



City of Medford  
Administrative Regulation

Regulation No.: 00-6 –R2  
Page: 1 of 14  
Subject Area: Purchasing  
Date of Issue: October 14, 2016  
Supersedes: June 14, 2004

Title: City of Medford Purchasing Cards

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***Purpose***

The purpose of this directive is to set forth the City's policy as it relates to purchasing cards.

***Applicability***

The provisions of this directive apply to all departments of the City of Medford which authorize employees to use purchasing cards to purchase goods, services, travel accommodations or for specific expenditures incurred under conditions approved by this directive.

***In General***

This directive is intended to accomplish the following:

- promote operational efficiency in the procurement of goods and services for the City.
- provide a convenient source for funding for employees who travel on behalf of the City.
- supplement purchase orders, check requests and travel requests in accordance with the purchasing policy, travel policy, budget limitations and all other City ordinances and policies.
- ensure appropriate internal controls are established within each department procuring with purchasing cards.
- minimize the City's exposure to legal liability from inappropriate use through training of purchasing card users.
- ensure that purchasing card services are obtained in a competitive manner.

***Department Authorization***

Department directors may elect to use purchasing cards subject to this policy if they desire. Department directors will determine whether or not cards will be issued to individuals within a program. The City of Medford and the user's name and department will appear on the face of each purchasing card.

### ***Spending Limits***

Spending limits are as follows:

Single Purchase Limit – not to exceed \$1,000

30-day Limit – not to exceed \$5,000

Department heads may have higher limits and establish lower limits for their employees.

The total of a single purchase to be paid for using the card may be comprised of multiple items but cannot exceed the authorized single invoice limit. Purchases will be denied if the total purchase price exceeds the single invoice limit. Payments for purchases are not to be split on several tickets in order to stay within the single invoice limit.

### ***Purchasing Card Use***

The purchasing card is to be used for City purchases only and any other use will be grounds for disciplinary action.

Use of the purchasing cards must meet the following conditions:

Purchasing cards may be used to purchase;

- (1) items in stock from vendors necessary to continue the efficient operation of the City and deliverable within 30 days; or
- (2) transportation (other than personal and motor pool vehicles), registration, accommodations for approved business purposes.

All other tangible items must be acquired using a requisition/purchase order or contract.

Purchasing cards will not be used in conjunction with requisitions/purchase orders. Goods and services purchased through the use of a purchasing card will be paid on the purchasing card monthly billing, not a purchase order.

Employees are personally responsible for maintaining proper documentation. Detailed procedures are provided in Attachment A (How the Process Works and Questions and Answers). If for some extreme circumstance documentation is not available, the responsible employee must attach an explanation that includes a description of the item, date of purchase, merchant's name and why there is no supporting documentation. This must be signed by the department director. A pattern of missing documentation may result in revocation of purchasing card privileges.

***Card Restrictions***

The following list covers purchases for which purchasing card use is expressly prohibited:

- Personal expenses
- Cash advances through bank teller or automated teller machines.
- Purchase of items purchased centrally unless required for immediate needs.
- Purchase of gasoline for personal vehicles, except when pre-authorized by Program Administrator..
- Computer software and hardware, except as noted below.
- Capital items (unit value in excess of \$1,000).
- Meals while traveling.

Department directors may add further restrictions to this list. Please refer to Violations and Consequences for actions the City may pursue if the purchase card use is contrary to regulations.

***Requests for Initial, Additional or Changes to Purchasing Cards***

All requests for new cards or changes to cards will require a completed "Authorization To Issue a Purchasing Card" (Attachment B). The form will be processed through the Finance Department. All requests for purchasing cards must be approved by the Department Director.

When the purchasing card is received, the cardholder will be required to sign for the purchasing card. See Attachment C (Purchasing Card Agreement).

***Computer Software and Hardware***

The Technology Services Director, or designee must authorize all computer hardware and software purchases. Only during a declared emergency and only when there are no Technology Services staff available to assist with computer hardware and software purchases shall City staff be authorized to make computer hardware and software purchases using their P-Card. This policy ensures the City is able to satisfy standards, licensing, and CJIS compliance, as well as accurately tracks assets, avoid technology integration issues, and mitigate potential disruptions to services.

### ***Payment and Invoice Procedures***

Each cardholder will be responsible to review charges and verify the weekly log in the system. The cardholder will process all charges to the correct vendors, attach copies of all receipts received at the time of each purchase, any other appropriate documentation and will note any errors or discrepancies contained. Details of accounts to be charged must be attached to the log, signed and forwarded to the departmental approving official. Non-compliance may mean denial of future purchasing card use. Departments are urged to assign personnel other than cardholders to be responsible for reviewing and assigning account codes prior to submission to the approving official. This will strengthen internal controls at the department level for ensuring proper purchasing card use.

The departmental approving official will review statements and approve purchases. The approving official will sign the statement and forward to the Finance Department within two working days after receipt from the cardholder or reviewing employee.

It will be the responsibility of the cardholder to provide his/her departmental approving official with the receipts for any period should travel or extended leave be scheduled at the time the charges would become due and he/she will not be able to complete the processing log. The approving official will complete a copy of the log for the absent employee and the log will be forwarded to the Finance Department with the rest of the cardholders' logs.

Interest charges and late fees resulting from untimely submission of Statement of Accounts will be charged to the responsible department. Interest will be charged at the rate of 1.34% per month. Late fees will be based on actual processing costs. Three late submissions will result in card cancellation.

### ***Approval***

Approving officials are required to review each cardholder's purchases and the merchant 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 this policy and any departmental 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, then the cardholder must provide a credit voucher proving item(s) had been returned for credit, or a personal check for the full amount of that purchase. Resolution for improper use of the purchasing card, as well as disciplinary action for misuse, will be the responsibility of the approving official's office.

***Disputes***

If items purchased with the purchasing card are found to be defective, or the repair or services faulty, then the purchase of the item will be considered to be in dispute. It is the responsibility of the cardholder to resolve the disputed item. For more specific instructions see Attachment D (Cardholder Statement of Disputed Item).

It is essential that the time frames and documentation requirements established by the purchasing card issuer be followed to protect the cardholder's rights in dispute.

***Lost or Stolen Purchasing Cards***

Should a purchasing card be lost or stolen, it is the responsibility of the cardholder to immediately notify their approving official, the purchasing card issuer, and the Finance Department of the lost or stolen purchasing card **WITHIN ONE WORKING DAY** after discovery of the loss or theft of the card. The approving official or their designee will be required to make a written report to the Finance Department **WITHIN FIVE WORKING DAYS** 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 relevant to the situation.

***Terminating/Transferring Employee***

Purchasing cards issued to individual employees must be collected and destroyed at the time the employee terminates employment. The approving official in the department will be responsible to collect cards and destroy cards (cut them in half) and submit the destroyed cards to the Finance Department. The Finance Department will contact the financial institution that issued the card and notify them the card has been destroyed.

Should a card holder 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 cardholder should be issued a new purchasing card.

In the event the approving official is unable to collect the purchasing card when an employee leaves, the approving official shall notify the Finance Department immediately by telephone and follow-up with a memo to take action to insure the purchasing card is voided. The Purchasing section will notify the card issuer to void the purchasing card to prevent any future purchases.

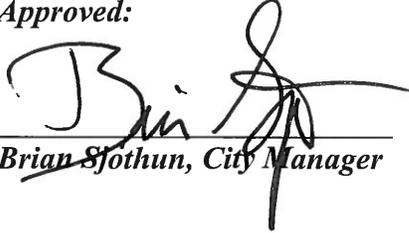
***Quarterly Inventory of Purchasing Cards***

On a quarterly basis, the Finance Department will provide a list of purchasing cards issued to employees for each department. Departments will conduct a physical inventory of purchasing cards and provide a report to the Finance Department of the results of the inventory.

***Purchasing Card Services***

Purchasing card services will be obtained through a competitive selection process. Services should be evaluated every two years.

*Approved:*



*Brian Sjothun, City Manager*

10-17-16  
*Date*

## HOW THE PROCESS WORKS

### STEP 1 – MAKE A PURCHASE

Most purchases will be made in person at a local store, similar to using your personal purchasing card. However, you may also make purchases over the telephone or by fax, mail or the Internet. Each cardholder is required to track all charges and maintain all receipts.

### STEP 2 – RECEIVE THE GOODS

After the goods are picked up or delivered and received, it is important to retain the receipt or shipping ticket. Every purchase, including Internet purchases, must be documented with a receipt, which will be in the form of a sales receipt, packing slip, order form or registration application. You need to keep all receipts and charge slips for reconciliation of weekly processing log.

The cardholder is responsible for working with the vendor to correct any problems, exchanges or credits. **YOU MAY NOT ACCEPT A CASH CREDIT.**

### STEP 3 – WEEKLY RECONCILIATION PROCESS

- A. Use your original receipts to verify that all charges on the weekly log.

Complete a “Cardholder’s Statement of Disputed Item”, (see Attachment D) if the problem cannot be resolved with the vendor. The form can be found in the back of this handbook. The statement must be filed with Bank of America within 60 days of the monthly statement bearing the charge. You may also call Bank of America at their toll-free customer service number to have them help resolve the problem. Any unresolved problems should be brought to your Department Financial Analyst and the Program Administrator. You and your Department Financial Analyst are responsible to resolve the problems.

## **HOW THE PROCESS WORKS** **(Continued)**

The following may be formally questioned with Bank of America if not resolved at the vendor level:

- Unauthorized or unrecognized charges
  - Difference in the purchase amount you authorized and the amount charged
  - Duplicate charges
  - Failure to receive a credit
  - Failure to receive the goods
  - Defective merchandise replacement
- B. After the reconciliation is complete, the cardholder signs and dates, attaches all original receipts, and/or other source documents (copy of internet screen order; registration form, packing slip etc.) to the statement. Small receipts and documents must be attached to an 8 ½ x 11 sheet of paper to make handling easier and to prevent loss. The Log and all related receipts are then passed on to the cardholder's Department Financial Analyst

### **STEP 4 – APPROVAL OF PURCHASES**

The Approving Official shall review the P-Card Transaction Log and receipts to confirm that all purchases are reasonable and in accordance with City policies and procedures. Once the Approving Official signs and dates the cardholder's transaction log, the log and all related receipts and source documents will be forwarded to the Department Financial Analyst, who ensures that all cardholder statement with all receipts and other source documents attached are forwarded to the Finance Department for final review and payment. Documentation is to be forwarded to the Finance Department within two working days after receipt from the cardholder or reviewing employee.

## QUESTIONS & ANSWERS

### How do I handle returns and exchanges?

Make the appropriate arrangements with the merchant before shipping an item for return. The merchant must credit a return and charge a new transaction. Exchanges of like items will not necessarily require a credit transaction, for example, same item only different color. Merchants are not allowed to refund cash on a return. It is also against City policy to accept cash in a return or exchange transaction. All returns and exchanges should be documented. This documentation should come from the vendor in the form of a credit slip and a new charge slip. This information will be needed for the cardholder P-Card Log and may be needed in the case of a formal dispute.

### What do I do if a receipt is lost?

In very rare instances, receipts are lost. If there is an occasion in which a receipt or source documentation cannot be found, the cardholder shall prepare a written memo to the Department's Approving Official, sending a copy of the memo to the Department Liaison that coordinates the statement for the cardholder. The memo should state the receipt was lost and then provide the merchant name, transaction date, purchase amount and a complete description of the item(s) purchased. After reviewing the memo, the Approving Official can either sign or refuse to sign the lost receipt memo. If signed, the memo is forwarded to the Department Liaison, attached to the rest of the cardholders P-Card log and receipts and forwarded to the Program Administrator. If the Approving Official does not sign the lost receipt memo, then the cardholder is personally liable for the transaction amount and will remit a personal check to the Department Liaison for that purchase.

It should be noted that continual loss of receipts will result in the loss of a cardholder's P-Card.

### What do I do if a transaction is declined?

Possible reasons for decline and what to do:

- Phone orders – the merchant has written down the card number and/or expiration date incorrectly. Verify the numbers with the merchant.
- The transaction exceeds your dollar limit. Check your transactions to determine if you have exceeded your dollar limit.
- The merchant's MCC code somehow is an "exclude code" on your card. While the City of Medford has opted not to utilize "exclude codes", it is possible one or more have inadvertently been assigned to your card. Contact the Program Administrator at 774-2034 for assistance.
- If the transmission line is down between the merchant and the bank, the transaction will decline. Ask the vendor to try later. Note: If the vendor makes ten tries and is declined each time, the card will then decline at any vendor for the remainder of the day.

TO: Purchasing Card Administrator, Finance Department  
FROM: Department Director  
DATE: \_\_\_\_\_  
SUBJECT: Authorization To Issue A Purchasing Card

I hereby authorize and request the issuance of a City of Medford Purchasing Card to

\_\_\_\_\_  
(Employee's name) (Employee Number)

I hereby authorized a monthly purchasing limit of \$ \_\_\_\_\_  
(Not to exceed \$5,000)

I hereby designate \_\_\_\_\_, as Department Financial Analyst for this  
employee.

DEPARTMENT DIRECTOR

\_\_\_\_\_  
(Only department directors authorized to sign)

## PURCHASING CARD AGREEMENT

The City of Medford is pleased to present you with this Purchasing Card. It represents the City's trust in you as a responsible agent to safeguard and protect our assets while conducting purchases with it.

I certify that I have read, understand and agree to the terms and conditions of the City Purchasing Card Use Policy, and all related attachments including violations and consequences.

I agree to use this card solely for City purchases necessary to complete job-related tasks and agree not to charge personal or other non-city purchases. I understand that my Department Financial Analyst will audit the use of my card and report any non-appropriate use to my Department Director, who in turn may take disciplinary action. The Department Director will further be required to notify the Program Administrator and Human Resources of all action taken.

I understand that the City may terminate my right to use this card at any time. I agree to return the card to The City of Medford immediately upon request or upon termination of employment.

I acknowledge receipt of Purchasing Card # \_\_\_\_\_ with a monthly limit of \$\_\_\_\_\_.

Employee Printed Name: \_\_\_\_\_

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

Date: \_\_\_\_\_

P-Card Administrator: \_\_\_\_\_

Date: \_\_\_\_\_

## CARDHOLDER STATEMENT OF DISPUTED ITEM

Authorized by: _____
Cardholder Signature: _____

### BANK OF AMERICA

Phone 1-800-538-8788	Fax 1-800-253-5846	Attn: Commercial Card Svcs
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Business Name: \_\_\_\_\_  
 Cardholder Name: \_\_\_\_\_  
 Cardholder Account Number: \_\_\_\_\_

Statement Date	Transaction Date	Merchant Name/Description
Amount	Posting Date	Reference Number

Check the description most appropriate to your dispute.  
 If you have any questions, contact Bank of America at 1-800-538-8788.

- \_\_\_\_\_ 1.     **Alternation of Amount:**  
 The amount of the sales draft has been altered from \$ \_\_\_\_\_ to \$ \_\_\_\_\_ (Please include copy of sales draft)
- \_\_\_\_\_ 2.     **Unauthorized Mail or Phone Order:**  
 I certify the charge listed above was not authorized by me or any person authorized by me to use this account. I have not ordered merchandise by phone or mail, or received goods and services as represented above.
- \_\_\_\_\_ 3.     **Cardholder Dispute:**  
 I did participate in the above transaction; however, I dispute the entire charge, or a portion, in the amount of \$ \_\_\_\_\_ because: \_\_\_\_\_  
 \_\_\_\_\_
- \_\_\_\_\_ 4.     **Credit Not Received:**  
 The merchant has issued me a credit slip for the transaction listed above; however, the credit has not posted to my account. The date on the voucher is between 30 and 90 days old. (Please include a copy of the credit voucher)
- \_\_\_\_\_ 5.     **Imprinting of Multiple Slips:**  
 The above transaction represents multiple billing to my account. I only authorized one charge from this merchant for \$ \_\_\_\_\_. I am still in possession of my card.
- \_\_\_\_\_ 6.     **Merchandise Not Received:**  
 My account has been charged for the above transaction, but I have not received this merchandise. I have contacted the merchant.
- \_\_\_\_\_ 7.     **Merchandise Not Received:**  
 My account has been charged for the above transaction, but I have since contacted this merchant and canceled the order. I will refuse delivery should the merchandise still be sent.
- \_\_\_\_\_ 8.     **Merchandise Returned:**  
 My account has been charged for the transaction listed above, but the merchandise has been returned. Provide a description of the circumstances. (Please include postal receipt if applicable.)
- \_\_\_\_\_ 9.     **Inadequate Description/Unrecognized Charge:**  
 I do not recognize this charge. Please supply a copy of the sales draft for my review.
- \_\_\_\_\_ 10.    **I am no longer disputing this charge.**

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## **VIOLATIONS AND CONSEQUENCES**

Below are four types of cardholder violations and an explanation of what is an appropriate consequence for each. All violations are to be recorded in an e-mail by the Department Director to the Program Administrator. Appropriate action will be taken by the Department Director. The Department Director has the authority to ask the Program Administrator to cancel a card at anytime, regardless of the consequence listed.

▶ **Personal Purchase(s)**

Violation: It is a cardholder violation to affect ANY personal purchase or personal transaction with the P-Card, whether or not the cardholder intended to pay the City back for the purchase. Anything that is not purchased for the sole use and ownership by the City will be considered to be a personal purchase.

▶ **Cash or cash-type transactions**

Violation: A cash or cash type transaction made using the P-Card. Examples of illegal transactions are cash, cash in addition to purchase, cash in lieu of credit to account, traveler's checks, money orders, gambling, ATM transactions, etc. or cash taken in lieu of a credit for the return or exchange of a purchase.

▶ **Purchase of items expressly prohibited by policy**

Violation: Purchase of capital items (unit value in excess of \$1,000), computer software, hardware and accessories, gasoline for personal vehicle or motor pool vehicles (unless out-of-area). Items already under contract, such as office supplies and paper, are not acceptable uses. Only Information Services authorized staff may use purchasing cards to acquire computer hardware, software and accessories for items whose unit cost is not greater than \$1,000.

▶ **Habitual late submission of transaction log/continual receipt loss**

Violation: Failure to reconcile, complete, sign and submit the monthly transaction log and all receipts and source documentation to the Department Liaison by the required due date. Failure to obtain or retain receipts, packing slips and all other source documents required to reconcile the cardholder's monthly statement.

**CONSEQUENCE:**

The City must be reimbursed immediately for the amount of the personal purchase and the card will be revoked. Any violation of this policy may be investigated and could result in disciplinary action to include termination. The Department Director will determine the appropriate consequence. Department Directors are to e-mail the Program Administrator and Human Resources with advisory on both the incident and the actions taken.

## KEY CONTACTS – WHO TO CALL

Department Liaison: \_\_\_\_\_

\_\_\_\_\_  
(Phone)

Purchasing Card Program Administrator: Darlene Roberts 774-2034

Program Administration Backup: Cyndy Danzl-Jenkins 774-2028  
Jennifer Huston 774-2027

Bank of America Customer Service: 1-800-300-3084

To report lost/stolen card: 1-800-305-7735

### ACTIVATING THE CARD

- Cardholders CANNOT receive their card until they have attended a training session.
- Cardholders MUST sign the “Cardholder Agreement” at the time the card is received.
- Cardholders must sign the back of the P-Card immediately upon receipt of it.

Cardholders need to activate their cards before they can be used. Activation instructions will come with the P-Card along with an 800 number to call.