



PURCHASE CARD POLICY- FP6

Central Coast Community Energy

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POLICY OVERVIEW

Purchase Card Policy

1.1.1 Definition

This policy provides an overview of the requirements and procedures governing the use of the Central Coast Community Energy(3CE) Purchase Card. All 3CE personnel must attend the “Purchase Card Prerequisite Training” prior to the issuance of cards.

- a) Delegation of purchasing authority to 3CE personnel delineated in this manual is subject to approval by the Chief Executive Officer (CEO).
- b) For further information or questions, please contact Finance.

1.2 Purchase Card Contacts

1.2.1 **Authorized User**

The 3CE Purchase Card (P-Card) shall only be used by the authorized Cardholder. Cards may be used to purchase goods and some emergency services by pre-authorization by CEO or designee.

1.2.2 **3CE Program Coordinator**

The Program Coordinator is the Chief Financial Officer or designee.

1.2.3 **Cardholders**

3CE employees are authorized to make Purchase Card purchases on behalf of their assigned department in accordance with established Purchase policies and procedures.

1.2.4 **Department Program Administrators**

Each department shall coordinate with the Purchase Card Program Administrator. The Administrator is responsible for all aspects of the agency's participation in the Purchase Card Program.

1.2.5 **Department Approving Official**

Department employee who is authorized to verify charges and transactions made by department Cardholders.

1.3 CONTROLS AND ADHERENCE

1.3.1 Controls

The use of 3CE issued Purchase Cards are subject to the following controls:

- Each card will be established with a monthly, not-to-exceed amount predetermined by the Cardholder's department and approved by the Chief Financial Officer.
- Single Purchase Limit per Card: Each card may be established with a single transaction limit.
- Merchant Code Blocking: Every Agency issued Purchasing Card is blocked to prohibit the Cardholder from making purchases from certain types of vendors. Required restrictions and exclusions are outlined below.

The agency has identified high-risk and cash-related Merchant Category Codes which are excluded from the P-Card program.

- (1) Wire Transfer – Money Orders
- (2) Financial Institutions Manual & Automatic Cash Advances
- (3) Convenience Checks
- (4) Non-Financial Institutions – Foreign Currency, Money Orders, Travelers Checks
- (5) Security Brokers/Dealers
- (6) Saving Bonds
- (7) Timeshares
- (8) Betting, Casino Gaming Chips, Off Track Betting
- (9) Fines
- (10) Bail and Bond Payments
- (11) Money Transfer – Member Financial Institutions
- (12) Value Purchase – Member Financial Institutions
- (13) Money Spend Intercountry
- (14) MasterCard Money Spend Intercountry
- (15) Money Send Funding TXN
- (16) POI Funding TXN
- (17) Government – Owned Lotteries
- (18) Government – Licensed Casinos (Online Gambling)
- (19) Government – Licensed Horse/Dog Racing
- (20) State Lot
- (21) Furriers and Fur Shops
- (22) Antique Shops
- (23) Pawn Shops
- (24) Antique Reproductions
- (25) Jewelry Stores
- (26) Remote Stored Value Load – Member Financial Institution
- (27) Remote Stored Value Load – Merchant

- (28) PYMT SVC Prov – Money Transfer for a Purchase
- (29) PYMT SVC Prov – Member Financial Institution – PYMT Tran
- (30) PYMT SVC Prov – Merchant – PYMT Tran

1.3.2 Adherence to Purchase Policy

3CE purchasing policies may not be circumvented when using the Purchase Card.

1.4 HOW TO OBTAIN A PURCHASE CARD

1.4.1 **Who should sign up?**

Departments that process a large number of Purchase Orders (PO) annually should consider signing up. PO transactions are costly to process and usually take longer to pay the supplier. Some suppliers do not accept PO's. When this happens, 3CE buyers have to search for other suppliers who will accept PO's, and the item purchased may eventually cost the agency more.

1.4.2 **What do we have to do to obtain a card?**

Contact Finance

Departments wishing to participate in the Purchase Card program should contact the 3CE Program Coordinator in Finance. The Program Coordinator will provide information about the program to guide you through the sign-up process.

Identify Cardholders and Associated Personnel

Each department will need to identify their individual Cardholders. The typical Cardholders will be those individuals who handle most of the purchasing duties for your department.

Each Unit will also need to identify

- A Department Program Administrator (someone who will be responsible for the program in your department)
- A Department Approving Official (someone to monitor the Cardholder transactions)

1.4.3 **Card Issuance**

The Purchase Card is issued to the Cardholder for use by that person only. Cards cannot be issued as Departmental, Unit or Divisional cards. The Purchase Card is to be used only by the Cardholder while on official agency business. No other staff member, family member, supervisor or person may use this card.

1.5 USING THE PURCHASE CARD

1.5.1 Definition

The Purchase Card (P-Card) may be used for any purchase normally done with a Blanket Purchase Order. The following lists describe some types of permitted purchases using the P-Card and some types of prohibited purchases.

Violation of the authorized use of the P-Card by the Cardholder may result in disciplinary action and loss of card privileges.

Permitted Purchases	Prohibited Purchases
Equipment, parts, materials and supplies for maintenance and repair that were once established on a Blanket Purchase Order	Personal items, gifts, cards, flowers, donations, decorations, and alcohol
Items required in the field	Fixed Assets
Books, periodical publications, and subscriptions	Room service, movies, etc.
Office supplies	Purchase of employee's meals when per diem is issued or to be issued.
Food and related supplies for bona fide business meetings with agendas	Purchase of firearms, liquor, or tobacco
Airline Travel	Rental or lease of land or buildings
Hotel Lodging	Lease or purchase of fixed asset equipment
Vehicle rental	Purchases that require other departmental signature, e.g., computer hardware, computer software, and telephone equipment hooked up to agency phone system.

Emergency repairs to Agency vehicle	Cash advances
Airport parking	Personal services
Departmental supplies	As determined by departmental policy
Tolls	
Online/Offsite Training	

Each department, with the approval of the 3CE Program Coordinator will determine the types of products authorized for purchase with the P-Card and the dollar limits for each Cardholder before cards are issued to the user. Operational need determines the types of purchases for each individual user and may vary by department.

1.5.2 Cardholder Responsibilities

- (1) Only the Cardholder may use the Purchase Card assigned to them to make purchases.
- (2) The Cardholder may not give his/her card to another employee and have that employee purchase the item.
- (3) The employee named on the Purchase Card is the only person authorized to purchase items and process transactions using that Purchase Card.

The Cardholder locates a supplier who has the required items and places an order for the items by any of the following methods:

- a) In person,
 - b) By telephone,
 - c) By E-Mail (do not email card number), or
 - d) By Mail
- (4) On all telephone orders, the Cardholder must obtain a confirmation number at the time the order is placed.
 - (5) The Cardholder must obtain an itemized listing of all items purchased at the time of purchase. If the sales draft does not itemize the items purchased, the Cardholder must obtain the

information from the supplier on a separate, itemized sales receipt at the time of purchase. This is also true for telephone, E-mail, or mail orders.

- (6) The itemized sales draft, charge slip or priced out packing slip must include the following:
 - a) Description of items purchased,
 - b) Quantities purchased and price per item,
 - c) Total dollar amount of the transaction,
 - d) Total amount of sales tax, if any,
 - e) Total amount of shipping charges, freight, or other applicable charges, if any,
 - f) Date of transaction,
 - g) Name of Cardholder and/or credit card number, and
 - h) Name of merchant and the merchant's identification number.
- (7) The Cardholder must verify that the charges on the sales draft equal the sales receipt before signing the sale draft. The items received must also be compared to the items listed on the sales draft.
- (8) The Cardholder keeps the Cardholder's copy of the sales draft and obtains a sales receipt from the merchant.
- (9) Purchase Card purchases, returns or refunds should be logged on the Purchase Card Daily Log. This log allows Cardholders to chronologically record Cardholder transactions and is used to reconcile monthly statements.

1.5.3 Documenting Your Purchase Card Purchases

Cardholders will maintain a Purchase Card Daily Log. Separate logs may be maintained for each Purchase card. For each page of the log, the following information will be entered:

- a) Your name exactly as it appears on the Purchase Card.
- b) Your work telephone number.
- c) The last 4 digits of your Purchase Card account number.
- d) The Central Coast Community Energy Budget Number for which the Purchase Card has been assigned.

- e) The Central Coast Community Energy Department Number for which the Purchase Card has been assigned.
- f) The date of each transaction.
- g) The name of the vendor from whom each purchase was made.
- h) A concise description of each item purchased and the purpose (i.e., office supplies for Monterey Office).
- i) For telephone orders only, enter the confirm/tracking # of the order.
- j) The appropriate Central Coast Community Energy Object Code (Expenditure) for the purchase.
- k) Enter the Central Coast Community Energy Reporting Category if applicable.

1.5.4 Restrictions

Cardholders are subject to, and must adhere to, all 3CE Purchase policies and procedures as outlined within the State and Federal Purchasing Codes, and 3CE Policies. The Purchase Card is to be used for “Official Use Only.” Intentional use of the Purchase Card for anything other than “official” Agency business will be considered as an attempt to commit fraud against the agency. Proof of such fraud may result in immediate cancellation of Purchase Card privileges and the Agency may initiate other disciplinary actions. The Purchase Card may not be used for any personal purchases.

1.5.5 Splitting Purchases

Purchases made using the Purchase Card may not be split to circumvent Purchase policy.

1.5.6 Purchasing Methods

Cardholders may use the Purchase Card to purchase goods in person, through website, by telephone, by E-Mail or by mail. The Purchase Card may be used at any business establishment that accepts cards for payment.

1.5.7 Local Purchases

A Cardholder that is out in the field may purchase parts or supplies from a local supplier rather than spend the time driving across town to the supplier on contract. These special types of purchases must be documented on the “Purchase Card Daily Logs.”

1.5.8 Personal Credit/Background Investigations

Neither Central Coast Community Energy nor the card issuer will conduct a personal credit or background investigation of past credit history for those individuals selected as Cardholders. Purchase Cards are issued based on the full faith and credit of Central Coast Community Energy.

1.5.9 Card Appearance

The Central Coast Community Energy Purchase Card is a standard credit card. The card has the Cardholder's name embossed on it. It has been designed to avoid confusing it with other personal credit cards.

1.5.10 Issuer Monitoring

The card issuer is authorized to monitor the Agency's usage of the Purchase Card and will not permit purchases to exceed the established limits. The issuer will verify that commodity purchased is permitted.

1.5.11 Travel Policy

Visit the 3CE website to obtain and review the Travel Policy.

1.5.12 Replacing or Returning the Purchase Card

(1) Lost or stolen cards

The Cardholder must immediately report a lost or stolen Purchase Card. The Cardholder must also submit a memo to the 3CE Department Program Coordinator Contact when the loss is discovered. The 3CE Department Program Coordinator will forward the memo documenting the lost credit card to the Agency's Program Coordinator.

(2) Worn or Defective Cards

If a P-Card becomes worn, defective or otherwise needs replacement, the Cardholder will request a replacement card through 3CE Program Coordinator.

(3) Termination or Reassignment of the Cardholder

Upon termination of 3CE employment or upon transfer to another department, the Cardholder will immediately return their card to the 3CE Program Coordinator.

1.5.13 Revocation of Privileges

Purchase Credit Card privileges can be revoked at any time if a Cardholder misuses the Purchase Card as defined in this documentation.

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BILLING AND ORGANIZATIONAL REPONSIBILITIES

2.1.1 Monthly Billing Statements

Each month, the card issuer mails billing statements to the Cardholder and a billing account summary to the Approver.

Departments must process the monthly credit card invoices promptly to ensure input in the 3CE financial and accounting system. When the monthly “Cardholder Statement of Account” is received, the Cardholder must reconcile the statement with Purchase Card Daily Log(s) following the directions below.

Upon receipt of the statement of account, each Cardholder must review the statement to ensure all transactions are correct and that all charges are valid. Purchase Card Daily Logs must be reconciled and signed at this time. Once this review is completed, the Cardholder must sign the statement of account and forward the original statement of account, Purchase Card Daily Log and forward the statement of accounts, the Purchase Card Daily Logs, Sales Use Tax Log, and all original supporting documentation.

The Department Approver will review the Cardholder statements for accuracy and for adherence to 3CE purchasing and Purchase Card guidelines. If all Cardholder statements are correct, the Approver will sign the Purchase Card Daily Log and forward the statement of accounts, the Purchase Card Daily Logs and supporting documentation to the 3CE Finance Program Coordinator. Any irregular transactions should be referred to the Cardholder for corrective action.

2.1.2 Late Fees

The card issuer charges a late fee for all statements not paid within 40 days of billing date. To avoid a late charge 3CE must meet established payment deadlines.

2.2 Disputed and Returned Items

2.2.1 **Disputed charges**

Cardholders will compare the monthly Cardholder statement to their supporting sales documentation (receipts or the customer copy of sales drafts) for each transaction on the statement.

Any differences must be resolved by completing the card issuer required process.

To return a disputed charge or improperly charged item, the P-Card holder will work with 3CE Finance and submit the dispute with all supporting documentation (copies of sales drafts, credit slips, etc.). The Cardholder must sign this form.

2.3 Organizational Responsibility

2.3.1 JP Morgan/Chase (Level One)

JP Morgan/Chase is the contractor that currently provides Purchase Cards to selected Cardholders. Each month, JP Morgan/Chase will provide each Cardholder with an itemized statement of charges. Each Approver receives a summary statement of all Cardholder transactions for their unit. JP Morgan/Chase also monitors Cardholder activity as well as established Cardholder limits. JP Morgan/Chase will also provide special account activity reports upon request.

2.3.2 Central Coast Community Energy (Level Two)

Acts as a liaison between the 3CE Employees and JP Morgan/Chase

Orders and secures all un-issued Purchase Cards

Develops agency wide policies and procedures.

Provides training for Cardholders, managers, and accounting staff

Maintains Cardholder limits and merchant codes available for use

The Program Coordinator assists departments to resolve conflicts between the Cardholder and card issuer or suppliers that may arise from the use of Purchase Cards. Departments will exhaust all efforts to resolve differences at the Cardholder and Approver level prior to involving the Program Coordinator

3CE Finance pays JP Morgan/Chase after verifying that the department's reconciled and authorized claim for payment equals the amounts shown on the monthly statements less any credits. They also perform frequent compliance audits and assist in monitoring the program

2.3.3 Approver (Level Three)

The Approver(s) should be a supervisor(s) who has a direct working relationship with the Cardholders(s). The Approver should be at a director level position or higher and cannot act as an Approver for their own purchases. This person is responsible for:

Accumulating the Cardholder copies of sales drafts, charge slips, Purchase Card Daily Logs, and any other supporting documentation.

Assisting the Cardholder in reconciling sales drafts and charge slips to the monthly billing statement.

Preparing the monthly payment authorization with program accounting and processing Purchase Card transaction information into the Agency's financial and accounting system.

The Approver may complete all accounting documents for the Cardholders at their location. However, both the Cardholder and the Approver must attest that all charges on the monthly billing statement are allowable purchases based on 3CE policy. The monthly statement for each Cardholder, along with all supporting documents, should be forwarded to the Program Coordinator for appropriate approval.

2.3.4 Cardholder (Level Four)

The Cardholder is responsible for ensuring the Purchase Card is used in accordance with all 3CE purchasing regulations, policies, and procedures. The Cardholder is also responsible for the physical security of the card. Cardholder original copies of sales drafts, Purchase Card Daily Logs and supporting documentation must be forwarded to the Cardholder's Approver during the first week of the following month. The Cardholder must verify and confirm all purchases recorded on the monthly statement.