



JUDICIARY OF GUAM

**Procurement Department
Policy and Procedures**

TITLE:
PROCUREMENT DEBIT CARD

EFFECTIVE DATE:
August 2013

REVISED DATE:
October 2018

APPROVED BY:

I. Purpose

This Policy provides the Standard Operating Procedures (SOP) and provides guidance for using the Judiciary of Guam (JOG) Procurement Debit Card (DC).

II. Policy

The Judicial Council in resolution JC13-016 authorized the use of JOG Procurement Debit Card as a means of making purchases and payments to off island vendors. This policy sets for the Standard Operating Procedures to guide the use of the JOG Procurement DC. All purchases or payments, using the JOG Procurement DC, will be made in accordance with Judicial Council (JC) of Guam Procurement Regulations as amended, Judiciary of Guam policies on DC, JC Resolutions JC 13-016, and/or applicable payment procedures as established by FMD. The AOC is responsible for designating DC Holders (DCHs). First Hawaiian Bank (FHB) issues the JOG Procurement DC. A deposit of \$25,000 established the account, which is replenished periodically as needed. There must be an adequate fund balance in the DC account to cover the cost of each proposed purchase transaction. If there are insufficient funds on the account, the transaction will be denied and must wait for funds to be replenished.

A. Applicability

This Policy and SOP applies to the following:

- 1) Financial Management Division (FMD)
- 2) Procurement & Fac. Mgt. Division (P&FMD)
- 3) Debit Card Holders (DCH)
- 4) Any procurement officer authorized to use the JOG Procurement DC.

B. Point of Contacts (POC)

- 1) Administrator of the Courts (AOC)

- 2) Finance Administrator (FA)
- 3) P&FM Administrator (PFMA)

C. General JOG Procurement Debit Card Procedures

- 1) When the Procurement DC is issued and authorized it is to be used in accordance with the Judicial Council of Guam Procurement Regulations, Judicial Council of Guam Resolutions JC 13-06 (**Attachment 1**) and Administrator of the Courts Policy Letter (**Attachment 2**) governing procurement activities on behalf of the Judiciary.
- 2) Purchases made using the debit card must follow all procurement processes for small purchases. A Debit Card purchase order is to be processed and approved prior to use of the card to charge the transaction covered by the purchase order. Two separate debit card purchase order types exist in the New World ERP system, one for locally funded purchases and one for federally funded grant purchases. These are identified as Debit Card or Debit Card Grant purchase order types and have separate approval authorities established in the system.
- 3) Once the purchase order is approved, the DCH must ensure that **adequate funding** is available in the DC account to cover the cost of the purchase made against the account. All charges using the Procurement DC shall be documented via purchase order and receipts recorded in the New World ERP system to facilitate reconciliation of all charges made against the Procurement DC account upon receipt of the monthly bank statement from FMD.
- 4) Credits and Cancelled items. Periodically items purchased via the Procurement DC may be returned or cancelled by the vendor for credit. When this situation occurs the DCH must process a change purchase order in the New World ERP system to record the credit or return within 3 days of the return or notice of credit.
- 5) Documentation. All DC purchases are made using the Superior Court of Guam as the vendor to allow for replenishment of the DC bank account. Therefore, specific documentation for recording of the actual vendor providing the service or commodity purchased is required as a part of the purchase order preparation process.
- 6) As a means of tracking expenditures and funds available on the card, each DCH is required to log each DC purchase in the established log book maintained by the Procurement Management Officer.

D. Limitations on DC Use.

The DC may not be used to purchase any of the following items (this list is not all-inclusive):

- 1) Alcoholic beverages/Tobacco products.
- 2) Construction/renovation/or facility upgrades.
- 3) Controlled substances.
- 4) Purchases using vending or gaming machines.
- 5) Items for personal use and benefit.
- 6.) Purchase any other item inconsistent with the mission and values of the Judiciary of Guam

The DC may not be used as a means to circumvent the established JOG procurement rules, regulations, policies or standard operating procedures.

E. Responsibilities.

- 1) ADMINISTRATOR OF THE COURTS (AOC) - The AOC serves as the Chief Procurement Officer of the Judiciary and has sole authority and responsibility for the overall management and implementation of the DC Program including training and surveillance. The AOC appoints the DCHs.
- 2) FINANCIAL MGT. DIVISION (FMD) - FMD is responsible for payments tor replenish the account and responding to payment inquiries from the FHB, DCHs, Court Procurement Officials and AOC.
- 3) STATEMENT RECONILIATAION – Each DCH is responsible for ensuring that the Procurement and Facilities Mgt. Division complies with the DC program when using the DC. Once the monthly bank account statement is received by the PFMA it will be routed to the DCH for reconciliation of purchases and credits identified on the account. To ensure timely replenishment of funds, the statement reconciliation shall be completed within 2 days of receipt of the statement and returned to the Deputy Finance Administrator.
- 4) DEBIT CARD HOLDER (DCH) – Any individual appointed in writing as a DCH by the AOC. The DC bears the name of the individual and will only be used by this individual.

- a. The DCH does not have the authority to allow others to make purchases using the DC or account number.
- b. DCHs are custodians and solely responsible for all charges made against their assigned DC.
- c. DCHs are responsible for tracking all DC charges made against their assigned DC account by:
 - 1) Maintaining appropriate vendor documentation on purchase orders.
 - 2) Processing all credit and cancellation change purchase orders.
 - 2) Completing DC logs/spreadsheets.
 - 3) Perform reconciliation of DC billing statement within 2 days of receipt and returning it to FMD.
- d. DCH will not be allowed to make purchases that are not documented on a Judiciary approved Purchase order.
- e. DCH are responsible for keeping the DC in a safe and secure place in their offices. The DCH should only carry the DC outside the Procurement Office to execute authorized purchases, otherwise it is recommended that the card be retained on site at all times.

F. Explanation of Terms.

- 1) Declined Transaction – Transactions where authorization have been refused by the Bank’s transaction authorization system.
- 2) Judicial Council of Guam Procurement Regulations – Judiciary of Guam regulation governing all procurement activities of the Judiciary of Guam.
- 3) Judiciary of Guam, Debit Card (JOG DC) – is a Corporate Debit Card provided by the First Hawaiian Bank.
- 5) Debit Card Account Limit – Is actual cash deposited in the DC account. As of the October 2018 the DC account limit is \$25,000.00, however this amount may be adjusted periodically in accordance with the small purchase limits established by the Judicial Council of Guam.
- 6) Debit Card Account Balance – Is the remaining amount left after all charges against the account and any allowable fees.

- 7) Code of Conduct – Employees of the Judiciary of Guam hold positions of public trust and their conduct shall meet the highest ethical standards. DCHs shall use this card only to purchase supplies/services within the guidance of this program. DCHs acknowledge that making false statements on purchase card records may result in administrative or criminal penalties under Guam law. All individuals who are directly involved in the DC program shall familiarize themselves with the JOG Code of Conduct. When in doubt about the use of the DC, seek assistance from the Finance Administrator or the Procurement and Facilities Administrator.

II. OVERVIEW OF DEBIT CARD PROCESS

A. Program Overview.

The DC is an internationally accepted purchase card which allows a DCH to make authorized purchases

B. DCH Set-Up.

The DCH will be appointed in writing by the AOC in accordance with banking institution requirements. The DCH shall acknowledge this appointment authority in writing and retain a copy of their appointment for his /her file.

The DCH by accepting the DCH appointment also agrees to the conditions, limitations, and restrictions placed on the DC; and to comply with JC Procurement Regulations, DC Policies, and SOPs as they pertain to carrying out their duties as DCH.

C. Violations of DC Program and Procedures.

If, at any time, it is discovered that the DCH is in violation of the procedures contained herein, appropriate actions will be taken to preclude a recurrence of the violation. Actions taken shall be commensurate with the severity of the violation(s). As a minimum, a letter signed by the AOC shall be sent to the DCH, PFMA, Finance Administrator, and any other officials deemed necessary. Any repeat violations shall result in disciplinary and/or legal action.

If the violation is rooted in a failure to comply with the established policies procedures the PFMA shall provide immediate remedial training to avoid future mishaps. Both the discovered violation, corrective action, and the subsequent re-

training must be documented in the form of an incident report with a copy furnished to the HR for inclusion in the DCH's personnel file.

D. Unauthorized Purchase or Careless Use of the DC.

It is the DCH's responsibility to safeguard the DC and account number at all times. The DCH shall not allow anyone else to use the card or account number. The DC must be kept in a secured location in the Procurement Office when not in use. DCH must log the approved transaction once completed.

A DCH that makes unauthorized purchases with the card shall be liable for the total dollar amount of unauthorized purchase made. Misuse of the DC may also be grounds for disciplinary action including suspension or termination of the DCH's purchase authority and possible disciplinary action up to and including termination as well as other legal action.

E. Lost or Stolen Cards.

The DCH will immediately notify the PFMA, FHB, FA and AOC when a DC is lost or stolen. Upon notification to the FHB of a lost or stolen DC, a new card will be issued by the bank. If the original card is subsequently found, it shall be turned in to the Finance Administrator for destruction, and the FHB and AOC will be also notified in writing. The JOG will not be liable for any purchases made by a person, other than the DCH, who does not have expressed authority.

G. Customer Service.

The FHB is available on normal banking hours, Monday thru Friday, to provide service and support to the DC program participants. The numbers to call for DC Customer Service at the **FHB is 1-808-844-4444 (24 Hours)**. This is also the number to call for lost or stolen cards. The only time the DCH should contact BOH/FHB Customer Service is to report a lost or stolen card and to confirm the available balance on rejected transactions. For other questions or concerns, contact FMD.

Any guidance given by FHB that conflicts with the contents of this SOP shall be brought to the attention of the PFMA, FA or AOC for resolution, before action on the part of the DCH is taken.

H. Destruction of the DC.

Return of the DC is required upon termination of employment in the Procurement department. The DCH shall notify the PFMA, FMD, and AOC upon termination of employment to arrange for termination of DCH status and authorization.

I. **DC Use Audit Requirements.**

- 1) At least annually, the Procurement & Fac. Mgmt. Administrator and the Finance Administrator may conduct a joint review of the DC program.
- 2) Newly appointed DCH transactions should be reviewed after sufficient transaction activity has occurred (usually quarterly transactions), but not later than 6 months, to ensure they are effectively performing their duties and following established procedures.
- 3) Audit will consist of on-site reviews of purchase transactions for each DCH. Statement reconciliation issues and online reviews of DCH transactions shall be used as aids to the audit program.
- 4) Audit review results will be documented. The AOC or designee (Finance Administrator) will meet with the PFMA and DCHs to discuss any findings that warrant corrective action. DCH use will be monitored for repeat issues in subsequent reviews. Corrective actions must be completed within 30 days unless it is not practical to do so.

J. **Processing Returns/Dispute Items.**

- 1) For items purchased and found defective or faulty, the DCH will obtain a return authorization of replacement item from the merchant as soon as possible (document all correspondence). If the replacement merchandise is not received, by the end of the next billing cycle, the DCH should formally cancel the item and request a credit memo, or dispute the charge.
- 2) For items billed but not received, the DCH will annotate on their BAS that the item has been ordered, but not received: **The DCH should then contact the vendor (document all correspondence) to verify that the item has been shipped and the estimated arrival date.**
- 3) When a DCH discovers an unauthorized/incorrect amount has been charged, the DCH shall immediately seek to resolve the problem with the vendor (document all correspondence).

- 4) If the merchant refuses to credit a disputable charge, the charge for the item should be formally disputed to the bank in writing. If the merchant agrees that the charge was incorrect and states a credit will be issued, a written credit memo is to be requested, and if received, no formal dispute will be initiated. However, if the credit memo is not received, within 5 business days, the charge should be formally disputed to the bank.
- 5) The formal dispute letter should be forwarded to the FHB after a reasonable attempt has been made to resolve the dispute by the DCH, but not later than **10 days** after the appearance of the item on the BAS. In addition, a copy of the dispute letter should be forwarded to the PFMA, Finance Administrator, and Staff Attorney.