



**CITY OF WATAUGA – PERSONNEL, ADMINISTRATION AND FINANCIAL POLICIES AND PROCEDURES MANUAL**

<b>POLICY TITLE</b>	<b>Purchasing Card Policy</b>
<b>INITIAL EFFECTIVE DATE</b>	<b>June 25, 2018</b>
<b>LAST REVISION DATE</b>	<b>October 25, 2021</b>
<b>POLICY NUMBER</b>	<b>13.02</b>

**OBJECTIVE** This policy sets forth measures to effectively manage purchasing card usage by City employees and City Council members.

**SCOPE** This policy applies to all employees and City Council members with issued purchasing cards.

**POLICY**

**A. Purchasing Card Policy**

Employees - Purchasing’s primary function is to make purchases of goods and services in the most cost effective manner. The purpose of the Purchasing Card program is to provide authorized City employees (“cardholders”) with an efficient and controllable method of making designated and authorized small dollar purchases. The card will be issued in the employee’s name and the City of Watauga clearly marked on the card. Cards will be issued only to eligible employees and is to be used only for official authorized city purchases. The success of the Purchasing Card program and its continuing use depends on your cooperation and participation.

Purchases will be limited to pre-authorized small dollar purchases under \$3,000 and for travel-related expenses. The card is to be used only for official city purchases. Use of the purchasing card for large purchases or capitalized equipment is not allowed. In the event an item is awarded to another vendor, a cardholder is not allowed to use the purchasing card to circumvent the awarded vendor. Check with finance if in doubt of an awarded product prior to purchase.

City Council – Purchases will be limited to travel related expenses. The card is to be used only for official city purchases. Per diem and mileage will still be handled by check request. Council credit cards will be signed out and managed through the City Secretary’s office.

**B. Cardholder responsibilities:**

1. Cardholder must use the Purchasing card for legitimate business purposes only.
2. Cardholder must maintain the Purchasing card in a secure location at all times.
3. Cardholder must not allow other individuals to use their Purchasing card.
4. Cardholder must adhere to the purchase limits, restrictions, Purchasing card policy, and all Procurement state and local laws and regulations.
5. Cardholder must review all merchant receipts and ensure it is without sales tax and resolve problems immediately. The City of Watauga is exempt from sales tax.

6. Cardholder must obtain all receipts, authorizations, and budget coding for all transactions and submit required information via the SmartData platform for reconciliation by the 10<sup>th</sup> of each month.
7. Cardholder must assist Finance in resolving disputes or billing errors.
8. Cardholder must not accept cash in lieu of a credit to the Purchasing card.
9. Cardholder agrees not to split a purchase to circumvent the limitations of the Purchasing card, Purchasing policies, or state law provisions.
10. Cardholder agrees not to use another cardholder's card to circumvent the purchase limit assigned to either cardholder or the limitations of the Purchasing card.
11. Cardholder must immediately report a lost or stolen card to Finance.
12. Cardholder must return the Purchasing card to Finance upon transferring departments within the City or upon termination with the City of Watauga.
13. Cardholder must report any erroneous transactions to Finance immediately.
14. Cardholder must upload all required information regarding purchases into the Smart Data platform by the 10<sup>th</sup> of each month.

**C. Finance is responsible for the Purchasing Card program. Responsibilities of Finance include:**

1. Finance is the main contact between the card issuer and the City of Watauga.
2. Finance will submit completed applications to the card issuer and take initial receipt of the Purchasing card.
3. Finance will provide training to cardholders as requested.
4. Finance will receive, review, and reconcile the Purchasing card statement.
5. Finance will review usage of the Purchasing card data.
6. Finance will ensure that lost or stolen cards have been closed by the card issuer.

**D. Requirements for Receiving a Purchasing Card**

Before receiving a Purchasing card, employee or Council member is required to sign the City of Watauga Purchasing Card Agreement. By signing the agreement, employee or Council member indicates that he/she understands the intent of the program and will comply with all guidelines of this program as well as all other City of Watauga Policies, state laws and regulations relating to the expenditures of funds.

**E. Purchasing Card Maintenance and Closure**

All contact with the card issuer for set up, maintenance and closure will be handled by Finance.

Finance is required to close an account if a cardholder: (a) moves to a new position in which a Purchasing card is not required, (b) terminates employment, or (c) for any of the following reasons which will also subject the cardholder to disciplinary action in accordance with the City of Watauga Policies and/or state laws and regulations:

1. Purchasing card is used for personal or unauthorized purposes.
2. Purchasing card is used to purchase alcoholic beverages or any substance, material, or service which violates policy, law or regulation pertaining to the City of Watauga.
3. Cardholder allows the card to be used by another individual.
4. Purchasing card is used for a purchase to circumvent awarded vendors, limitations of the Purchasing card, or state procurement laws.

5. Cardholder uses another cardholder's card to circumvent the purchase limit assigned to either cardholder or the limitations of the Purchasing card.
6. Cardholder fails to provide the required receipts and documentation.
7. Cardholder fails to provide, when requested, information about any specific purchase.
8. Cardholder does not adhere to all Purchasing card policies, procedures and state laws and regulations.

## **F. Purchasing Card Use**

The card works just like a personal credit card, except all charges are paid in full by the City of Watauga. It is to be used only for the purchase of pre-authorized small dollar purchases and for travel-related expenses.

The City of Watauga requires that certain types of merchants be blocked from Purchasing card use. Among these are entertainment, beer and wine stores, gambling establishments, and cash transactions. Transactions are blocked at the point-of-sale level.

All purchases made on the Purchasing card are for City business only. The card is not a personal line of credit.

The card may not be used to pay spouse/family expenses incurred while traveling except those that normally cannot be separated for payment such as hotel room. Only City business expenses are allowable and personal expenses should be paid separately by the cardholder.

All unauthorized purchases must be resolved in an appropriate method so that the City does not bear the cost. Resolutions will be handled in the following methods:

1. Cardholder will return the unauthorized item to the merchant for credit on the card account and submit the credit receipt as part of the statement cycle remittance.
2. If the item cannot be returned, the cardholder will be required to submit payment for the full amount of the purchase to the City. If payment is not received, the amount of the purchase will be deducted from the cardholder's paycheck.
3. In addition, an unauthorized purchase may subject the cardholder to disciplinary action and/or revocation of card privileges.

## **G. Account Number Security and Storage**

Cardholders should always treat the City of Watauga Purchasing card with at least the same level of care as one does their own personal credit cards. The card should be maintained in a secure location and the card account number should be carefully guarded. The only person entitled to use the card is the person whose name appears on the face of the card. The card may not be lent to another person for any reason.

In the event a generic department card is issued one main employee delegate is responsible for the safekeeping of the card and the appropriate check out process is maintained accordingly. The department delegate is responsible for all charges that occur on the card.

The City Secretary's Office and City Council will be issued one generic card for use and check out by various employees or members.

## **H. Cardholder Liability**

The Purchasing card is a corporate charge card and will not affect personal credit. It is each cardholder's responsibility to ensure the card is used within the guidelines of this program. Failure to comply with program guidelines may result in permanent revocation of the card, notification of the situation to management, and disciplinary action in accordance with City Policy relating to disciplinary action and termination.

### **I. Lost, Stolen or Misplaced Purchasing Cards**

Report lost or stolen cards immediately to Finance.

### **J. Erroneous Declines**

There may be certain situations when a merchant receives a decline message when processing Purchasing card transactions. If the cardholder feels this decline is in error, contact Finance for assistance. If the purchase is being made outside of normal business hours, the cardholder must find an alternate payment method.

### **K. Credits**

Merchants must issue a credit to the card account for any item or service they have agreed to refund. **Under no circumstances should a cardholder accept cash in lieu of a credit to the card account.**

### **L. Disputes and Billing Errors**

In the case of an error, first contact the merchant and try to reach an agreement. Most disputes can be resolved in this manner. If cardholder is unable to reach an agreement contact Finance on any disputes and billing errors for assistance.

### **M. Sales Tax**

The City of Watauga is exempt from most forms of sales tax. Even though the card will state that we are tax exempt, it is the responsibility of the cardholder to remind all merchants of our tax-exempt status. All cardholders must carry with them a tax-exempt certificate verifying our status in the event a merchant requires such verification. These certificates are available from Finance or the City Information file. If tax is included, the cardholder will be responsible for ensuring the merchant is reimbursing the tax amount. If the cardholder does not show a good faith effort to avoid paying sales tax, the cardholder will then be responsible for reimbursing the City for the tax.

An exception to this rule is sales tax at eating establishments, hotels, airlines, and other travel related merchants, when traveling, as these charges are difficult to have removed.

### **N. Audit Assistance**

Periodic audits will be performed to assure compliance with the guidelines of the Purchasing card program, City policies, and state laws and regulations.

#### **O. Documentation**

Supporting documentation in the form of a credit card receipt and credit card charge receipt form must accompany each transaction. The receipt must display the date of purchase, merchant name, itemized descriptions, cost and tax-exempt status. If a receipt is lost, the cardholder must attempt to obtain a copy of the receipt from the merchant. Cardholders who repeatedly lose receipts will be subject to card revocation.

As a public entity, the City is expected to be able to demonstrate to the public that it has spent their tax dollars wisely. All participants in the Purchasing card program are responsible for insuring purchases made with the card will withstand the scrutiny of the press, public and audits.

Therefore, the cardholder must make sure he/she has adequate documentation, including a clear explanation of exactly what the purchase is for.