

# CHAPTER 8:

## PURCHASING CARD

Revised 4/20

### 8A) Program Overview

A procurement program has been developed to streamline requisitioning, purchasing, receiving and payment processing for low to moderate value (\$3,000.00 or less) City purchases. The program utilizes the P-Card as the payment-processing tool.

The Purchasing Card is to be used for City of Amarillo business only, not for personal use. Only one card will be issued to each cardholder. The cardholder is responsible for all purchases made on the card issued to them.

When placing an order, City employees use their Purchasing Card in lieu of an online requisition. The employee will obtain a receipt from the vendor or merchant for the items purchased. The receipt will show in detail the merchandise purchased. Receipts for meetings and meals will show who attended at the meal or meeting.

### 8B) Program Advantages

Reduced Workload - Processing of paperwork is significantly reduced for cardholders, purchasing, receiving and accounting activities. The City will issue one monthly check to the P-Card Vendor instead of hundreds of checks to a multitude of vendors.

Improved Deliveries and Quicker Information - Without delays in processing requisitions, the employee places the order or purchases the merchandise immediately. The availability of items, process and ship dates are known when the employee places the order.

### 8C) Operating Procedures

The following pages provide detailed policies and procedures on how to obtain a Purchasing Card, responsibilities of the Department, account reconciliation, and who to contact for assistance with bank statements or purchasing card charges.

Failure to comply with these policies **will** result in the suspension or termination of the cardholder's privileges.

### 8D) Account Description

The account for the Purchasing Card program is a charge number issued in the name of each applicable employee and is unique to that employee. Each card is assigned to a specific Department's expense account. This account and object may be changed at the time of statement reconciliation. If an employee transfers to another department, there

is no need to obtain a new Purchasing Card. The change can be made by filling out a new form with the requested new information. The form is located at M:\Approved Forms\Purchasing\Request for a Purchasing Card. Submit the form for approval and then forward to the Purchasing Department.

#### **8E) Authorized Purchases**

Materials and services, except those described in the restriction section below, shall be purchased or ordered from vendors. At the City's request, the using bank has blocked authorization for certain types of vendors or transactions that are not approved for this program, such as cash withdrawals and liquor stores.

Purchasing Card orders are to include only items that are to be charged directly to Department expense budgets.

The one-time expenditure limit for this program is up to \$3,000.00 for each Purchasing Card transaction. Each card also has a monthly spending limit. These parameters are requested by the Department Director and approved by the Director of Purchasing at the time of card issuance. The Department Director must also approve in writing all changes in any of the cardholder's parameters.

Along with this purchasing privilege that you have been granted, comes the responsibility of doing the job right. **The Purchasing Card is not meant for impulse purchases.** As you prepare to make a Purchasing Card purchase, be sure that you have done sufficient due diligence to be confident that the item being purchased is the best value for the city. The key to this is usually documentation. Make notes on the credit card stub that will support the purchasing decision that you are about to make.

**Food, refreshment, and meal purchases: This policy is to allow the use of P-cards to purchase food and/or drinks only for City related business purpose. For example: when hosting an outside speaker, convention, department activity, and special events that the City sponsors. Receipts must be retained in order to document the specific municipal purpose and must list name of each person present for the meal. An adequate description must be written on the face of every receipt to ensure that it shall be easily identifiable as a City related business purpose. If food, beverage, and meal expense receipts are not turned in on time, they will be specifically disallowed, and the credit cardholder as necessary may have to reimburse the City for these expenses.**

**On all non-travel items purchased between \$1,000 and \$3,000, the cardholder is required to obtain at least 2 quotes; these must be documented on the Purchasing Card stub, on the receipt, or on additional documentation related to each purchase. Failure to provide this documentation or an acceptable sole source justification will be considered a violation of this policy.**

**8F) City's Policy on Employee Travel Expenses**

On all travel related expenses, the cardholder must follow both the purchasing policy and travel policy. All travel related itemized receipts and/or documentation must include name(s) of each person traveling and business purpose. For meals, document who attended and the purpose. All itemized receipts and documentation must be scanned into eDocs under the TXN# and under the travel expense report. Failure to provide this documentation shall be considered a violation of this policy. The City's policy on Employee Business Expense can be found on M:\Approved Forms\Travel Forms for the latest revision.

**8G) Restrictions**

The one-time transaction limit is set at **\$3,000.00** maximum.

**Each Cardholder is personally responsible for all purchases made on the Purchasing Card issued in their name. Only the Purchasing Card holder named on the card is the authorized user of that particular card. It is a violation of this policy to "loan" or otherwise allow the use of your card by any other individual.**

**All City of Amarillo contracts for goods and services are to be considered exclusive and the goods and services are to be purchased from the contract vendor.**

A list of all current City contracts can be found on the Purchasing section of the Intranet.

Purchases from vendors on the City's Excluded Parties List (CEPL) are **prohibited**. A list of City's Excluded Parties List can be found on the Purchasing section of the Intranet.

**The following purchases are prohibited:**

- Cash refunds for returned purchases; cash advances, or cash back on purchases. Under no circumstances shall a Cardholder accept cash or gift cards in lieu of a credit to the P-Card account
- Donations or charitable contributions: to individuals or organizations
- Establishing "open charge accounts": allowing a vendor to store your P-card information on file to facilitate future P-card purchases or auto renewals
- Fines of any kind such as but not limited to: Parking tickets, traffic tickets, or red-light camera charges
- Purchases using personal Pay-Pal accounts
- Tobacco and vaping products
- Personal purchases of any kind
- Tuition (All Tuition is handled by HR)

- Any item that is delivered to a cardholder's home address or anything other than a City Facility
- Early Bird Check-in for air travel
- No Cash withdrawals
- City policy prohibits the use of travel rewards programs for purchase because there is a potential for using rewards points for personal purchases. Because there is not a way to monitor such reward in a way that is cost effective, the City's policy is that we shall not participate in these programs. The purchase of an **Amazon Prime** membership falls under reward programs and is not an allowable expense because this membership is not limited to City business only and can be used for personal purchases
- Gift Cards or Bank Cards are not allowed to be purchased, without being pre-approved by the City Manager or designee.
- Firearms & Ammunition
- **Any and all types of telephone or communications equipment or services, including batteries**, without prior written permission from the Communications Department Director or designee (**Attach a copy of the authorization to your Purchasing Card Log or on the receipt and submit it with your statement.**)
- **Any Computer Equipment or Software, including all monitors, scanners or printers**, without prior written permission of the IT Department Director or his designee (**Attach a copy of the authorization to your Purchasing Card Log or on the receipt and submit it with your statement.**)
- In-room movie rentals, alcoholic beverages or any other incidental charges on a hotel bill except for phone calls or faxes sent on City related business
- Entertainment and/or Amusement tickets
- Any kind of alcoholic beverage
- Any sequential purchases (i.e. purchases that are split so that each purchase stays under the cardholder's one-time purchase limit). Splitting purchases constitutes misuse of the Purchasing Card
- **Any purchase of an item purchased from a non-contract vendor that is on an Annual Contract such as Office Furniture or Office Supplies**
- Any Purchase that requires the signing of any contract that binds the City in any way (Note: The only person that has the authority to sign a contract binding the City is the City Manager or Designee after approval from the Legal Department. Contracts signed by any other parties are unenforceable)
- **Under no circumstance shall the purchase of capital equipment be charged on a Purchasing Card**

**The following are exceptions to this rule:**

- Auto fuels – fuel may be purchased as part of approved out of town travel.
- Office decorations - Seasonal decorations are permissible when the purchase is consistent with work related objectives and is not primarily for the personal convenience or satisfaction of a government employee

**When using your credit card to procure authorized services, always remember that the vendor needs insurance. Check with the Purchasing Department to make sure the vendor has insurance or for the proper procedure to obtain the correct insurance. Please refer back to Chapter 2 Section 2A.**

The Purchase of any item or service that would be an embarrassment to the City if the purchase of such item or service were to be publicized in the local newspaper.

Any use of this program for any of the unauthorized transactions listed above will result in disciplinary action including, but not limited to, the suspension or loss of all Purchasing Card privileges, suspension or termination of employment, personal reimbursement of the unauthorized purchase and possible criminal charges.

**Any suspected misuse or abuse of a City Purchasing Card shall be reported to the Purchasing Card Program Administrator (ext 6240) or the Director of Purchasing (ext 3570) immediately. Failure to report any misuse or abuse promptly shall constitute a violation of the policy and shall carry the same penalties as stated above. Any misuse of P-Card will be deemed with the appropriate actions.**

**8H) Obtaining a Purchasing Card**

An employee obtains a Purchasing Card by a request submitted from his or her Department Director to the Purchasing Department. The request is made using the form located at M:\Approved Forms\Purchasing\Request for a Purchasing Card. This request will need to be received in the Purchasing Department at least 30 days prior to being used. It must show the per purchase limit requested up to \$3,000.00 and the total credit line per month. The applicable Department Director must also approve this memo. There will be no check on the personal credit of the employee. The credit history associated with any subsequently issued account will have no effect on the employee's personal credit rating.

**Training:**

Upon getting a renewal card or **BEFORE** a new card is issued to an employee, the employee will go through training and be instructed on how to properly use their card. At that time, the employee will be asked to sign a Purchasing Card Issuance Contract. (See next page)

## Purchasing Card Issuance Contract

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I understand that **prior** to my being issued a City of Amarillo Purchasing Card, I must attend a Purchasing Card Policy Training Class. I will also be required to attend refresher training when my Purchasing Card expires, in order to get a renewed card.

I understand that having a City Purchasing Card is a trusted privilege. I will not let any other person use my Purchasing Card, even for City business, unless it is approved in advance by my Division Director.

When using my Purchasing Card, I agree to obey all rules and policies for the City of Amarillo Purchasing Card Program. I will use my Purchasing Card only as allowed by the current City rules and policy. I understand the Purchasing Card policy and rules can change, and I must obey the current rules.

I understand that using this Purchasing Card for an unauthorized purchase (see the list in the Purchasing Card Policy) **will** result in disciplinary action against me, including but not limited to, the suspension or loss of my Purchasing Card; the suspension or termination of employment; my having to repay the City for the unauthorized purchase; and, possible criminal charges against me.

I understand that if suspect another person is misusing or abusing a City of Amarillo Purchasing Card, that I must immediately report that suspicion to the Director of Purchasing. My failure to immediately report suspected misuse or abuse is a violation of the policy and may carry the same penalties stated above.

I understand that upon expiration of my Purchasing Card, I must attend refresher training on the City Purchasing Card program, in order to get a renew card. If I fail or refuse to attend this required session within 30 days after expiration of my card will result in the termination of my Purchasing Card privileges. To reinstate my Purchasing Card privileges will require a new card application through my Department Head and Division Director, with a written explanation of why I failed/refused to attend the required training class for a renewal of my Purchasing Card.

I understand that when my City employment ends (by any means), then I must return my Purchasing Card to the Purchasing Department, in order to get my final check release signed. Failure to do so may result in delay of my final paycheck being released.

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Employee's City ID number

\_\_\_\_\_  
Purchasing Dept. verified City ID & Training completed

\_\_\_\_\_  
Date

### 8I) **Changes to the Purchasing Card**

To make any kind of change to a Purchasing Card the request is made using the form located at M:\Approved Forms\Purchasing\Request for a Purchasing Card. It must show the per purchase limit requested up to \$3,000.00 and the total credit line per month. For example, a typical Purchasing Card change request would be required for employees changing departments. All requests for change must be written and approved by the Department Director of the **new** department. Any card may be used for multiple accounts. Since budget accounts can be modified at the time of the issuance of the monthly statement only **one** card will be issued to each individual cardholder.

### 8J) **Purchasing Card Closures**

The Purchasing Department will close cards upon the written request of a Department Director. All accounts will be balanced and closed for each person leaving the City. **All Purchasing Cards are to be returned to the Purchasing Department upon employee termination by the employee. Using Departments are not to collect an employees Purchasing Card.** It is the responsibility of a Department Director to promptly advise the Purchasing Department of any immediate or unplanned employee terminations in which the normal notice process is not followed. Under no circumstances should a card be sent through the intercompany mail system.

### 8K) **Purchasing Card Holders**

**The most important responsibility** is that the employee cardholder must always maintain custody and control of their card. **Sharing, loaning or lending Purchasing Cards to other city employees or other persons is prohibited.**

1. Order materials in person, by internet or by telephone as needed. No purchase order number is required. If a vendor requests a purchase order number, use the document number in your Purchasing Card log.
2. Pick up materials or instruct vendors where to deliver materials (**Note: to a City Facility Only**). It is very **important** the supplier record the employee's complete name, building, room number, and telephone number on each purchase.
3. Advise the vendor that materials and services are not taxable. (If required, the Purchasing Department will provide a tax-exempt certificate for submission to the vendor). **Note:** The City is not exempt from Hotel/Motel Taxes or Federal Excise Tax. We are only exempt from Texas State Sales Tax.
4. Obtain the total cost of the order from the vendor (including estimated shipping costs) before the order can be considered as placed.
5. Maintain a credit card log, copy of all purchases, or maintain good control over receipts to give to your Department's proxy for scanning. This will be used to verify the accuracy of suppliers' charges on the monthly bank statement. The Purchasing Department will supply a Purchasing Log to each employee. Refills will be furnished

by the Purchasing Department upon request. The log is very similar to a checkbook except that it is clearly marked for the Purchasing Card. The use of the log is optional; however, it is encouraged to record purchases and show proper documentation of procedures taken to make the purchase. The software used to track purchases shall also be used to verify merchants have charged the employee's card correctly.

6. Record receipt date in the credit card log and keep all packing slips and receipts with the credit card log.
7. Send monthly credit card logs **with all receipts attached** to your immediate supervisor or card proxy for approval. The cardholder must include sufficient documentation to prove that each purchase is a valid purchase for City business. **All itemized receipts must be scanned into EDocs with the correct transaction number. Failure to submit a valid receipt or other required documentation will result in the employee being held personally responsible for payment of the invalid charge.**
8. All transactions are approved in the system by the Department Director.
9. If you have purchased a meal on a credit card, please document who the meal was for and the business purpose of the meal. For, example if you are traveling, document yourself and travel. If you are paying for a meal for more than just yourself, please remember to document everybody that attended and the purpose.
10. If you use your credit card to pay for hotel rooms for all travel members, be sure and list the names of each person and the reason for travel.
11. If you have purchased food either from a restaurant or from a grocery store for a City Meeting, document what the meeting was for and the business purpose of the meal. Remember to document everybody that attended and the purpose.
12. **Dealing with credit card receipts - For all credit card transactions, an Itemized/detailed receipt is required even for travel transactions. If the receipt is misplaced, the credit cardholder must ask the vendor for a copy.**
13. **If there is no receipt for a transaction the credit cardholder as necessary may have to reimburse the City. For purposes of the Works system an explanation on why there is no receipt and the details of the purchase is needed. This can be done through an email from the credit card holder to the proxy. The proxy must place this explanation on the appropriate receipt box when it asks if there is a receipt in the Works system. This is done even if the credit card holder had to reimburse the City. The same goes for scanning in EDocs, an explanation from the credit card holder explaining why there was no receipt and the details of the purchase must be scanned in. This is done even if the credit card holder had to reimburse the City. Scan in paid receipts from the Accounting Department into EDocs.**



## 8L) Approval of the Monthly Purchasing Card Transactions

The Proxy for each Department has the responsibility of insuring that each transaction has an appropriate receipt and that it is scanned into EDocs. The Proxy also makes the initial coding of the transaction, charging to the correct business unit and object code. The Department Director has the responsibility of reviewing and approving all transactions for employees under his/her supervision. The complete approval and coding process are online through the Works system. Department will only be sent hard copy reports if they are requested from the Accounting Department.

The Cardholder has primary responsibility for all charges made on his or her card. If there is any type of discrepancy, this needs to be reported to the Accounting Department immediately.

The Accounting Department will maintain the transaction records and all supporting documentation in their files for FE+ 3 years.

## 8M) Procedures for Handling Discrepancies

- If the Purchasing Log amount differs from monthly cost allocation information:
  - That is, if the amount recorded on the Purchasing Log (i.e. amount quoted by the vendor) differs from the transaction information, the vendor shall be promptly contacted. If the amount referenced on the Purchasing Log is incorrect, the correction shall be recorded on the Purchasing Log. If the amount on the website is incorrect, request the vendor to credit the card account on the next cycle. The Purchasing Log shall be noted and retained to ensure the credit is received.
- If the statement charge from an authorized vendor is not on the Purchasing Log:
  - Contact the Vendor. If it is determined that the materials were received, make a correction entry to the Purchasing Log.
- If the charge should not have been posted to the Purchasing Card account:
  - Ask the vendor for a credit to the card or contact the Purchasing Department for assistance.
- If there is a statement charge from a non-approved vendor or a suspected fraudulent charge:
  - Contact the Purchasing Department immediately at ext. 6240.

## 8N) Internal Controls

The Department Director or their authorized designee, other than the cardholders themselves, is to make a detailed and timely review of the Purchasing Log and the monthly cost allocation statement during the month to ensure the amounts charged reflect materials/services actually received. The Department Director or proxy is to approve online statement to indicate the review was performed.

It is the Department Director's responsibility to ensure that all items or services purchased comply with Section 8E and 8F and to report any discrepancies immediately to Purchasing Department.

If a purchase is made that should have been charged to an object code other than the default object code and is not available to select on the website drop down list, the Department is responsible, as part of its account reconciliation to notify the Purchasing Department of those changes by email.

**8O) Purchasing Department Activities**

Authorizes types of vendors to participate in the Purchasing Card program by establishing blanket orders, pricing and other terms and conditions of sale, if applicable

1. Monitor use of non-approved vendors and pricing.
2. Negotiate special pricing with approved vendors, when applicable.
3. Resolve disputed charges between the vendor and employee cardholder.  
Processes authorized requests for Purchasing Cards, maintain control over active cards, and closes account in accordance with operating procedures.

Approve a terminating employee's final check clearance form **only** when the Purchasing Card, Wal-Mart, Sam's Club Card, and Home Depot Card, if applicable, have been returned to **Purchasing Department** by the responsible employee and destroyed.

Establish and maintain the default accounting code for each card so that transactions are charged to the correct object.

**8P) Assistance from Bank**

For lost or stolen cards, contact the Purchasing Department at Ext. 6240. Because of the time and expense incurred by Bank to investigate disputed vendor charges, every effort shall be made to resolve issues directly with the vendor. If an issue is irreconcilable with a vendor, contact the Purchasing Department at Ext. 6240.

**8Q) If the Supplier Denies Purchasing Card Approval**

If a vendor advises that approval has been denied by the Purchasing Card system, it is most likely a result of a violation of one of the various established levels of authority checks. The vendor will not have information related to the reason for denial, nor does the employee cardholder have authority to obtain the information from the bank. The employee must contact the Purchasing Department.

**8R) Audit Procedures**

The individual to whom the Purchasing Card is issued is responsible for the card. The card must be in their possession at all times.

Those who do not have their Purchasing Card will be immediately reported to the Purchasing Department, who will follow up to verify that the card has not been lost or stolen.

The Purchasing Department will check Single Transaction Audits to ensure full compliance with the proper procedures.

If unauthorized purchases are found, the Department Director will be notified. Depending on the severity of the problem, a written warning will be issued to the cardholder. Any cardholder with an unauthorized purchase will be required to come to the Purchasing Department for additional Purchasing card training.

After Purchasing Card use retraining, a cardholder will be subject to spot-checking. If additional unauthorized purchases are detected, then additional appropriate personnel action will be taken. Repeated violations will result in suspension or termination of Purchasing Card privileges or other action as deemed appropriate by the Director or Purchasing, the Department Director of the affected personnel, the Director of Finance, Director of Human Resources and the City Manager.

**The Internal and/or External Auditor may also pull statements on individual cards from time to time to check the Purchasing Card for policy compliance.**