

ORDINANCE NO. 10 - 2014

AN ORDINANCE TO PROVIDE FOR THE PARTIAL AMENDMENT AND SUPPLEMENTATION OF CHAPTER 9 “FINANCE AND TAXATION” OF THE “REVISED ORDINANCES OF THE BOROUGH OF MORRIS PLAINS, NEW JERSEY 1972” WITH THE ESTABLISHMENT OF A NEW ARTICLE 7 ENTITLED “POLICIES AND PROCEDURES GOVERNING THE USE OF PROCUREMENT CARDS.”

WHEREAS, the use of procurement cards, or “P-Cards” by municipalities is authorized N.J.S.A. 40A:5-16(c); and

WHEREAS, the Local Finance Board in the New Jersey Department of Community Affairs, Division of Local Government Services recently adopted comprehensive regulations governing the use of P-Cards by municipalities, which are set forth in N.J.A.C. 5:30-9A, entitled “Disbursements without Vendor Certification;” and

WHEREAS, the Borough Council is desirous of establishing the policies and procedures governing the use of P-Cards by the Borough consistent with the requirements of N.J.S.A. 40A:5-16(c) and N.J.A.C. 5:30-9A.1 et seq.

NOW, THEREFORE, BE IT ORDAINED, by the Borough Council of the Borough of Morris Plains, Morris County, New Jersey, they being the Governing Body thereof, as follows:

Section 1:

Chapter 9, “FINANCE AND TAXATION,” as set forth in the “Revised Ordinances of the Borough of Morris Plains, New Jersey 1972,” is hereby amended and supplemented with a new Article 7 entitled “Policies and Procedures Governing the Use of Procurement Cards,” which shall read in its entirety as follows:

Article 7. POLICIES AND PROCEDURES GOVERNING THE USE OF PROCUREMENT CARDS.

9-29. Purpose.

The purpose of this Article is to set forth the standards for the use of procurement cards by the Borough for the acquisition of goods and services

under the limited circumstances permitted by N.J.S.A. 40A:5-16(c), as may be amended from time to time.

9-30. Definitions.

Words and terms as used in this Article are intended to have the meaning set forth in N.J.A.C. 5:30-9A-2, as may be amended from time to time.

9-31. Issuance of Procurement Cards.

Procurement cards shall be issued in the names of specific individuals. A procurement card shall not be issued unless it can be shown that such issuance is necessary for the conduct of ongoing operations in the normal course of providing government services.

9-32. Training required.

(a) All authorized procurement card users, individuals responsible for supervisory review, individuals responsible for activity reconciliations, the Program Manager, and the CFO shall be required to complete training on the Borough's policies and procedures governing the use of procurement cards to acquire goods and services on behalf of the Borough.

(b) Prior to implementation of the procurement card program, the CFO and Program Manager shall receive training in all aspects of the system.

(c) The CFO and Program Manager, with the advice and consent of the Finance Committee, shall identify positions within the Borough that will benefit from use of a procurement card, establish limits, period and categories of permissible use, and organize training for each individual whose duties may at any time include the use of a procurement card, supervisory review or reconciliation of activity in the P-Card program, which positions shall be approved by the Borough Council. The Program Manager shall notify in writing every employee so identified to obtain their consent for the required training. Employees may decline the responsibility associated with becoming a procurement card user without any negative consequences. However, if the employee declines, he or she shall not be eligible to utilize a P-Card.

(d) The Program Manager shall initiate training for all authorized procurement card users, individuals responsible for supervisory review, individuals responsible for activity reconciliations. The topics the Program Manager shall cover in procurement card user training include the following:

- (1) Explanation of the state regulations and benefits of P-Card usage.
- (2) Borough policies and procedures regarding P-Card usage.
- (3) Requirement for expeditious submittal of receipts to the Program Manager within 48 hours of use.
- (4) Requirement of expeditious handling of returns within 48 hours of determination that a return is necessary or appropriate to ensure the Borough is not billed for the goods or services, or is receives proper credit.
- (5) Explanation that procurement card users may only use P-Cards at pre-approved vendors for pre-approved merchant codes as established by the Chief Financial Officer and Program Manager.

- (6) Explanation that the use of the P-Card for travel/room and board, or for cash advances is expressly prohibited.
- (7) Requirement that lost or stolen P-Cards are to be reported immediately to the Chief Financial Officer or Program Manager, who will in turn immediately cancel said P-Card.
- (8) Requirement that the P-Card shall be relinquished to the Chief Financial Officer and Program Manager upon retirement, termination of employment or other circumstances where the employee's P-Card privileges are terminated.
- (9) Requirement that procurement card users shall not permit vendors to retain the P-Card or otherwise institute a "running total" for the P-Card.
- (10) Requirement that procurement card users shall notify the Chief Financial Officer and Program Manager of suspected fraudulent acts.
- (11) Explanation that the improper use of a P-Card shall result in the employee being personally responsible for any such payment, and that improper use of the card may result in the termination of the employee's procurement card user privileges and disciplinary action up to and including termination in accordance with the Borough's Personnel Policies and Procedures Manual, as may be amended from time to time.
- (12) All employees trained in procurement card use, upon completion of the requisite training, shall complete and sign an agreement to abide by the Borough's P-Card policies and procedures, including financial responsibility for misuse of the P-Card, in the form prepared by the Chief Financial Officer and Program Manager and approved by the Borough Council.

9-33. Procurement Card Transactional Limits and Requirements.

The use of procurement cards is authorized and permitted in the following circumstances:

- (a) When payment to the vendor is required in advance of the delivery of certain goods or services that cannot be obtained from any other source at a comparable price;
- (b) When ordering, billing and payment transactions for goods or services are made through a computerized electronic transaction; or
- (c) When an individual transaction does not exceed either 15% of the statutory bid threshold or the Borough's established threshold if less than 15% of the statutory bid threshold.
- (d) The maximum threshold on procurement card transactions specified in (a) through (c) above cannot exceed either 15% of the local unit's bid threshold or Borough established threshold if less than above. In no circumstance should expenditures exceed what was appropriated.
- (e) Items purchased under the P-card program must be tangible supplies, parts or materials necessary for ongoing operation and function of the Borough (for example office supplies, auto supplies) or non-tangible items (for example publications, conference and training fees), or items purchased in transactions where vendor certification would not normally be readily available at the time of purchase.

9-34. Prohibited transactions.

Authorized procurement card users are prohibited from using procurement cards for personal business, for any circumstances that are not authorized in N.J.S.A. 40A:5-16(c) or N.J.A.C. 5:30-9A-3, or to purchase personal property or services, including travel and dining expenses for government employees, volunteers, or officials. Existing law N.J.S.A. 40A:5-16.1 provides mechanisms for employees to receive travel and expense funds in advance.

9-35. Fidelity bond or blanket honesty policy coverage.

A procurement card shall only be issued to individuals who are covered by a fidelity bond or by a blanket honesty policy held by the Borough of Morris Plains. If an individual to whom a procurement card has been issued becomes ineligible for coverage under the fidelity bond or blanket honesty policy, that individual's procurement card shall be cancelled.

9-36. Documentation of Procurement Card Transactions.

At the time of a procurement card transaction, authorized procurement card users shall obtain and retain the original receipts. When procurement cards are used to purchase goods over the Internet, telephone or fax, such purchases must be evidenced by an order confirmation along with either the original packing slip that accompanied the purchased goods or an itemized receipt. A voucher must be prepared at least on a monthly basis detailing expenditures with all receipts noted above attached.

9-37. Procurement Card Program Oversight, Management, Control and Monitoring.

The day-to-day oversight and management of the procurement card program and procurement card usage, including management of supervisory review and reconciliation of procurement card activity shall be the responsibility of the appointed Program Manager, or if no Program Manager is appointed by the Borough, then by the Chief Financial Officer who shall serve as the Program Manager, to assure that all controls are actively pursued each cycle without exception.

9-38. Other laws applicable.

Use of the procurement card does not change or eliminate any bid thresholds or other limits set forth in the provisions of the Local Public Contracts Law, N.J.S.A. 40A:11-1 et seq., or the provisions established in Article VII under the By-Laws of the Borough Council of the Borough of Morris Plains County of Morris State of New Jersey.

9-39. Violations.

Violations of the Borough's policies and procedures governing the use of procurement cards shall result in appropriate disciplinary action as outlined in the Personnel Policies and Procedures Manual Borough of Morris Plains, without regard to the position held by the card user.

Section 2:

All other provisions of the aforesaid Chapter 9 of the Revised Ordinances shall be unaffected and are hereby continued.

Section 3:

All Ordinances and parts of Ordinances inconsistent herewith are hereby repealed to the extent of such inconsistency.

Section 4:

If any section, subsection, sentence, clause or phrase of this Ordinance is, for any reason, held to be invalid by a Court of competent jurisdiction, such a decision shall not affect the validity of the remaining portions of this Ordinance.

Section 5:

This ordinance shall take effect upon final passage after publication thereof in accordance with law.

Introduced: May 15, 2014

Adopted: May 29, 2014

/s/ Frank J. Druetzler