

City of Stuart
Purchasing Card
Policies and Procedures

Contents

SECTION I – INTRODUCTION 2
Purpose 2
Overview 2
Who to Contact 3
Roles & Responsibilities 3
How the Card Works 5
SECTION II - POLICIES AND PROCEDURES 6
Assignment and Control of the Purchasing Card 6
Cardholder use of Purchasing Card 7
Procedures for Making and Paying for Purchases 8
Controls and Audits 11

SECTION I – INTRODUCTION

Purpose

The purpose of the Purchasing Card (P-Card) Program is to give departments an efficient, cost-effective alternative to make purchases below $5,000. The P-Card benefits the city, its suppliers and departments. The city saves time and money by consolidating paperwork. Suppliers receive payment quickly and departments receive supplies without unnecessary delay.

As a city employee, you are being entrusted and empowered to make purchases on behalf of your department. Along with this empowerment comes responsibility. Cardholders are expected to make sound business decisions that are in the best interest of the city and to always comply with the policies and procedures set forth in the Program Guide.

Overview

The P-Card is a VISA credit card established as a more efficient, cost effective method of purchasing and paying for small dollar transactions. The card is used to procure goods and services that are business-related purchases. These efficiencies will allow cardholders to be more effective and focus on the value-added aspects of their jobs. The P-Card program is consistent with, and implemented as part of the city's procurement strategy. The use of P-Cards:

- Streamlines the procurement process.
- Increases user satisfaction.
- Reduces transaction cost.
- Improves delivery times.

The Purchasing Card Program Guide provides guidelines under which you are to utilize your P-Card. Please read it carefully. Your signature on the Cardholder Agreement Form indicates that you understand the intent of the program and agree, and are responsible for, adherence to the guidelines established for the program. The program is not to circumvent procurement guidelines or procedures. To maintain the integrity of the program, the Program Administrator shall cancel credit cards that are not used in compliance with established guidelines. In addition, misuse of the P-Card may result in disciplinary action.

Remember that you are spending taxpayer funds each time you use the P-Card. This is a responsibility that cannot be taken lightly. You must treat this program with the same sense of responsibility and security that you would use with your own personal credit cards. Each Purchasing Card is issued to a named individual and the City of Stuart is clearly shown on the card as the Governmental buyer of goods and services.

Every effort has been made to provide guidelines to cover most common circumstances. All City Purchasing Card users are reminded to consider Federal, State and Local regulations when using the City Purchasing Card. City Departments may establish additional controls with the approval of the Financial Services Department.

Unauthorized, prohibited or improper use of the P-Card may result in disciplinary action, up to and including termination of employment. In addition, consequences may include suspension and/or cancellation of the card and criminal prosecution, depending upon the severity and consequence of the misuse.

Who to Contact

Role	Title	Contact
Program Administrator	Accounts Payable Specialist	cityaccountspayable@ci.stuart.fl.us

Roles & Responsibilities

Program Administrator

The Financial Services Department is responsible for the administration of the P-Card Program and assigns a Program Administrator to:

- Coordinate, monitor and oversee the P-Card program, ensuring that key controls are in place and operating as designed.
- Coordinate and maintain internal controls.
- Maintain the cardholder database.
- Train new cardholders.
- Coordinate the issuance of new and replacement cards and collect canceled cards.
- Distribute the P-Card Program Guide to all cardholders and department representatives.
- Maintain files of executed Cardholder Agreements.
- Answer questions and solve problems pertaining to the program.
- Assists in resolving issues that arise regarding transactions or P-Card program requirements.
- Establish and maintain cardholder profiles.
- Receive approved monthly statements from cardholders.
- Receive consolidated statement from Purchasing Card issuer.
- Notify department when approved monthly statements are not received.
- Process accounting data into our financial software.
- Pay monthly charges from consolidated statement.
- File and store statements.
- Conduct periodic operational and compliance audits.
- Participate in resolving billing disputes.
- Target new cardholders and expand use of Purchasing Card.
- Participate in ongoing program reviews.
- Pursue supplier discount opportunities.
- Evaluate Purchasing Card feedback from suppliers.
- Establish and monitor benchmarking objectives.
- Provide a list of authorized users with limits to Department Directors at least annually.

Department Director

- Request Purchasing Cards for designated employees.
- Set Purchasing Card spending limits within established guidelines.
- Collect cards from cardholders who end employment.
- Evaluate the need to cancel or reissue cards when employees transfer.
- Notify the Financial Services Department of terminated cards.
- Appoint a Department Purchasing Card Representative.
- Review and approve the list of authorized purchasing card users for their department annually.

City Manager

- Review and approve Department Director purchasing card transactions.

Department Purchasing Card Representative

- Review monthly statement with cardholder.
- Obtain supervisor approval on monthly statement authorizing transactions.
- Verify the appropriateness of cost center codes.
- Handle disputed items not resolved by cardholder.
- Ensure that an itemized receipt is attached for each transaction and is an appropriate business purchase.
- Ensure the statement is signed by the cardholder.
- Ensure that monthly statements are signed by the cardholder's immediate supervisor certifying that they have been reviewed.
- Forward statements with coded original receipts to Program Administrator.
- Purchasing Card Representatives may not serve as their own Purchasing Card Representative, nor may any Purchasing Card Representative serve as the Purchasing Card Representative for their supervisors.
- The department director must approve all charges made by the department's designated Purchasing Card Representative and the Purchasing Card Representative's supervisors.

Cardholder

- Read and abide by the policies and procedures found in the Purchasing Card Program Guide. By signing the Cardholder Agreement form, you understand that you are accountable for activity on the card.
- Keep your P-Card number confidential and your card in an accessible, but secure location. You are the only person authorized to use the card so the location should only be accessible to you. Lending or sharing your card or card number is prohibited. Do not leave your card in a place that is accessible to others.
- Exercise caution when giving out account information to make purchases.
- Always try to obtain the best possible value for the city when using the P-Card.
- Follow the guidelines and do not split a transaction to circumvent your spending limit. For example, do not purchase products or services greater than the $5,000 or authorized single transaction limit and separate the payment into two or more transactions.
- Review charges at the point of sale before signing.
- Ensure that sales tax is not charged when making purchases. A hard copy of the certificate can be downloaded from Procurement's intranet site.
- Obtain and keep receipts and maintain detailed records for each card transaction. Receipts are critical to the success and integrity of the P-Card Program. Maintaining a log of purchases is advisable as the most efficient means of keeping track of purchases.
- Review monthly statements for accuracy.
- Attach original, itemized receipts and supporting documentation to the statement with proper expense account information noted on each receipt
- Sign the statement verifying review of charges.
- Receive and inspect all ordered goods or services, report discrepancies to merchant and Financial Services.
- For purchases made via telephone, internet or other method, cardholder must document the purchase by signature on vendor acknowledgement noting items purchased, vendor, date of purchase and amount.
- All point of sale receipts must include a description of the product purchased. All efforts must be made to secure a detailed invoice for non-Point of Sale transactions.

- Review monthly statements for validity of all transactions.
- Assure that all purchases and credits are itemized and identified.
- Review annually all subscriptions or annual renewals of services such as “cloud” products, for validity and continued charges.
- Identify and handle disputed charges.
- Review monthly charges with Purchasing Card Representative.
- Verify that funds are available in the proper account to pay for the purchase.

How the Card Works

The P-Card is a special VISA credit card. It works similarly to your personal credit cards, except that the charges are billed directly to the city and are paid by the Financial Services Department. Any supplier or merchant that accepts Visa can accept the P-Card. The P-Card will have the cardholder's name and “City of Stuart” printed on the front. The phrase "tax exempt" is also be printed on the card.

Cardholders may not split single transactions in excess of $5,000 or their individual transaction limit. The transaction and monthly spending limits may be changed permanently or temporarily upon request from a department director or designee to the Program Administrator.

Each time you use your card, an electronic process verifies that your purchase is within these predetermined limits. If your purchase violates these limits, the supplier will not accept your order. Each cardholder and department representative will be responsible for reviewing monthly statements.

The Purchasing Card system simplifies the procurement/disbursement process. Procurement responsibility is delegated to the ordering department enabling an authorized cardholder to place an order directly with the vendor.

Each card has specific spending limits as follows:

1. Single item purchase limit as set by the Department Director or Financial Services Director.
2. Monthly spending limit (This will be equal to double the credit line to allow for timing of payments posted against the account, but not affect single-purchase limits, or other restrictions on the card).
3. Daily spending limit.
4. Approved Merchant Category Codes.

There are three standard card levels issued as follows:

1. Level 1 – up to a $750 single-purchase limit; issued to those employees making small purchases;
2. Level 2 - up to a $5,000 single-purchase limit; issued to supervisory employees, including Department Directors.
3. Level 3 - Single-purchase limits above $5,000; issued to the City Manager, the Financial Services Director, the Information Services Director and those employees designated by the City Manager or Financial Services Director.

SECTION II - POLICIES AND PROCEDURES

Assignment and Control of the Purchasing Card

1. REQUESTS FOR AND ISSUANCE OF PURCHASING CARDS

   The Purchasing Card has the employee's name, the City name, and the expiration date embossed on the face of the card. The City's Florida sales tax exemption number status is preprinted on the Purchasing Card. The Purchasing Card issuing company will not have individual Cardholder information other than the Cardholder's work address. No credit records, social security numbers, etc., of the Cardholder are maintained by the issuing company.

   When the Financial Services Department receives a Purchasing Card from the issuing card company, the Cardholder will be required to personally attend and complete Purchasing Card training, take receipt of the card and sign a certification/receipt form. The Cardholder will be given a copy of the Purchasing Card Policies and Procedures guide and an oral review of the program. The Cardholder will receive their card at the end of the training session and must activate it at that time.

2. LOST OR STOLEN PURCHASING CARDS OR CARD NUMBERS

   If a Purchasing Card is lost, stolen, or misplaced, or if the Cardholder thinks that the number has been used without his or her authorization, the Cardholder must immediately notify the Purchasing Card Company and the Finance Department of the loss.

24-hour Lost Card Hotline: 1-888-449-2273.

   The Cardholder shall report all information necessary and complete all forms required to reduce the liability to the City for a lost or stolen card or card number, and shall work with any law enforcement agency in prosecuting theft.

3. TERMINATION OR TRANSFER OF CARDHOLDER

   When an employee ends his/her employment or is transferred to another department, the department Director shall collect the Purchasing Card, destroy it (cut it in half), and submit the pieces of the card to the Financial Services Department.

   If the department Director is unable to collect the Purchasing Card when an employee leaves, he/she shall immediately notify the Financial Services Department by telephone followed by a memo. The Financial Services Department will ensure that the card is canceled.

Cardholder use of Purchasing Card

1. CARDHOLDER USE ONLY

   The Purchasing Card shall only be used by the employee whose name is embossed on the card. No other person is authorized to use the card. The cardholder is responsible and accountable for all transactions that occur on their card.

   Upon receipt of the Purchasing Card, the cardholder should NOT sign the back of the card, but, should write in indelible ink one of the following:

   SEE PHOTO ID, or SEE CITY ID, or SEE DRIVERS LICENSE

2. CITY PURCHASES ONLY

   The Purchasing Card is to be used for City authorized purchases only. The Purchasing Card shall not be used for any personal use and any such use will require immediate reimbursement and may result in disciplinary action up to and including termination.

3. SPENDING LIMITS

   a. The department Director approving the assignment of a Purchasing Card will set two limits for each cardholder: single item purchase limit and 30-day limit.

   b. Requests for spending limit changes shall be initiated by email to the Program Administrator by the Department Director.

   c. A purchase may be made of multiple items, but any single item cannot exceed $5,000 or the Cardholder's limit if less than $5,000. Purchases over $5,000 must be made by Purchase Order under the City Purchasing Policies and Procedures. Charges for purchases shall not be split to stay within the single purchase limit. The deliberate attempt to split orders, where the purpose is keeping the total cost of each order below bid or quote limits; separating a requirement that exceeds a single purchase limit or threshold into two or more buys with the express intent of circumventing purchasing dollar thresholds; and failure to combine orders when practical for the interest of economy, is an evasion of Procurement Policy. Splitting charges will be considered abuse of the Purchasing Card program and subject cardholder to disciplinary action.

4. OTHER CONDITIONS

   a. All items purchased over-the-counter must be immediately available. The purchasing card can only be used for payment when goods are received.

   b. All items purchased during one telephone transaction must be delivered in a single delivery.

   c. The billing cycle for the Purchasing Card is from the 1st day of the month to the last day of the month. All items purchased by telephone must be delivered by the vendor within the billing cycle. The order should not be placed without this assurance.

5. PROHIBITED USES OF PURCHASING CARDS

a. The following types of items shall not be purchased with a Purchasing Card, regardless of the dollar amount.
   - Cash advances;
   - Tobacco products;
   - Alcohol or drugs.

b. The following types of items shall only be purchased with a Purchasing Card with the prior approval of the Department Director and the Financial Services Department, regardless of the dollar amount.
   - Professional or Contracted Services;
   - Uniform rental, Recreation or Entertainment;
   - Tuition for employees (this does not include registrations for seminars or training classes which are allowed);
   - Any additional goods or services specifically restricted by the department;
   - Travel expenses such as hotels, automobile rental, and airline tickets.

c. **Food purchases are not authorized** using the Purchasing Card with the following exceptions. Prior approval by the Department Director and the Financial Services Department is required.
   - Food provided for elected officials and city staff at official meetings scheduled during generally accepted meal times. All food purchases for official meetings must be pre-approved by the City Manager;
   - Food for the regularly scheduled Safety Committee meetings;
   - Meals that are part of employee recognition awards;
   - Food for volunteers working on behalf of the City of Stuart;
   - Food for VIPs visiting the City of Stuart government on official business;
   - Food purchased during a declared emergency;
   - Food that has been approved in the annual budget process;
   - Food purchased while attending conferences and/or approved out-of-city training sessions. It is highly recommended that “per diem” (allowance for food while away) be applied for and received prior to the initiation of the trip; and these funds be used for food purchases. The recommendation is that the Purchasing Card not be used for food while on approved out-of-city conferences or training sessions. Should the Purchasing Card be used for these purposes, the amount charged to the card is restricted to per diem limits as mandated in the City of Stuart Employee Manual.

Procedures for Making and Paying for Purchases

1. DOCUMENTATION OF OVER-THE-COUNTER PURCHASES

a. When an over-the-counter purchase is made, the Cardholder must obtain and sign the customer's copy of the charge slip.

b. The original charge slip and, if applicable, the sales receipt showing the description of items purchased, vendor, date and amount of purchase will be submitted with the Monthly Statement to Financial Services, Accounts Payable, at the end of the transaction period either by the Cardholder or by the Department Purchasing Card Representative. The Department should retain copies of the charge slips for end of month reconciliation.

2. TELEPHONE ORDERS

When placing a telephone order, the Cardholder must confirm that the vendor will charge the Purchasing Card when shipment is made so that receipt of the supplies may be certified on the monthly Statement of Account. This is also a requirement of the vendor's contract with VISA.

3. SALES AND USE TAXES

The City is exempt from paying any State of Florida (and generally all other States) sales and/or use tax, even if the purchase is made with the Purchasing Card. The City of Stuart's tax exemption status is printed on the face of the Purchasing Card. Many times this process is made easier if the cardholder has a copy of the City's tax exempt certificate. A copy of the certificate is provided upon card issuance. The Financial Services Department will provide a copy of the certificate upon request. The Cardholder should make the vendor aware of the City's tax-exempt status prior to processing the sale. If the vendor charges sales tax, the Cardholder must contact the vendor and obtain a credit equal to the amount of the sales tax. The Cardholder will be given two billing cycles to resolve any sales tax credits; any sales tax charges remaining will be deducted from the Cardholder's next payroll wages. If any cardholder has a problem with any merchant about sales or any other tax, please contact the Financial Services Department.

4. MISSING DOCUMENTATION

If for some reason the Cardholder does not have documentation of the transaction to send with the statement to his/her Purchasing Card Representative, he/she must attach a description of the purchase along with a signed certification that the purchase was made in accordance with the City's Policies and Procedures and that the purchase was required for City operations. Failure to promptly provide such certification may result in disciplinary actions and the employee may be required to pay the City for the undocumented expense. Continued incidents of missing documentation will result in the cancellation of the employee's Purchasing Card.

5. PAYMENT AND INVOICE PROCEDURES

a. Accounts Payable will send account statements to all cardholders as quickly as practicable. Immediate statement reconciliation is required in order to meet the terms and conditions of the City's contractual obligations to the Purchasing Card Company. All reconciled statements shall be forwarded to the Accounts Payable Section of Financial Services within three working days after receipt.

b. The Purchasing Card Company will mail one consolidated statement for all Cardholders to the Financial Services Department. This Statement of Account will list all transactions processed during the previous billing cycle (usually 30 days.) If no purchases were made on the Purchasing Card during the billing cycle, no Statement of Account will be generated unless adjustments for previously billed transactions have been processed during that cycle.

c. The Cardholder must review the statement and note any errors or disputes. Expense Account numbers for each item should be written on the original invoice/receipts to be attached to the statement. The statement will then be reviewed and signed by the cardholder. By signing the statement, the cardholder is certifying that all charges are

appropriate and authorized and that all charges are confirmed by attached receipts. The statement will then be reviewed and signed by the Department Purchasing Card Representative and the Cardholder's supervisor. Once the statements have been reviewed and signed, the statements are forwarded to the Accounts Payable Section of Financial Services. Invoices/receipts for all items listed on the statement should be attached.

d. NOTE: The statement may say that no balance is due. This means that the Cardholder does not submit a payment, the payment is due from the Financial Services Department. Always submit the Cardholder statement following the procedures above.

e. The Financial Services Department will ensure that the Purchasing Card charges are paid on time and that the consolidated statement received is reconciled against the individual cardholder statements forwarded from the department. Department Directors will be notified when individual statements are not received in the allotted time. Continued failure to meet the three workday deadlines may result in the revocation of Purchasing Cards at the discretion of the Director of Financial Services or the City Manager.

f. If the statement is not received in the Financial Services Department within the three days, then Financial Services will pay the statement and charge any transactions to the card's default account number. A late transaction processing charge may be added to late submittals.

6. DISPUTES

a. If items purchased with the Purchasing Card are defective, the Cardholder must return the item(s) to the vendor for replacement or credit. If the service paid for with a Purchasing Card is faulty, the vendor must be notified and asked to correct the situation or provide a credit. If the vendor refuses to replace or correct the faulty item or service, the purchase will be considered in dispute. If the quantity of items received is less than the invoice and charge billing, then the transaction must be disputed.

b. A disputed item must be explained with a note on the Cardholder's Statement of Account before the statement is forwarded to the Accounts Payable section for payment.

c. It is essential that the time frames and documentation requirements established by the Purchasing Card issuer be followed to protect the cardholder's rights in dispute.

7. DISPUTE PROCEDURES

a. A dispute occurs when a Cardholder questions a transaction that has been charged to his/her account and the cardholder is unable to resolve the discrepancy with the vendor. Only after this positive action by the cardholder does a transaction become a dispute. The following steps must be taken to ensure prompt settlement:

b. The Cardholder contacts Bank of America by telephone at 1-888-449-2273 concerning the transaction and supplies the necessary information to begin the resolution process. Bank of America will send a Dispute Form to the cardholder either by facsimile transmission or by U.S. Mail.

c. The Cardholder follows the procedures as established by Bank of America.

8. REVIEW OF PURCHASES BY DEPARTMENT

a. Because of their knowledge of the job responsibilities and requirements, Department Purchasing Card Representatives are required to review each Purchasing Card expenditure (item purchased, amount, and vendor) to ensure the goods or services were necessary, and for official use. The Department's Purchasing Card Representative must certify in writing all of the purchases on statements submitted to the Financial Services Department by the card representative.

b. When purchases are questioned, the Department Director or the designated Department Purchasing Card Representative will be responsible for resolving the issue with the Cardholder. If the Department Director is not satisfied that the purchase was necessary and for official use, the Cardholder must provide either a credit voucher proving the item(s) were returned for credit; or a personal check [or cash] made payable to City of Stuart for the full amount of the purchase plus applicable sales tax. Checks must be sent to the Financial Services Department within one week with a written explanation of why the violation occurred and the action taken to prevent reoccurrence.

c. The designated Department Purchasing Card Representative shall not review or approve charges to his/her own Purchasing Card nor those of the Purchasing Card Representative's supervisor. The department Director must approve all charges made by a designated Purchasing Card Representative and his/her supervisor.

Controls and Audits

P-Card transactions are monitored and audited. The P-Card program uses internal management controls, as well as features and reports from the bank's automated system to manage and audit the process to ensure that procedures are followed. Your use of the P-Card is subject to a continuing audit process. Any violation of policy and/or procedures governing the use of the P-Card shall be justification for the suspension or revocation of the employee's privilege to use the P-Card and can result in disciplinary action.

Methods utilized to control card usage are:

- Maximum dollar amount on a single transaction
- Total spend per month
- Maximum number of transactions per day
- Type of purchase

Cardholders will be periodically audited for compliance with P-Card policies and procedures.

The following non-compliant situations may result in cancellation of a P-Card:

- Inadequate documentation to support purchases.
- Inappropriate purchases.
- Monthly statements that have not been reconciled and signed by the cardholder.
- Sharing cards with other employees.
- Violations of P-Card policies.

Cardholders may be subject to disciplinary action, including termination, for the following non-compliant situations:

- Personal use of the card.
- Not reporting a lost or stolen card.
- Other excessive violations of P-Card policies.