

# Purchasing Card Policy



Adopted by the City Commission

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## **SCOPE:**

This policy shall apply to all purchasing transactions utilizing a purchasing card issued by the City of DeLand.

## **GENERAL OVERVIEW:**

What is a Purchasing Card? A Purchasing Card (“P-Card”) is an acceptable alternative method to purchase and pay for goods and services for the City. Cardholders are authorized to deal directly with vendors for purchase of goods and services using a credit card. These purchases are only for official business on behalf of the City. The “P-Card” is a credit card and must be handled with the same care and security as a personal credit card.

This policy outlines the procedures and policies governing the issuance, management and use of all Purchasing Cards issued by the City. The City of DeLand’s Purchasing Card Program is designed to streamline the procurement process of small dollar purchases of goods and services. Use of the card by authorized users simplifies the purchase of goods and supplies and allows departments greater flexibility in procuring needed items.

This program will delegate procurement responsibility to the ordering department and allow the cardholder to purchase approved commodities and services directly from the vendor. Use of the purchasing card eliminates the need to enter and process requisitions prior to purchase. The city receives one monthly invoice for all Purchasing Card charges eliminating processing of individual vendor checks.

The City currently issues VISA Purchasing Cards through Bank of America.

The Purchasing Card Program is administered by the Purchasing Card Administrator, who coordinates the issuance, maintenance and cancellation of the P-Cards with the City processor, Bank of America. The Purchasing Card Administrator will monitor the performance of the program. All questions or concerns should be directed to the Purchasing Card Administrator. The procedures provided herein are minimum standards for departments. Departments may establish additional controls if necessary or desired. Final authority for the interpretation of this policy shall rest with the City Manager or Finance Director.

## **PURPOSE:**

The purpose of the Purchasing Card Policy is to establish policies and procedures to control and manage the use of Purchasing Cards assigned to and utilized by City Employees. These policies and procedures are intended to accomplish the following:

- A. To provide a convenient and efficient method of purchasing and paying for goods and services not to exceed \$5,000 per purchase.
- B. To ensure that appropriate internal controls are established so that Purchasing cards are used only for authorized purposes in accordance with the City’s policy and procedure.
- C. To provide a convenient method for small purchases, payment consolidation, improved customer service, reduced transaction costs, streamlined process and historical spending information.
- D. To provide prompt payment to vendors.

- E. To enhance productivity and significantly reduce paperwork.
- F. To reduce the time spent by Accounts Payable processing low dollar transactions.
- G. To ensure that the City bears no legal liability for the inappropriate use of Purchasing Cards by City employees.
- H. To provide disciplinary action if the purchasing cards are misused.

Some advantages of the Purchasing Card Program are the various ways that limits and restrictions can be established by the City on the Cardholder. These features allow the City to tailor the Program to fit its needs and to extend purchasing responsibility to more individuals while maintaining and increasing accountability.

The policies and procedures provided herein are minimum standards for each department. Departments may establish more stringent control, if necessary, but must inform the Purchasing Card Administrator of these additional controls.

## ***BENEFITS:***

There are many benefits to issuing the Purchasing Card for authorized purchases. Some of these benefits include:

### **A. City of DeLand's Benefits:**

- Simplifies the purchasing process for the large number of low dollar purchases, freeing up time for large dollar purchases.
- Identifies other vendor payments that could be made using the Purchasing Card, thereby increasing the potential for additional cash rebates.
- Lowers the overall transaction processing cost per transaction.
- Reporting and Accountability.
- Provides management information on spending and other analytics.

### **B. Cardholder Benefits:**

- Convenience of purchasing without a purchase order for purchases at or below the small dollar threshold.
- Expedites the delivery and receipt of goods or services.
- Expands the list of vendors from whom purchases can be made.

### **C. Vendor Benefits:**

- Expedites payment to the vendor.
- Reduces paperwork.
- Lowers risk of nonpayment.

## ***HOW IT WORKS:***

The Purchasing Card Program simplifies the procurement and payment process. Procurement responsibility is delegated to the Department, enabling the Cardholder to place an order directly with the vendor.

When the purchase authorization is requested by the vendor at the point of sale, the VISA Purchasing Card system validates the transaction against preset limits established by the employee's Department and approved by the Purchasing Card Administrator. All transactions are approved or declined (electronically) based on the Purchasing Card authorization criteria established. The authorization criteria may be adjusted periodically as needed and may include, but are not limited to, the following:

- a. Single transaction limit – any one item cannot exceed \$5,000 with the exception of the Accounts Payable Clerk & Ghost Cards.
- b. Transaction limit – purchase of multiple items under one transaction where total cannot exceed \$5,000.
- c. Number of transactions allowed per day (10) – total transactions allowed in one day
- d. Monthly spending limit (varies per Cardholder)
- e. Approved Merchant Category Codes.

The authorization process occurs through the electronic system that supports the purchasing card processing services under the agreement established between the City of DeLand and the financial services provider. Requests for spending limit changes may be requested by the Department Director to the Purchasing Card Administrator when deemed appropriate.

## **WHAT IF THE VENDOR DOES NOT ACCEPT CREDIT CARDS**

There are some vendors that do not accept credit cards. If this happens, there are two options:

- Find another comparable vendor that will accept the Purchasing Card.
- Prepare a requisition, use petty cash, or a check request, as appropriate.

## **RESPONSIBILITIES:**

The following is a summation of the responsibilities of the individuals and organizations involved in the purchase card system:

### **A. Cardholder Responsibility:**

1. Establish a need for a Purchasing Card and obtain Department Head's approval.
2. The Purchasing Card shall be used only in strict conformity with the terms and conditions of the Cardholder Agreement.
3. Hold and secure purchasing card.

4. Purchase or order materials and services within dollar limits and policy guidelines and ensure the quality and delivery of goods. It will be cardholder's responsibility to ensure all purchases are within established budgets and comply with City of DeLand purchasing policy. Cardholders are not required to solicit competitive bids/quotes for low value purchases; however, they should seek the best value for the City and ensure the price paid is reasonable. A copy of the Purchasing Policy can be found on the City of DeLand intranet under Finance Instructions.
5. Ensure that sufficient funds exist to cover items being purchased.
6. Inform vendor of tax-exempt status prior to processing transaction. The cardholder will be responsible for ensuring the City does not pay sales tax on purchases in the State of Florida. If sales tax is assessed, the cardholder is responsible for contacting the vendor for a credit. Every effort should be made to obtain the tax exemption or receive a refund or credit for sales taxes paid. For all unrefunded sales taxes, the cardholder must provide documentation detailing the reason for the sales taxes being charged and the documented unsuccessful attempts to obtain a refund or credit.
7. Collect and save itemized, original sales receipts and forward to the department representative for processing in BSA. Sales receipts for payment are due to department representative immediately after purchase is made.
8. Track phone/online orders and request receipts.
9. Cardholders are responsible for all returns of goods. Returns will be credited to the cardholder's account. **CASH REFUNDS ARE STRICTLY PROHIBITED.**
10. Identify disputed charges as soon as possible and report disputes directly to the Purchasing Card Administrator. Provide Finance with supporting documentation for any dispute.
11. Report lost or stolen cards immediately to the Purchasing Card Administrator (386) 626-7078 as soon as possible. Cardholders will not be responsible for any charges after the card is reported lost or stolen.

**B. Department Administrator/Representative Responsibility:**

1. Review charges daily.
2. Assist department cardholders with disputed items.
3. Ensure that sufficient funds exist to cover the items being purchased.
4. Assign and/or verify the appropriateness of account numbers.
5. Verify appropriate discount has been deducted by vendor.
6. Update incomplete VISA invoices in BSA for approvals.
7. Attach all charge receipts and necessary documentation to invoices in BSA by the deadlines. Entries must be made timely enough to allow for all departmental electronic approvals by the 3<sup>rd</sup> of the month so VISA payment can be made to the bank by the 7<sup>th</sup>.
8. Monitor submitted invoices for electronic approvals from Department Director or Designee to ensure processing deadlines are met.

9. Collect cards from cardholders that transfer employment, notify via email the Purchasing Card Administrator of the transfer and return the card to the Administrator.
10. Notify, via e-mail, the Purchasing Card Administrator when an employee terminates. The purchasing card shall be destroyed as soon as possible after employee termination.

**C. Department Director Responsibility or his/her designee:**

1. Request purchasing cards for designated employees.
2. Set departmental and cardholder spending limits within established guidelines.
3. Designate department representatives to administer purchasing card system within each department.
4. Review charge receipts and authorize payments by electronically approving VISA invoices.
5. Notify the Purchasing Coordinator of any change affecting the Cardholder.
6. Department Directors or designee must approve transactions of departmental representatives. Departmental representatives cannot approve their own purchases.
7. Coordinate with Human Resources and the Purchasing Card Administrator to collect cards from Cardholders at the end of employment.

**D. Purchasing Card Administrator Responsibility:**

1. Approve requests for purchasing cards submitted by Department Directors.
2. Coordinate issuance and cancellation of cards.
3. Ensure each cardholder, proxy and transaction approver has attended the initial and ongoing purchasing card training and has completed and signed the Purchasing Card Agreement Form. Forms must be signed annually with a copy on file in the Finance Department.
4. Evaluate Purchasing Card feedback from vendors and Cardholders.
5. Coordinate program policy issues including revisions to the program.
6. Participate in resolving billing disputes.
7. Coordinate and maintain internal controls.
8. Maintain procedures and cardholder guides/manuals.
9. Conduct periodic operational and compliance audits.
10. Import all PCard purchases into accounting software daily.
11. Ensure the banking contract is current and updated when needed.

12. Report to the Finance Director as to the status of the Purchasing Card Program and any irregularities.
13. Keep abreast of developments and new technologies in the commercial credit card industry.
14. Inactivate and destroy cards, when necessary.

**E. Accounts Payable Administrator Responsibility:**

1. Review all charge receipts and necessary documentation from all department representatives. Ensure correct invoice information is captured electronically in BSA along with correct account coding, documentation, and all data entry fields are complete.
2. Confirm that all charges are authorized by Department Director or his/her designee and all purchases are in conformance with the City's purchasing policy. Review transactions for possible misuse and report any issues to the Assistant Finance Director when they arise.
3. Ensure receipts are not charged sales tax and communicate with cardholder or department representative when needed.
4. Pay any invoice in an amount equal to or greater than \$5,000 authorized by a purchase order as needed.
5. Reconcile consolidated statement and notify department representatives and Assistant Finance Director when receipts are in "incomplete" status in BSA.
6. Initiate payment of all monthly charges from consolidated statement via Wire Transfer in Wells Fargo.
7. Provide invoice training to all new cardholders and refresher training classes as needed.

**F. Internal Audit (Finance) Responsibility:**

1. Conduct periodic operational and compliance audits.
2. Prepare and send out notification letters of disciplinary actions to cardholders, transaction approvers, and departmental directors for any violations of PCard policy.
3. Maintain documentation on violations and corrective actions taken.

**PROCEDURES:**

**A. Assignment and Control of the Purchasing Card**

**1. Requests for and issuance of purchasing cards**

- a. Purchasing cards will be issued to individual employees who frequently purchase goods/services in single purchase amounts of less than \$5,000. Generally, these will be the employees who, before the Purchasing Card Program, were authorized to make purchases on behalf of the City.
- b. The purchasing card will have the employee's name, the City's name, the City's tax exemption number embossed on the card, along with the credit card number, the expiration date, and the

security code number. The purchasing card issuing company will not have individual cardholder information other than the cardholder's work address. No credit records, social security numbers, or other personal information of the cardholder will be maintained.

- c. All requests for purchasing cards must be made by the Department Director by using the *Purchasing Card Request/Change Form* which can be found on the City intranet under Finance Forms. The completed form must be forwarded to the Purchasing Card Administrator for review and approval.
- d. All requests for new cardholders or for changes to current cardholders will be made by completing the top portion of and submitting a Purchasing Card Request/Certification/Receipt form to the Purchasing Card Administrator signed by the Department Director.
- e. When the Purchasing Card Administrator receives a purchasing card from the issuing card company for a cardholder, the cardholder will be required to personally take receipt of the card and sign the *Purchasing Card Acceptance and Cardholder Agreement*. The Finance Department will provide training and a copy of the *Purchasing Card Procedures Guide* to the cardholder.
- f. The Purchasing Card Administrator will notify the requesting department and Accounts Payable upon the issuance of all purchasing cards.

## **2. Lost or Stolen Purchasing Cards**

- a. If a purchasing card is lost or stolen, the cardholder or department representative must immediately notify the financial service provider and the Purchasing Card Administrator.
- b. Failure to promptly notify the financial service provider of a lost or stolen Purchasing Card could make the City responsible for any fraudulent use of the card and result in loss of privileges for the Cardholder.
- c. The cardholder is responsible for reporting all information necessary to reduce the liability to the City for a lost or stolen card.

## **3. Termination or Transfer of Cardholder**

- a. When an employee ends employment, the Department Director or his/her representative must notify the Purchasing Card Administrator immediately using the *Purchasing Card Request/Change Form*. The purchasing card shall be destroyed as soon as possible after employee termination.
- b. If the department is unable to collect the purchasing card when an employee terminates, the Department Director must immediately notify the Purchasing Card Administrator. The Purchasing Card Administrator will certify that the card is cancelled. A Cardholder who fraudulently use the Purchasing Card after separation from employment will be subject to legal action.
- c. When an employee transfers to another department, the Department Director or his/her representative must collect the PCard and submit the card to the Purchasing Card Administrator. The new Department Director must submit a new Purchasing Card Request/Change Form to reinstate the card with new permissions for the transferred position.

#### **4. Purchasing Card Inventory**

At least annually, the Purchasing Card Administrator will provide to each Department a list of all Purchasing Cards issued to its employees. Departments must conduct a physical inventory of Purchasing Cards and report any discrepancies to the Purchasing Card Administrator.

#### **5. Audits**

The Finance Department may perform random operational and/or compliance audits of any Cardholder or Department at any time.

#### **6. Feedback**

Cardholder feedback regarding the Purchasing Card Program is important and welcomed. The City needs to know if Cardholders have any issues and or have any suggestions for improvement. Please contact the Purchasing Card Administrator with any issues, concerns or suggestions regarding the Purchasing Card Program.

### **B. Limitation on Use of Purchasing Cards**

#### **1. Cardholder Use Only:**

The purchasing card may be used only by the employee whose name is embossed on the card. **NO OTHER PERSON IS AUTHORIZED TO USE THE CARD.** All precautions shall be used to maintain confidentiality of the Cardholder's account number and expiration date of the Purchasing Card. The Cardholder is responsible and accountable for all transactions that occur on the card.

#### **2. City Purchases Only:**

- a. The purchasing card is to be used for City-authorized purchases only. The purchasing card cannot be used for any personal use. Any such use will require immediate reimbursement and may result in disciplinary action, if it were found to be intentional.
- b. Likewise, personal credit cards should not be used for official city business. All official City business should be procured through either PCard, city issued check or electronic payment. Business expenses procured using personal credit cards will be eligible for reimbursement through payroll with written approval by the Finance Director.

#### **3. Dollar Limitations:**

- a. The Department Director approving the assignment of a purchasing card will set two limits for each cardholder; a single purchase limit and a 30-day limit (or cycle limit).

Each time a Cardholder makes a purchase with the Purchasing Card, these limits will be checked automatically by the system, and the authorization request will be declined should the amount exceed the limitations. Request for spending limit changes or additional limitations must be initiated and authorized by the Department Director or designee, subject to approval by the Purchasing Card Administrator.

- b. A purchase may be made of multiple items, but the invoice total cannot exceed \$5,000 or the cardholder's limit if less than \$5,000. Payment for purchases can not be split to stay within the single purchase limit. This violates the City's Purchasing Policy and is considered an abuse of the Purchasing Card Program which may result in cancellation of the card and/or disciplinary action.
- c. Cardholders may be permitted to make purchases greater than \$5,000, provided these purchases are made with strict adherence to the procedures in the City's Purchasing Policy, and prior approval is received from the Purchasing Card Administrator.

#### **4. Sales Tax Exemption:**

- a. The City of DeLand is exempt from paying State of Florida Sales and Use Taxes. Such a tax exemption applies to all in-store, over the phone and internet purchases. The Cardholder is to make this clear to the vendor at the time of purchase, whether it is an over-the-counter purchase, telephone, or internet order. The City's tax-exempt identification number is printed on the face of the Purchasing Card.
- b. Vendors may require a copy of the City's tax-exempt certificate which is available on the City's Finance intranet webpage.
- c. In the event a vendor charges sales tax, the vendor should be contacted by the Cardholder immediately to obtain a credit equal to the amount of the sales tax charged. Upon failure to recoup the sales taxes charged, the Cardholder must provide the Purchasing Card Administrator documentation detailing the reason for the sales taxes being charged and the unsuccessful attempts to recoup the sales taxes charged.
- d. If there is a problem with any merchant regarding sales or any other tax, the Cardholder should contact the Purchasing Card Administrator prior to making any purchases.
- e. Note when traveling outside the State of Florida, purchases are subject to the laws of the state where the purchase is made and may not be exempt from sales tax (e.g., hotel accommodations).

#### **5. Prohibited Uses of Purchasing Cards**

- a. Cash advances (including fuel pre-pay)
- b. Capital items (over \$4,999.99 with the exception of the Accounts Payable Clerk)
- c. Any additional goods/services specifically restricted by the city's purchasing policy or the department
- d. Any purchases from a foreign supplier requiring foreign currency
- e. PayPal, Venmo, Zelle or other personal payment platforms without Finance Department's pre-authorization
- f. Personal, Family or Household items
- g. Purchases from vendors which create a conflict of interest

### **C. Completing Transactions with Vendors**

#### **1. Prerequisites for Purchases**

- a. Ensure that the goods or services to be purchased have departmental approval and budgeted funds are available.

- b. Determine if the intended purchase is within the Cardholder's Purchasing Card limits.
- c. Inform the vendor (preferably via email) that the purchase will be made using the City's Purchasing Card.
- d. Inform the vendor that the purchase is tax-exempt. Review the receipt before leaving the store or accepting the goods/services, and if taxes were included, request a credit or cancel the purchase.
- e. If using the Purchasing Card for travel expenses, such as registration for conferences or training, transportation, or lodging, approval of those travel expenses is required from the Department Director, Finance Director and City Manager prior to making the purchase. (Please refer to the City's Travel Policy.)

## **2. Over-The-Counter Purchases**

- a. When an over-the-counter purchase is made, the Cardholder must obtain the customer's copy of the charge slip/receipt, which will become part of the reconciliation documentation. An itemized receipt must be provided. If the receipt does not clearly designate the item(s) purchased, a detail listing must be attached.
- b. The charge slip/receipt must be retained by the Cardholder.
- c. All items purchased over-the-counter must be immediately available. Any item ordered, but not available, should not be charged to the City's account until delivery is made to the City, or written confirmation of shipping is received.

## **3. Telephone/Mail Orders/E-Mail/Internet**

- a. When placing a telephone order, the cardholder must confirm that the vendor will charge the purchasing card. The Cardholder should ask the vendor to send an itemized order confirmation/receipt via fax or email and to include the customer's copy of the charge slip with the shipment. These documents will serve as the Cardholder's purchase receipts. Packing slips are not sufficient documentation and will only be permitted in instances where the cardholder documents unsuccessful attempts to obtain a receipt.
- b. Ensure that the vendor understands that charges are not to be billed until the item(s) has been shipped. Florida law prohibits payment to a vendor prior to the receipt of goods or services except in specific and limited circumstances.
- c. If the item is not available, the purchasing card cannot be used for the transaction.
- d. Be sure shipping/handling costs are shown and included in the dollar total.
- e. All items purchased by telephone/mail order/e-mail/internet must be delivered to the City within the 30-day billing cycle. The order should be not be placed without this assurance.
- f. To ensure prompt delivery of items ordered, provide the vendor with the appropriate delivery information – do not use Post Office Box for "Ship To addresses. Request that your name and "Ship to" address be clearly marked on the outside of the package.

#### **4. Documentation**

- a. Any time a purchase is made that will be paid using the Purchasing Card, the Cardholder shall obtain a customer copy of the itemized purchasing card receipt, itemized vendor's sales receipt, or detailed invoice. These items are considered required documentation.
- b. All documentation must include the following minimum information:
  - Vendor Name
  - Date of Purchase
  - Description and quantity of each item purchased
  - Per Item Cost, if available from the vendor
  - Total Cost of the Transaction
- c. If the Cardholder is unable to obtain the sales receipt or invoice from the vendor, the Cardholder must attach an explanation statement that includes a description of the item(s), date of purchase, vendor's name and why there is no supporting documentation. Continued incidents of missing documentation may result in the cancellation of the Cardholder's Purchasing Card and/or disciplinary action.
- d. All items purchased over-the-counter must be immediately available. Any items ordered, but not available, should not be charged to the Cardholder's P-Card until delivery is made to the City, or written confirmation of shipping is received.

#### **5. Returning Merchandise**

- a. If items purchased with the Purchasing Card are defective, the Cardholder must return the items to the vendor for replacement or credit. If a service paid for with the Purchasing Card is faulty, the Cardholder must notify the vendor and ask for the situation to be corrected or provide a refund. If a charge appears on the daily or monthly statement in error or is incorrectly billed, the Cardholder must first attempt to contact the vendor immediately to obtain correction and/or credit.
- b. The Cardholder is responsible for managing any returns/exchanges and ensuring that proper credit is received for returned merchandise.
- c. Contact the vendor and obtain instructions for return.
- d. The vendor should issue a credit for items returned. This credit will appear on subsequent charge statements. The vendor should issue documentation of the return, such as a credit receipt. All documentation pertaining to returns must be kept on file for reconciliation to the billing statements.

#### **6. Disputes**

- a. A dispute occurs when a Cardholder questions a transaction that has been charged to the Cardholder's Purchasing Card.
- b. If a purchase made on the Cardholder's Purchasing Card was an unauthorized purchase, then the transaction must be disputed.

- c. If the vendor refuses to replace, correct or provide a credit for a returned item or faulty service, the purchase must be disputed.
- d. If the quantity of items received is less than the invoice and charge billing, then the transaction must be disputed.
- e. The Cardholder is responsible for handling the dispute initially. The Cardholder should complete the Dispute Form. The form, along with all related communication and documentation, should be sent to the Purchasing Card Administrator. Timely notification is important. Most transactions must be disputed within 60 days of the date of your statement on which the error appeared.
- f. The Purchasing Card Administrator will handle the disputed item with the financial service provider, Bank of America.

## **7. Rebates, Discounts, Gift Cards/Certificates and Other Incentives**

- a. Any rebates, discounts, gift cards/certificates received from merchants based on purchases made by the Cardholder belong to the City and shall be submitted to the Department Head for official use.

## **8. Invoice Procedures**

- a. The purchasing card company will provide daily transaction statements for all cardholders to Accounts Payable through a download. Accounts Payable will upload the transactions to the BS&A software. The imported transactions will be routed by the system to the appropriate departments for processing.
- b. The department administrators will code the transactions and attach all supporting documentation before submitting for appropriate approvals.

## **9. Review of Purchases by Departments:**

- a. Because of their knowledge of the job responsibilities and requirements, Department Directors or designees are required to review each purchasing card expenditure (item purchased, amount and vendor) to ensure the goods/services were necessary and for official use.
- b. When the Department Director or designee 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 reimburse the city for the full price of the purchase. Reimbursements can be authorized by the Finance Director to be deducted from an employee's pay check when necessary.
- c. Serious or repeated misuse of the purchasing card will result in the revocation of the card. Employees incorrectly using their purchasing card will be disciplined by the Department Director as necessary.
- d. To help the departments in their reviews, management reports will be available from the Purchasing Card Administrator or Accounts Payable Administrator.

## **10. Abuse/Violations**

- a. Participation in the City of DeLand Purchasing Card Program is a convenience and privilege that carries responsibilities along with it. Although the card is issued in a cardholder's name, it is City property and should be used with good judgement. Improper use of the card can be considered misappropriation of City funds which may result in disciplinary action, up to and including termination. Cardholders are expected to comply with internal control procedures in order to protect City assets. This includes keeping receipts, resolving discrepancies and following proper card security measures.
- b. The Department Director should notify the Purchasing Card Administrator if a cardholder abuses the program or violates the procedures.
- c. The Purchasing Card Administrator will conduct operational and compliance audits to determine if the program is being abused or procedures are being violated.
- d. If an abuse or violation has occurred, the Purchasing Card Administrator should notify the cardholder by using a Purchasing Card Abuse Notification Form.
- e. Misuse of the Purchasing card may result in disciplinary or other appropriate action, including reimbursement to the City. Repeated misuse and violations will result in revocation of Purchasing Card privileges and may result in termination of employment for cause.
- f. Abuse, misuse, and violations include, but are not necessarily limited to the following:
  - (1) Purchase over \$4,999.99 (with the exception of authorized administrative buyers).
  - (2) Purchase of unauthorized or prohibited items or services (See Section 5.5. Prohibited Uses of purchasing cards)
  - (3) Multiple transactions to circumvent purchasing policy.
  - (4) Failure to provide proper documentation, receipts invoices etc.
  - (5) Purchase from vendors, which create a conflict of interest.
  - (6) Personal, family or household charges.
  - (7) Allowing another person, other than the cardholder, to use the card.
  - (8) Failure to report a lost or stolen card in a timely manner.
  - (9) Repeated misuse of purchasing card.

## **ANNUAL REVIEW:**

On at least an annual basis, the Finance Department will perform:

1. A review of the Cardholder's employee status and a signed Agreement Form on file (with the exception of Commissioner Cards).
2. A review of the usage of the Purchasing Cards. In the event a Purchasing Card is inactive for a full year, the Purchasing Card shall be cancelled, unless justified. Documentation must be obtained/maintained justifying non-cancellation of an inactive Purchasing Card.

## DEFINITIONS

**Billing Statement** – Monthly record of charges and credits.

**Billing Cycle** – The monthly billing period that begins the \_\_ day of each month and ends the \_\_ day of each month with a 14-day grace period before payment is due.

**Business Purpose** – A purpose that supports or advances the goals, objectives and mission of the City of DeLand, and is a necessary, reasonable, and appropriate business expense for the City of DeLand. The business purpose is the main intent of the business transaction; it is the reason why the transaction occurred. It includes a statement identifying who benefits from the purchase, what was purchased and why the purchase was necessary.

**Cardholder** – The City employee to whom authority has been given granting the use of the Purchasing Card to make purchases within preset limits on behalf of the City or a City employee designated as the primary user of a Departmental Purchasing Card issued for making designated business purchases/payments on behalf of the Department.

**Cardholder Profile** – Parameters that are set for a designated Cardholder that identify the Cardholder, and provide restrictions or spending limitations in the Purchasing Card system.

**Cash Advance** – Prohibited on the Purchasing Card as well as personal purchases.

**Charge Slip/Documentation** – Itemized list of individual purchases on receipt.

**Credit** – Charged amount removed from total owed by the City.

**Cycle Limit** – A maximum dollar value of charges and/or number of transactions that may be applied to a Cardholder's purchasing authority for the billing cycle (usually one month).

**Daily Limit** – A maximum dollar value of charges and/or number of transactions that may be applied to a Cardholder's purchasing authority per day.

**Delivery Address** – Complete address including the Cardholder's name and location (where applicable).

**Dispute** – When a Cardholder questions a transaction that is incorrectly posted to his/her account, is missing or incorrect, or when items are purchased and found defective or faulty.

**Monthly Limit** – A maximum dollar value of charges and/or number of transactions that may be applied to a Cardholder's purchasing authority during a month.

**Official Use** – Purchase of necessary merchandise or services for the City's use.

**Purchasing Card (P-Card)** – A credit card that is used as an alternative payment method.

**Purchasing Card Administrator** – The individual who is responsible for the City's Purchasing Card Program. The Purchasing Card Administrator is the City's Purchasing Coordinator (or Finance Director in his/her absence).

**Receipt** – A detailed invoice or other document produced by the provider of the goods or services that shows each item purchased. Credit card receipts or restaurant check stubs that do not include details of items purchased do not meet the definition of a receipt and are not sufficient to document an expenditure of funds.

**Reconciliation** – Balancing charge slips with actual charges on the credit card statement.

**Services** – Non-personal temporary work.

**Single Purchase Limit** – A maximum dollar value of charges a single transaction may be applied to a Cardholder's authority.

**Small Purchases** – An acquisition of goods or services in the amount of less than \$5,000.

**Split Transactions** – Transactions split into smaller amounts in order to avoid dollar limits placed on Purchasing Cards by the Cardholder or a purchase divided among several Cardholders or a purchase split over several days.

**Statement** – Monthly record of charges and credits on a Purchasing Card.

**Supervisor** – The individual who supervises a Cardholder and who has been delegated the responsibility for reviewing transactions to ensure the appropriateness of activity and timely processing of charges and/or credits.

**Tax Exemption** – All purchases shall be exempt from Florida state sales and use taxes, in accordance with State law.

# City of DeLand Purchasing Card Program

## Quick Reference

### Program Administration

Department Director

- Submits purchasing card requests to setup new accounts, makes changes to existing accounts, close/suspend accounts, set spending limits.
- Monitors, reviews and approves transaction activity regularly
- Ensures Cardholders and Department Administrators/Representatives attend training.

Purchasing Card Administrator

- Maintains policies and cardholder guides, manuals and forms.
- Receives request for Cardholder setup and changes from Department Directors.
- Coordinates issuance and cancellation of cards with issuing bank.
- Maintains control of accounts using issuing bank's web portal.
- Participates in resolving vendor disputes
- Addresses possible misuse situations.
- Conducts Purchasing Card training.

Finance

- Conducts period operational and compliance audits.

### Transaction Workflow

Cardholder

- Ensure sufficient budget is available to support the purchase.
- Process material and/or service within dollar limit & policy guidelines.
- Collects, signs and forwards original sales receipts to Department Administrator/Representative for timely processing and recording in the BS&A system.

Department Administrator

- Collects receipts from Cardholder.
- Assigns account lines to each credit card transaction.
- Enters transaction information and documentation into the BS&A system and begins approval process.

Dept. Director

- Review charge receipts and authorize payments by electronically approving transactions in the BS&A software.

AP Administrator

- Review approved transactions, ensuring proper invoice documentation, correct account coding and compliance with purchasing policies in the BS&A software
- Reconcile monthly consolidated statement with transactions entered into the BS&A system.
- Pay all monthly charges from consolidated statement via Wire Transfer in Wells Fargo.