

SECTION 22

PROCUREMENT CARD PROGRAM

22.01 PURPOSE:

It is the intent of the procurement card program to provide users with an effective and efficient way to simplify and expedite the process of paying numerous vendors for approved purchases while insuring compliance with purchasing policies and the policies and procedures of other internal service providers.

1. The program is intended to provide documentation of purchases at the department level.
2. The program is intended to eliminate record keeping for vendors and expedite payment for purchases.
3. The program is intended to eliminate numerous credit application forms and related records required to set up and maintain charge accounts with infrequently used vendors.
4. The use of procurement cards shall be in compliance with all other city policies. It is the responsibility of each cardholder to comply with these policies.

22.02 ROLES AND RESPONSIBILITIES:

1. The conduct of all City employees must meet the highest ethical standards, and that standard is a part of the City's procurement card program. All participants in the program are responsible for conducting themselves in such a way as to exemplify the public trust that they hold.
2. Financial Services:
 - a. It is the responsibility of Financial Services to handle issues with the card provider and cardholders regarding compliance with program policies.
 - b. It is the responsibility of Financial Services to provide policy and procedure revisions to each Department Secretary.
 - c. It is the responsibility of Financial Services to recommend appropriate action in the event of unauthorized use of a card.
 - d. It is the responsibility of Financial Services to coordinate the card application process and keep a record of all cardholders.
 - e. It is the responsibility of Financial Services to coordinate training sessions and keep a record of those who have completed training.
 - f. It is the responsibility of Financial Services to handle issues with the card provider and cardholder regarding changes in cardholder status.

- d. It is the responsibility of each cardholder to verify that the quantity and quality of the items and/or services purchased are in compliance with the agreement, whether verbal or written, with the vendor.
- e. It is the responsibility of each Cardholder to ensure that all disputes are resolved in accordance with the program guidelines.
- f. It is the responsibility of each cardholder to notify the vendor, when applicable, that the purchase is tax exempt and to ensure that such taxes are not added to the prices of items and/or services purchased.
- g. It is the responsibility of each cardholder to instruct the vendor to include the required information on the shipping document.
- h. It is the responsibility of each cardholder to work with the Department Secretary and resolve any discrepancies between the transaction report and transaction receipts within three business working days after receipt of the report.
- i. It is the responsibility of each cardholder to report any variances from program policies to Financial Services.

22.03 APPLICATION AND CARD ISSUANCE PROCESS:

1. Full or Part time regular City employees may apply for a procurement card by submitting a completed application for procurement card to Financial Services. Where special circumstances warrant, a temporary/seasonal employee may be granted a procurement card following the special request of a Department Director.
 - a. City employees will relinquish current city issued credit cards for the city issued procurement cards.
 - b. If the applicant is a City employee, the application must be approved by the applicant's Department Director.
 - c. If the applicant is a Department Director, the Finance Manger must approve the application.
2. The applicant will be notified of the next Procurement Card training session.
3. Applicants shall attend a training session prior to issuance of a card. Each card applicant will be provided with a copy of the policies at the mandatory training session.
4. After completion of training and submission of the agreement form, the card will be issued.

22.04 SECURITY:

1. Procurement cards are the property of the City of Cedar Falls.
2. It is the responsibility of the cardholder to keep the card in a safe location.

3. Carrying cards permanently with personal cards is discouraged because of the possibility of its use in place of a personal credit card.
4. Cards are to be used only by the employees assigned to the card. The authorized cardholder can make a purchase for another employee, but should not “loan” his or her card to anyone.
5. Lost or stolen cards shall be immediately reported to Financial Services and the credit card company.
6. Cardholders shall return cards to the Department Secretary or Financial Services when employment with the City is terminated.
7. Cardholders will refrain from any use of the procurement card upon providing notice of separation of employment, unless authorized by Department Director.

22.05 TRANSACTION DOLLAR LIMITS AND EXCLUDED ITEMS:

1. Purchases are limited to the pre-determined dollar amount established by the City’s Policy at the time of application. Limits will include single card transaction limit, per day limit, and per billing cycle limits.
 - a. Circumventing the transactions limit is not allowed. This means a cardholder cannot have a merchant split a transaction into two or more transactions that are less than single card transaction limit in order for the purchases to be made with a procurement card. In the event that a purchase cannot be processed through the normal disbursement process, where a check is issued through accounts payable, there is an option available that complies with the City’s purchasing policy. A cardholder may request that the single card transaction limit is waived for a specific purchase. For this limit to be waived the cardholder must complete a Procurement Card Program Application/Enrollment and Account Change Form, clearly mark “Procurement Card Limit Increase” and the reason for the increase in the Comment Section of the form. The Application/Change form is required to have approval from the Department Director and Finance Manager. Once all of the required approvals are obtained, the Application/Change form should be sent to Financial Services and they will contact the credit card company to have the single transaction limit increased to an appropriate dollar amount for a short time period to allow the purchase to be processed. After the purchase has been made Financial Services will contact the credit card company and change the single transaction limit back to the original limit. A cardholder that chooses to use this method for a purchase **must have the completed Application/Change form to Financial Services one week before the purchase is made**, in order to allow time for the changes to be made with the credit card company.
2. The procurement card shall not be used for the following:

- a. Cash Advance.
 - b. Purchase of gift cards/gift certificates.
 - c. Purchase of alcoholic beverages.
 - d. Travel-related expenses related to spouses or other non-covered persons.
 - e. Items for personal use that would not be reimbursable by the City of Cedar Falls.
 - f. Video rentals, "On Your Honor" bar purchases provided in hotel rooms.
 - g. Rental or lease of land or buildings.
 - h. Rental or lease of motor vehicles.
 - i. Entertainment
3. The City procurement card shall not be used for personal identification or as personal credit references.
 4. Procurement cards should not be used at business where discounts are offered on in house charge accounts (i.e. Benton's Building Center).
 5. Hardware, software, and services related to the City's computer systems or telephone systems should not be purchased with a procurement card except by the Data Processing Division.

22.06 USE OF CARD AND TRANSACTION RECORDS:

1. Receipts & Invoices: An original receipt or invoice from the vendor must support each purchase transaction. Photocopies of receipts are not allowed.
 - a. If the vendor sends receipts/invoices separately from the goods being purchased, the invoice/receipt should be sent directly to the cardholder's department.
 - b. If for some reason the cardholder does not have documentation of a transaction, he or she shall attach an explanation that includes the required information along with a statement of why there is no supporting documentation.
2. Each receipt shall include the following information:
 - a. Vendor name.
 - b. Date of transaction.
 - c. Amount of transaction.
 - d. Itemized descriptions of the items and services purchased.
 - 1) If the procurement card receipt only includes the total purchase amount, the cardholder shall attach a detailed invoice, packing slip, or other vendor document with detailed information.

- 2) If an itemized receipt is not available, the cardholder shall attach a written record of the items and services purchased.
3. Bids and Quotes: For purchases requiring bids or quotes from vendors that are made with procurement cards, cardholders must attach this documentation to their receipts and corresponding statement. See the City of Cedar Falls Purchasing Manual for bid and quote requirements.
4. Internet Transactions: Cardholders shall confirm the security of proposed Internet order sites prior to placement of orders.
 - a. Cardholders shall obtain a confirmation receipt and/or detailed documentation of each Internet transaction.
 - b. Cardholders shall furnish receipts and records of Internet transactions with transaction reports.
5. Conference, Training, and Travel Transactions: Cardholders shall confirm budget approval prior to using cards for conference, training, or travel purposes as specified in the City's Accounting Policies and Procedures Manual. Prior to submitting any p-card travel transactions, travelers must be authorized by the cardholder's Department Director and the Finance Manager. Upon approval a travel card profile may be established.
6. Telephone or Fax Orders: Cardholders shall confirm the security of proposed telephone or fax orders prior to placement of orders.
 - a. Cardholders shall obtain a receipt and/or a detailed documentation of each telephone or fax transaction. (i.e. packing slip from product shipment, ask for receipt to mailed after order is placed, original registration documentation)
 - b. Cardholders shall furnish receipts and records of telephone or fax transactions with transaction reports.
7. Pickup/In-Person Orders: Cardholders may use cards in accordance with these policies at places of business accepting the cards.
 - a. Cardholders shall obtain a receipt and/or a detailed documentation of each transaction.
 - b. Cardholders shall furnish receipts and other records of transactions with transaction reports.
8. Food Items: Cardholders may use cards for food items in accordance with purchasing policies and the policies of this program.
 - a. Cardholders shall obtain a detailed receipt or documentation of each transaction.
 - b. Cardholders shall furnish receipts and other records of transactions with transaction reports.
 - c. Transaction reports for food items must indicate the purpose for which the food was purchased.

- d. The name and affiliation of any non-employees or officers must be documented unless the food is purchased for an official reception or similar event where more than twenty people are expected to be in attendance.
- e. Incidental beverages and snacks are not an allowable expense under City policy.

22.07 RECONCILIATION OF CHARGES:

- 1. A monthly reminder will be sent to cardholders and/or their Department Secretary, stating that the statements are available for processing.
- 2. Cardholders or Department Secretary will review their statement for the billing period. When charges are reconciled, the transactions will be allocated to the correct general ledger account, and receipts will be attached. Each card statement must be signed by the cardholder and Department Director (or other authorized signer). These signatures verify receipt of the materials and/or services shown on the statement. No one is authorized to sign in place of the cardholder.
- 3. Each Department Secretary will obtain the statements, receipts, and other documents from the cardholders in his or her department/division.
- 4. Disputed Charges: It is the responsibility of each cardholder to resolve any discrepancies between the transaction report for his or her card and transaction receipts. Using the Dispute/Resolution Form, all discrepancies shall be reported to the cardholder's Department Secretary along with the reason for the discrepancy, who was contacted to resolve the discrepancy, when they were contacted, and the resolution. If the dispute cannot be resolved before the processing deadline, the items in dispute should be expensed to the department, and the following procedures followed:
 - a. It is the cardholder's responsibility to make an attempt to correct the error with the vendor.
 - b. In the event a charge is in one month, and a credit is received in the next billing cycle, the cardholder must submit a Dispute/Resolution Log for the current billing cycle.
 - c. Attach a copy of the Dispute/Resolution Log to the statement.
 - d. The cardholder is responsible to pursue the resolution with the assistance of his or her Department Secretary. If the dispute is not resolved, the cardholder shall provide Financial Services with a Dispute/Resolution Log of his or her efforts to resolve the dispute. Updated reports will be filed monthly until the dispute is resolved.
 - e. All Department Secretaries shall have the authority to resolve disputes on behalf of cardholders in their respective work areas. This is intended to ensure timely resolution of disputes.

- f. If an item was returned to the vendor, but the credit not received during the same billing cycle as the charge, the item must be expensed to the department during the current period; the charge should be reversed when the credit appears.
5. Each cardholder will furnish the completed report to his or her Department Secretary within three working days after the cycle end date.
6. Each Department Secretary will submit the department/division statements, complete the on line cost allocation, and return the statements with authorized signatures to Financial Services for payment.
7. Financial Services will process payments in accordance with the program policies and the contract between the City and the card provider.
8. Sales Taxes: Purchases on the Procurement Card are tax-exempt.
 - a. If sales tax is charged in error, the cardholder should request a credit back to the card from the vendor in the amount of the sales tax.
9. Credits and Return: All credits and returns will be credited back to the Purchasing card. NO cash is to be returned to the cardholder.

22.08 PROGRAM VIOLATIONS:

1. Types of Violations:
 - a. Unallowable purchases: Reference Section 22.05.
 - b. Unacceptable Documentation: Each transaction shall be documented by an itemized invoice or record including the required information (Reference Section 22.6.2).
 - c. Late submission of Procurement Card Reconciliation or Authorization for Payment (Reference Section 22.07): Timely completion of reconciliation documents and authorization for payment documents is critical to the success of this program. The contract between City and the card provider requires payment to be made as scheduled.
 - d. Unresolved Item Disputes (Reference Section 22.07): Disputed charges are paid, and then credited if the dispute is resolved in favor of the cardholder. Failure to resolve disputed charges therefore results in excess costs to departments.
 - e. Standards of Conduct Violations: Failure to act in accordance with expected standards of conduct jeopardizes the public trust held by City employees.
 - f. Security Violations: Reference Section 22.04.
2. Consequences of Program Violations:
 - a. Unallowable purchases: The cardholder will provide a written statement of explanation.

- b. Unacceptable Documentation: The cardholder will provide required documentation upon notification by Financial Services.
 - c. Late Submission of Procurement Card Reconciliation Documents and Failure to Resolve Disputes: Late submissions and/or failure to resolve disputes may result in temporary de-activation of the card.
 - d. Standards of Conduct Violations: Conduct not complying with City standards will be reported to the City Attorney. In addition to card revocation, violations may result in disciplinary action up to and including termination of City employment.
3. Repeated program violations will be reviewed by Financial Services and the City Attorney. In addition to temporary de-activation of the card, consequences of violation may include card revocation, payroll deduction for unallowable purchases and expenses that were not reconciled, and/or disciplinary action, which may include termination.

**PROCUREMENT CARD PROGRAM
APPLICATION/ENROLLMENT AND ACCOUNT CHANGE FORM**
Permanent City Employees are Eligible for this Program

New Application/Enrollment Change in Enrollment

Employee Name	
Job Title	
Department/Division	
Work Telephone Number	
Work Email Address	
Dept/Div. Secretary	

Account Authorization and Limits (to be completed by Department Head or designee)

Travel Authorized? (Airlines & Hotels) <input type="checkbox"/> Yes <input type="checkbox"/> No		Single Purchase Limit	\$
Merchant Category Code Group Exclusions (indicate group codes):		Daily Purchase Limit (optional)	\$
		Billing Cycle Limit	\$
		Comments:	

Requested by: _____
Dept./Div. Manager/Supervisor Date

Approved by: _____
Department Director Date

Approved by: _____
Finance Manager Date

For Card Issuer/Program Administration Use:

Training Session Attended	Purchasing Card Ordered
Date:	Date:
By:	By:
Dept./Division Group:	Cardholder Account Number
Default Account Number:	

Cardholder Agreement Form on reverse

