

Marshalltown



CITY OF MARSHALLTOWN PURCHASING CARD POLICY AND PROCEDURE MANUAL

Title: **FINANCIAL POLICY**

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Section: **PURCHASING CARD POLICY**

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The purpose of a purchasing card program is to provide an efficient, cost-effective method of purchasing and paying for small-dollar as well as high-volume, repetitive purchases. This type of program is designed as an alternative to the traditional purchasing process reducing the volume of purchase orders, invoices and checks processed. Purchasing cards can be used when the dollar amount does not require a purchase order (less than \$5,000). Benefits of using the purchasing card program include:

- Simplifies and makes more convenient purchasing without a purchase order
- Expedited delivery of goods
- Expanded list of merchants from whom purchases can be made
- Reduces amount of payments made to individual vendors
- Increased management information of purchases and personnel making purchases
- Allows purchasing dollar limits
- Vendors receive expedited payments and reduced paperwork
- Eliminates reimbursements from Petty Cash
- Credit card vendor may provide a reward program based on amount charged.

Each department will determine how many purchasing cards will be issued and monitor activity and assign accounting numbers. Analysis by cardholder, vendor, or volume can be retrieved directly over the Internet. Each issued card will include the individual's name along with the City's name. The Sales Tax Exemption number will be furnished to the cardholder and should be used whenever possible (exception for travel expenses). Each department shall bear all costs associated with the use of the card. The Finance department shall solicit competitive bids for the selection of and terms for the use of a purchasing card for City use. A written agreement with the successful bank will include fees, rebates, and processing procedures.

Spending limits for each cardholder on a cycle basis, shall be negotiated between the Department Director and the Finance Department.

Each employee issued a purchasing card will be required to sign an affidavit acknowledging responsibility for the safe keeping and proper use of the card. Upon employee termination, both voluntarily or due to disciplinary action, the HR Director will collect the purchasing card and return to the Finance Department. The Finance Department will cancel the card and close the employee's account..

Any card may be withdrawn from the program for misuse, which shall include, but is not limited to periodic audits for card activity and retention of sales receipts and documentation of purchases.

Lost or stolen cards must be reported to the credit card company immediately and the Finance Department. The card will be cancelled and a new card will be sent to the Finance Department. Any cost associated with the replacement of cards will be bore by the responsible department.

The detailed sales receipt for each transaction shall be submitted to the Finance Department. All receipts must be approved by the Department Director/Supervisor and the appropriate account number assigned. Some credit card "swipe machines" only indicate account number and total amount, in these situations, the cash register detailed receipt is also required. The reader of the receipt should be able to tell exactly what was purchased.

Purchases using the purchasing card may be made by telephone, fax or secure Internet sites. Precautions should be made in all cases to insure security and protection from theft or unauthorized use. Each transaction should reflect the appropriate purchasing card number, signature of user and detailed invoices (receipts) which should be forwarded to the Finance Department. Request a receipt with each shipment or with the item to be picked up. If ordering on the internet, print your order confirmation.

CREDITS/DISPUTED ITEMS AND CHARGES

The handling of disputed charges and unauthorized purchases will be the responsibility of the department. Problems with a purchased item or billing resulting from use of the purchasing card should be resolved with the supplier or merchant that provided the item. In most cases, disputes can be resolved directly between the cardholder and the supplier.

The supplier or merchant should issue credit for any item that has been discussed and agreed to for return and a Returned Goods authorization number from the supplier should be given. If the department cannot reach resolution with the merchant, write a formal letter within 60 days of the date the charge first appeared on the statement and forward it to finance. Finance will then dispute the item to the credit card disputes department.

No cash advances shall be allowed with the purchasing card.

REWARD PROGRAM, IF AVAILABLE

The Finance Department will redeem rewards and allocate to the departments based on their credit card purchases.