


**Office of  
Management and Budget**

	<b>Standard Operating Procedure/Policy</b>	<b>SOP #</b>	PRO-PC-01-GBL-001
		<b>Revision #</b>	3
	<b>Louisville Metro Government Procurement Card Policy</b>	<b>Created Date:</b>	9/1/2017
		<b>Implementation Date:</b>	1/23/2018
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<b>Director Approval:</b>	Joel Neaveill	<b>Division Mgr. Approval:</b>	Sheryl Powell

## 1. Introduction

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Office of Management and Budget (OMB) records, tracks, and manages Louisville Metro Government's (LMG) financial assets. LMG has an alternative purchasing method in addition to the traditional purchase order purchasing process to buy goods and services. This procurement card-based purchasing option is referred to as a PCard Program.

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## 3. Purpose

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The purpose of the PCard Program is to simplify purchase and payment processes. In many of LMG's daily operations, a PCard-based purchasing method is more efficient than the standard purchase order and check method of payment. This policy outlines specific requirements, guidelines, and processes associated with the process, as well as the roles and responsibilities of OMB and authorized users. This policy will be reviewed and updated as needed, but no less frequently than annually.

## 4. Scope

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The policy is specific to the PCard Program, and does not replace or supersede LMG's Purchasing Policy. The PCard is limited to eligible LMG employees identified and authorized by the agency director and supervisor, and approved by OMB.

## 5. Prerequisites

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Audience should have knowledge of LMG's Purchasing Policy in order to adhere to policy guidelines when making purchases on behalf of LMG.

## 6. Responsibilities

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*PCard Cardholders* are responsible for safeguarding the issued PCard, monitoring and validating card transaction activity, and reporting issues and discrepancies in a timely manner.

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*PCard Approver* reviews and approves PCard purchases to ensure purchases are for the agency's intended business purpose.

*PCard Office* manages the PCard Program including card issuance, training, cardholder profile maintenance, authorizations, reporting, auditing, and issue resolution.

*Accounts Payable* serves as a liaison to the bank to resolve transaction and statement discrepancies.

*General Accounting* reconciles all of LMG's US Bank transactions to the general ledger.

## **7. Disclaimer**

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Failure to comply with LMG PCard policy carries consequences of employee disciplinary action up to and including termination of employment. This internal document does not constitute a contract and may be supplemented, amended, or repealed at any time at management's discretion.

## **8. Procedure/Policy**

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### **8.1 PCard Purchasing Policy**

- Cardholders shall use the PCard for acquisition of goods and services only at the time of purchase. It is not intended to be used to pay invoices for which a purchase order should have been obtained.
- LMG's small purchasing policy delegates certain purchasing authority to the agency, thereby enabling a PCard cardholder to place an order directly with the vendor.
- Participating agencies shall ensure all users are informed of allowable purchases and agency guidelines, as well as supervisory approval needed for various purchases.
- Returns for cash are not permitted.

#### **8.1.1 Spending Limits**

The following have been established as the default spending limits:


- Transaction Limit: \$5,000
- Monthly Limit: \$15,000

To request a change of these limits on a permanent or temporary basis, the Spending Limit Change Request Form shall be completed and sent to the PCard Office.

#### **8.1.2 Eligibility**

- The PCard Program is available to full-time or part-time LMG employees only.
- In their request for a PCard, the employee shall declare a business purpose, approved by their supervisor, which aligns with the mission of the agency.

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- The cardholder shall not be an Approver of his/her own card.
- The Approver shall not be a subordinate in the direct reporting line of the cardholder.

**8.1.3 Purchase Eligibility**

A purchase is eligible to be made with a PCard when all of the following requirements are met:

- Purchase aligns with the business purpose of the department and Louisville Metro Government;
- Purchase is for a good or services not exceeding the authorized cardholder transactional or monthly limit; and
- Purchase type is not among the restricted purchases identified in the restricted purchase list.
- Purchase is made from a vendor with an unblocked MCC code.

\*The pay-to-procure grid on the PCard website offers guidelines on purchasing items. (*Making Purchases*)


Restricted Purchases: Items that are not eligible for purchase utilizing the PCard Program under any circumstances include, but are not limited to:

- Cash advances
- Salaries and wages
- Charitable or grant contributions
- Controlled substances/narcotics (unless DEA authorized)
- Employee Travel: including airfare, rental cars, passports, lodging, meals, gasoline, immunizations, etc.
- Firearms/ammunition
- Gasoline - A fuel card should be used to purchase gasoline for LMG-owned vehicles.
- Gift cards
- Commercial insurance: OMB-Risk Management administers the commercial insurance for LMG, including property and casualty insurance
- Legal services
- Any purchase for personal use
- Services subject to Personal Services Contracts
- Inter-Departmental billings

\*Immediate reimbursement by the cardholder to LMG is required for any purchase made as a result of accidental personal use. Additional disciplinary action may be taken.

A complete list of blocked Merchant Category Codes is available on the PCard website. To request a temporary or permanent unblocking of a Merchant Category Code, cardholder shall

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send an electronic request with justification approved by expense approver to the PCard Office to unblock the code. The PCard Office will review and approve if allowable.

**8.1.4 Disciplinary Action**

Violations of the PCard Policy, including, but not limited to, missing receipts; split purchases; use of card for personal expenses; and allowing others to use your assigned card, shall result in disciplinary action. Discipline may include written warnings, mandatory retraining, suspension of card privileges or revocation of card privileges. At the occurrence of any of the listed offenses, or any that are not listed, the appropriate action shall be determined by the PCard Office after the particular circumstances of the case have been carefully considered.

**8.1.5 Card Issuance Process**

Prior to being approved to utilize the PCard Program, designated LMG employees shall fulfill the following:

1. Complete PCard training and score 100% on test. (PowerDMS)
2. Complete authorization form and accept user agreement.
3. Submit application form.


The user agreement is a commitment by the cardholder to adhere to all program requirements and serves as an acknowledgement of possible disciplinary action should they violate such policies.

**8.2 Cardholder Responsibilities**

The cardholder shall:

- Activate the PCard upon receipt.
- Safeguard the card upon issuance.
- Not loan or share cards.
- Determine the exact amount of the purchase.
- Ensure shipping and handling charges are included in the stated price.
- Ensure that purchases made are exempt of sales tax. In the event sales tax is charged, the cardholder is responsible for pursuing a credit for the charged sales tax from the vendor. The tax-exempt number is located on the PCard.
- Ensure the complete shipping address and instructions are provided to the vendor when ordering via internet, telephone or placing catalog orders.
- Ensure all departmental procedures regarding ordering, processing, and record retention have been followed.
- Properly inspect the shipment when a shipment is received.
- Coordinate returns directly with the vendor, and obtaining a receipt documenting the refund transaction to the PCard.
- Not split a transaction in order to avoid the maximum limit.
- Not use a PCard for personal purposes.
- Follow the PCard cancellation/ surrender process on the PCard website if for any reason the card needs to be cancelled.

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- Upload/ attach receipts and allocate their transactions in Concur within five (5) days of the transaction. Failure to do so may cause the PCard cardholder to be suspended or removed from the program.
- Contact the vendor for erroneous charges, returns, and exchanges.
- Contact US Bank if disputing a transaction
- Contact US Bank immediately if the card is lost or stolen. Follow up with notification to the PCard Office.
- Report any suspected breach of security or improper use of the PCard number to the PCard Office immediately. Failure to do so can lead to disciplinary action up to and including termination of employment.

**8.3 Approver Responsibilities**

The Approver shall:

- Verify that Cardholder purchases are appropriate, i.e. serve a LMG business need.
- Ensure that all charges are allocated to the appropriate General Ledger account.
- Approve the Cardholder report upon notification to ensure the expense is applied in the current open billing cycle. Notification will be sent to the approver when the Cardholder has submitted their report for approval.
- Report any invalid transactions to the PCard Office.
- Notify PCard Office of any changes to Approver or cardholder status as a result of employment separation or transfer.

**9. References**

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PCard Program website: <https://louisvilleky.gov/pcard>

Power DMS: PCard Cardholder Training (Course #PAP-PC001)

Power DMS: PCard Approver Training (Course # PAP-PC002)

US Bank: 1-800-344-5696

Concur: [http://www.concurtraining.com/customers/tech\\_pubs/help/en-us/release/expemp\\_professional/index.html](http://www.concurtraining.com/customers/tech_pubs/help/en-us/release/expemp_professional/index.html)

PCard Office: [pcard@louisvilleky.gov](mailto:pcard@louisvilleky.gov) (502) 574-4884

**10. Definitions**

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**Term**

**Explanation**

**Accounts Payable (A/P)**

Division within OMB that reviews and processes LMG bills and invoices.

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<b>Agency</b>	Refers to the various departments within Louisville Metro Government.
<b>Approver</b>	LMG employee who is responsible for ensuring that charges made with a PCard are authorized and for the benefit of Metro Government.
<b>Business Purpose</b>	Stated need that aligns with programs or operations of the cardholder's department.
<b>Cardholder</b>	LMG employee who has a PCard issued in their name and is the only person authorized for use of the card.
<b>Concur</b>	Third-party provider platform used for the allocation function of PCard transactions.
<b>General Accounting</b>	Division within OMB responsible for reconciling the General Ledger, reviewing all accounting transactions and reporting.
<b>Merchant Category Codes (MCCs)</b>	A four-digit number for credit card networks assigned to every business that applies to accept credit cards.
<b>PCard Office</b>	Division within OMB responsible for administering and maintaining the PCard Program.
<b>Policy</b>	The business rules and guidelines of a company that ensure consistency and compliance with the company's strategic direction. Policies lay out the business rules under which a company, division, or department will operate.
<b>Procedure</b>	Procedures define the specific instructions necessary to perform a task or part of a process.
<b>PCard Program</b>	Alternative purchasing option for LMG; This Program will allow the purchaser to use a PCard to make small purchases.
<b>U.S. Bank</b>	The vendor providing PCard payment on behalf of Louisville Metro Government.

**11. Appendices**

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N/A