

City of Meriden

Purchasing Card (P-card) Policies and Procedures

I. INTRODUCTION

The City of Meriden's Purchasing Division, in conjunction with Bank of America and VISA, is offering a program that simplifies the way employees may purchase certain goods and services using the Bank of America WORKS platform. P-cards are a delegated purchase method that provides a method of purchase for departmental personnel to make purchases in accordance with our Direct Payment policy. P-card program will allow the cardholder to purchase approved commodities and services directly from vendors and streamlines the City's overall procurement process and affords departments greater flexibility in obtaining goods or services required.

Each P-card is issued to an individual, and the City of Meriden is clearly shown on the card as the buyer of the goods and services.

The Purchasing Division and Finance Department will monitor the performance of the program. All questions or concerns should be directed to a Card Administrator (Refer to Appendix A for a list of Card Administrators). For questions regarding the Meriden Public Schools (MPS) transactions you should contact the MPS Director of Business Services or the Assistant Superintendent for Finance & Administration.

II. PURPOSE

The purpose of these policies and procedures is to accomplish the following:

- A. Cards are used to purchase items in accordance with the City's Direct Payment policy.
- B. All deliveries should be Free On Board (FOB) Destination, Delivered Price.
- C. P-cards are used when an off-the-shelf item is required immediately.
- D. To reduce the use of limited supply orders, purchase orders, payment vouchers, and petty cash.
- E. To reduce the time spent by the Purchasing and Finance departments in processing limited dollar transactions.

The policies and procedures provided herein are the **minimum** standards. Additional controls may be established if necessary.

III. SYSTEM AUTOMATED CONTROLS

The P-card system simplifies the procurement/disbursement process. Responsibility for purchases is delegated to the ordering department enabling an authorized cardholder to place an order directly with the vendor.

When the supplier at the point-of-sale requests a purchase authorization, the P-card system validates the transaction against preset limits. All transactions are approved or declined electronically based on the P-card authorization criteria. The authorization criteria may be adjusted periodically as needed and may include, but is not limited to, the following:

- Single purchase dollar limit
- Monthly purchase dollar limit
- Merchant category code restrictions

The system requires multiple levels of approval before it can be processed. First, there is an **Accountholder** level of approval. This is typically approved by the cardholder themselves. The second level of approval is the **Approver** level. This is typically approved by the group owner which is a Division or Department Head. For City purchases, the final level of approval is the **Accountant** level which is approved by a member of the Finance department. The final level of approval for MPS transactions will be the MPS Director of Business Services or the Assistant Superintendent for Finance & Administration.

IV. ROLES and RESPONSIBILITIES

The Finance Director and Purchasing Officer have delegated certain purchasing authority and responsibility to Departments for the use of P-cards. Any person using a City P-card has been entrusted with the authority to expend the funds for materials, supplies, equipment, services, and travel as needed by his/her department. With this authority rests the responsibility to assure that the City of Meriden's Policies and Procedures are followed. The following is a summation of the responsibilities of the individuals and Divisions involved in the P-card system. It is the responsibility of every cardholder and Department/Division Head to ensure compliance with these policies and procedures.

A. Department Head or Division Head (aka Group Owners)

- 1) Obtain training (if required) on the WORKS program from a Card Administrator and review the user guide on the City's intranet website
- 2) Request Cards for designated employees through the Purchasing Officer
- 3) Establish spending limits for individual cardholders within your control
- 4) Ensure appropriateness and availability of funds for general ledger account allocations
- 5) Designate representatives responsible for processing charges
- 6) Ensure that all charges associated with their group are processed within 5 business days
- 7) Collect cards from cardholders who end employment
- 8) Notify the Purchasing Officer and Director of Accounting of cards to be deactivated

B. Cardholder

- 1) Obtain training (if required) on the WORKS program from a Card Administrator and review the user guide on the City's intranet website
- 2) Hold and secure P-card
- 3) Ensure appropriateness and availability of funds for general ledger account allocations
- 4) Order/receive materials and services
- 5) Make sure there is no sales tax on P-card charges or to obtain a credit for sales tax charged
- 6) Attach supporting documentation for charges to the WORKS website application
- 7) Submit monthly charges for review to the Group Owner or Proxy Reconciler(s)
- 8) Identify and report disputed charges to the Group Proxy Reconciler(s)

C. Group Proxy Reconciler(s) – (Individual(s) designated by Department or Division Head)

- 1) Obtain training (if required) on the WORKS program from a Card Administrator and review the user guide on the City's intranet website
- 2) Verify there is no sales tax on P-card charges or to obtain a credit for sales tax charged
- 3) Ensure appropriateness and availability of funds for general ledger account allocations
- 4) Assist in handling disputed items with the Cardholder (see B8 & E6)
- 5) Process all charges within 5 business days
- 6) Comply with all Procurement and P-card Policies and Procedures

D. Finance Division

- 1) Monitor charges for proper account codes and fund availability
- 2) Reconcile the ACH withdrawal from pooled cash to the summation of WORKS charges
- 3) Process transactions that have not been properly dealt with by Group Owners in a timely fashion
- 4) Flag questionable charges in terms of account allocation or otherwise violate City policy
- 5) Post all charges to the Financial Management System
- 6) Notify the P-card Administrators of any violations or discrepancies

E. Card Administrators

- 1) Coordinate program policy issues
- 2) Conduct training program for all cardholders
- 3) Coordinate issuance and cancellation of cards
- 4) Maintain policy and cardholder guides/manuals
- 5) Coordinate and maintain internal controls
- 6) Participate in resolving billing disputes – (see B8 & C4)
- 7) Participate in ongoing program reviews
- 8) Evaluate Card feedback from suppliers and from departments
- 9) Review Card usage for compliance with Procurement policies and procedures
- 10) Review purchasing trends for possible efficiencies and cost savings
- 11) Negotiate rebates with Bank of America (as needed)
- 12) Adjust credit limit with Bank of America (as appropriate)

V. POLICIES AND PROCEDURES

A. Request for and Issuance of P-card

- 1) P-cards will be issued to individual employees at the discretion of the Department Head, Finance Director and the Purchasing Officer.
- 2) The P-card will have City of Meriden, the employee's name, tax-exempt number and the expiration date embossed on the face of the card. The P-card issuing company will not have individual cardholder's information other than the cardholder's work address and work phone number on the application.
- 3) All requests for new cardholders or changes to current cards, such as changes to spending limits or restrictions, must be made by the Department or Division Head and submitted to the Card Administrators. Any conflicts of interest will be resolved amongst the administrators.

- 4) New cardholders will be required to personally take receipt of the card and sign the P-card Employee Agreement (Appendix B). They will be given a copy of the P-card Policies and Procedures Guide and an oral review of the program along with training from a Card Administrator as deemed necessary.

B. **Procedures for Making and Paying for Purchases**

1) General Information

These procedures should be used when making over-the-counter, telephone, or internet purchases.

- a) When a purchase is made, the cardholder must obtain a detailed receipt. The charge slip or related cash register slip/receipt must show sufficient detail of the type and number of items purchased with the unit cost.
- b) When placing a telephone order, the cardholder must confirm that the vendor will charge the P-card when the item is shipped.
- c) The amount of the charge at the time of the purchase should include the price of the item, all shipping, handling and any other extra charges.
- d) Ensure the vendor knows that the City will not pay sales tax. The tax ID number will be included on the card.

C. **Payment and Invoice Procedures**

1) Missing receipt

If for any reason the receipt is missing, it is the cardholder's responsibility to obtain a copy from the vendor.

D. **Disputes**

- 1) If items purchased with the P-card are defective, the cardholder must return the item(s) to the vendor for replacement or credit to the Cardholder's account - **(store credit is not acceptable)**. Items must be inspected immediately to ensure the order is accurate and meets specifications. If the vendor refuses to replace or correct the faulty item or service, the purchase will be considered to be "in dispute".
- 2) 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.
- 3) The cardholder must contact the Issuing Card company about the transaction and supply the necessary information to begin the resolution process.
 - a) A written explanation of the dispute must be maintained in the Cardholder's file until the dispute is resolved. At the time of notification, the Issuing Card Company will place the transaction into dispute status.

- b) If the problem is resolved between the vendor and the Cardholder, the resolution should be noted in the Cardholder's documentation and notification made to the Issuing Card company. It should be maintained with the original documentation.
- c) If an agreement cannot be reached, the following steps will be completed:
 - When an account is in dispute status, the disputed amount is still included in calculating the available money available. At the time the transaction is placed in dispute, it no longer incurs finance or late charges
 - If there continues to be a problem with a particular merchant, the cardholder should notify a Card Administrator for assistance.

E. Review of Purchases by Departments

- 1) Group Owners are required to review each P-card expenditure (item purchased, amount, charge code, and vendor) to ensure the goods or services were necessary, and for official City use.
- 2) If a purchase is questioned, the Department or Division Heads or designee will be responsible for resolving the issue. If the Department Head is not satisfied that the purchase was necessary and for official City use, the cardholder must provide a credit voucher proving the item(s) were returned for credit or make a payment to reimburse the City.

All misuse shall be documented and reported to the Department Head and Card Administrators in writing. Appropriate action will be taken based on the severity of the misuse. The City reserves the right to adjust spending limits and/or deactivate an individual's card. The City Manager and Director of Human Resources will be made aware of any individual who consistently violates these policies.

F. Limitations on Use of P-card

- 1) Cardholder Use Only - Only the employee whose name is embossed on the card may use the P-card. No other person is authorized to use the card.
- 2) Purchases Only - The P-card is to be used for authorized purchases only.

G. Prohibited Uses of P-cards

The following types of items may NOT be purchased with a P-card, no matter the dollar amount:

- 1) Cash Advances
- 2) Personal items – anything other than items for the City
- 3) Any additional goods or services specifically restricted by the Purchasing Division

H. Lost or Stolen P-cards

If a P-card is lost or stolen, the Cardholder should notify Bank of America and Card Administrators immediately.

I. Termination or Transfer of Cardholder

- 1) When an employee leaves the City, the Department or Division Head should collect the individual's P-card and forward it to the Purchasing Officer. If an employee is transferred to another department the Card Administrators should be immediately notified.
- 2) If the Department or Division Head is unable to collect the P-card when an employee leaves, then a Card Administrator should be immediately notified so the user can be deactivated in the WORKS program.

J. Important Points to Remember

- 1) The Uniform Commercial Code (UCC) applies to all purchases. All goods received should be inspected upon receipt. Claims for damaged goods must be submitted to the vendor within 2 business days after receipt of goods.
- 2) If P-cards are used to purchase on site services, vendor must provide the P-card user a valid Certificate of Insurance prior to working on City property. Contact the Purchasing Division for current insurance requirements.
- 3) Goods or services listed on City supply contracts shall not be purchased from another supplier to circumvent using existing supply contracts.
- 4) It is the responsibility of the Cardholder to ensure all "extra" charges such as freight handling, set up, etc. are considered before a P-card transaction is made. A vendor's willingness to honor a P-card transaction exceeding the Cardholder's limit does not authorize departments to make such purchases.
- 5) Multiple P-card transactions to circumvent the Cardholder's limit is prohibited.
- 6) Maintain proper documentation of receipts, invoices, monthly statements, etc.
- 7) Report lost or stolen P-cards
- 8) All charges should be processed and approved within 5 business days
- 9) All items should be FOB - Meriden

APPENDIX A

CARD ADMINISTRATORS

Wilma Petro – Purchasing Officer

Frank Ocskasy – Director of Accounting

APPENDIX B

CITY OF MERIDEN

Procurement Card Employee Agreement

I, _____ hereby accept a City of Meriden Procurement Card. As a Card Member, I certify that I have read, understood and agree to comply with the following terms and conditions regarding my responsibility in the use of the City of Meriden P-card issued to me:

1. I understand that I am being entrusted with a valuable purchasing tool. I understand that issuance of this P-card is a delegation of limited purchasing authority. I further understand that by using this card I am financially committing the City of Meriden to a legally binding contract.
2. I understand that the City is solely liable to P-card Issuer for all charges made in the use of the P-card.
3. I understand and agree that the City of Meriden P-card is for official City business and shall not be used for personal purchases.
4. I understand that all goods and services shall be obtained at a reasonable cost and that all purchases shall be made in a fair and impartial manner with avoidance of any impropriety or the appearance of impropriety.
5. I agree to notify my Group Proxy Reconciler(s) and the Purchasing Officer immediately if the City of Meriden P-card is lost or stolen.
6. I understand that the City of Meriden P-card may be revoked by the Department Head or Card Administrators at any time without notice.
7. I agree to surrender the City of Meriden P-card immediately upon request of a Card Administrator or Department Director, or upon termination of employment (including voluntary separation and retirement).

Employee's Signature

Date _____

Please Print Name and Division