



CITY OF TIGARD

Purchasing Card Pilot Program

Policy and Procedures

Instructions to Supervisors, Coordinators & Cardholders

Purpose: The purpose of the program is to provide the City of Tigard with a more efficient method of making small dollar purchases through the use of a purchasing card system. The purchasing card system should save time, and provide cost reductions by eliminating many of the current purchasing and Accounts Payable steps and paperwork. The City, through this document, establishes its policies, procedures, and rules for the use of the purchasing card. The following policies and procedures are to be adhered to when utilizing the purchasing card for City purchases.

NOTE: *The Purchasing card does not preempt following the Purchasing rules. It will still be necessary to obtain competitive quotes where feasible (LCRB 10.015).*

I. How to Obtain a Purchasing Card

Prospective Cardholders must:

1. Notify your Department Director or designee of request for card.
2. Department Director or designee shall complete and approve the Purchasing Card Application/Action Form.
3. Submit the application/action form to the Program Administrator.
4. Authorized requests will be forwarded to Bank of America.
5. Approved cards will only be given to employees after training.

II. Internal Control Features

Several controls are available to the City and may be implemented for each person with a card. Different limits can be set for each person. The limit shall include tax, freight, handling or any associate cost per transaction.

1. Single purchase limit per transaction
 - Dollars determined by the department.
2. Total Limit per Cardholder per billing cycle:
 - Dollars determined by the department.

* All limits will be monitored and are subject to change if a department deems necessary.

If an employee attempts to exceed the established limits, the transaction will be rejected when the merchant attempts to process it.

III. Rules

A. General

1. The Purchasing card is to be used for CITY OF TIGARD business only. **NO PERSONAL USE.** If an employee were to make a personal purchase on the card, restitution would have to occur, and the privilege of using the card would be revoked. Violation of the purchasing card rules should be brought to the attention of the appropriate Department Director, his/her designee, or the Program Administrator. Violators may be subject to disciplinary action as prescribed by the City's Personnel Rules. Depending on the nature of the violation, the violator may also be prosecuted under applicable local, state or federal civil or criminal law.
2. Upon issuance of the purchasing card the cardholder must sign the Purchasing Card Agreement form.
3. Cards are issued to individuals rather than to an office or site. Only the person whose name is on the card may use that card.
4. Cards should not be lent to anyone else.
5. The card is intended to compliment existing purchasing methods. All City purchasing policies and procedures must be followed when utilizing the purchasing card system. The total amount of the purchasing card purchase (including handling charges, freight, and transportation) must not exceed purchasing limits.
6. Purchasing Card purchases must not exceed the limits established for each individual cardholder.
7. Individual limits are set per card by each department.
8. When applicable, all effort should be made to consolidate purchases to maximize the monetary value of each transaction.
9. The signed purchasing card sales receipt will serve as the receiving document.
10. Repeated violation of non-compliance of policies, procedures, and rules will result in discontinuance of Purchasing Card purchasing privileges for the cardholder.

B. Unauthorized items

1. Purchasing Cards may **not** be utilized for the following:
 - Personal use
 - Alcohol
 - Cash Advances
 - Cash Refunds
 - Computers
 - Capitalized items
 - Entertainment

- Items for resale
- Personal Services, i.e., consultants, engineers, architects
- Leases, maintenance and repair services

C. Lost or Stolen Cards

In the event a card is lost or stolen, the cardholder must notify Bank of America and City of Tigard Purchasing Card Program Administrator immediately. Representatives of Bank of America are available 24 hours a day. Lost or stolen cards will be replaced by Bank of America after notification of the loss.

For Lost or Stolen cards-**CALL THE FOLLOWING PEOPLE AS SOON AS POSSIBLE;**

1. First call - Bank of America 1-888-300-3084 **24 HOURS A DAY**
2. Second call – Program Administrator
3. Third call - Employee’s Supervisor.

Liability: Departments are financially liable for the card in the event it is lost or stolen. Bank of America is limiting the City’s liability to a maximum of \$50.00.

D. Changes in Employment Status:

Resignation, Termination, etc.: If a cardholder’s employment status with the City changes, the card must be deactivated.

1. The cardholder must turn the purchasing card over to the Department Coordinator at the time of resignation. Department Coordinator shall then turn the purchasing card into the Program Administrator.
2. The City’s Program Administrator will notify Bank of America.
3. The Program Administrator will destroy the purchasing card.

Card Closing Procedure: If a purchasing card is no longer required by a cardholder, the card should be submitted with a Purchasing Card Application/Action form marked “cancel” to the City’s Program Administrator who will destroy the card and notify Bank of America.

IV. Violations and Consequences

Certain transactions are prohibited per City policy. Violation of these policies will result in corrective action being taken. The consequences include, but are not limited to revoking the card, requiring additional training; disciplinary action as prescribed by the Tigard Personnel Rules. Depending on the nature of the violation, the employee may also be prosecuted under applicable local, state or federal civil or criminal law.

1. **Personal Purchase(s):**
Anything that is purchased that is not for use and ownership by the City of Tigard.

Cash or Cash Type Transactions:

Cash, cash in addition to purchase (for instance, at Safeway) cash in lieu of credit to account, traveler's checks, money orders, gambling, ATM transaction, etc.

2. Split Purchases:

Split purchases occur when single purchases costing more than the allowable transaction is applied to two card transactions.

V. Duties and Responsibilities

A. Cardholder Duties and Responsibilities include:

1. Cardholders are responsible for their purchasing cards.
2. Cardholders must maintain their cards in a secured location. Each employee should know where their card is at all times to prevent misuse.
3. Cardholders are responsible for reporting immediately any fraudulent use or misapplication to the appropriate Department Director, his/her designee, or the Program Administrator.
4. Disputed charges of purchasing cards must be reported to the Program Administrator so appropriate steps can be taken when necessary. (See Section V. Item D. Disputed Purchases.)
5. Cardholders are responsible for the physical delivery of the merchandise they've ordered.
6. In the case of returns, cardholders are responsible for coordinating returns to the supplier. (This is covered under item B. "Department Director or Designee Responsibilities".)
7. Making purchases in compliance with the City's purchasing rules and the information contained within this handbook. *The Purchasing card does not preempt following the Purchasing rules. It will still be necessary to obtain competitive quotes where feasible (LCRB 10.015).*
8. The purchase is based on a fair and reasonable price.
9. Ensuring merchant documentation is complete and available for every transaction.
10. Matching merchant documentation to Cardholder monthly statements and signing off that all is complete per the instructions set forth in the Cardholder's handbook.

B. Department Director or designee Responsibilities:

1. Setting purchasing card limits for employees.
2. Reviewing purchases Reviewing, approving and signing off on Cardholder monthly statements, assuring that all purchases are made per department and City policies.
3. Spending within budget limits.
4. Notifying Program Administrator of any violations.
5. Immediately notifying the Program Administrator if employment status changes in any way with cardholders under their supervision.

C. Department Purchasing Card Coordinators

1. Department Coordinators are responsible for reconciling departmental Procurement Card bills each month.
2. Department Coordinators are responsible for turning in reconciled statements to Accounts Payable on time.
3. Ensuring all signatures are obtained monthly.
4. Designing an appropriate process for gathering and filing all monthly statements and source documents.

D. Program Administrator Duties and Responsibilities include:

1. Disseminating Information: Purchasing card information and financial / billing reports will be made available to the Department coordinator who is responsible for processing invoices.
2. Training: The Program Administrator is responsible for training all cardholders in the proper use and care of the purchasing card after issuance. The Cardholder shall be made aware that the card is to be used for City of Tigard business only.
3. Ordering the card: The Program Administrator is responsible for ordering Purchasing cards from Bank of America.
4. Internal Control: After the Program Administrator has received and verified that the request form has been completed and has the correct signatures to meet internal control features, a card will be ordered.
5. Fraudulent Use or Misapplication of the Purchasing Card: If an employee was to make a personal purchase on the card, restitution would have to occur, and the privilege of using the card would be revoked. Violation of the purchasing card rules should be brought to the attention of the appropriate Department Director, his/her designee, and the Program Administrator. Violators may be subject to disciplinary action as prescribed by the City's Personnel Rules. Depending on the nature of the violation, the violator may also be prosecuted under applicable local, state or federal civil or criminal law.
6. Employee Status Changes: In the event a cardholder's status changes, Bank of America will be immediately notified of any relevant changes.

VI. Purchasing Procedures

A. Making a purchase

1. Determine what needs to be purchased and present the Purchasing Card to the merchant. For mail , phone orders, or Internet orders provide the card number as requested.
2. Verify the charges, and sign the receipt. If the receipt does not identify what each amount is for, write it on the receipt.
3. Request a charge-card receipt, and a cash register receipt. **KEEP THEM!** They will be needed in the event the account is audited. If the order was placed by mail, telephone or fax, request that a hard copy of the pricing and freight be faxed to you and/or included in the shipment of supplies. Keep a hardcopy record of the order for the monthly reconciliation. If the order was placed on the Internet, print out information regarding the order for backup and monthly reconciliation.
4. Record **ALL** transactions on the Transaction Summary Log provided, and store all transaction slips in the envelope provided.

B. Returning a Purchase

In the event an item needs to be returned , the product and the receipt needs to be presented to the merchant. The cardholder should receive a “Purchasing” (credit) receipt and the original charge receipt. The Purchasing receipt should be kept for the monthly reconciliation. ***Remember, a cardholder cannot receive a cash refund for returned items.***

C. Paying for a Purchase (Billing Cycle Statements)

1. During the month as charges are made, the cardholder needs to write down in the Transaction Summary Log what was purchased, the cost, and what accounting code to charge. Store actual charge slips or receipts in an attached envelope. Charge receipts will need to be turned in along with the Transaction Summary Log of purchases.
2. Accounts Payable will distribute department specific Procurement Card bills for monthly reconciliation to each department’s Purchasing Card Coordinator. The department coordinators will be told when the reconciled bills need to be turned back into A/P for payment.
3. The department coordinators will notify cardholders and supervisors when the charge receipts and Transaction Summary Log must be turned in to them. The coordinators will compare the receipts with the itemized purchases listed on the purchasing card statement and reconcile the bills.
4. Department Directors or designee must sign the departmental statement after reconciliation before it is turned into Accounts Payable. Forms submitted without the Department Director or designee ‘s signature shall be returned.
5. Department coordinators need to turn in their reconciled purchasing card bills promptly so that Accounts Payable can process payment in a timely fashion. Accounts Payable will reconcile the department bills to the master bill.
6. When the statements come back in from the departments, Accounts Payable will process the payment so that it occurs by the due date.
7. Original Statements and any backup information will be filed in Accounts Payable.

D. Disputed Purchases

1. If, after the cardholder audits the statement, some charges are disputable, the cardholder will immediately investigate these charges to determine if any abuse has occurred or if the charges are valid. Most issues can generally be resolved between you and the merchant by way of an adjustment that should appear on the next statement. Document all requests to the merchant in writing.

Note discrepancies. Any unresolved problems should be brought to your Department Coordinator and the Program Administrator. You and your Department Coordinator are responsible to try and resolve any problems. If you are unable to resolve the discrepancies then contact the Program Administrator.

2. If, an agreement cannot be reached with the merchant, the next step is to complete the "Statement of Disputed Item" form, attach supporting documentation, and fax to the Program Administrator. Should a copy of a sales draft be required, the Purchasing Card provider may charge the cardholder's account a fee for each sale draft.
3. **DO NOT** deduct the disputed amount from your bill, **submit bill for full payment** and file a dispute form. You will receive a credit on your bill when the dispute has been resolved.
4. Procedure:
 - Cardholder attempts to resolve disputes (or returns) directly with the merchant.
 - If unsuccessful, cardholder fills out Statement of Disputed Item form and informs the Program Administrator.
 - After resolution takes place, the cardholder verifies the statement, and insures that the appropriate charges have been removed and credited.

NOTE: All written communication must be submitted within 45 days of the date the item first appeared on your statement. Otherwise, getting a credit may be difficult.

VII. Billing Cycle Information

1. The billing cycle is every thirty days.
2. Several reports are available to your department for auditing and monitoring purposes.
3. You must verify all purchases and transactions listed on your billing statement.
4. **LIABILITY:** The City is liable for the card in the event it is lost or stolen and is subsequently used. Total liability for each card is \$50.00.

** The City's Federal Tax ID Number: 93-0503940 (in case a merchant needs it for tax reporting purposes).

VII. Auditing Purchases made on Procurement Cards

The Finance Department and or Departments can and will audit purchases to determine compliance with the procurement card guidelines established by the City.