

412.3 SUBJECT: PROCUREMENT CARD

:1 OBJECTIVE:

To ensure that the purchasing of goods and services with a procurement card is accomplished in accordance with the City's ordinances and policies, establishing internal controls within each agency so that procurement cards are used only for authorized purposes, ensuring that the City bears no legal liability from inappropriate use of the procurement card and to provide a convenient and adequate small order purchasing system for City employees.

:2 AUTHORITY:

This procedure adopted by City Council September 15, 2003.

:3 DIRECTION:

The Management, Budget & Accounting Director, as an appointed official, serves at the pleasure of the Mayor and receives direction through the Finance Director.

:4 METHOD OF OPERATION:

The Management, Budget & Accounting Director shall adopt operational procedures outlining forms and procedures as per Chapter Seven, Article II, Sec. 7.10 of the City Code.

A. The Program Administrator shall be the Management, Budget & Accounting Director and shall administer the procurement card system for the City.

B. The Approving Official shall be the cardholder's supervisor.

C. This policy is applicable to those City agencies who have selected employees to use procurement cards to purchase goods, services, or for specific expenditures incurred under conditions approved by this policy. The decision of when a procurement card is issued, and to whom, will be the responsibility of the department head or designee upon approval of the program administrator.

D. The City has used various methods to accomplish the purchase of goods and services including purchase orders, contract releases, and field purchase orders. To promote vendor goodwill, operational efficiency, and reduction in payables Purchasing and Materials Management initiated the procurement card program. Unique controls have been developed for this program that do not exist in a traditional credit card environment. These controls ensure that the card can be used only for specific purposes and within specific dollar limits. In addition, certification on all purchases is required by each cardholder, with verification performed by the Approving Official.

E. The Procurement Card will have the individual's name, program number, City's account numbers and expiration date.

F. Authorizations

1. A standard credit card usually requires a merchant to obtain authorization if a purchase exceeds \$50.00. If for any reason the merchant fails to obtain authorization and subsequently the purchase is refused by the issuer, the merchant would be liable for the amount of the sale. An increasing number of merchants have a small machine called a "Point-of-Sale" terminal that requires a sales clerk to run the credit card through the machine so that information is

- transmitted electronically to the card issuer for authorization. When a "Point-of-Sale" terminal is used, all transactions must be authorized regardless of the amount.
2. Since the City, not the individual employee, will pay for the purchases made with the City procurement card, additional controls have been added to these accounts. When authorization is sought for a purchase by the vendor, the financial institutions procurement card issuer authorization system will check each individual cardholder's single purchase limit, and the approving official's office limit, before authorization for that transaction is granted. In addition, the single or cumulative amount of transaction authorization requests in one business day cannot exceed ten (10) transactions per day.
 3. Cardholder Spending Limits
 - a. The delegation of authority that has been provided to each cardholder sets the maximum dollar amount for each single purchase (Single Purchase Limit). Each time a cardholder makes a purchase with the card, the limit will be checked, and the authorization request will be declined should the amount exceed this amount. The City's single purchase limit is not to exceed \$1,000 without the approval of the Chief Administrative Officer.
 - b. Department and Office Directors may establish lower limits for their employees.

G. Procurement Card Use

1. The procurement card is to be used for City purchases **ONLY**.
2. The procurement card has the cardholder's name embossed on it and is to be used only by that cardholder. No other person is authorized to use the card.
3. The total of a single purchase, comprised of multiple items cannot exceed the authorized single invoice limit. Purchases will be denied if the authorized single purchase limit is exceeded. Payment for purchases are not to be split in order to stay within the single purchase limit.
4. All items purchased over the counter to be paid by using the card must be immediately available. No back-ordering is allowed.
5. All items purchased by telephone order that will not be confirmed with a written order and will be paid by using the card must be delivered by the vendor within the 30-day billing cycle. The order should not be placed without this assurance.
6. All items purchased during one telephone transaction that will not be confirmed by a written order must be delivered in a single delivery. If an item is not immediately available, no back-ordering is allowed.
7. The procurement card **MAY NOT** be used to purchase fuel, oil, personal items, telephone calls, capital items, items at City Stores, travel services, or make cash advances.
8. The procurement card **MAY NOT** be used to pay for invoices issued for purchases made when the procurement card was not presented/provided at the time the transaction was initiated.
9. The Comptroller reserves the right to block all transactions with a Vendor who issues invoices after purchases are made with the procurement card.
10. Purchases may be made by telephone when the supplies or services can be described in sufficient detail so that the parties to the transaction have a clear understanding of what is being acquired.

- a. The cardholder must confirm that the vendor agrees to charge the procurement card when shipment is made so that receipt of the supplies may be certified on the monthly Statement of Account.
 - b. Instruct the vendor to include on the shipping document or packing slip: Procurement Card Purchase. This information will alert the receiving office and the cardholder that the supplies have been purchased with the procurement card.
 11. When a purchase is made that will be paid using the card, whether it is done over the counter or by telephone, a document must be retained as proof of purchase. The documents will later be used to verify the purchases shown on the cardholder's monthly statement.
 - a. When a purchase is made over the counter, the cardholder is to obtain a customer copy of the charge slip, which will become the accountable document (destroy all carbons). The charge slip or related cash register receipt must show in sufficient detail the types and numbers of items purchased and the unit cost. The slip/receipt should also indicate no sales tax was charged.
 - b. When making purchases by phone, the cardholder is to document the transaction on a log (Attachment 4) and attach the shipping documents associated with the order. The cardholder should request that shipping documents show in sufficient detail the types and numbers of items purchased and the unit cost.
 - c. If the cardholder does not have documentation of the transaction to send with the statement, an explanation that includes a description of each item, the number of items purchased, the unit price, date of purchase, vendor's name and why there is no supporting documentation must be submitted. This explanation must be approved by the Approving Official.
- H. Payment and Invoice Procedures
1. Purchases made by employees will be paid by the Management, Budget & Accounting Department Accounts Payable Section within the terms of agreement with the contract provider.
 2. The procurement card issuer will provide one (1) copy of the billing statement to the cardholder at the end of the billing cycle. The copy of the statement will be mailed to the individual cardholder. This is called a "Statement of Account" and will have a listing of all items processed in the previous billing cycle.
 3. The "Statement of Account" requires the cardholder to review the statement and to note any errors on the bill. The cardholder attaches to the statement copies of the receipts (sales drafts) received at the time of purchase. The cardholder must sign the statement, certifying that the items shown as purchased are correct, and then forward the statement to the Approving Official within five (5) work days after it is received. Non-compliance may mean denial of future use of the card.
 4. The Approving Official reviews statements from cardholders, compares them with the cash receipts for individual items purchased, and verifies approval of purchases. The Approving Official signs the statement, indicating his approval that the items were procured for official City business, and forwards it to the Management, Budget & Accounting Department Accounts Payable Section within five (5) work days after receipt from the cardholder.

5. The procurement card issuer will issue the "Statement" the same day each month. It will be the responsibility of the cardholder to provide their Approving Official with the receipts for that month. Should travel or extended leave be scheduled at the time the statement is due, a copy of the statement for the absent employee will be forwarded to the Management, Budget & Accounting Department Accounts Payable Section with the rest of the cardholder's statements. Accounts payable will pay the statement amount but will maintain a log of outstanding card holder statements. The original cardholder statement will be signed by the employee at the time they return.
6. The Approval Official will be responsible for receiving completed statements from all cardholders, reviewing them along with the itemized receipts, resolving any questions on the purchases, signing the statements, and forwarding complete cardholder statements with all attachments to the Management, Budget & Accounting Department Accounts Payable Section within five-work days after receipt from the cardholders. Should the Approving Official not receive all of the statements, it will be his/her responsibility to contact the cardholders and have the statements furnished at once. All Statements of Account should be furnished to the Management, Budget & Accounting Department Accounts Payable Section at the same time. If, however, one or more statements are for some reason not received, the remaining statements should not be held while that one (or more) is being verified, but the Approving Official remains responsible for obtaining and submitting the remaining statements as soon as possible.

NOTE: If a cardholder had no purchase activity on their procurement card for a particular billing cycle, no Statement of Account will be generated for that cardholder (unless adjustments for previously billed transactions are processed during that cycle).

I. Approval

Approving Officials, because of their knowledge of the job responsibilities of each cardholder, are required to look at each cardholder's purchases, and at the vendor who made the sale in order to determine if these items were for official use and if they were items allowed to be purchased in accordance with the instructions provided. If for any reason the Approving Official questions the purchase(s), it is their responsibility to resolve the issue with the cardholder. If they cannot be satisfied that the purchase was necessary and for official use, the cardholder must provide a Credit Voucher proving the item(s) had been returned for credit. Resolution of improper use of the procurement card will be the responsibility of the Approving Official, and disciplinary action for misuse will also be his/her responsibility. The Approving Official must notify the Program Administrator of any improper use, who will document that fact and report it to the Chief Administrative Officer.

J. Disputes

1. If items purchased with the procurement card are found defective or the repair or services faulty, the cardholder has the responsibility to return the item(s) to the vendor for replacement or to receive a credit on the purchase. If the vendor refuses to replace or correct the faulty item, then the purchase of this item will be considered to be in DISPUTE.
2. A disputed item must be noted on the cardholder's Statement of Account. In

addition, a "Cardholder Statement of Disputed Item" form (Attachment 1) must be completed by the cardholder with appropriate documentation attached. This form shall be forwarded to the Management, Budget & Accounting Director for adjustment with the procurement card issuer. The Management, Budget & Accounting Director will notify the cardholder and Approving Official of the action taken on disputed items.

3. It is essential that the time frames and documentation requirements established by the procurement card issuer be followed to protect the cardholder's rights in dispute. Dispute policies and procedures issued by the procurement card issuer, as well as the cardholder agreement, will be provided at the time procurement cards are issued to cardholders.

K. Requests for initial, additional, or changes to procurement cards

1. All requests for new cardholders or changes to current cardholders will be done by submitting "Request for New/Change or Delete of Procurement Card" form (Attachment 2). The form will be processed through the Comptroller who will forward the request to the procurement card issuer.
2. All requests for procurement cards must be approved by the Department or Office Director (Attachment 2).
3. All procurement cards for cardholders are mailed to the Management, Budget & Accounting Director. When the Management, Budget & Accounting Director receives the procurement card from the issuer for a new cardholder, the cardholder will be contacted to come to the Accounting Bureau for instruction on established policies and conditions for proper use of the card. The cardholder will personally sign the Cardholder Agreement (Attachment 3) before the card is released. Thereafter, if an additional card(s) is provided to the same employee, the card(s) and Cardholder Agreement will be mailed to the employee. If the Cardholder Agreement is not returned to the Management, Budget & Accounting Director within 14 days, the card will be cancelled.
4. Convenience Checks are provided by the bank to be used only when a necessary vendor will not accept credit cards. The checks will be issued under a separate card number.

L. Lost or Stolen Procurement Cards

1. Should any employee lose or have their procurement card stolen, it is the responsibility of the cardholder to immediately notify the card issuer and the Management, Budget & Accounting Director of the loss. The telephone number of the procurement card issuer will be provided when the card is issued to the cardholder.
2. In addition to notifying the procurement card issuer, the cardholder must notify their Approving Official and the Management, Budget & Accounting Director of the lost or stolen card WITHIN ONE WORKDAY after discovery of the loss or theft of the card. The Approving Official is required to make a written report to the Management, Budget & Accounting Director WITHIN 5 WORKDAYS, that will include the complete information on the loss, the date the loss was discovered, the location where the loss occurred, if known, the purchases that the cardholder had made prior to the loss, and any other information that is pertinent. Should the card be returned it must be turned into the Program Administrator for destruction.

3. Terminating Employee

- a. Procurement Cards are issued to individual employees. If an employee leaves the City, their card must be collected and destroyed. The Approving Official will be responsible to collect the card and destroy it, and then forward a memorandum to the Management, Budget & Accounting Director explaining the reason for the cancellation. The Program Administrator will notify the issuer that the procurement card has been destroyed once the attestation is received from the Approval Official.
- b. Should a cardholder be transferred within the City to another Approving Official's area of responsibility, it will be the new Approving Official who will determine if the employee should be issued a new procurement card in their new position.
- c. In the event the Approving Official is not able to collect the procurement card when the employee leaves, the Approving Official shall immediately notify the Management, Budget & Accounting Director by telephone and follow-up with a memo to take action to insure the procurement card is voided. The Management, Budget & Accounting Director will notify the card issuer to void the procurement card to prevent any purchases after the employee leaves.

:5 FORMS:
As referenced herein.

:6 COMMITTEE MEMBERSHIP:
None.

:7 REFERENCE:
This procedure adopted by City Council January 22, 1996, Item Z; amended November 18, 1996, Item Z; amended August 11, 1997, Item 6-A; amended June 12, 2000, Item 5-X.

:8 EFFECTIVE DATE:
This procedure effective September 15, 2003.

ATTACHMENT 1

CARDHOLDER STATEMENT OF DISPUTED ITEM

TO: Management, Budget & Accounting Director
THRU: (Approving Official)
FROM: (Cardholder)
SUBJECT: Disputed Item(s) on Procurement Card Statement

The highlighted item(s) listed on the attached copy of my Statement of Account is disputed. In accordance with Policy & Procedures 412.3.4J, I have attempted to resolve this transaction with the merchant. Your assistance is now required in seeking satisfactory resolution through the card issuer. I have indicated below the reason for the dispute and the requested performance by the merchant/card issuer.

_____ I did not make nor authorize the above transaction. (Please indicate the whereabouts of your credit card.) _____

_____ There is a difference in the amount I authorized and the amount I was billed. (Copy of your charge must be enclosed.)

_____ I only transacted one charge and I was previously billed for this sales draft. Date of previous charge _____ (Copy attached.)

_____ The above transaction is mine but I am disputing the transaction. (Please state your reasons why in detail and the action required by merchant and/or card issuer.)

_____ Please send me a copy of the sales draft. (Your account will be charged \$5.00 for each copy supplied.)

_____ I have received a credit voucher for the above transaction, but it has not yet appeared on my account. (A copy of the credit voucher must be enclosed.)

_____ My account has been charged for the above transaction, but I have not received this merchandise. The details of my attempt to resolve the dispute with the merchant and the merchant's response are indicated are I indicated below:

_____ My account has been charged for the above transaction, but the merchandise has since been returned. (Please enclose a copy of your postal receipt if item(s) was mailed.)

Other Comments:

Print Cardholder's Name

Cardholder's Signature

**ATTACHMENT 2
REQUEST FOR NEW/CHANGE OR DELETE OF PROCUREMENT CARD**

Request for:

Cardholder: _____ Email: _____
SS# (Last 4 Digits): _____ Phone #: _____
Employee #: _____ Department: _____
Date of Birth: _____

Complete only the section that corresponds to the request.

Send all requests to jennifer.izzo@cityoforlando.net

Contact Jennifer Izzo (2576) for assistance.

Section 1: Request New Card Change Existing Card

Cardholder: _____ Credit Card # (Last 4 digits): _____

Department	From: _____	To: _____
Cost Center/Grant/Project	From: _____	To: _____
Approving Official	From: _____	To: _____
Proxy Reconciler	From: _____	To: _____
Auditor	From: _____	To: _____

<u>Credit Limit per month:</u>	<u>Single Transaction Limit:</u>	<u>Number of Transactions / day:</u>
From: ____ To: ____	From: ____ To: ____	From: ____ To: ____

Section 2: Delete Existing Card

Credit Card # (last 4 digits): _____ Effective Date: _____
Cost Center/Project/Grant: _____ Reason: _____

Section 3: Temporary Profile Change

Credit Card # (last 4 digits): _____ Amount: _____
Card Open Date From: _____ To: _____
Explanation: _____

For Travel Profile Changes – a copy of approved spend authorization is required. No further approval needed

Requester: _____	Date: _____	Phone: _____
Cardholder: _____	Date: _____	Print Name: _____
Approving Official: _____	Date: _____	Print Name: _____
Director: _____	Date: _____	Print Name: _____

Accounting Use Only:

Administrator: _____	Budget Manager: _____
Group: _____	Accounting Manager: _____

**ATTACHMENT 3
PROCUREMENT CARD CARDHOLDER AGREEMENT**

Please review the terms stated below, sign and date. You will receive copies for you and your Approving Official's records. Please note that this Cardholder Agreement also acts as your signature card and will be kept on file in the Accounting and Control Division of the Office of Business and Financial Services.

I, _____, hereby acknowledge receipt of Bank of America credit card numbers _____ (the "Card"), in good condition, with both the City's name and mine appearing on the face of the Card. I have verified the information contained thereon and attest to its accuracy.

I have received, read and understand the City of Orlando Procurement Card Cardholder Instructions and Section(s) 412.3, 421.4, and/or 421.5 of the City's Policies and Procedures Manual. I agree to accept responsibility for the protection and proper use of the Card in accordance with the above-referenced instructions and policies and procedures. I understand that my use of the Card is subject to audit by the City, that my purchases with the Card are limited to the number of transactions per day and dollar amounts per day as set forth in the policies and procedures, and that the Card is not to be used to purchase certain commodities as outlined in the policies and procedures.

I further understand that I am authorized to purchase only for the Fund/Program number(s) _____ and that all purchases must be for official business on behalf of the City.

If the Card is lost or stolen, I agree to immediately notify Bank of America at the numbers listed below, my Approving Official, and the Program Administrator. I also agree to immediately dispute unauthorized charges on my credit card through Bank of America Works application, in writing as indicated by the Bank of America dispute process, and notify my Approving Official. I understand that failure to immediately notify my Approving Official of the presence of unauthorized charges on my Statement of Account could make me responsible for charges resulting from fraudulent use of the Card. **I further agree to notify Jennifer Izzo at (407) 246-2576 as soon as possible, Accounting and Control Division of the Office of Business and Financial Services.**

Bank Contact: Bank of America
General Information and Lost or Stolen Card (24 hours): 1-888 449-2273
Fraud Number: 1-888-329-6262
Card Activation Number: 1-888-571-1000

The improper or unauthorized use of the Card may result in any or all of the following: suspension or termination of the Card and all associated Cardholder privileges, deduction from pay any charges resulting from the improper or unauthorized use of the Card, and **TERMINATION OF EMPLOYMENT** with the City of Orlando, Florida. The appropriate disciplinary action for misuse of the Card will be dispensed by my Department Director based on the recommendation of the Approving Official, which recommendation shall be in accordance with City's Disciplinary Action Guidelines.

I hereby authorize the City to (i) deduct from my wages or from any other amounts payable to me, an amount equal to the total charges for improper or unauthorized purchases with the Card, even if I am no longer employed by the City and (ii) audit my use of the Card.

If the City initiates legal proceedings to recover amounts owed by me under this Agreement, I agree to pay court costs, reasonable attorney's fees and other expenses incurred by the City in such proceedings assuming the City prevails in such legal action.

I understand that the City may suspend or terminate my privileges to use the Card at any time for any reason. I agree to surrender the Card immediately upon retirement, termination of employment, termination of Cardholder privileges, or upon the request of the Approving Official, the Program Administrator or an authorized representative of Bank of America. I understand that use of the Card after Cardholder privileges have been suspended or terminated is prohibited, and that I will be held responsible for charges resulting from such use.

Signature: _____

Date: _____

Print Name: _____

Department: _____

Program Administrator Use Only

Approval _____

Date: _____

DISCIPLINARY ACTION GUIDELINES

- I. Improper or unauthorized use of the Card.
- A. Any incident of improper or unauthorized use of the Card shall be immediately reported to the Management, Budget & Accounting Director.
 - B. The Management, Budget & Accounting Director may suspend or terminate Cardholder privileges for improper or unauthorized use.
 - C. Improper or unauthorized use of the Card will subject the employee to appropriate disciplinary action.
 - D. In addition to any administrative and disciplinary action that may be taken, the employee may be required to reimburse the City for the total amount of the improper charges, through payroll deduction or direct payment.
- II. Failure to submit reports related to Cardholder activity within the time periods specified in the Policies and Procedures Manual.
- First Offense: Suspension of Cardholder privileges for a minimum of seven (7) days.
- Second Offense: Suspension of Cardholder privileges for a minimum of thirty (30) days.
- Third Offense: Immediate termination of Cardholder privileges and a written reprimand to be maintained in the employee's City personnel file.