One full payment

- Don't split payments
- Don't use the p-card to schedule recurring payments

No Sales Tax

- Non-payment of sales tax is your responsibility
- The City's tax-exempt number is on your p-card

How To Make Purchases Using Your P-card

Use the p-card like a regular credit card

- Identify yourself as a City employee
- Inspect the receipt before signing it (no sales tax)
- Confirm your card number with the vendor
- **Keep your receipt**

According to law, the City must keep documentation for everything it purchases. These documents must:

- be itemized
- include pricing information

Acceptable documentation includes:

- Receipt
- Order form
- Packing slip

Working With Your Department Administration

- After each purchase, initial the receipt/documentation
- Submit your p-card receipts to your department's budget analyst or bill-paying clerk (**daily**)

Communicate with the clerk and let him/her know:

- What you bought
- What you used it for
- Whether or not you have received it

If you don't have a receipt, don't worry

- Fill out the lack-of-documentation waiver
- Don't let it happen again

Returning Items

The p-card gives you the ability to return merchandise

- Contact the vendor to arrange a credit
- You may need to get your original receipt to make the return
- If a vendor offers it (they shouldn't), never, **EVER** accept anything for a return except a credit to your p-card account
- Get a receipt for the return-transaction and submit it to your budget analyst/clerk

Card Turnover

New Cards

- Automatically mailed to the Program Administrator by Fifth Third Bank
- You will be notified when a new card is available
- You will submit the old p-card at the time you receive the new one

Other reasons for submitting your p-card to the PA

- Extended vacation or sick leave (also contact dept.)
- Resignation
- Retirement
- Termination

Appendix D: Cardholder Training Program

Taking Care Of Your P-card

Rule of thumb:

TREAT IT LIKE A PERSONAL CREDIT CARD



Do

- Keep the card in your wallet
- Be careful of who you give the card number and expiration date to



Don't

- Lend the card to anyone
- Leave the card at your office or in your desk
- Post the card number at your desk
- Bend or magnetize the card

Contact Information

Program Administrators

Permanent P.A.

Phyllis Prokop
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Interim P.A. (until 9/1/02)

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<http://www.cityofmiddletown.com/pcard/pcard.htm>

City of Middletown, Connecticut



Purchasing Card Program

Cardholder Training