



## **PURCHASE CARD PROGRAM POLICY**

The purpose of the purchasing card (P-card) program is to establish a more efficient, cost-effective method of purchasing and paying for small dollar transactions as well as high-volume, repetitive purchases. The program was designed as an alternative to the traditional purchasing process for supplies and services. If used to its potential, the program will result in a significant reduction in the volume of Payment Authorizations (PA) and related documentation including invoices and checks. The purchasing card can be used with any supplier that accepts MasterCard as a form of payment. If there are any questions about what can be purchased using the purchasing card, please contact the Finance Department. The program benefits cardholders as well as the City by:

- Allowing cardholders to obtain goods and services faster and easier than before.
- Reducing paperwork and processing in the user department and Finance Department.
- Allowing all groups and individuals involved in the program to be more effective and to focus on the value-added aspects of their jobs.
- Promoting cost savings through consolidated payment - one monthly payment to the banking entity, versus multiple vendor payments.
- Receiving rebates based on the amount of City spend.

Purchasing cards will be centrally distributed through the Program Administrator. When a new card is issued, Citibank will send it to the Program Administrator for distribution to the cardholders. Cards should not be released to cardholders until each cardholder has gone through training, and has signed the cardholder agreement.

### **Duties and Responsibilities**

#### ***Program Administrator***

The Program Administrator is designated to answer questions and assist with issues with, and administration of, the program. This person will be knowledgeable on all procedures. The Program Administrator has a direct relationship with Citibank. All purchasing card requests must go through the Program Administrator. The Program Administrator is the Accounts Payable Technician with the Assistant Finance Director & Finance Director as back-up Program Administrators.

## **Cardholder**

The person designated by the Department Director or the City Manager to utilize the purchasing card for purchasing small dollar supplies and services is the cardholder. The cardholder is responsible for following the guidelines in regards to purchases, selection of vendors, security of card and monthly reconciliation.

## **The Department Director**

The Department Director or Manager is responsible for designating cardholders and for online approval of cardholders' transactions to ensure they are compliant with City policy. The Department Director or Manager will also assist in assigning cardholder spending limits.

## **Citibank**

The purchasing card program is serviced using a team approach with Citibank Customer Service Center. This center is available 24 hours a day, 7 days a week to assist **the cardholder** with general questions about the purchasing card account. If a card is lost or stolen, Customer Service should be notified immediately. The Customer Service number is **1-800-248-4553**.

## **Purchasing Card Controls**

### **Credit Limits**

All purchasing cards have a single transaction limit of \$2500.00 as well as a monthly cardholder spending limit. Limits may vary for each cardholder and will be established by the Program Administrator in conjunction with the user Department Director or Manager. The Program Administrator will periodically review actual spend versus assigned credit limit and propose a credit limit adjustment to the Finance Director. Credit limits, larger than needed, can increase the effect of fraud and CitiBank recommends credit limits be closer to actual expected monthly spend limits.

Each cardholder will be given information on the limits of his/her card upon signing up for the program. Credit limits can be increased either permanently or temporarily. If the cardholder needs a permanent or temporary increase in their credit limit, he/she would complete a Procurement Card Exception Request and have his/her applicable Director or Manager sign the request and deliver the signed Request to the Program Administrator.

### **Restricted Vendors**

The purchasing card program may be restricted for use with certain types of suppliers and merchants. If a cardholder presents a purchasing card for payment to these vendors, the authorization request will be declined. Cardholders who feel a particular

vendor should be added or deleted should complete a Procurement Card Exception Request.

### **Cardholder Responsibilities**

If a cardholder does not follow procedures when using their P-card, the cardholder is subject to disciplinary action, including up to termination. The P-card can only be used for City business and may not be used for personal purchases. The Cardholder is responsible for the security of the P-card and the transactions made with it.

All competitive purchasing requirements are applicable to P-card purchases. The P-card is not intended to avoid or bypass appropriate purchasing procedures. This program complements the existing process. A cardholder who is found to be non-compliant with the competitive purchasing requirements found in the City of White Settlement Purchasing Manual is subject to disciplinary action, including up to termination.

The cardholder must follow the instructions that accompanies the P-card to activate the card before using it. Upon receipt of the card, the cardholder should sign the back of the card and always keep the card in a secure place.

The cardholder is responsible to record the following for each P-card transaction and attach an itemized receipt and other supporting documentation for the transaction on CitiBank's Global Card Management System (GCMS):

- Fund Number (Dropdown Menu)
- Account Number (Dropdown Menu)
- Description of the Purchase (Text Box)
- Vendor Number (Dropdown Menu)

Coding the transaction and attaching the itemized receipt and other applicable documentation may be done as soon as the transaction appears on GMCS and therefore, can be done throughout the month. All statements close on the 3<sup>rd</sup> of each month and are available on GCMS on the 4<sup>th</sup> of each month. All transactions must be coded and itemized receipts attached by the cardholder by close of business on the 8<sup>th</sup> of the month. Assigned Directors/Managers must approve all transactions on GCMS by the 11<sup>th</sup> of each month. The Finance Department will then audit the transactions.

***Always obtain an itemized receipt*** when using the P-card. It is every cardholder's responsibility to ensure there is a receipt for each purchase. The receipt and any applicable supporting documentation should be scanned and attached to the applicable transaction on the GCMS. The cardholder should file the original receipt and other applicable documentation in their department, in case of additional questions from the Finance Department or the City's external auditors.

A cardholder who does not submit the appropriate itemized receipt and other applicable documentation will be required to reimburse the City for the entire amount of the

missing itemized receipt or other missing documentation. Reimbursement payments are due to the Accounts Payable technician by the 10<sup>th</sup> of the month following the missing receipt transaction occurring on the statement (the statement is available on the 4<sup>th</sup> of each month). Appeals shall be made to the Finance Director.

### **Traveling with the P-Card**

The P-card is an excellent payment tool for travel and training. The P-Card may be used to book airfare, lodging at hotels, training registrations and such expenses directly related to City approved travel for employees. The P-card is intended for City purchases only and is not to be used to pay for travel expenses for spouses/friends even if those expenses are being reimbursed to the City. If you are traveling with your spouse on City business, only your expenses should be charged to the P-card. Expenses for spouses are to be paid in cash or split and paid for on a personal credit card at the time of purchase. This policy also applies to other non-City related travel purchases such as movie rentals, miscellaneous sundries, entertainment, alcoholic beverages, etc. Hotels are very accommodating to split these charges upon check out.

### **Sales and Use Tax**

The City of White Settlement is a tax-exempt entity and does not pay sales tax. The P-card has the City's federal identification number printed on the card and the merchant should be reminded that sales tax should not be included in the transaction. The card does not automatically alert the merchant of our exempt status. Cardholders must tell merchants at the time of check out that this is a tax exempt purchase and that no tax should be added to the sale. Cardholders should check the store receipt prior to leaving the store to make sure sales tax was not included in the total. If tax was added to the sale, then the cardholder should immediately ask the merchant to credit the amount of the sales tax.

It is the cardholder's responsibility to see that no sales tax is paid or that credit is received on any sales tax paid by mistake on all transactions. The cardholder is liable for reimbursing the City for sales tax paid.

### **Returns and Disputed Charges**

If a cardholder needs to return an item to a supplier, contact the supplier and obtain instructions for return. Note that some suppliers may charge a restocking or handling fee for returns. If the supplier accepts an item as a return, a credit for this item should appear on the following month's statement. It is the cardholder's responsibility to verify that returns accurately appear on the card statement and provide the supporting documentation.

If a cardholder finds a discrepancy on a monthly statement, the cardholder should contact the supplier and attempt to resolve the problem immediately. If unable to

resolve, then Citibank must be contacted and the charge disputed. Please immediately notify the program administrator.

### **Purchase Denied**

Your purchase may have exceeded a spending or transaction limit, the City excluded that type of supplier or merchant, or the supplier or merchant is not equipped to accept MasterCard as payment. Contact your Program Administrator to determine the reason.

### **Security of the P-card**

The cardholder is responsible for the security of the card. This card should be treated with the same level of care, as the cardholder would use with his/her own personal charge cards. Guard the P-card account number carefully. It should not be posted in a work area, or left in a conspicuous place. It should be kept in a secure location.

The only person authorized to use the P-card is the cardholder whose name appears on the card or authorized personnel in the department on a department card. The card is to be used for City business only.

### **Card Cancellation/Replacement**

Upon request of the Program Administrator or Department Director/Manager, or when employment with the City ceases, cards must be returned to the program administrator immediately.

### **Lost or Stolen Cards**

If a P-card is lost or stolen, immediately contact Citibank Customer Service at **1-800-248-4553**. After contacting Citibank, notify the Program Administrator. Prompt action can reduce the City's liability of fraudulent activity.



## CARDHOLDER PROCUREMENT CARD AGREEMENT

I hereby acknowledge receipt of a City of White Settlement (herein 'City') MasterCard Purchasing Card (P-Card). As a Cardholder, I agree to comply with the terms and conditions of this Agreement and the City Purchasing Policy.

I acknowledge that I have read and understand the terms and conditions of this Agreement and I have attended the P-Card Training. I understand the City is liable to CitiBank and MasterCard for all City charges.

I agree to use my P-Card solely for City purchases and in accordance with the City Purchasing Policy. I agree not to charge personal purchases on this card. I understand the City will audit the use of this card, report any discrepancies, and take appropriate action when necessary.

I further understand that improper use of this card will result in disciplinary action, which may include termination of employment and/or legal action if appropriate. I agree to reimburse the City for any unauthorized purchase I make on this card. I agree to repay City any amounts owed by me for purchases made in violation of this Agreement and the City Purchasing Policy, even if I am no longer employed by the City.

I understand that the card is property of the City. I further understand that the City may terminate my right to use the card at any time for any reason. I agree to return the card to the Finance Department immediately upon request or upon termination of my employment with the City of White Settlement.

Cardholder's Name: \_\_\_\_\_

Card Number (Last 4#s): \_\_\_\_\_

Cardholder's Signature: \_\_\_\_\_

Date: \_\_\_\_\_



## PROCUREMENT CARD NON-COMPLIANCE APPEAL FORM

Cardholder Name \_\_\_\_\_ Date \_\_\_\_\_

Department \_\_\_\_\_ Statement Cycle \_\_\_\_\_

Description of Non-Compliance

\_\_\_\_\_

Return form to Program Administrator before \_\_\_\_\_

Explanation for Non-Compliance

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Cardholder Signature \_\_\_\_\_

Department Head Signature \_\_\_\_\_

### Action Taken

- Appeal granted
- Appeal denied, 1<sup>st</sup> violation in 12 months
- Appeal denied, written reprimand issued
- Appeal denied, employee's card suspended for \_\_\_ statement cycle(s)
- Appeal denied, employee reimburses City for amount of Non-Compliance transactions
- Appeal denied, employee reimburses City for amount of Non-Compliance transactions **AND** card is permanently revoked
- Other \_\_\_\_\_

Finance Director Signature \_\_\_\_\_



## PROCUREMENT CARD EXCEPTION REQUEST

Cardholder Name \_\_\_\_\_ Date \_\_\_\_\_

Card # (last four) \_\_\_\_\_

- |  |  |
|--|--|
| <input type="checkbox"/> Permanent             | <input type="checkbox"/> Temporary - Dates _____               |
| <input type="checkbox"/> Single Purchase Limit | <input type="checkbox"/> Billing Cycle Limit                   |
| <input type="checkbox"/> One time Purchase     | <input type="checkbox"/> Blocked Vendor _____<br>(Vendor Name) |

Reason for exception

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Cardholder Signature \_\_\_\_\_ Date \_\_\_\_\_

Department Head Signature \_\_\_\_\_ Date \_\_\_\_\_

Finance Director \_\_\_\_\_ Date \_\_\_\_\_

City Manager Signature \_\_\_\_\_ Date \_\_\_\_\_  
(if impact over \$5000.00)

P-Card Administrator \_\_\_\_\_ Date \_\_\_\_\_  
(implemented)