



Day&Zimmermann

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Policy: Procurement Card Policy & Procedure

Policy No.: 1327

Responsible Officer: Senior VP Finance and CFO

1.0 Scope

This policy applies to The Day and Zimmermann Group, Inc. and its subsidiaries and affiliates.

2.0 Purpose

The purpose of this policy is to provide direction for the purchase of goods using the Company issued Procurement Card (P-Card).

3.0 Definitions

- 3.1 Procurement Card/P-Card:** The current procurement card is a MasterCard issued by the Bank of America.
- 3.2 Supplier:** A company from which a Cardholder is purchasing goods (e.g., supplies, materials, equipment, etc.).
- 3.3 Cardholder:** An employee who has been issued a Company P-Card and who is authorized to make purchases.
- 3.4 Cardholder Manager:** Cardholder's direct supervisor. They may also be the Approver for the card.
- 3.5 Approver:** The individual (usually Cardholder's Manager) who approves Cardholder's P-Card purchases in WORKS.
- 3.6 Bank of America's WORKS system:** Bank of America's online information and transactional system.
- 3.7 Cardholder Cost Allocation Report:** This is the monthly listing of all transactions by the Cardholder that the Cardholder will extract from WORKS.
- 3.8 Single Transaction Limit:** A dollar amount limitation of a single transaction delegated to Cardholder. This is \$1,500. This dollar limitation covers purchases that are billable and/or non-billable.
- 3.9 Monthly Transaction Limit:** A dollar amount limitation of the total value of transactions in a month delegated to Cardholder. This is \$10,000.

4.0 Policy

4.1 How to Obtain a Company P-Card

4.1.1 When a Business/Staff Unit Manager, Director, or Controller identifies the need for a P-Card within their group they will send a written request, by e-mail, to the Program Administrator (mastercard@dayzim.com) of D&Z Shared Services Organization, Supply Chain with a copy to the appropriate Business Unit Controller.

The e-mail address for this request is: **mastercard@dayzim.com**.

4.1.2 The Program Administrator will then send the prospective Cardholder a copy of this Procurement Card Policy & Procedure and the Employee Agreement Form.

4.1.3 The Cardholder must complete and sign the agreement and form. By signing the Employee Agreement, the employee agrees to comply with the Cardholder responsibilities and obligations that are stated in the Employee Agreement Form and the Procurement Card Policy & Procedure.

4.1.4 The Cardholder must obtain approval from the Cardholder's Manager and the Staff/Business Unit Controller on the Employee Agreement Form and send the Form to:

- Program Administrator/Procurement Card – D&Z Shared Services Organization, Supply Chain
- E-mail: mastercard@dayzim.com

4.2 Cardholder Training

New Cardholders are contacted by the Program Administrator for individual training upon receipt of the new card. In addition to specific training sessions, step-by-step training guides will also be provided to each new Cardholder.

4.3 Authorized Use of the Company P-Card

4.3.1 The Cardholder's name will be embossed on the Company P-Card. This individual and their Manager/Approver are ultimately responsible for all activity on the card.

Holding a Company P-Card is a serious responsibility. Use of the P-Card in any way that is not compliant with this or other Company policies will result in loss of the P-Card and other disciplinary action up to termination of employment.

Although the Cardholder may make purchases on behalf of others in their respective unit, the Cardholder and their Manager/Approver are still responsible for all transactions charged to the Company P-Card.

When the charges are for the direct benefit/use of the card Approver, prior written authorization must be obtained from the Card Approver's supervisor and attached to the transaction receipt documentation in WORKS. If such prior written authorization is not obtained, Card Approver's transaction will be sent to their supervisor for approval during that month's audit cycle.

4.3.2 Use of the Company P-Card is intended for the following purchases:

a. Goods (e.g., supplies, materials, equipment, over-night delivery, etc.,) not exceeding \$1,500 in a single transaction. Payment for a purchase that exceeds this amount may not be split into multiple transactions to stay within the single purchase limit of \$1,500, whether the transaction is billable or non-billable. (Refer to Section 4.5 for the procedure to request an emergency purchase that exceeds the limit of \$1,500.)

b. Meals and related expenses provided at Company locations for business meetings or for Company sponsored events.

c. Company approved gift cards for business-related employee recognitions provided adequate documentation has been forwarded to Human Resources and Payroll for withholding of taxes as appropriate. Cardholder will contact Human Resources for more information on issuing gift cards.

4.4 Unauthorized Use of the Company P-Card

4.4.1 The Company P-Card **MAY NOT BE USED** for any purchases other than those listed in section 4.3 of this policy. Examples of items which may not be purchased with the Company P-Card include:

a. Labor Services (billable and/or non-billable) where a supplier is performing work on behalf of Company or Client and/or on Company or Client property (e.g., janitorial services, snow removal, recruitment, temp. labor, etc.)

b. Personal purchases or as a means of personal identification.

c. Purchases that exceed the Single Transaction Limit (\$1,500 per single transaction) or multiple transactions the total of which exceed the Monthly Transaction Limit (\$10,000 per month).

d. Business Travel or Related Expenses

e. Entertainment Expenses, including business meals with employees and customers

f. Consultants, Agents, or Independent Contractors

g. Charitable Contributions

4.4.2 When in doubt if an item or transaction is appropriate for the P-Card, contact D&Z Shared Services Organization, Supply Chain (mastercard@dayzim.com) for a determination.

4.4.3 A Cardholder who makes unauthorized purchases or inappropriately uses the Company P-Card (e.g., splitting a single transaction into multiple transactions of less than \$1,500) may be liable for the total dollar amount of such unauthorized purchases, any administrative fees, and any legal fees incurred to recover such amounts. Use of the P-Card in any way that is not compliant with this or other Company policies will result in loss of the P-Card and other disciplinary action up to termination of employment.

4.5 Making a Purchase

4.5.1 Before engaging a supplier for a purchase, it is Company policy to first solicit Enterprise, National, and Master Agreement suppliers. If they are not able to meet the requirement then the Cardholder should seek competition and the lowest prices within the parameters of quality and delivery. To do this the Cardholder will contact a number of supply sources to assure best price and delivery. D&Z Shared Services Organization, Supply Chain can assist with engaging Enterprise, National, and Master Agreement suppliers and generally with sourcing requirements.

In the case of emergency purchasing situations (i.e., an urgent requirement to purchase an item or service that is outside of the limits of this policy), contact your Business/Staff Unit DZG SSO Supply Chain procurement organization.

To make a purchase with the Company P-Card, use the following procedure:

a. Solicit a reasonable number of suppliers. In making this determination you should consider the timing and cost of the transaction. You should use your best business judgment to decide if soliciting pricing from several suppliers will be cost effective.

b. If suppliers furnish standing price quotations or catalog prices on a recurring basis, it is prudent for the Cardholder to check to see that the price listed is current.

c. Once the selected supplier confirms that the product is available and meets the delivery and other requirements, then:

1. Confirm that the supplier agrees to accept the Company P-Card.

2. If there is no receipt (e.g., telephone transactions) direct the supplier to include the following information on the shipping label and packing list:

i. Cardholder's name and telephone number

ii. Complete delivery address

iii. The words Credit Card Purchase

iv. The supplier's order number, if applicable

d. Retain a receipt or other documentation to verify the purchase. All purchases must be sent to the Cardholder so that the Cardholder will receive the necessary documents for record keeping.

4.6 Authorizing/Processing Declined Transactions

4.6.1 To ensure compliance with Corporate Policy, transactions are restricted by certain Merchant Category Codes (MCC). Every supplier is assigned one MCC by its merchant bank. However, many suppliers can have the same MCC.

4.6.2 When a Cardholder's transaction is declined because of a restricted MCC, the Program Administrator, with business approval, may authorize BoA to "force through" a legitimate business transaction that complies with Corporate Policy. The following process will be followed in such a situation:

a. Cardholder sends an email request to the Program Administrator (mastercard@dayzim.com) to authorize the MCC declined transaction.

b. The email must contain the decline reason/description, the supplier's name, the transaction date, the transaction amount and business purpose of the transaction.

c. Program Administrator contacts BoA who reviews the transaction and notates the authorization on the Cardholder's account.

d. The Program Administrator will contact the Cardholder to explain the reason for the rejected transaction and advise on how to proceed with the purchase. The Cardholder may be required to contact the vendor before the transaction can move forward. In some cases, the Cardholder will be required to change the method of procurement if the services are not permitted under the P-Card policy.

4.6.3 If the supplier does not accept the Company P-Card another supplier must be found that will accept the P-Card. D&Z Shared Services Organization, Supply Chain can assist in sourcing additional suppliers.

4.6.4 Transaction Dispute/Retrieval Instructions

The Company must initiate a dispute when a Cardholder is contesting a transaction. The Cardholder must:

a. Attempt to resolve the dispute directly with the supplier in writing.

b. If the disputed charge is not resolved in thirty (30) days, complete and sign the Transaction Dispute/Retrieval Form.

c. Send the form to the Program Administrator (mastercard@dayzim.com) who will review the information, research the transaction and work with BoA to resolve.

d. To preserve our rights, BoA must receive the form no later than sixty (60) days after your monthly paper statement reflects the disputed charge.

4.7 Bank of America (BoA) P-Card Data Online (WORKS)

4.7.1 BoA WORKS is a user-friendly, web-based application that allows the Cardholder to view P-Card transactions on a real-time basis that have posted to the account.

WORKS can be accessed at the URL: <https://payment2.works.com>

The Cardholder will use WORKS not only to view transactional data, but also to review/edit the cost allocations. Initially the transaction will be charged to the SAP Company Code/Cost Center that is defined in the Cardholder's Company P-Card and to the Account Number that is linked to the supplier's Merchant Category Code.

Example: For a purchase of supplies, a Yoh Company Cardholder will see in WORKS:

Company Code	Cost Center	Ledger Account Number
YOHS	STLOITS	505400

4.7.2 The Cardholder will review and/or edit the cost allocation of each transaction online. The Cardholder's Approver will also review and approve each transaction online. The Cardholder's Approver may also edit the cost allocation or any field available in the WORKS system.

4.7.3 The Cardholder must also enter a Ship To zip code for transactions that fall into one of the following two categories:

- Taxable Purchase – Tax Not Collected
- Tax Collected – Purchase Not Taxable

4.7.4 The Cardholder and the Cardholder's Approver should review/edit/approve Company P-Card transactions throughout the billing month as the transactions are incurred. The Cardholder will check the "Cardholder Reviewed" box for each transaction. The Approver will check the "Supervisor Reviewed" box for each transaction approved.

4.8 Cardholder Record Keeping

4.8.1 To reconcile transactions, the Cardholder must run in WORKS the Cardholder Cost Allocation Report and verify each transaction listed on the report by attaching an electronic scanned image of the corresponding receipt to the transaction in WORKS as proof of purchase. It is important for the associated substantiating documents to be attached to each transaction listed on the Cardholder Cost Allocation Report for a given cycle. Attach:

a. Invoice or sales receipt if the purchase is made over the counter. The Cardholder is responsible for ensuring that the supplier lists the quantity, item description and sales tax (if applicable) on the documentation.

b. The packing slip if the transaction is by telephone or email.

4.8.2 If the Cardholder does not have documentation for a purchase, then the Cardholder must attach an explanation that includes a description of the item(s) purchased, date of purchase, supplier's name and reason that the supporting documentation is missing, along with the approver's signature. This will provide verification that they are aware of the items that are missing documentation.

4.8.3 This record keeping by the Cardholder is essential to substantiate the Company P-Card transactions as a business expense and will be subject to audit.

4.8.4 After the Cardholder has attached documentation and signed off on each transaction, the Cardholder's Approver must review and sign off on the transactions in WORKS on the Cardholder Cost Allocation Report. The Approver is responsible for verifying the following items:

a. Receipts and shipping documents exist for each purchase. (In the event that a receipt is lost, then the Cardholder must contact the supplier where the purchase was made to obtain a duplicate receipt to a Company with the Cardholder Allocation Detail Report)

b. The goods were received.

c. SAP charge codes are correct.

d. The Cardholder has complied with this policy and any other related Company procedures regarding these transactions.

4.8.5 Once each reconciliation cycle (monthly) the Program Administrative team will conduct an audit of the transactions. A detailed file will be sent to the applicable Business Unit Controller indicating late submissions, discrepancies and transactions missing documentation. These reports will be distributed to the Business Unit Controllers on a monthly basis after the Cardholder reconciliation period.

4.9 Monthly Reporting Timetable

Failure to comply with these deadlines places the Company at risk for not identifying fraudulent activity in a timely manner.

4.9.1 1st – 5th Calendar Day of the Month – Cardholder/Approver completes the reconciliation and review process for the P-Card transactions that are recorded in WORKS for the previous month. An auto-generated email will be sent to the Cardholder and Approver whenever there are transactions not reconciled and approved within WORKS by the necessary date according to this policy.

4.9.2 6th – 10th Calendar Day of the Month – The Program Administrator will notify the Cardholder of incorrect charge codes so that the Cardholder can contact the Corporate General Ledger department to facilitate needed coding changes.

4.10 Customer Service

4.10.1 800 Number for BoA Account Service Inquiries: 1-888-449-2273: 24 hours/365 days of the year.

4.10.2 Account Inquiry/Service Request: Inquiry on individual account only. Call BoA Card Service

Center at 1-888-449-2273, this number can be used to:

- a. Call for balance inquiries
- b. Report lost or stolen card
- c. Ask why transaction was declined
- d. Other transaction information

4.10.3 Card Activation: Call 1-888-571-1000 and provide last four digits of SS #.

4.10.4 Company Account Inquiry/Service Request: Contact Program Administrator at **mastercard@dayzim.com** for: replacement card request for lost/stolen/damaged, spending limit increase, transaction limit increase, address / name changes, inquiry on specific spending limitations (MCC groups, transactions limits, etc.), and all other inquiries and maintenance requests.

4.11 Card Security

4.11.1 If the Company P-Card is lost or stolen, the Cardholder must immediately notify BoA at the telephone number listed on the card and then the Program Administrator at **mastercard@dayzim.com**

4.11.2 The Program Administrator and BoA will promptly issue a new P-Card to the Cardholder.

4.11.3 Prior to separation from the Company or a change of job responsibilities, the Cardholder and/or the Approving Manager must surrender the Company MasterCard to the D&Z Shared Services Organization, Supply Chain representative.

4.11.4 The Business/Staff Unit will immediately notify the Program Administrator by email: **mastercard@dayzim.com**

4.11.5 When a Cardholder is terminated, the Cardholder's immediate supervisor or the Business/Staff Unit representative must notify the Program Administrator (mastercard@dayzim.com) immediately to cancel the Company P-Card. It is essential for the Program Administrator to cancel the Company P-Card within 2 days after the Cardholder's termination so that the Company qualifies for complete liability coverage under the BoA MasterCard Coverage insurance program.

5.0 RESPONSIBILITIES

5.1 Cardholders' Managers are responsible for notifying the Program Administrator in the event of a Cardholder's termination.

5.2 Cardholder is responsible for keeping the Program Administrator informed of any change in their employment information, including the name of their current manager

5.3 Cardholder and Approvers are responsible for ensuring that all purchases made with the P-Card are done in accordance with this policy and any other related Company policies.

5.4 The D&Z Shared Services Organization, VP, Supply Chain is responsible for suggesting revisions as needed to maintain this Policy on an up-to-date basis based on the need of the Business Units and Corporate guidelines.

6.0 EXCEPTIONS

6.1 Any exceptions to this policy must be requested in writing by the responsible Business/Staff Unit Controller and approved by Sr. Vice President, Finance & CFO or his designees. Any changes to this Policy must also be approved by Sr. Vice President, Finance & CFO.