

# City Procurement Cards

## Section 5.1.2

### NOTE:

This policy with the Revised Effective Date of May 8, 2018 contains changes that pertain only to approving officials for Department and Office directors, and Council appointees. All else remains unchanged from the previous version with the Revised Effective Date of May 16, 2012.

### PURPOSE

The purpose of this policy is to establish a framework for the Citywide Procurement Card program including participation in the program and the appropriate use of Procurement Cards. The Citywide Procurement Card program is established to streamline small dollar purchases and reduce the acquisition period.

For the purpose of this policy, a Procurement Card is a City-issued credit card from a financial institution. The Procurement Card shall be used as a first purchase option for small purchases unless the items are available in a City Warehouse or through established contracts such as Citywide or departmental Open Purchase Orders. **All forms referenced in this policy are available on Finance's Intranet site.**

### SCOPE

This policy applies to all employees who are issued a City of San José Procurement Card, serve as Approving Officials, and all departments who authorize employees to use City Procurement Cards.

### POLICY

#### I. General Information

The City Procurement Card is to be used for **OFFICIAL** City business and **MAY NOT BE USED FOR PERSONAL PURCHASES UNDER ANY CIRCUMSTANCES**. Failure to follow this policy, including any outlined processes and guidelines for Procurement Card purchases contained in this policy, may lead to the suspension or termination of a procurement card, disciplinary action, and/or reimbursement to the City by the employee for the unauthorized charges.

- Personal Purchases: Use of the Procurement Card for purchases that fall within the prohibitions listed below, and purchases that are not within the exceptions listed below, are considered personal purchases in violation of City policies.

The Procurement Card will only be issued to Cardholders who certify that they have read, understand, and will comply with this policy. All Approving Officials, and Department Procurement Card Coordinators are required to certify that they have read, understand, and will comply with this policy prior to assuming these duties.

The City Procurement Card is specially designed to avoid confusion with an employee's personal credit cards. The Procurement Card has the employee's name and the City of San José seal embossed on the card.

The issuance of a Procurement Card in an employee's name shall not be reflected in an employee's credit report. Credit agencies shall not request any personal information from an employee who is issued a Procurement Card nor shall the employee furnish any personal information in response to questions about a City issued Procurement Card.

# City Procurement Cards

## Section 5.1.2

Use of a City Procurement Card is a privilege and the Director of Finance may suspend or revoke cards at any time according to his/her assessment of the City's best interests such as, but not limited to, lack of timely review and approval of Procurement Card invoices and violations of this policy.

### **II. Prohibitions, Restrictions, and Purchasing Regulations**

#### Prohibitions

The Procurement Card can be used to purchase supplies, materials, and equipment and services that do not exceed the single transaction limits as set forth in this policy or higher transaction limits as approved by the City's Chief Purchasing Officer for selected Cardholders.

The following are prohibitions that apply to the usage of the Procurement Card including, but not limited to:

1. Non-City business.
2. Use of Procurement Card by any other person than the Procurement Cardholder.
3. Delegation of the Procurement Card to another employee except as authorized Emergency Exceptions as outlined in this policy.
4. Cash advances.
5. Purchases from vendors when the Cardholder or Approving Official has a Conflict of Interest as defined by City policies.
6. Purchase of flowers, shower gifts, birthday gifts, etc., for fellow employees.

#### Exceptions

Exceptions to the prohibitions of the use of the Procurement Card are limited to the circumstances listed below. The use of the Procurement Card for an employee's personal use is generally prohibited except for:

1. *San Jose Police Department Mobile Emergency Response Group and Equipment (MERGE) Unit:*

The Procurement Card may be used for personal purchases limited to meals and/or other absolute necessities for employees on duty due to the operational needs of the Department, subject to any other rules or regulations of the City and/or Department.

For example, employees on duty and assigned to the MERGE Unit may be involved in an emergency situation requiring the employees' presence on scene for twenty-four (24) or more hours. The Procurement Card can be used to purchase meals and/or other necessities for these employees as needed and subject to any other rules or regulations of the City and/or Department.

2. *Purchases Approved by City Council:*

The Procurement Card may be used for purchases of items that can be used for the personal use of City employees when expressly approved by City Council. The Procurement Card may also be used for personal purchases when such purposes are in accordance with City Council direction in very limited circumstances, and subject to any other rules or regulations of the City and/or Department.

# City Procurement Cards

## Section 5.1.2

For example, if City Council approves the construction or renovation of a Fire Station where City employees are expected to reside during their shift, the Procurement Card may be used to purchase the accompanying and necessary amenities inherent in a Fire Station, such as a refrigerator and/or other necessities, as needed. Such purchases are, however, still subject to any other rules or regulations of the City and/or Department.

Outside of approval from City Council, City funds and/or the Procurement Card shall not be used to purchase such items including, but not limited to, refrigerators and microwaves for the personal use of City employees.

Any other situation or circumstance where a Procurement Card is used for a reason outside of the exceptions listed above is considered use of a Procurement Card for a personal purchase in violation of City policies.

Any other situation or circumstance where a Procurement Card is used for an employee's personal use outside of the exceptions listed above is presumed to be in direct violation of this policy, and may be in violation of other City policies; this means that employees who are issued a Procurement Card that is found to have been used for an employee's personal use bear the burden of overcoming the presumption that such use was not in violation of City policies.

Employees issued a Procurement Card are responsible for any and all use of the Procurement Card.

### Restrictions

The following are restrictions that apply to the usage of the Procurement Card including, but not limited to:

1. Services which exceed \$1,000 except for:
  - a. off-site (not at a City facility) training;
  - b. payments for telecommunication services when the contract is listed on Purchasing's Intranet site;
  - c. printing services for printers on contract with the City as identified on Purchasing's Intranet site;
  - d. local conference and hotel expenditures.
2. Subscription services that require signing of a maintenance agreement<sup>1</sup>.
3. Stock items carried in the City's Central Warehouse unless Warehouse staff confirms that they are out of stock.
4. Items available from Citywide Open Purchase Orders such as office supplies (for a complete and up-to-date list of Citywide Open Purchase Orders, please visit Finance's Intranet site) unless the items are bought from the Citywide Open Purchase Order vendor.
5. Items available through a Department Open Purchase Order.
6. Purchase of communications equipment such as pagers, cell phones, and walkie-talkies except for General Mobile Radio Service (GMRS) and Family Radio Service (FRS) walkie-talkies.
7. Rentals of pieces of equipment which require signing of a rental agreement<sup>1</sup>.
8. Purchase of machinery which requires signing of a maintenance agreement<sup>1</sup>.
9. Purchases of alcoholic beverages unless expended for very limited economic development functions and events with prior approval of the City Manager. A Department or Office Director requesting an expenditure or reimbursement for the purchase of alcoholic beverages for a City sponsored event

<sup>1</sup> Unless delegated by a Council Appointee or the Municipal Code, City employees are not authorized to sign any agreements.

## City Procurement Cards

## Section 5.1.2

shall send a memorandum to the City Manager, prior to the purchase of any alcoholic beverages, explaining why the purchase of said beverages is appropriate and necessary for a specific event. Payment for expenditures or reimbursement for the purchase of alcoholic beverages will not be made without prior written approval from the City Manager. Notwithstanding these exceptions, all City employees must comply with the Substance Abuse Program & Policy (City Policy Manual Section 1.4.2 or as included in the applicable MOA) and the Alcohol Use at City Facilities Policy (City Policy Manual Section 1.4.4).

10. Restrictions applied by Approving Official.
11. Restrictions as directed by the Council, the City Manager, and/or Department Director.

### Assignment Restrictions

1. The Citywide Procurement Card Administrator shall be an employee of the Finance Department/Purchasing Division and cannot be an Approving Official or Cardholder.
2. An Approving Official cannot approve his/her own Procurement Card transactions.
3. A Department Procurement Card Coordinator cannot be a Procurement Cardholder.
4. Procurement Cards can only be assigned to probationary or permanent City employees and not to contract or temporary employees.

### Purchasing Regulations

Through the Procurement Card program, Finance Department decentralizes small dollar purchases to streamline the acquisition cycle, while continuing to take advantage of economies of scale through centralized procurement of goods and services. Use of the Procurement Card is not intended to replace effective procurement planning which allows for volume discounts. Similar to other procurement methods, certain conditions must be met when using the Procurement Card:

1. The Procurement Card may be used for travel related expenses in accordance with approved travel pursuant to the Employee Travel Policy, CPM Section 1.8.2.
2. The Procurement Card may be used for the purchase of food and beverages pursuant to the Food and Beverage Expenditure Policy (Non-Travel), CPM Section 5.1.5.
3. In accordance with Council Policy 4-6, titled Environmentally Preferable Purchasing Policy (see Purchasing's Intranet site), the Cardholder is required to select Environmentally Preferable products and services.
4. The Procurement Card should be used in lieu of petty cash, emergency purchase orders, or purchase requisitions when the dollar amount for a single item or group of items is under the single transaction limit as approved by Finance for goods and \$1,000 for services.
5. Each single purchase may be composed of multiple items, but the total including tax cannot exceed the single transaction limit of the Procurement Card.
6. If a purchase will exceed the Procurement Card transaction limits, standard City purchasing procedures must be followed as outlined in CPM 5.1.7, Procurement of Goods, CPM 5.1.8, Procurement of Non-Professional Services, or CPM 5.1.9, Procurement of Information Technology.
7. Procurement Cardholders shall purchase the least expensive item that meets performance specifications and applicable policies.
8. Purchases shall not be split to circumvent Procurement Card transaction limits.
9. Purchases of fixed assets, which are pieces of equipment with a purchase price, including tax, of \$5,000 or greater, need to be recorded in the City's fixed asset system.
10. Monthly Statements of Account and supporting documentation shall not be altered by employees to legitimize any procurement card transaction.

# City Procurement Cards

## Section 5.1.2

11. All Procurement Card transactions shall be documented with the appropriate credit card slip, invoices, packing slip, etc. If transaction documentation is lost, a missing receipt form shall be completed and attached to the Monthly Statement of Account.
12. Payment of Statement of California Sales Tax for goods or services from vendors who do not collect the tax or who collect only a portion of the local sales tax rate of 8.25%.
13. Purchases shall comply with any other City policies or regulations such as Information Technology or Furniture Purchases, if applicable.

### **III. Definitions**

**Approving Official:** Appointed by the respective Department Director or Appointee and responsible for approving the appropriateness of purchases on monthly credit card statements.

**Chief Purchasing Officer:** Responsible for the Procurement Card policy and program as delegated by the Director of Finance.

**Citywide Procurement Card Administrator:** Appointed by Director of Finance per recommendation from the Chief Purchasing Officer and serves as the primary contact for the financial institution issuing procurement cards and administers the Citywide program.

**Department Director:** Responsible and accountable for: (1) adherence to this policy for Department employees participating in this program including Department Procurement Card Coordinator, Approving Officials, and Cardholders; (2) adherence to this policy; (3) maintenance of appropriate internal controls; and, (4) maintenance of necessary unexpended and unencumbered appropriation levels to cover department Procurement Card transactions.

**Department Procurement Card Coordinator:** Appointed by the Department Director and typically shall be the Fiscal Officer or Administrative Manager overseeing the Department's administrative staff. This position (1) serves as the primary department contact for the Citywide Procurement Card Administrator, (2) ensures that department Cardholders and Approving Officials are trained in this policy, and (3) ensures appropriate internal controls.

**Personal Purchases:** Use of the Procurement Card for purchases that may fall within the prohibitions listed above, and purchases that are not within the exceptions listed above, are considered personal purchases and use of the Procurement Card for personal use, in violation of City policies

### **IV. Procurement Card Usage**

#### **Operational Necessity for Issuance of Procurement Cards to Department Employees**

The Department Director shall evaluate the operational necessity for issuance of Procurement Cards to Department Employees based on the duties and responsibilities of employees and the operational requirement and shall limit, if operationally feasible, the request for issuance of Procurement Cards to supervisory, managerial, or administrative staff. Further, personnel in these classifications shall serve as central contacts for Procurement Card purchases for an organizational unit. To determine the operational necessity, departments shall take into consideration centralized versus decentralized organizational units,

# City Procurement Cards

## Section 5.1.2

shift schedules, frequency of purchases, types of purchases (materials, equipment, supplies, or services), and anticipated monthly average procurement card transaction.

The operational necessity shall be documented on the application for Procurement Cards.

### Single and Monthly Transaction Limits

Procurement Cards may be used to purchase goods and services within the transaction limits set by the Director of Finance from vendors accepting the Procurement Card.

For this program, the maximum single transaction limit for services is \$1,000 and for goods is \$2,500 with a monthly transaction limit of \$10,000. In general, the Department Director will determine the limits of each Cardholder to align the single and monthly transaction limits of this program. If a Department Director determines an ongoing need for a higher single or monthly transaction limit, the Department Director shall submit a request for increased transaction limit authority for select Cardholders to the Chief Purchasing Officer outlining the reasons and business objectives for the requested limits on the appropriate form. The Chief Purchasing Officer may approve or deny the request based on, but not limited to, the following conditions: identified need, cardholder's history of violations, overall departmental compliance with this policy, and the maximum daily transaction limit as prescribed by the City's competitive bidding requirement in the Municipal Code.

### Emergency Exceptions

Emergency Operation Center: Emergency Procurement Cards are under lock and key at the City's Emergency Operation Center (EOC) and may only be utilized when the Director of Finance or designee is required to serve in the EOC. If the Director of Finance or designee is not available, the EOC Manager is authorized to appoint a member of the EOC to serve in the position of Director of Finance or designee. In cases of declared emergencies, the Director of Finance or designee may authorize Emergency Procurement Cards held by designated individuals to be temporarily re-assigned to designated staff. These cards will carry the maximum daily and monthly transaction limits as authorized by the financial institution. The Procurement Cardholder, whose Procurement Card was temporarily reassigned, shall include a cover memorandum explaining the date and reasons for activation of the EOC with the monthly statement of account and affirm that the Procurement Card was temporarily reassigned in accordance with this policy.

Public Safety Event: During Public Safety events (e.g.: hostage/barricade, MERGE [Mobile Emergency Response Group and Equipment] events, special event police coverage, Fire Multiple Alarm or Casualty Incidents, etc.), where sworn personnel are held over or unable to leave the site, the Police Captain, Police Lieutenant, Fire Battalion Chief, or Fire Deputy Chief on duty for the event is authorized to temporarily re-assign Procurement Cards to make emergency purchases such as food, water, barricades, or other necessary supplies. The Procurement Cardholder, whose Procurement Card was temporarily reassigned, shall include the Police case number or Fire Incident Number and date and time of the event on all related receipts to be included with the monthly statement of account and affirm that the Procurement Card was temporarily reassigned in accordance with this policy.

# City Procurement Cards

## Section 5.1.2

### V. Annual Review

Department Directors are responsible for reviewing the utilization of Procurement Cards on an annual basis for the purpose of identifying Procurement Cards that may no longer be needed or that may be under utilized. Annually, in the month of August, the Department Procurement Card Coordinator shall review the operational requirements and utilization of Procurement Cards for all Cardholders in the department and provide a summary of that review, in writing and approved by the Department Director, to the City's Procurement Card Administrator detailing the deletions and additions of Cardholders and verification of Approving Official assignments. With the submission of the annual report, Department Directors certify that their department is in full compliance with the policy and that the department has adequate controls to ensure the proper use of procurement cards. The Director of Finance will summarize this information for submission of an annual report to the City Manager.

### VI. Responsibilities

#### Cardholder Responsibilities

Subject to the provisions in this policy, Cardholders are authorized by their Approving Official to make purchases using the Procurement Card once the "Procurement Card Application/Change of Information form" has been submitted to and approved by the Finance Department and the Procurement Card was received.

Responsibilities of a Procurement Cardholder include, but are not limited to:

1. Acknowledging receipt of the Procurement Card and understanding of the Procurement Card Policy by completing the Procurement Card Program Cardholder Agreement Form.
2. Directing questions about the proper use of the Procurement Card to the respective Approving Official or Department Procurement Card Coordinator.
3. Never using the Procurement Card for transactions other than for official City purchases.
4. Never splitting purchases to avoid Procurement Card transaction limits.
5. Never purchasing items or services not for City use, inappropriate items or services, or items or services which violate any City policy.
6. Never purchasing goods or services from vendors with which a Cardholder has a potential or real conflict of interest as defined by City policies.
7. Never assigning or loaning the Procurement Card to other employees unless specifically authorized by the Director of Finance, Chief Purchasing Officer, or this policy.
8. Never loaning the Procurement Card to anyone, unless in an emergency situation, as described in this policy.
9. Ensuring that the Procurement Card is secure from theft and misuse.
10. Ensuring that changes to a Cardholder's name, address, and organization are reported to the respective Approving Official who will forward the information to the Citywide Procurement Card Administrator via the Department Procurement Card Coordinator.
11. Returning the Procurement Card upon request from Approving Official, Department Procurement Card Coordinator, Department Director or designee, or Citywide Procurement Card Administrator.
12. Cutting the Procurement card in half and presenting the Procurement Card to the respective Approving Official when the Cardholder leaves the Department or City permanently or the Procurement Card was cancelled.

**City Procurement Cards****Section 5.1.2**

13. Notifying the financial institution, which issued the Procurement Card, the Approving Official, Department Procurement Card Coordinator, or Citywide Procurement Card Administrator immediately that the Procurement Card is lost or was stolen.
14. Verifying that the amount on the sales draft/receipt corresponds to the items purchased, including applicable taxes (Sales Tax, Transient Occupancy Tax), before signing the sales draft/receipt.
15. Ensuring that the merchant provides an itemized receipt, which includes a description of the goods and/or services purchased, the quantity purchased, the price per item, amount of sales tax, total amount, shipping charges (if applicable), date of request or purchase, name of authorized person placing the order (for phone, internet, or fax purchases), and signature of Cardholder (on credit card receipt only).
16. Keeping records of the invoice or packing slip, and credit card slip for each Procurement Card transaction until submitting these documents with the monthly statement of account reconciliation to the Approving Official.
17. Disputing charges, as appropriate, with the financial institution.
18. Ensuring that all documentation supporting each transaction, including a document disputing charges or a missing receipt form, if applicable is attached to the Statement of Account.
19. Recording appropriate visible codes on the monthly statement of account for each transaction.
20. Identifying, if applicable, all transactions that require accrual of California Sales Tax to the Department Procurement Card Coordinator.

**Approving Official Responsibilities**

The department Approving Official(s) shall be appointed by the Department Director to authorize and approve Procurement Card purchases for designated Cardholder(s) by submission of the Procurement Card Application/Change of Information form to the Citywide Procurement Card Administrator. The Approving Official has to be the direct supervisor of the Cardholder unless the Cardholder is a Department or Office Director. For Department Directors who are Procurement Cardholders, the City Manager or designee shall serve as the Approving Official. For Office Directors in the City Manager's Office who are Procurement Cardholders, the Assistant City Manager shall serve as the Approving Official.

For the Mayor and Council members, who are Procurement Cardholders, the City Clerk shall serve as the Approving Official regardless of the number of Procurement Cardholders.

For Council Appointees, who are Procurement Cardholders, the Council Appointee's fiscal officer shall serve as Approving Official.

On a temporary basis, another Approving Official from the same department can approve Monthly Statements of Account for Department's Cardholders. Approving Officials can only serve as an Approving Official for a maximum of ten Cardholders.

The responsibilities of an Approving Official include, but are not limited to:

1. Certifying that he/she has read and understood and will comply with this policy prior to assuming these duties.
2. Requesting a Procurement Card based on business need.
3. Ensuring that changes to a Cardholder's name, address, and organization are reported to the Department Procurement Card Coordinator and the Citywide Procurement Card Administrator.
4. Directing questions about the proper use of the Procurement Card to the Department Procurement Card Coordinator.
5. As needed, provide training and advising to Procurement Cardholders.



**City Procurement Cards****Section 5.1.2**

6. Ensuring that Cardholders' Procurement Card Monthly Statement of Account includes the appropriate documentation to support the transactions.
7. Reviewing Cardholder transactions for split purchases attempting to avoid transaction limits, purchases that are not for City use, inappropriate purchases, and purchases in violation of any City policy.
8. Ensuring that each procurement card transaction is assigned a visible code on the Monthly Statement of Account and charges for accrual for California Sales Tax are identified.
9. Approving all transactions of Cardholders' Statement of Account for fulfilling an appropriate business objective.
10. Following appropriate disciplinary measures for violations of this policy.
11. Reporting of violations of this policy to the Department Procurement Card Coordinator.
12. Retains Procurement Card of Cardholders who are placed on disciplinary administrative leave or are on any type of leave of absence and requests the Citywide Procurement Card Administrator to temporarily suspend the Procurement Card.
13. Ensuring destruction of Procurement Cards of Cardholders who left the Department permanently or whose card was cancelled and reporting the cancellation to the Department Procurement Card Coordinator and Citywide Procurement Card Administrator.

**Department Procurement Card Coordinator Responsibilities**

The Department Procurement Card Coordinator shall be appointed by the respective Department Director to administer the Procurement Card program for his/her Department by submitting the *Department Procurement Card Coordinator New/Change form* to the Citywide Procurement Card Administrator. The Department Procurement Card Coordinator shall be a member of the department's administrative or fiscal section and preferably be the Department's Administrative Manager or Fiscal Officer. Tasks of the Department Procurement Card Coordinator may be delegated to staff under supervision of the Department Procurement Card Coordinator.

The responsibilities of the Department Procurement Card Coordinator include, but are not limited to:

1. Certifying that he/she has read and understood and will comply with this policy prior to assuming these duties.
2. Keeping current records of Procurement Cardholders and assigned Approving Officials, including temporarily assigned Approving Officials.
3. Ensuring that for each Monthly Statement of Account, the respective Cardholder and assigned (including temporarily assigned) Approving Official signed the statement.
4. Training and advising of Department Approving Officials and Procurement Cardholders.
5. Ensuring department maintains adequate internal controls to ensure compliance with this policy.
6. Coordinating Department Procurement Card Activity such as applications for Procurement Cards, changes of accounts, or cancellation of Procurement Cards.
7. Reviewing applicable online Procurement Card reports such as delinquent payments and credits.
8. Reporting of violations of this policy to the Chief Purchasing Officer via the Department Director.
9. Retaining and filing all documentation for the departmental Procurement Card transactions in accordance with the Citywide retention schedule for Procurement Card transactions.
10. Entering appropriate edit lists for payment of Monthly Statements into FMS and submitting such edit lists including a summary statement of California Sales Tax accruals and sign-off of the edit lists to Accounts Payable.

**City Procurement Cards****Section 5.1.2****Citywide Procurement Card Administrator Responsibilities**

The Finance Director, per recommendation from the Chief Purchasing Officer, shall appoint, in writing, a Purchasing staff member to serve as Citywide Procurement Card Administrator. The Citywide Procurement Card Administrator shall be responsible for the following duties:

1. Maintaining and reviewing Citywide Procurement Card Policy and respective Finance intranet site.
2. Establishing and updating Procurement Card accounts, including suspension and cancellation of Procurement Cards.
3. Administering dollar limits and transaction templates, which limit the utilization of Procurement Cards to certain types of suppliers.
4. Planning, designing, and delivering a Citywide training for the Procurement Card program.
5. Providing customer assistance.
6. Reviewing monthly and quarterly reports.
7. Recommending suspension and cancellation of Procurement Cards to the Chief Purchasing Officer.
8. Recommending streamlining of Citywide procurements.
9. Coordinating review of Procurement Card transactions for compliance with this policy in conjunction with Finance Accounts Payable staff.
10. Reporting violations of this policy to the Office of Employee Relations.
11. Disseminating annual review process after approval by Chief Purchasing Officer.
12. Preparing Annual Review Summary Report for the Director of Finance.

**Accounts Payable Responsibilities**

Finance Accounts Payable shall be responsible for the following duties:

1. Reviewing periodically procurement card transactions for compliance with this policy.
2. Reviewing Monthly Statement of Accounts for bid splitting and asset capitalization at time of payment processing.
3. Reporting violations of this policy to the Chief Purchasing Officer.
4. Issuing payments during the payment cycle requested by Department after receiving an approved Monthly Statement of Account.

# City Procurement Cards

## Section 5.1.2

### PROCEDURES

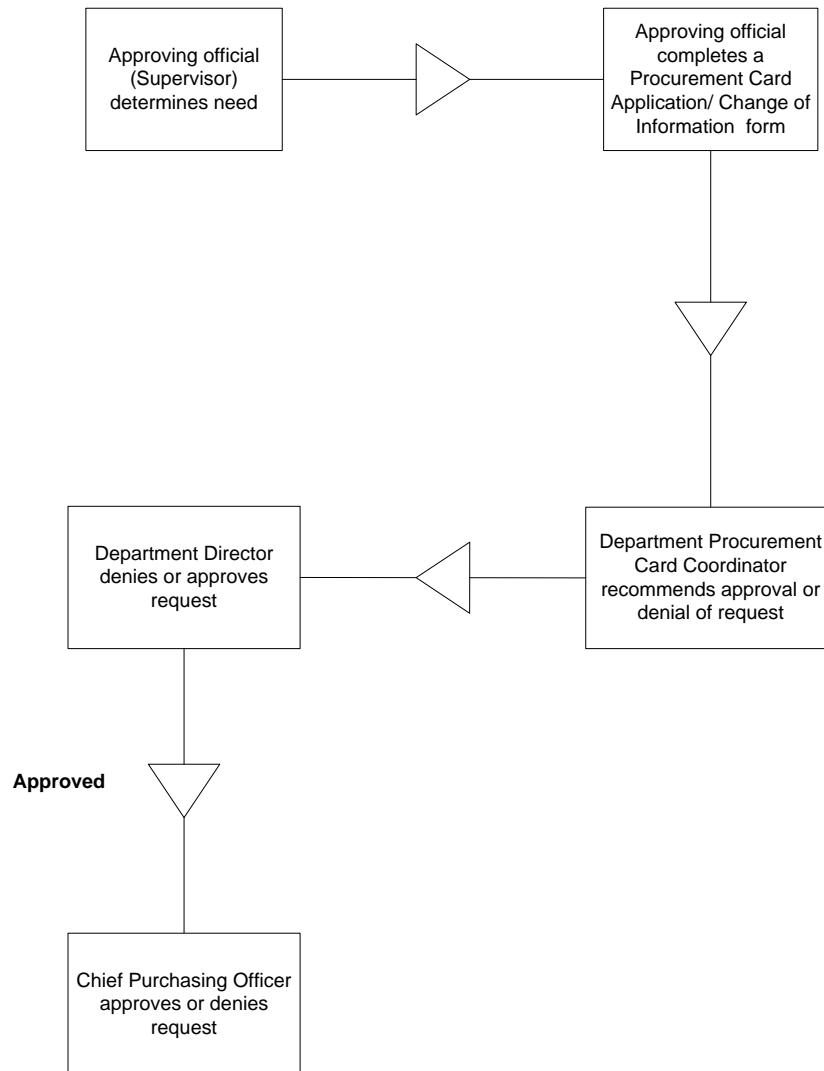
#### I. Obtaining a City Procurement Card

- |   |  |
|---|--|
| Approving Official                      | <ol style="list-style-type: none"> <li>1. Determines if any of their immediate employees require the use of a City Procurement Card to effectively and efficiently perform their duties.</li> <li>2. Completes and approves the form "Procurement Card Application/Change of Information" and submits for approval.</li> </ol>   |
| Department Procurement Card Coordinator | <ol style="list-style-type: none"> <li>3. Reviews request form and recommends approval or denial of the request to the Department Director.</li> </ol>   |
| Department Director                     | <ol style="list-style-type: none"> <li>4. Approves or denies the request for a Procurement Card.</li> <li>5. Returns the denial of the request to the Approving Official or forwards the approved request to the Chief Purchasing Officer.</li> </ol>  |
| Chief Purchasing Officer                | <ol style="list-style-type: none"> <li>6. Approves or denies the request for a Procurement Card.</li> </ol>  |
| City's Procurement Card Administrator   | <ol style="list-style-type: none"> <li>7. Informs the Department Procurement Card Coordinator regarding the denial of the request or requests the issuance of a Procurement Card from the Financial Institution.</li> <li>8. Verifies the correct information printed on the Procurement Card, after receipt of Procurement Card.</li> <li>9. Forwards Procurement Card to Department Procurement Card Coordinator.</li> </ol> |
| Cardholder                              | <ol style="list-style-type: none"> <li>10. Certifies that he/she read and understood this policy by signing the Procurement Card Program Cardholder Agreement form.</li> </ol>   |
| Department Procurement Card Coordinator | <ol style="list-style-type: none"> <li>11. Records receipt and issuance of Procurement Card to the Cardholder and ensures receipt of a completed and signed Procurement Card Program Cardholder Agreement form from the Cardholder.</li> <li>12. Forwards original signed form to City's Procurement Card Administrator.</li> </ol>  |

# City Procurement Cards

# Section 5.1.2

## Obtaining a City Procurement Card



# City Procurement Cards

## Section 5.1.2

### II. Requesting Higher Transaction Limits

- |   |  |
|---|--|
| Cardholder                              | <ol style="list-style-type: none"> <li>1. Identifies a need for higher single or monthly transaction limits based on past or anticipated transactions.</li> <li>2. For a one-time single transaction limit increase: forwards request to Approving Official.</li> <li>3. For a permanent single or monthly transaction limit increase, submits Procurement Card Application/Change of Information form to Approving Official.</li> </ol>   |
| Approving Official                      | <ol style="list-style-type: none"> <li>4. Reviews business needs of request for higher single or monthly transaction limits.</li> <li>5. For one-time increases, identifies a Procurement Cardholder in the same department who has the appropriate limits to handle the transaction.</li> <li>6. For permanent increases, approves or denies the request. If approved, forwards the appropriate form to the Department Procurement Card Coordinator for approval signatures.</li> </ol> |
| Department Procurement Card Coordinator | <ol style="list-style-type: none"> <li>7. Reviews request form and recommends approval or denial of the request to the Department Director.</li> </ol>   |
| Department Director                     | <ol style="list-style-type: none"> <li>8. Approves or denies the request for higher limits.</li> <li>9. Returns the denial of the request to the Approving Official or forwards the approved request to the Chief Purchasing Officer.</li> </ol>   |
| Chief Purchasing Officer                | <ol style="list-style-type: none"> <li>10. Approves or denies the request for higher transaction limits.</li> </ol>  |
| City's Procurement Card Administrator   | <ol style="list-style-type: none"> <li>11. Informs the Department Procurement Card Coordinator regarding the denial of the request for higher transaction limits or processes the higher transaction limits with the financial institution.</li> <li>12. Informs the Procurement Cardholder, the Approving Official, and the Department Procurement Card Coordinator, that the transaction limits were increased.</li> </ol>   |

### III. Procurement Card Transactions

- |            |  |
|------------|--|
| Cardholder | <ol style="list-style-type: none"> <li>1. Identifies need for the procurement of goods or services in accordance with this policy and obtains necessary approvals.</li> <li>2. Proceeds with purchase transaction in accordance with this policy.</li> <li>3. Retains and groups respective original receipts, mail orders, sales drafts, invoices, or credit card slip, and appropriate approvals.</li> </ol> |
|------------|--|

# City Procurement Cards

## Section 5.1.2

### IV. Statement Reconciliation and Payment

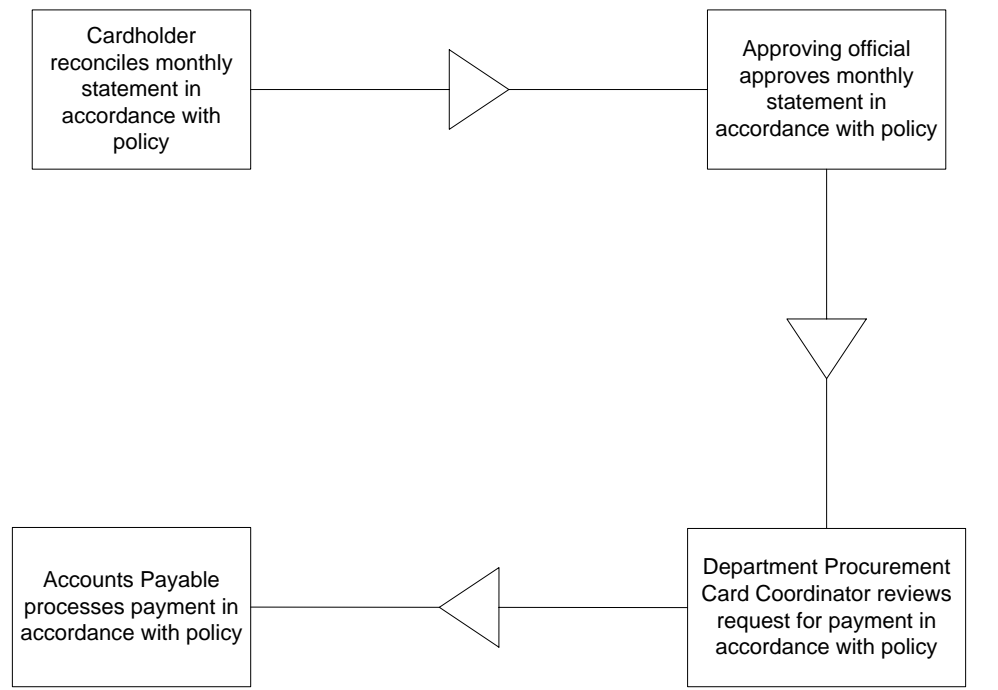
- |   |  |
|---|--|
| Cardholder                                    | <ol style="list-style-type: none"> <li>1. Reviews monthly Statement of Account issued by the financial institution for each billing cycle for accuracy as compared to the procurement card transaction information.</li> <li>2. Indicates the appropriate visible code by each transaction, if appropriate.</li> <li>3. Identifies California Sales Tax accruals, if applicable, by highlighting the respective charges.</li> <li>4. Records Fixed Assets (equipment valued over \$5,000) to Detail Code 4082 and includes a detailed description of the fixed asset (Make, Model, Serial Number) on Monthly Statement of Account.</li> <li>5. Submits <i>Cardholders Statement of Questioned Item</i> form, if applicable and subtracts the value of all disputed purchases from the statement total.</li> <li>6. Attaches the missing receipt form, if applicable.</li> <li>7. Submits the Monthly Statement of Account with all applicable documentation to Approving Official for approval within five working days of the monthly statement date.</li> </ol>                                  |
| Approving Official                            | <ol style="list-style-type: none"> <li>8. Ensures that Cardholder(s) submit the Monthly Statement of Account for review within five working days of the monthly statement date of the composite Monthly Statement of Account.</li> <li>9. Reviews the submitted Monthly Statements of Account and supporting documentation.</li> <li>10. Reviews all transactions for compliance with the policy.</li> <li>11. Resolves questions on purchases with Cardholders.</li> <li>12. Certifies with his/her signature that purchases fulfilled an appropriate business objective and are in compliance with the policy.</li> <li>13. Ensures that all purchases have a corresponding visible code and charges for accrual for California Sales Tax are identified.</li> <li>14. Signs the statements and forwards to the Department Procurement Card Coordinator within ten working days of receipt of the cardholders' monthly statement date.</li> </ol>  |
| Department<br>Procurement<br>Card Coordinator | <ol style="list-style-type: none"> <li>15. Ensures that authorized personnel signed the Monthly Statement of Account.</li> <li>16. Ensures appropriate data entry into the City's Financial Management System for payment of the Monthly Statements of Accounts.</li> <li>17. Records Fixed Assets (equipment valued over \$5,000) to Detail Code 4082 and includes a detailed description of the fixed asset (Make, Model, Serial Number) in the description section of the accompanying edit list.</li> <li>18. Identifies the need to accrue Sales Tax by completing and electronically submitting the Sales Tax Accrual worksheet to the Finance/Accounts Payable e-mail box within fifteen working days of the Monthly Statement of Account date. A hard copy of this form is not required to be submitted with the Monthly Statement of Account.</li> <li>19. Ensures that a copy of all departmental Monthly Statements of Account, including all applicable documentation are forwarded to Accounts Payable within fifteen working days of cardholders' monthly statement date.</li> </ol> |

**City Procurement Cards**

**Section 5.1.2**

- Accounts Payable
- 20. Issues payment during the payment cycle requested by Department after receiving a complete and approved Monthly Statement of Account.
  - 21. Accrues identified Sales Tax transactions.
  - 22. Retains all original documentation in accordance with the Citywide retention policy for Procurement Card transactions.
  - 23. Reviews periodically Procurement Card transactions with this policy.
  - 24. Reports violations of this policy to the Chief Purchasing Officer.

**Statement Reconciliation and Payment**



# City Procurement Cards

## Section 5.1.2

### V. Unsatisfactory Goods or Services and Dispute of Charges

- |                    |   |
|--------------------|---|
| Cardholder         | <ol style="list-style-type: none"> <li>1. Returns defective items to merchant for replacement or to receive a credit for the purchase of goods or services.</li> <li>2. Completes and submits the form “Cardholder Statement of Questioned Item” with the Monthly Statement of Account, if the merchant refuses to provide a replacement or grant a credit for unsatisfactory goods or services received.</li> <li>3. Keeps track of disputed charges and reports monthly on the status of disputed charges to the Approving Official.</li> </ol> |
| Approving Official | <ol style="list-style-type: none"> <li>4. Reviews the “Cardholder Statement of Questioned Item” and faxes it to the financial institution.</li> </ol>   |

### VI. Appointment of or Changes to Approving Officials and Department Procurement Card Coordinator

- |   |   |
|---|---|
| Department Director                     | <ol style="list-style-type: none"> <li>1. Submits appropriate request form to appoint or request changes to Approving Officials or the Department Procurement Card Coordinator to Citywide Procurement Card Administrator.</li> <li>2. Submits new “Procurement Card” form to request the assignment of Procurement Cardholders to a new Approving Official.</li> </ol> |
| Citywide Procurement Card Administrator | <ol style="list-style-type: none"> <li>3. Reviews the request and recommends denial or approval to the Chief Purchasing Officer.</li> </ol>   |
| Chief Purchasing Officer                | <ol style="list-style-type: none"> <li>4. Approves or denies request and informs Department Director.</li> </ol>  |

### VII. Inappropriate Procurement Card Transactions

- |   |  |
|---|--|
| Approving Official                      | <ol style="list-style-type: none"> <li>1. Reviews the appropriateness of procurement card transaction.</li> <li>2. Informs Department Procurement Card Coordinator of questioned transactions.</li> <li>3. Initiates appropriate disciplinary measures.</li> </ol>                       |
| Cardholder                              | <ol style="list-style-type: none"> <li>4. Returns questioned item(s) and provides Approving Official with proof of return or reimburses the City for the full amount, if he/she cannot substantiate that the purchase was an appropriate business expense.</li> </ol>                    |
| Department Procurement Card Coordinator | <ol style="list-style-type: none"> <li>5. Informs Chief Purchasing Officer via Memorandum approved by Department Director about the inappropriate procurement card transaction and the appropriate remedies to reduce the possibility of reoccurrence of the outlined issues.</li> </ol> |
| Chief Purchasing Officer                | <ol style="list-style-type: none"> <li>6. Reviews submitted memorandum and determines suspension or revocation of the Procurement Card.</li> <li>7. Informs Office of Employee Relations of inappropriate transactions.</li> </ol>   |



# City Procurement Cards

# Section 5.1.2

## VIII. Cancellation of Procurement Card

- |  |   |
|--|---|
| Cardholder   | 1. Notifies the Department Coordinator and assigned Approving Official regarding the cancellation of the assigned Procurement Card.   |
|  | 2. Cuts the Procurement Card in half and presents it to the respective Approving Official or Department Procurement Card Coordinator. |
| Approving Official<br>or Department<br>Procurement<br>Card Coordinator | 3. Sends an e-mail to Citywide Procurement Card Administrator requesting cancellation.  |
| Department<br>Procurement<br>Card Coordinator                          | 4. Updates department's Procurement Card records.   |
| Citywide<br>Procurement<br>Card<br>Administrator                       | 5. Cancels card.  |

\_\_\_\_\_  
/s/ Julia H. Cooper  
Director of Finance

\_\_\_\_\_  
May 8, 2018  
Date

Approved:

\_\_\_\_\_  
/s/ Jennifer Schembri  
Director of Employee  
Relations/Acting Human  
Resources Director

\_\_\_\_\_  
May 8, 2018  
Date