



PURCHASING CARD PROCEDURES AND PROCESSES

This policy has been reviewed and approved by:

DocuSigned by:

Lauren Johnston

17644D609F7D434
Lauren Johnston, Acting City Manager

Date

PURCHASING CARD POLICIES AND PROCEDURES

The purchasing card (also known as procurement card or P-Card) programs provide an efficient, cost-effective method of purchasing and paying for small-dollar and high-volume purchases. Purchasing cards offer an alternative to the traditional purchasing process and can result in a significant reduction in the volume of purchase orders, invoices, petty-cash transactions, and checks processed.

The purchasing card is a credit card issued by the City's designated bank. The purchasing card is effectively a credit card that is provided on behalf of the City in the cardholder's name. The face of the card issued will have the employee's name and the City's tax-exempt number on the front of it with the City of Palm Coast clearly indicated. The card number, expiration date, and three-digit pin will be located on the back.

PARTIES INVOLVED

A. Card Issuer -

The card issuer, as the City's designated bank, issues purchasing cards to approved City of Palm Coast employees, provides electronic transaction authorization, and bills The City of Palm Coast for all purchases made on The City of Palm Coast's purchasing cards.

B. Purchasing Card Program Administrator -

The Purchasing Card Administrator is the main contact and the intermediary for establishing and maintaining accounts and monitoring overall use of accounts. The Purchase Card Administrator should perform the following actions:

1. Act as a liaison with the City's designated bank.
2. Have the final approval and authorization of the purchase card accounts that are created.
3. Review approved cardholder applications for completeness of required information.
4. Submit cardholder change requests and closures to the City's designated bank to ensure that all accounts are updated and maintained.
5. Require cardholders to sign the Purchasing Card Agreement and complete the annual Purchase Card Training.
6. Document and store all signed Purchasing Card forms.
7. Assist in resolving any erroneous and fraudulent charges, and lost cards.
8. Assist in the auditing process for conformance to policies and procedures.

C. Department Supervisors –

The department supervisors are responsible for identifying the need for a purchasing card and submitting the employee access change request to assign the employee a purchasing card. Supervisors should immediately notify the pcard administrator of any changes in the employees' job status, such as:

1. Name Changes
2. Employment Terminations, Suspensions, or Transfers
3. Violations or misuses of the pcard

Department supervisors are also responsible for reviewing and monitoring use of the department credit cards for compliance with Purchasing Policies and Procedures and the Travel Policy.

D. Department Director -

The department director is responsible for approving the p-card employee access change request for the employees. Department directors are also responsible for reviewing and monitoring use of the department credit cards for compliance with Purchasing Policies and Procedures and the Travel Policy. The department director should perform the following to ensure compliance with the Purchasing Card Policy:

1. Ensure the purchasing card is used for legitimate business purposes only.
2. Ensure that the Purchase Card Administrator is informed of any changes in their department staff's employment status or related occurrences.
3. Inform the Purchase Card Administrator if cardholder violates policies and procedures as documented in this manual, and report the disciplinary action, if applicable.
4. Destroy or return the pcard to the HR department or the Purchase Card Administrator for disposal.

E. Cardholder -

A cardholder is a City of Palm Coast employee who is approved by the department director to use the purchasing card to purchase transactions on behalf of The City of Palm Coast. They must submit a copy of their receipt within three business days of purchase to the designated employee responsible for coding the pcard transactions.

The cardholder must review the purchasing policy and the travel policy before making any purchases.

PROGRAM INFORMATION

A. Cardholder Eligibility –

Criteria for receiving a purchasing card is as follows:

1. Applicant must be an employee of The City of Palm Coast
2. Each individual cardholder must sign a Purchasing Card Agreement
3. Each individual cardholder must complete the purchase card training annually
4. Applicant's request for a purchasing card must be approved by the department director

B. Cardholder Liability –

The purchasing card is a corporate charge card, which will not affect the cardholder's personal credit. However, the pcard application will require the cardholder's name, social security number, and home address to verify their identity. It is the cardholder's responsibility to ensure that the card is used within the stated guidelines of the Purchasing Card Policies and Procedures. Failure to comply with program guidelines will result in permanent revocation of the card, notification of the situation to management, and further disciplinary measures that may include termination.

Card holders are responsible for:

1. Ensure the purchasing card is used for legitimate business purposes only.
2. Always maintain the purchasing card in a secure location.
3. Not allow other individuals to use their purchasing card.
4. Ensure that all purchases follow the Purchasing Policy, Travel Policy, and the Purchase Card Policy.
5. Obtain a detailed receipt or packing slip for all transactions.
6. Submit receipts to the department administrators who will code the transactions.
7. Immediately report a lost card or an erroneous charge to the City's designated bank and the Purchase Card Administrator.
8. Report and attempt to resolve erroneous or fraudulent charges immediately upon recognition.
9. Not accept cash in lieu of a credit to the purchasing card account.
10. Notify the Purchase Card Administrator of any changes in employment status or changes that will affect the functionality of the card. (Ex. Name changes)
11. Return the purchasing card to department director or the HR department upon terminating employment with the City of Palm Coast.

C. Cardholder Account Closure –

The Purchase Card Administrator is required to close an account if a cardholder:

- Is no longer employed by the City of Palm Coast.
- Makes any personal or unauthorized purposes that are (1) in excess or (2) not reimbursed to the City.
- Purchase alcoholic beverages or any substance, material, or service that violates any policy, law or regulation pertaining to The City Of Palm Coast. (Except if approved in advance by the City Manager)
- Allows the card to be used by another individual.
- Splits a purchase to circumvent the limitations of the purchasing card or the purchasing policy.
- Uses another cardholder's card without proper authorization.
- Fails to provide receipts for all transactions.
- Fails to provide, when requested, information about any specific purchase.
- Accepts a cash refund in lieu of credit to the purchasing card account.
- Does not adhere to the Purchasing Policies and Procedures Manual.

D. Lost, Misplaced, or Stolen Purchasing Cards

Cardholders are required to immediately report any lost or stolen purchasing card to the City's designated bank, the department director, and the Purchase Card Administrator at the first opportunity during normal business hours.

E. Recommended Purchases

The following are examples of recommended uses for the procurement card when relating to City business:

- Subscriptions
- Hotel Registrations
- Conference Registrations
- Travel

- Memberships and Subscriptions
- Training and Certifications
- Internet Purchases
- Operating supplies that are minimal and infrequent
- Emergency supplies

Note: Purchases over the \$1,499.99 threshold are allowed to be purchased via pcard, but they must abide by the procurement policy and be coded to a PO. In addition, items may not be purchased in divided quantities to avoid the requirements of this division. For example, a department may have several items that are needed for their operation throughout the fiscal year and individually are less than \$1,499.99 but in aggregate the items are in excess of the procurement thresholds. If there are any questions, please contact the Purchase Card Administrator.

F. Prohibited Purchases

The use of the City purchasing card to purchase the following items is prohibited, unless prior approval is granted by the City Manager:

- Alcohol
- Employee Meals
- Food not associated with emergency events or Human Resources-coordinated events
- Cash or Cash Equivalents (Gift Cards, Cash Returns, etc.)
- Personal purchases
- Medical or Legal Services

G. Personal Transactions

Personal transactions are purchases made that have no relation to the employee's roles and responsibilities as an employee of the City of Palm Coast. Any purchase that is made solely for the benefit of the employee, and not associated with travel or an emergency, may be considered a personal transaction.

If there are any questions as to whether a transaction is allowed or not, the cardholder should contact the Purchase Card Administrator.

If a personal transaction is made, please refer to the section below labeled "Consequences to a Cardholder for Purchasing Card Misuse" for further instructions on how to proceed.

H. Spending Controls

Cardholders are subject to a limit set by their department director. The limit may be increased or decreased at any time if approved by the department director. The cardholder's limit resets on the 1st of each month. All purchasing policies and procedures apply to the use of the purchasing card.

Purchases for capital assets must be appropriately budgeted for, have an existing purchase order, and must occur in the same year and period that the asset is being delivered. If the payment is not recorded in the same year and period, a journal entry will be made to adjust the payment effective date to match the delivery date.

Purchases should not be split on different pcards. Any individual item or service purchased may not be paid for by more than one purchase card, especially to circumvent the cardholder's limit or available balance.

I. Erroneous Declines

If the cardholder feels that a supplier has erroneously declined the purchasing card, the Purchase Card Administrator should be contacted for assistance.

J. Credits

Suppliers should issue all credits for returned merchandise or services to the individual purchasing card account for any item they have agreed to accept for return.

Note: Under no circumstances should a cardholder accept cash in lieu of a credit.

K. Fraud, Disputes, Unintended Purchases, and Billing Errors

The cardholder is responsible for contacting the supplier to resolve any erroneous charges within 15 days of receiving a statement. All fraudulent charges should be reported to the bank immediately for further assistance. If any of these situations occur, the cardholder should:

1. Contact the bank and explain the dispute to receive further guidance.
2. Contact the Purchase Card Administrator and explain the dispute.
3. If the dispute is resolved in the cardholder's favor, a credit in the amount of the disputed transaction will appear on a subsequent cardholder statement.

4. This credit should be coded to the same GL code as the original purchase to offset the charge.
5. If an unintended purchase is made, the cardholder is required to fill out the "Misuse of Purchasing Card" form and submit this to the Purchase Card Administrator. Please refer to the section below labeled "Consequences to a Cardholder for Purchasing Card Misuse" for further instructions.

L. Security and Storage

Cardholders should always treat their purchasing card with at least the same level of care as their own personal credit cards. The card should be maintained in a secure location, and the card account number should be carefully guarded. The only person entitled to use the card is the person whose name appears on the face of the card. The card may not be lent to another person for any reason, unless otherwise approved by the department director or Purchase Card Administrator.

M. Reconciliation and Approval

1. The department supervisors and directors are responsible for reviewing the pcard transactions in the workflow for compliance.
2. The Accounts Payable Technician is responsible for auditing the purchase card statements to ensure that there are receipts attached, and the transactions are in compliance to the purchase card policy after they have been approved.
3. The Purchase Card Administrator is responsible for ensuring that all transactions are in compliance with the purchasing policy.
4. The Accountant is responsible for reconciling the bank statement with the transactions in the system.

M. Sales Tax

The City's tax-exempt number is on the face of the card. This exemption is only valid in the in the State of Florida. The cardholder should attempt to have sales tax removed for any purchase if possible. If it is not possible to have the sales tax removed, the cardholder should reach out to the department director or the Purchase Card Administrator for assistance before proceeding with the purchase. It is the responsibility of the cardholder to ensure the City is not billed for taxes. The City's tax-exempt certificate is included on the purchase card training and can be provided by the finance department. All employees with purchase cards should have this form accessible when needed.

N. Audit Assistance

The Purchase Card Administrator will perform or assist the City's auditors in a periodic audit of internal policies and procedures and will select and audit monthly cardholder Credit Statements and other documentation as required by the Purchasing Policies and Procedures Manual.

CONSEQUENCES TO A CARDHOLDER FOR PURCHASING CARD MISUSE

In the event that an employee has discovered that they have used their purchase card erroneously, they should immediately attempt to have the charge refunded. If the employee is not able to receive a refund, the employee will need to pay the City back the charges owed. This can be done by issuing a check to the City and turning it into the Purchase Card Administrator, who will give it to the Accounts Receivable department to code against the same account that the charge was coded which will credit the amount of the transaction, effectively canceling out the charges. The misuse of pcard form should be filled out in all circumstances of misuse to document the occurrence. This form will be sent to City Manager and HR to be documented on the employee's record. This form can be provided by the finance department.

Improper use of the purchasing card will result in an investigation, which may lead to disciplinary action, up to, and including prosecution and termination of employment. Should the cardholder fail to use the card properly and charges are unaccounted for, the cardholder has authorized The City of Palm Coast to deduct such amount from the cardholder's salary equal to the total amount of unaccountable expenditures. The cardholder also agrees to allow The City of Palm Coast to collect any amounts owed by the cardholder even if they are no longer employed by The City of Palm Coast.