



City of Medford
Administrative Regulation

Regulation No.: 00-6-*R*
Page: 1 of 15
Subject Area: Purchasing
Date of Issue: June 14, 2004
Supersedes: August 24, 2000

Title: City of Medford Purchasing Cards

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:

- To promote operational efficiency in the procurement of goods and services for the City.
- To provide a convenient source for funding for employees who travel on behalf of the City.
- To 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.
- To ensure appropriate internal controls are established within each department procuring with purchasing cards.
- To minimize the City's exposure to legal liability from inappropriate use of purchasing cards through training of card users.
- To 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 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. **Under no circumstance can the card be used for personal expenses (alcohol is a personal expense).**

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; (2) transportation (other than personal and motor pool vehicles), registration, accommodations or meals 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. If an employee does not submit an itemized receipt for a meal, the employee's request will be processed under the per diem rates under Administrative Regulation 00-9. If an employee does not submit an itemized receipt for non-meal expenditures, the employee will be required to reimburse the City. 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 (alcohol is a personal expense)
- 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.
- Computer software and hardware, except as noted below.
- Capital items (unit value in excess of \$1,000).

Department directors may add further restrictions to this list. Please refer to Attachment E (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 Purchasing section, which will in turn forward the request to the purchasing card issuer. All requests for purchasing cards must be approved by the Department Director.

When the purchasing card is received, the Purchasing Manager will notify the cardholder and the cardholder will be required to sign for the purchasing card. See Attachment C (Purchasing Card Agreement). The Purchasing Manager will provide orientation on the operation of the purchasing card program to each user.

Departments will pay an annual fee for each card issued as set forth in the purchasing card contract. In addition, departments will pay a card replacement fee for changes to or replacement of cards already issued.

Computer Software and Hardware

The Information Services Director shall retain authority over his staff's ability to order software and/or hardware (unit cost less than \$1,000) with a purchasing card. Under no circumstances shall a purchasing card be used by any other City employee to order software or hardware.

Payment and Invoice Procedures

Each cardholder will receive a monthly purchasing card statement reflecting purchases made on their card via the Accounts Payable section of the Finance Department. The cardholder will review the statement, attach copies of all itemized receipts received at the time of each purchase, any other appropriate documentation and will note any errors or discrepancies contained in the statement. Details of accounts to be charged must be attached to the front of the purchasing card statement, sign and forward to the departmental approving official within three (3) workdays after it is received. 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 Accounts Payable section within two (2) 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 itemized receipts for that month should travel or extended leave be scheduled at the time the statement is due and he/she will not be able to complete the statement. The approving official will complete a copy of the statement for the absent employee and the statement will be forwarded to the Finance Department Accounts Payable section with the rest of the cardholders' statements.

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 (3) late submissions will result in card cancellation.

Approval

Approving officials are required to look at each cardholder's purchases and at 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 will be the responsibility of the approving official's office as well as disciplinary action for misuse.

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 Finance Department Purchasing section of the lost or stolen purchasing card WITHIN ONE (1) WORK 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 Purchasing section WITHIN FIVE (5) WORK 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 Purchasing section. 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 Purchasing section 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 Purchasing section 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 Purchasing section 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:

Michael Dyal
Michael Dyal, City Manager

6-15-04
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 maintain a monthly log of purchases “P-Card Transaction Log” (see Attachment G) along with appropriate itemized receipts and documentation filed in manila envelope attached to the monthly log.

STEP 2 – RECEIVE THE GOODS

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

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 – MONTHLY RECONCILIATION PROCESS

- A. Use your original itemized receipts to verify that all charges on the monthly statement from Bank of America were purchases made by you. The purpose of reconciling itemized receipts to the monthly statement is to ensure there are no billing errors on your account. The statement from Bank of America should be crosschecked with the cardholder’s P-Card Transaction Log. Reconciliation will disclose purchase or credit entries on the account for which there are no itemized receipts (such as when there are incorrect charges or lost receipts). Reconciliation will also reveal purchase receipts or credit vouchers that have not yet posted to the account due to timing differences.

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 Liaison and the Program Administrator. You and your Department Liaison 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 each P-Card Transaction Log, attaches all original itemized receipts, and/or other source documents (copy of internet screen order; registration form, packing slip etc.) to the statement. Small itemized 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 itemized receipts are then passed on to the cardholder's Approving Official.

STEP 4 – APPROVAL OF PURCHASES

The Approving Official shall review the P-Card Transaction Log and itemized 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 itemized receipts and source documents will be forwarded to the Department Liaison, who ensures that all cardholder statement with all itemized receipts and other source documents attached are forwarded to the Finance Department Accounts Payable section for final review and payment. Documentation is to be forwarded to the Finance Department Accounts Payable section within two (2) 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 an itemized credit slip and a new itemized 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 an itemized receipt is lost?

In very rare instances, itemized receipts are lost. If there is an occasion in which an itemized 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 itemized 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 itemized receipt memo. If signed, the memo is forwarded to the Department Liaison, attached to the rest of the cardholders P-Card log and itemized receipts and forwarded to the Program Administrator. If the Approving Official does not sign the lost itemized 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 itemized 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 774-2035 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 (10) tries and is declined each time, the card will then decline at any vendor for the remainder of the day.

Contact Kathy Ameral, Program Administrator, at 774-2035 for information on why a transaction was declined.

TO: Purchasing Card Administrator, Purchasing Division
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 Liaison 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 Attachment E (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 Liaison 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.**

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 effect ANY personal purchase of 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, travelers 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 alcohol, 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 itemized receipt loss**

Violation: Failure to reconcile, complete, sign and submit the monthly transaction log and all itemized receipts and source documentation to the Department Liaison by the required due date. Failure to obtain or retain itemized 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.

EXAMPLE

**City of Medford
P-Card Transaction Log**

Bank of 1234
America #:

Department: Parks
Card Holder Name: Doe, John
Billing period: 6/1/00 - 6/30/00

Liaison: Jane Smith
Phone Ext: 2406

Detail by Account Number:

Description	Account #	Project #	Reference #	Amount \$	Work Order	W/O Job	Receipt Ref
Circuit City - Audio Equipment/Supplies	001-0101-621.24-03	CA1050	12345678	1,000.00	667	001	1
Viking - Stationary	001-0101-621.24-03	CA1050	12345678	50.00	667	001	2
Office Depot - Filing Supplies	001-0101-621.24-03	CA1050	12345678	100.00	667	001	3
Boise Cascade - Misc Office Supplies	001-0101-621.24-03	CA1050	12345678	25.00	667	001	4
Fred Meyer - Disputed Charge			12345678	35.00			Unknown
TOTAL (Amount must equal statement amount)				\$1,210.00			

Disputed Items:

Description	Account #	Project #	Reference #	Amount \$	Work Order	W/O Job	Receipt Ref
Fred Meyer - Unknown charge to acct			12345678	(35.00)			Unknown
TOTAL AMOUNT TO BE PAID				\$1,175.00			

Approving Official: _____

Date: _____

KEY CONTACTS – WHO TO CALL

Department Liaison:

(phone)

Purchasing Card Program Administrator: Kathy Ameral, 774-2035

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.