



POLICY & PROCEDURES

February 2021

PURCHASING CARD PROGRAM

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PURPOSE

To establish policies and procedures for use of City-issued Purchasing Cards (P-Cards).

1. GENERAL

The P-Card is an available payment method for non-contracted, City authorized purchases \$500 and under. All purchasing policies must be followed (quotes obtained, HUB vendors contacted, etc.) to maintain a P-Card. Unless approved by Purchasing, formally bid items must not be purchased using the P-Card.

The intent of this program is to expedite small purchases, allowing City personnel to perform operational tasks without the administrative delay of obtaining a purchase order. The P-Card should be accepted by all vendors that accept MasterCard payment.

2. OWNERSHIP

P-Cards are the sole and exclusive property of the City of San Angelo and are issued in the name of the authorized individuals. Although the P-Card is issued in the individual's name, it has no effect on the individual's personal credit rating and personal purchases of any kind are not allowed on the P-Card. **The cardholder is responsible for ensuring that all charges made against the card comply with City policy and are for legitimate City business purposes.** Failing to familiarize oneself with the rules (or being encouraged to modify the rules by another) does not relieve the cardholder of facing consequences including, but not limited to, termination.

3. STATEMENTS

Statements are addressed to the City and the individual cardholder and are mailed to the individual cardholder. The cardholder will reconcile their receipts to the "HTE/Naviline Procurement Card Department/Division Approval Report" (hereafter *HTE/Naviline Approval Report*) of transactions, attach original receipts, obtain approval signatures, and forward to Purchasing. Statements are not to be submitted with packets; they shall be retained at the division level.

4. USER ROLES AND RESPONSIBILITIES:

Cardholder Responsibilities

- A. Adhere to all Purchasing and P-Card policies.
- B. Manage card security. The cardholder is the only individual authorized to use the P-Card. However, the cardholder may make transactions on someone else's behalf. When making requests or writing correspondence pertaining to the card, **use only the last 6 digits of the card and do not list the entire card number on the request form or email.** All lost, stolen, or misused cards must be reported to Citibank (1.800.248.4553) and Purchasing immediately upon discovery.
- C. Use cards for approved City business purchases only. Personal charges shall not be made to P-Cards as it constitutes a private use of public funds. *See list of ineligible purchases in Section 6.*
- D. Track P-Card limits and monitor spending throughout the month. Single transaction and monthly credit limits are administered by Purchasing. Transactions exceeding either limit will result in a declined card by the vendor. Increases to both limits may be requested in advance using the P-Card Increase Request Form on Purchasing's extranet site. Transactions must not be split to circumvent the single transaction limit.



- E. Obtain proper documentation. Itemized receipts are necessary to show proof of what was purchased. Receipts must have an item description, show a subtotal, final total (excluding taxes), and card authorization. The receipt will include an address and phone number of the business. Any exceptions to the requirement for a proper itemized receipt will be at the discretion of the Purchasing Department.
- F. Ensure purchases do not contain sales tax. The City is exempt from sales tax. However, it is acceptable to pay taxes on hotels, restaurants, and rental cars.
- G. Reconcile all transactions for the month downloaded to HTE/Naviline (this will match the monthly statement received from Citibank). With Director approval, the reconciliation of the P-Card packet may be delegated to a P-Card Coordinator
- H. Reimburse the City immediately for unauthorized purchases: personal, ineligible items, taxes, and non-receipted transactions.
- I. Return the P-Card upon separation from the City to the appropriate Department Director. The Department Director is responsible for contacting Purchasing for card to be cancelled.

Any variance from the above policies may result in disciplinary action up to, and including, termination.

Department Director (Approver) Responsibilities

- A. Approve employee request for a P-Card.
- B. Assign a P-Card Coordinator, if desired.
- C. Designate accounting codes for purchases made on the P-Card.
- D. Review transactions for business purpose, ensure proper documentation exists and transactions are classified to the appropriate account codes. *See attached sample memo for audit checklist.*

P-Card Coordinator Responsibilities

- A. Process transactions for cardholder, ensuring proper documentation exists and transactions are classified to the appropriate account codes. A preliminary review of the P-Card packet must be completed to ensure compliance.
- B. Assist with timely completion/submission of P-Card packets to Purchasing. Sign name below the other two lines.

Purchasing Responsibilities

- A. Review applications to obtain P-Cards for City employees, review temporary increase requests, and cancel lost/returned cards.
- B. Audit all P-Card transactions monthly. *See attached sample memo for audit checklist.*
- C. Address problems and questions as they arise.
- D. Keep a current list of cardholders, card limits, and card history.

5. ELIGIBILITY

Department Directors should identify those individuals that require a P-Card and submit a request through Purchasing using the New P-Card Request Form. All cardholders must attend a training session prior to being issued a P-Card. A signed copy of the Cardholder Acknowledgement Form (attached) will be kept in each P-Card holder's file and must be renewed annually.

6. P-CARD CONTROLS

- A. Monthly Credit Limits - All P-Cards have a default monthly credit limit set at \$2,000.00. Increases may be requested for up to one year using the P-Card Increase Request Form on Purchasing's extranet site.
- B. Single Transaction Limits - All P-Cards have a default single transaction limit of \$500.00. A transaction includes the purchase price for all items and the cost of shipping/freight. Any attempts to make a purchase greater than the single transaction limit will be denied by Citibank. Splitting transactions to circumvent the single transaction limit is strictly prohibited and may result in P-Card suspension or termination. Increases may be requested for up to one year using the P-Card Increase Request Form on Purchasing's extranet site.
- C. Restricted Vendors - The P-Card may be restricted for use with certain types of merchants. If the P-Card is attempted for use with one of these vendors, the authorization request will be declined. If there is reason the cardholder believes the vendor should be approved for use, the cardholder can contact Purchasing for review.

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- D. Prohibited Purchases - These and other prohibited items **CANNOT** be purchased via P-Card and will result in a loss of P-Card and other disciplinary actions, up to and including, termination:

- Uniforms (excluded departments include Fire, Police, and Municipal court)
- Supplies for a break room (including microwaves, refrigerators, water dispenser systems)
- Gift cards/cash advances
- Stamps
- Legal services
- Alcoholic beverages
- Flowers, cakes, or gifts to individuals for recognition, sympathy, or congratulatory purposes
- Gasoline (fuel cards are available from Accounting for City vehicles and mileage should be charged for travel)
- Meals while on travel (should be submitted for per diem)
- Employee gifts/entertainment
- Buyboard items
- RFX items
- Leases, agreements, or other arrangements resulting in a contract
- Work on City property or other arrangements resulting in a contract
- Services by suppliers requiring bonds or IRS 1099 forms

Any exceptions must be requested through Purchasing prior to completing the purchase. Exception Request forms are available on the Purchasing extranet page. Failure to obtain prior approval from Purchasing may result in penalty including reimbursement of the prohibited purchase, suspension of the P-Card, or termination of the P-Card.

- E. P-Card information cannot be entered into a payment application such as PayPal, Venmo, Apple Pay, Android Pay, etc. Any exceptions must be approved prior to purchase and an itemized receipt will still be required.
- F. Business Meals – As outlined in meal policy, the employee is expected to be conservative when ordering and must reimburse the City for anything in excess of the per diem rates set by the IRS.

IRS regulations require the following documentation for all business meals:

- Business purpose of the meal
- 10 or fewer attendees: list of all attendees and their business relationship to the City, including attendees not directly employed by the City
- Over 10 attendees: a general description of the group and number of attendees
- Itemized detailed receipt which includes business name, location, date, order detail, amounts, and payment method. The original receipt, to include tip, must be turned in. Alcoholic beverages may not be purchased using the P-Card.

If in doubt about the validity of a purchase, ask yourself how the purchase would look to the public if it were scrutinized or mentioned in the newspaper. Or, if the expenditure is necessary for you to complete your job or for the City to conduct its normal business. In the case of a questionable expenditure, the department shall request written approval from Purchasing.



7. TRAVEL

When traveling, the P-Card is limited to hotel reservations, rental cars, and conference registration fees.

A travel advance or travel settlement must be used for meals and incidentals. If meals are purchased via P-Card while on travel, the employee will be responsible to reimburse the City for exact expenses on P-Card and obtain a travel settlement for per diem.

When traveling for City business, the P-Card cannot be used for fuel per our contract with Citibank. Fuel must be purchased using a City fuel card (for City/rental vehicles) or mileage reimbursement (for personal vehicle) through a travel advance or travel settlement. Fuel cards are available from the Accounting office.

8. PROCEDURES

A. P-Card Activation

Upon receipt of the P-Card, the cardholder will sign the back of the card. Before using the P-Card, the cardholder must visit the website on the sticker on the card (cardactivation.citi.com) or call Customer Service at 1.800.248.4553 to have it activated. The system will prompt you to set a 4-digit PIN for use at chip reader locations. Purchasing does not have access to this information; any PIN resets must be done by calling 1.800.248.4553.

B. Making the Purchase

- Give the Vendor all necessary information to complete the purchase. Keep in mind, the City is tax-exempt and the cardholder must ensure that any purchase does not include sales tax.
- Request an itemized receipt. This documentation is for reconciliation and an additional copy shall be kept by the department for record keeping.

C. Documenting the Purchase

It is mandatory to retain **all** vendor receipts/documentation to simplify reconciliation for any and all purchases made with the P-Card. Potential items include, but are not limited to:

- Vendor sales receipt (original)
- Itemized packing slip/receiver (as long as it includes price information)
- MasterCard charge slip with itemized description of products/services purchased

It is the cardholder's responsibility to ensure that a receipt is obtained for each purchase.

9. RECONCILIATION OF P-CARD PACKET

The P-Card cycle runs the 4th of one month to the 3rd of the following month (i.e., April 4 to May 3). **It is the cardholder's responsibility to either reconcile the receipts and invoices against monthly statements or to work with the P-Card Coordinator to do so by the Purchasing due date.** Failure to submit all required documentation by the Purchasing due date may result in the suspension or termination of your P-Card.

- A. Compare the backup documentation to the transactions listed on the current Citibank Statement or transactions in HTE/NaviLine.
- B. Tape all receipts smaller than a page to a sheet of paper. Do not apply tape on the printed portion of the receipt as it may lift the ink.
- C. Write the business purpose of the transaction on each receipt. Ensure all purchases are coded to the correct account (ex. Food 06-30; computers 07-44). This information should be duplicated in HTE/NaviLine.
- D. Include quotes/reimbursements for taxes and any other supporting documentation with the appropriate invoice/receipt.
- E. Print the HTE/NaviLine Department/Division Approval Report (selecting to print lines 1, 2, and 3) and route for signatures.
 - All receipts/paperwork must be placed behind the HTE/NaviLine Approval Report in the order the transactions appear.
 - Cardholder must sign their packet in the Financial Analyst line. Signing another person's name or using a signature stamp is prohibited.
 - The P-Card Coordinator must sign below the given lines on a new line.



- Department Director will review the transactions, sign as Approver, approve all transactions in HTE/NaviLine, and forward the completed packet to Purchasing by the established deadline each month.

If a cardholder is out of the office during P-Card reconciliation, it is their responsibility to turn in all documentation prior to departure to either their P-Card Coordinator, Supervisor, or Department Director with the receipts for that month. Transactions for packets that have not been properly keyed for accounting and approved by the deadline may be charged to the default account for the department and will require a journal entry by the cardholder to charge the correct account.

Packets must be submitted to the Purchasing Office by the deadline presented in the Cycle Open e-mail. Repeatedly submitting late packets may result in the suspension or termination of the violator's P-Card.

Incomplete and incorrect P-Card packets will be returned to the cardholder with a deadline to address all issues and resubmit to Purchasing.

10. RETURNS, CREDITS, AND DISPUTED CHARGES

Should a problem arise with a purchased item or service, or with billing, the cardholder will work with the vendor to resolve the issue. In the event a credit is issued for any of the above reasons, the cardholder must check subsequent statements to ensure the appropriate amount is added back to the card. Any documentation of the credited amount must be attached to the statement in which the credit appears.

If the credit does not appear by the second subsequent statement or there are any issues with the amount credited, the cardholder or P-Card Coordinator shall contact Purchasing. Cardholders are not permitted to receive cash, check, or gift cards for a returned item. All returned items must receive credit on the P-Card.

All disputes must be filed with Citibank within 45 days of transaction date.

11. CARDHOLDER'S PERFORMANCE

The cardholder's Department Director should review all purchases, as he/she is responsible for verifying the business purpose of all purchases and validating they meet all requirements specified for the use of the card. The Department Director is responsible to determine if the P-Card system adequately meets the needs of the department and whether the department should continue using the program.

If a cardholder abuses the privileges of the card, consistently fails to provide receipts, fails to adhere to the requirements of this policy, or fails to reimburse the City for any policy violations, the Purchasing Manager reserves the right to suspend or terminate the P-Card.

ACKNOWLEDGEMENT

CITY OF SAN ANGELO, TEXAS
PURCHASING DIVISION



PURCHASING CARD PROGRAM

Submit to sapurch@cosatx.us

Cardholder Acknowledgement

All participants are responsible to ensure that the Purchasing Card Program can withstand the scrutiny of the press, the public and internal auditing. Although the card is issued in your name, it is city property and its use is subject to the same Procurement statutes and ordinances for all City purchases.

Your signature verifies that you have received, read, and understand the **City of San Angelo Purchasing Card Program Policies and Procedures** and agree to conform to those policy requirements.

Cardholder Printed Name

Department

Cardholder Signature

Date



MEMO

Re Insufficient P-Card Packet Submission

Cardholder First Last

Due by **Date and Time**

From First Last, Purchasing Division

In accordance with the City's P-Card Processing Policy, a P-Card packet you submitted is being returned. Please address the issue(s) below and ensure you complete the corrective actions necessary by the presented deadline. See attachment(s), if applicable, for more details.

Items to be corrected:

- Obtain Approving Official Signature (Supervisor) and Financial Analyst Signature (Cardholder)
- Include original, itemized receipt showing item description, shipping costs, no tax, and payment method
- Reimburse* the City for:
 - Tax
(Excluding hotel, restaurant, and rental car purchases)
 - Items missing original, itemized receipt
 - Personal/non-business expense
(Including, but not limited to alcohol, flowers, balloons, cakes, gifts, etc.)
 - Items that cannot be purchased by P-Card
(Uniforms, stamps, gift cards, legal services, breakroom items, etc.)
- Include business reason/purchase notes on receipts and mirror descriptions in HTE/Naviline
- Provide meal purchase business reason and attendees
(10 or fewer - attendee names must be listed; over 10 - general description of group and number of attendees must be listed) on receipt and in HTE/Naviline
- Provide acknowledgement that P-Card will not be used for future contracted purchases.
(Send a Memo via e-mail that will be added to your packet)
- Provide quotes for purchases over \$3,000
- Transactions were split to avoid purchase limit
(sequential purchases at same vendor/similar vendor)
- Other:

NOTES:

**If reimbursing the City is required, take payment to Billing and Receipts (City Hall Annex), obtain a receipt while there, and submit the receipt to Purchasing. Please ensure that the account that was charged is the one being reimbursed, and your name appears on the receipt with the department name.*

Resources: [P-Card Policy](#) | [Purchasing Policy](#) | [Purchasing Extranet](#)

Please note: Repeatedly violating Purchasing P-Card policy is grounds for P-Card cancellation and other penalties up to termination of employment.