

CITY OF BROOKHAVEN

Purchasing Card Policy

FINANCE

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I. Definitions

Card Issuer - Financial Institution's services which include issuing Procurement Purchasing Cards to Organization employees and authorized contractors, providing electronic transaction authorizations, and billing the Organization for all purchases made on the cards.

Organization - Arranges with the card issuer, Financial Institution, to have Purchasing Cards issued to approved employees and authorized contractors and agrees to accept liability for the employees' use of the cards.

Department Head - Organizational official who must approve employee's or authorized contractor's request for a Purchasing Card, designate default accounting codes for purchases on the Purchasing Card, and submit application to the Purchasing Card Administrator. Department Head approval delegates transaction authority to the Cardholder.

Purchasing Card Administrator - The central Administrator located in the Organization's Purchasing Division within the Operations Department who coordinates the Purchasing Card program for the Organization and acts as the Organization's intermediary in correspondence with the card issuer.

Cardholder - An employee or authorized contractor of the Organization who is approved by his/her Department Head and City Manager to use the Purchasing Card to execute purchasing transactions on behalf of the Organization.

Vendor - The merchant from whom a Cardholder is making a purchase.

II. Purpose

The purchasing card program is a procurement card product administered by Financial Institution. The Purchasing Card (P-Card) has been implemented to provide departments with a more efficient method of making purchases less than \$5000. Purchases will be charged directly to the departmental account numbers and will show on each department's financial report. The City will issue one payment each month to Financial Institution for all Purchasing Card purchases.

The primary benefits of the purchasing card program for department users are:

- Acceptance by any supplier who accepts procurement cards. (Credit Card)
- More timely purchase and receipt of goods
- Reduction in costs associated with processing purchase orders
- Increased information about purchasing transactions. Internal controls eliminate any appearance of fraud.
- Volume of activity associated with P-Card dramatically increases the efficiency of procuring low dollar items and eliminates the need for a requisition/purchase order process.

The Purchasing Department will administer the purchasing card program and will act as the liaison between the departments, vendors and Financial Institution.

Program Overview

- P-Cards will be issued to City employees and authorized City contractors with the City Manager's approval.
- The employee's or authorized contractor's name will be embossed on the card.
- P-Cards will **not** be transferable between individuals or departments.
- Employee's Division/Department Director must approve the request for a card and assign the default account number for the Cardholder.
- Cardholders make purchases and receive a monthly Cardholder statement from Financial Institution.
- Cardholder matches receipts to monthly statement and forwards with completed Activity Log to P-Card Administrator for review and filing.
- Monthly department reports of cardholder transactions will be distributed to P-Card Administrator. Cardholders will have the responsibility for overriding the default accounting code for transactions, identify transactions subject to use tax, approving bills and adding cost share information if required. All monthly Activity Logs must have the Department Heads approval for transaction expenditures.
- Financial Institution sends a consolidated invoice to the City at the end of monthly billing cycle, which is the **20th** of each month.
- A payment (bank account draft) is made to Financial Institution within 25 days after the end of the billing cycle.

III. CARDHOLDER RESPONSIBILITIES

Issuance of a Purchasing Card is a relationship of trust between cardholders, departments, and the City. The Purchasing Division's responsibility is to provide quality service and information to Division/Department Directors and Cardholders. Cardholders' responsibilities are outlined below.

Before using the Purchasing Card, the cardholder must determine if it is the appropriate purchasing method. Generally the Purchasing Card can be used for most purchases under \$2500. There are, however, a number of exceptions for the specific types of goods and services that can be purchased using the Purchasing Card. For a complete list of these exceptions, please see *Unauthorized Purchase – Page 4*.

- The P-Card shall be used strictly for City of Brookhaven business. **No personal use of the card is allowed.**
- Only the approved cardholder shall use the P-Card. The card is not transferable between employees/contractors.

- Cardholders **must not** receive cash back for any refunds or exchanges. Refunds or exchanges must be credited to the Purchasing Card account.
- The P-Card may be used in person, via mail, telephone, and fax or for Internet purchases.
- Cardholders shall tell suppliers that they will be paying with the Purchasing Card and state that the City of Brookhaven **is exempt from Georgia sales tax**. The Purchasing Card Administrator can provide a copy of the State Exception Certificate in the event that a supplier requires a hardcopy. This certificate can be presented in person or faxed to the supplier.
- Cardholders **must retain copies of original itemized receipts** and all related documents. This documentation may be required for auditing purposes by the IRS, City Auditors, and/or other agencies that require auditing of City expenditures.
- Cardholders must forward receipts with the completed “Purchasing Card Activity Log” and monthly statement to the P-Card Administrator by the 25th of each month for the previous month’s transactions.
- Review Cardholder transactions on the monthly Department report distributed by the P-Card Administrator.
- Request the P-Card Administrator to change default accounting codes for individual transactions by updating default accounting codes on the monthly Department reports in advance of the monthly cut-off date established by the P-Card Administrator.
- Cardholders who leave City of Brookhaven, change departments, or move to a job in which they will no longer require a Purchasing Card must return their card to the P-Card Administrator. The P-Card Administrator will destroy the card and indicate department name, cardholder name, cardholder account number and the reason for canceling the account.
- Cardholder must report lost or stolen cards immediately to the P-Card Administrator. Cardholder must immediately report a loss or theft to Financial Institution at 1-800-300-3084.
- The P-Card shall always be treated with **at least** the same level of care cardholders treat their own personal credit cards. Cardholders shall keep the Purchasing Card in a secure location and guard the P-Card account number carefully. The P-Card does not affect the cardholder’s personal credit in any way.

The Cardholder is responsible for ensuring the card is used within the guidelines stated in this Purchasing Card Regulation Policies and Procedures relating to the expenditure of Departmental Funds. Failure to comply with program guidelines may result in permanent revocation of the card, notification of the situation to his/her immediate supervisor and Division Director, and further disciplinary measures up to and including possible termination.

IV. UNAUTHORIZED PURCHASES

The Purchasing Card **SHALL NOT** be used to purchase the following items:

- Gasoline.
- Bonds and Capital Improvement Expenditures.
- Capital Equipment – Capital Equipment is any unit of equipment with a unit cost of more than \$2500 or more and useful life of three (3) years or longer.
- Computer/Media Equipment, Supplies, and Accessories normally approved through the Information Systems Department - These items must be restricted in order to ensure City-wide Hardware/Software standardization and compatibility. Items under \$5000 subject to approval by IT Department and receiving procedures.
- Professional Services - Architectural/Engineering, Legal or other state-certified professionals.
- Telecommunications Equipment-Items under \$2500 subject to approval by IT Department and receiving procedures.
- Travel/Training, Meals and Entertainment – The card may be used for travel/ training and meals **only** for pre-approved city business. A travel authorization form must be approved before any reservations can be made. A copy of the approved travel authorization form must be included with the cardholder's activity log. Alcoholic beverages may not be purchased as part of a pre-approved travel meal with the P-Card.

V. PURCHASING CARD ADMINISTRATOR RESPONSIBILITIES

The Operations Department will assign a P-Card Administrator to be responsible for the over-all Purchasing Card Program. The responsibilities include:

- Organization liaison with Financial Institution.
- Utilizing Works Software from Financial Institution.
- Reviewing Department approved applications for completeness of required information.
- Submitting completed applications to Financial Institution and receiving Purchasing Card from Financial Institution.
- Training Cardholder before releasing Purchasing Card.
- Obtaining Cardholder signature on Cardholder Agreement (Appendix I), signifying agreement with the terms of the Purchasing Card Program.
- Handling disputes charges/discrepancies not resolved by Cardholder.

- Initiating change of default accounting codes upon request of Cardholders as approved by their Director.
- Securing revoked Purchasing Cards and submitting information to Financial Institution.
- Receiving and reviewing Financial Institution bill.
- Distributing monthly reports to Cardholders and notifying Cardholders of cut-off date for approvals and default code changes.
- Making accruals for transactions which require the submission of use tax to the Department of Revenue.
- Processing electronic upload of bill to accounting.
- Preparing bill for payment and submitting to accounting for ACH payment.
- Reconciling Financial Institution's bill to Financial Institution's electronic file.
- Reviewing usage of P-Card data for appropriateness.
- Ensuring that lost or stolen cards have been blocked by Financial Institution.
- Forwarding vendor set up requests to Financial Institution.
- Handling erroneous declines and emergency transactions.

The P-Card Administrator is required to close an account if a Cardholder:

- A. Transfers to a different department.
- B. Moves to a new job in which a P-Card is not required.
- C. Terminates employment.
- D. For any of the following reasons which will also subject the Cardholder to disciplinary action in accordance with City Policies and Procedures relating to disciplinary action and termination for cause:
 - 1) The Purchasing Card is used for personal or unauthorized purposes.
 - 2) The Purchasing Card is used to purchase alcoholic beverages or any substance, material or service, which violates policy, law or regulation pertaining to the City.
 - 3) The Cardholder allows the card to be used by another individual.
 - 4) The Cardholder splits a purchase to circumvent the limitations of the Purchasing Card or to bypass Purchasing policies and procedures.
 - 5) The Cardholder uses another Cardholder's card to circumvent the purchase limit assigned to either Cardholder or the limitation of the Purchasing Card.
 - 6) The Cardholder fails to provide P-Card Administrator with required receipts.
 - 7) The Cardholder fails to provide, when requested, information about any specific purchase.

- 8) The Cardholder does not adhere to all the Purchasing Card policies and procedures.

The Purchasing Department will conduct a study of frequently used vendors for purchases under \$5000, which qualify for use of the P-Card by Cardholders. If a vendor frequently used by the City does not accept the card, Purchasing will assist in recruiting the vendor to take the necessary steps to begin acceptance of the card and provide information to Financial Institution. Cardholders should contact the P-Card Administrator when encountering vendors who do not accept the card, who should forward the information to Purchasing.

VI. AUDIT PROCEDURES

Cardholder's Responsibilities:

- Reconcile vendor receipts to their statement.
- Submit vendor receipts and Activity Log to P-Card Administrator. If the order is a telephone/fax order, Cardholder should supply a shipping ticket or copy of order blank or description of the items ordered.
- Indicate alternate account number and/or cost share account number for purchases to be charged if different than the default account number assigned to the P-Card.
- With the approval of the Division/Director, enter alternate default codes on the monthly Departmental reports, which are distributed by the P-Card Administrator.
- Identify transactions requiring the payment of use tax.
- Approve charges to department in advance of the monthly default cut-off date for approvals established by the P-Card Administrator.
- Retain all receipts and vouchers for audit by internal and external auditors. Receipts for purchases are to be maintained for 7 years.

P-Card Administrator Responsibilities:

- Receive electronic reports from Financial Institution and distribute to Cardholders.
- Establish and notify Cardholders of monthly cut-off dates for approvals.
- Process upload of departmental charges to accounting for charging individual departments.
- Reconcile monthly billing statement to the electronic reporting file.
- Upload to individual department is to be for the total amount of the electronic report file.
- Make periodic audits of card use and charges for appropriateness through the use of Work's on-line reporting system. Areas to be monitored include, but not limited to compliance with Purchasing Card regulations, compliance with City ordinances, policies, and procedures and sales and use tax charges. Non-use of card by cardholders will also be monitored.

VII. RESOLVING DISPUTES AND BILLING ERRORS

The Cardholder is responsible for contacting the vendor to resolve any disputed charges or billing errors. If the matter is not resolved with the vendor, the Cardholder/P-Card Administrator should:

- Contact Financial Institution at 1-800-XXX-XXXX directly for assistance.
- Mail or fax to Financial Institution at 1-800-XXX-XXXX a signed Financial Institution Dispute Form to document the reason for the dispute. The P-Card Administrator will have these forms on hand.
- Contact the P-Card Administrator for assistance if an acceptable resolution is not obtained.
- The total amount billed by Financial Institution will be charged to the individual departmental accounts and credits for disputed transactions will be posted to departmental accounts when the credit appears on the Financial Institution billing.

**CITY OF BROOKHAVEN
PURCHASING CARDHOLDER AGREEMENT**

I, _____, agree to the following regarding my use of the City of Brookhaven Purchasing Card:

1. I understand that under no circumstances will I use the Purchasing Card to make personal or non-work related purchases, either for myself or for others. A personal or non-work related purchase with the intent to reimburse the City is unacceptable and shall be considered a fraudulent purchase.
2. I understand that I will not request or receive cash from suppliers as a result of exchanges or returns.
3. I understand that I am the only individual authorized to use the Purchasing Card assigned to me. It is not transferable to any other individual.
4. I understand that the City of Brookhaven can terminate my right to use the Purchasing Card at any time for any reason. I agree to return the card to my P-Card Administrator immediately upon request from the Purchasing Division, upon my transfer to another department, or upon my termination of employment.
5. I will follow the established procedures for using the Purchasing Card. Failure to do so may result in either revocation of my user privileges or other possible disciplinary actions, up to and including termination of employment.
6. I have reviewed the Purchasing Card Policies and Procedures and understand the procedures and requirements for using the Purchasing Card. I understand that I cannot use the Purchasing Card for those goods and services listed within the "Unauthorized Purchases" section of the Purchasing Card Policies
7. I agree that should I willfully violate the terms of this Agreement and use the Purchasing Card for personal use or gain that I will surrender my Purchasing Card and reimburse City of Brookhaven for all incurred charges and any fees related to the collection of those charges. I understand that I can be held personally liable to the City of Brookhaven for any unauthorized purchases or other misuse.

Cardholder Name (Print)

Purchasing Card Account Number

Cardholder Signature

Purchasing Card Administrator Signature

Social Security Number (last four)

Date

CITY OF BROOKHAVEN
PURCHASING CARD MISSING RECEIPT FORM

I, _____, have either not received or misplaced a Purchasing Card receipt totaling \$_____. This expense was on behalf of the City of Brookhaven. This form is submitted in lieu of the original receipt.

Reference Number: _____ Date: _____

Supplier Name: _____ Amount: \$_____

Supplier Address & Telephone number: _____

- Items purchased:
- (1) _____
 - (2) _____
 - (3) _____
 - (4) _____
 - (5) _____
 - (6) _____

I certify that the amounts shown above were expended for the City of Brookhaven business purposes.

Cardholder Signature Date

P-Card Administrator Signature Date

Director Signature Date

**CITY OF BROOKHAVEN
PURCHASING CARD DISPUTE FORM**

Name (Please Print)

Purchasing Card Account Number

Statement Date	Reference Number	Posting Date	Transaction Date	Amount	Supplier Name

Please Check the Appropriate Box(es)

- I certify that the charges listed above were not made by me nor were the goods or services represented by the above transaction received by me.
- I do not recognize the transaction as listed above. Please inform me of the supplier name and description of goods purchased.
- The credit was listed as a sale on my statement. Enclosed is a copy of my credit memorandum.
- The amount of the sales slips was increased from \$_____ to \$_____. Enclosed is my copy of the sales slip prior to alteration.
- I received a price adjustment (credit slip) on the above transaction and it has not appeared on my statement. Enclosed is a copy of my cancellation notification to the supplier.
- Although I did participate in the above transaction, goods and/or services were to be provided on (date)_____, but as of this date are yet to be received. I have contacted the supplier to no avail. I am therefore disputing the entire charge, or a portion, in the amount of \$_____.
- Although I did participate in the transaction, it has been canceled. Enclosed is a copy of my cancellation notification to the supplier.
- Although I did make the above transaction, the goods were received damaged/unsuitable for the purpose intended (explain below). I have attempted to return the goods. I am therefore disputing the entire charge, or a portion, in the amount of \$_____.
- Although I did engage in the above transaction, my enclosed documentation does not conform to the characterization of the item (explain below). I have attempted to return the goods. I am therefore disputing the entire charge, or a portion, in the amount of \$_____.
- I am disputing the charges because: *(Please explain completely)*.

Date *Signature*