

CITY OF DAYTONA BEACH

**PURCHASING CARD
POLICIES AND PROCEDURES**

SECTION I - INTRODUCTION

The City of Daytona Beach Purchasing Card Program is designed to improve efficiency in processing low dollar purchases from any vendor that accepts the Visa credit card.

This program allows the cardholder to purchase approved commodities and services directly from the vendor. Each purchasing card is issued to a named individual and The City of Daytona Beach is clearly shown on the card as the Governmental buyer of goods and services.

The Purchasing and Accounting Divisions monitor the performance of the program. Questions or concerns should be directed to:

Procurement related:	Amber Spears	386-671-8081
	After Hours	863-381-1182 (cell)
Finance/Accounting		671-8060

A. PURPOSE

1. Provide an efficient method of purchasing and paying for goods and services not exceeding \$3,000.00 per purchase.
2. Reduce the use of Field Purchase Orders (FPO'S), and Purchase Orders, thereby reducing the administrative costs for the procurement and payment process on small dollar items.
3. Reduce time spent by the Purchasing and Accounts Payable staff processing low dollar transactions.

Herein are the minimum standards for Departments/Divisions. Departments/Divisions may establish additional controls.

B. HOW IT WORKS

- Procurement responsibility is delegated to the ordering Department/Division enabling an authorized cardholder to place an order directly with the vendor.
- Purchase authorization requested by the supplier at the point-of-sale and provided by the Visa Purchasing Card system, comparing the charge against preset limits established by the employee's Department/Division.
- Transactions are approved or declined (electronically) based on the Purchasing Card authorization criteria established. The authorization criteria may be adjusted periodically as needed and may include, but is not limited to, the following:

- Single purchase limit as set by Department Director (not to exceed \$3,000.00)
- Monthly spending limit, not to exceed \$25,000.00.
- Approved Merchant Category Codes
- The authorization process occurs through the electronic system that supports the Purchasing Card processing services under the City of Daytona Beach’s agreement with SunTrust BankCard N.A.

C. STAFF RESPONSIBILITIES

The following are the responsibilities of the individuals and organizations involved in the Purchasing Card system.

Cardholder

- Hold and secure purchasing card
- Order and pick-up materials and services
- Receive and inspect all ordered materials and services
- Collect sales receipts, and forward to Supervisor for approval
- Review daily charges with Department/Division Manager/Supervisor, as needed.

Department/Division Manager or Supervisor

- Request Purchasing cards for designated employee(s)
- Set spending limits, for each card, within established guidelines
- Review purchase sales receipts
- Sign or initial each receipt
- Forward approved receipts to Department Accounts Payable clerk
- Perform regular inspection of card possession by cardholders
- Collect cards from cardholders who terminate employment
- Evaluate the need to cancel or reissue cards when employees transfer
- Notify the Card Administrator of terminated employees
- Appoint a Department/Division Purchasing Card Representative

Purchasing Card Administrator (Purchasing Agent)

- Coordinate issuance and cancellation of cards
- Coordinate program policy issues
- Participate in ongoing program reviews
- Participate in resolving billing disputes
- Maintain Policy and Cardholder guides/manuals
- Final Resolution of supplier disputes
- Pursue supplier discount opportunities
- Evaluate Purchasing Card feedback from suppliers
- Coordinate minority business reporting requirements

- Establish and monitor benchmarking objectives
- Coordinate and maintain internal controls
- Target new cardholders and expand use of card
- Perform physical audits of card possession by cardholders
- Implement payment of PO claims through “Large Ticket Program”

Department/Division Account Clerk

- Review department/division cardholders transactions on the Truist on-line (Enterprise Spent Platform (ESP) application
- Confirm that all charges are authorized (initialed) by Department/Division Manager/Supervisor
- Verify the appropriateness of account numbers or work orders charged, and code transactions in ESP system as required by the Finance Department.
- Handle disputed items not resolved by cardholder
- Forward original invoices to the Finance Department
- Maintain a copy of all supporting receipts

Finance

- Ensure that the monthly payments for the previous month’s credit cards reconcile to the statements.
- File and store statements
- Train Department Accounts Payable staff
- Review reconciliation for proper account distribution.

Internal Auditor

- Conduct periodic operational and compliance audits

SECTION II - POLICIES AND PROCEDURES

A. ASSIGNMENT AND CONTROL OF THE PURCHASING CARD

1. REQUESTS FOR ISSUANCE OF PURCHASING CARDS
 - a. Requests for new p-card, changes to cardholders’ per purchase and/or monthly limits, or changes to current cardholders employee information shall be made by submitting a completed Request for Purchasing Card form to the Purchasing Card Administrator.
 - b. All requests for purchasing cards must be signed by the Division Supervisor and the Department Director.
 - c. Purchasing Cards will be issued to individual employees who frequently purchase goods and services.

- d. The Purchasing Card will have the employee's name, the City name, and the expiration date embossed on the face of the card. The City's Florida sales tax exemption number is preprinted on the purchasing card. The purchasing card issuing company will not require individual cardholder information other than the cardholder's work address and employee id number. No credit records, social security numbers, etc. of the cardholder are maintained by the issuing company.

When the Purchasing Card Administrator receives the Purchasing Card from the issuing card company, the cardholder will be required to personally take receipt of the card, and sign the certification/receipt portion of the Request for Purchasing Card form. The cardholder will be provided with a copy of the Purchasing Card Policies and Procedures guide and an oral review of the program. Each card must be activated by the individual cardholder, according to instructions printed on the card, prior to use.

2. LOST OR STOLEN PURCHASING CARDS

- a. **If a purchasing card is lost, stolen or misplaced, the cardholder must immediately notify the Purchasing Card Company, SunTrust BankCard Fraud Division 1-866-495-5411, and the Purchasing Card Administrator, via telephone at 671-8082 (after hours use cell phone number on first page), and follow with written documentation of the loss to the Purchasing Card Administrator.**
- b. The cardholder will be responsible for reporting all information necessary to reduce the liability to the City for a lost or stolen card.

3. TERMINATION OR TRANSFER OF CARDHOLDER

- a. When an employee terminates his or her employment or is transferred to another Department/Division, the Department/Division Manager or Supervisor shall collect the purchasing card, and submit it to the Purchasing Card Administrator to be cancelled and destroyed.
- b. If the Department/Division Manager or Supervisor is unable to collect the purchasing card when an employee terminates, he/she shall immediately notify the Purchasing Card Administrator. The Purchasing Card Administrator will ensure that the card is cancelled. At the Purchasing Card Administrator's discretion, the payroll clerk may be contacted for deduction of any unauthorized purchases from the employee's final paycheck.

B. CARDHOLDER USE OF PURCHASING CARD

1. CARDHOLDER USE ONLY

- a. The purchasing card may be used only by the employee whose name is embossed on the card. No other person is authorized to use the card. The cardholder is responsible and accountable for all transactions that occur on his/her card.

- b. Upon receipt of the Purchasing Card, the cardholder should sign the back of the card immediately. The merchant does not have to accept the card if there is no signature on the back.

2. CITY PURCHASES ONLY

- a. The purchasing card is to be used for City authorized purchases only. **The purchasing card cannot be used for any personal use and any such use will require immediate reimbursement and will result in disciplinary action up and to termination.**
- b. Procedures For Correcting Personal Charge To City Of Daytona Beach Purchasing Card

The following procedures are established to provide a vehicle for repayment should a cardholder inadvertently use the City of Daytona Beach Purchasing Card to pay for a personal charge.

Code the transaction in ESP, assigning the transaction to one of the department/division's account codes.

Deposit funds with the City of Daytona Beach Utility Billing Cashier coding the deposit to Miscellaneous Revenue. Send a copy of the DCR to the department liaison with a copy of the original charge so that a journal entry can be prepared to reverse the charge.

The Department/Division Manager provides a memo to the P-Card Administrator explaining the circumstances of the occurrence, and the corrective action taken. That memo will be filed so that a record of non-compliance can be established in the event disciplinary action is warranted.

3. SPENDING LIMITS

- a. The Department/Division Manager or Supervisor approving the assignment of a purchasing card will set two limits for each cardholder; a Single Transaction Limit (STL) and 30-day Credit Limit. The maximum STL limit shall be \$3,000 and the maximum monthly Credit Limit is \$25,000. Additional limitations may be imposed by the requesting Director.
- b. Requests for spending limit changes shall be initiated by a memo to the Purchasing Card Administrator by the Department/Division Manager or Supervisor.
- c. A purchase may be made of multiple items, but the invoice cannot exceed the cardholders Single Transaction Limit. Purchases over \$3,000.00 must be made by Purchase Order under the City Purchasing Policies and Procedures. **Charges for purchases shall not be split to stay within the single purchase limit. Splitting**

charges will be considered abuse of the purchasing card program, and may result in revocation of Purchasing card privileges.

5. PROHIBITED USES OF PURCHASING CARD

The following types of items may not be purchased with a purchasing card, regardless of the dollar amount.

- Gasoline, fuel or oil;
- Vehicle repairs; (except when made by Fleet Management staff or with Fleet Management's specific authority for the repair)
- Car Rental Agencies (without an exception)
- Cash advances;
- Telephone charges;
- Any items or services available on a city price agreement contract (use of the Purchasing Card may negate the City discounts);
- Membership Clubs (ie. Sam's or BJ's)
- Printers, fax machines, copiers, computers and ANY software, digital cameras, digital camcorders and scanners *with specific exceptions for IT staff cardholders*
- Telephones, cell phones, and pagers
- Any additional goods or services specifically restricted by the Department or Division.

C. **PROCEDURES FOR MAKING AND PAYING FOR PURCHASES**

1. DOCUMENTATION OF OVER-THE-COUNTER PURCHASES

- a. The cardholder must first confirm that the vendor will accept the Card. Remind the vendor, **the City does not pay Sales Tax.**
- b. When an over-the-counter purchase is made, the cardholder must obtain the customer's **itemized** copy of the sales slip.
- c. The sales slip will be retained by the Department/Division Accounts Payable Clerk.
- d. All over the counter purchases will require the cardholder to provide a City photo ID at the point of sale.

2. TELEPHONE ORDERS

When placing a telephone order, the cardholder must confirm that the vendor will accept the charge to the purchasing card and remind the vendor that the City does not pay sales tax. When shipment is made, receipt of the supplies will be certified on the cardholder's transactions screen in ESP. Cardholder will advise vendor that charge can only be made *when the item is shipped*. In case of partial shipment, backorders items may only be charged *when the backordered item is shipped*.

If vendor requests the City's address and phone number, you **must** use the following:

PO Box 2451
Daytona Beach, FL 32115-2451
Phone: 386-671-8080

3. IF CARD IS DECLINED (EXCEPTIONS)

If a card is declined. Only have the cashier run the card twice. Any more, VISA may consider the charge as fraud and lock the card from future purchases. Contact the P-Card Administrator listed at the beginning of this Policy. They will log in and see why the card is being declined. There are primarily two reasons. Either the single transaction or monthly credit limit has been exceeded or the Merchant Category Code used by the merchant's credit card machine isn't within the cardholder's profile.

To be granted an exception, the cardholder's Division Manager or Department Director must send an email to purchasing@codb.us to give permission to allow the cardholder to make the purchase. A less restrictive profile will be selected for the remainder of the day. The original profile will automatically return at midnight unless the email stated a specific date range that the temporary profile should stay in effect. A record of these exception will be kept on file for audit purposes.

4. SALES AND USE TAX

The City is exempt from paying State of Florida (and generally all other States) sales and or use tax, even when the purchase is made with the Purchasing Card. If the vendor charges sales tax, the card holder must contact the vendor and obtain a credit equal to the amount of the sales tax. This also applies to out of state purchases.

5. MISSING DOCUMENTATION

If for some reason the cardholder does not have documentation of the transaction to send with the statement to his/her Supervisor, the Supervisor must attach a description of the purchase, and sign to indicate approval of the purchase. Continued incidents of missing documentation may result in the cancellation of the employee's purchasing card.

6. PAYMENT AND INVOICE PROCEDURES

- a. The Department Account Clerk will review transactions made on the ESP system and note any errors or disputes. The Department Account Clerk will code each transaction to the proper account. Once all transactions are coded, the Account Clerk will forward original sales slips to the Finance Department's Accounts Payable Clerk. Any exceptions should be immediately brought to the attention of the A/P Clerk for resolution. The Department Account Clerk will retain a copy of the sales slips for the department's files.

- b. The Department Account Clerk will ensure that all transactions are coded in a timely basis. It is recommended that this be completed by the 30th of the current month.

D. DISPUTES

1. If items purchased with the purchasing card are defective, the cardholder must return the item(s) to the vendor for replacement or credit. If the service paid for with a purchasing card is faulty, the vendor must be notified and asked to correct the situation or provide a credit. If the vendor refuses to replace or correct the faulty item or service, the purchase will be considered to be in dispute. If the quantity of items received is less than the invoice and billing charge, the transaction must be disputed if the vendor has been contacted, and is unwilling to provide a refund or a credit.
2. If a vendor charges the cardholder Sales Tax on the purchase, and the cardholder is unable to obtain a credit for the amount of the tax by contacting the vendor, this credit must be pursued through the dispute process.
3. Disputed charges must be explained in an email to the Purchasing Card Administrator before the transaction is coded in ESP.
4. 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.

E. DISPUTES PROCEDURES

A dispute occurs when a cardholder questions a transaction that has been charged to his/her account. The following steps must be taken to ensure prompt settlement:

1. The cardholder contacts the vendor about the transaction to attempt to resolve the dispute and obtains the necessary information to begin the resolution process, **AND**;
2. The cardholder contacts the Purchasing Card Administrator and completes an on-line Dispute Form explaining the reason(s) for the dispute. Form is emailed as a pdf to cardholder who enters the account number, cardholder name, and affixes their signature, then faxes the Dispute Form to SunTrust (fax number is on the form). SunTrust will then place the transaction into a disputed status.
3. If the problem is resolved between the merchant and the cardholder, the cardholder's will write the solution agreed upon on the bottom of the Dispute Form that was previously faxed to SunTrust, and fax it to SunTrust as soon as possible. If an agreement cannot be reached the following steps will be completed.
4. After the item has been entered as a dispute, SunTrust must determine who is responsible by researching the transaction including requesting a copy of the sales

draft when necessary. When responsibility for the transaction is determined, the dispute will be settled on-line.

5. When an account is in a disputed status, the disputed amount is still included in calculating the available money for authorizations (monthly limit). At the time the item is placed in dispute, it is removed from all finance charge, late charge, over limit fee, past due amount and calculations. Finance charges that accrue from posting until the item is placed in dispute must be handled according to City policy.
6. If the cardholder is actually responsible for the transaction, the dispute is settled in favor of SunTrust and no further actions are required. If the cardholder is not responsible for the transaction, the dispute is settled for the cardholder and the charge back process may be initiated against the vendor.
7. If there continues to be problems with a particular merchant, the cardholder should notify the Purchasing Card Administrator of the problems.
8. **All disputed items should be coded in ESP and paid as if they are legitimate purchases. Corrections will be adjusted and credits will appear on future statements. At that time, they will be coded to the same account as the original item. A copy of the sales receipt disputed item must be provided to the Department Account Clerk, copy of the receipt sent to Finance, and a copy retained for follow-up by the cardholder Department Account Clerk to ensure proper credit is received when the dispute is resolved. A copy of all dispute correspondence, dispute form, invoice, and account statement will also be sent to the Purchasing Department.**

F. REVIEW OF PURCHASES BY DEPARTMENT/DIVISION

1. Because of their knowledge of the job responsibilities and requirements, Department/Division Managers or Supervisors are required to review and approve by signing or initialing, each purchasing card expenditure (item purchased, amount and vendor) to ensure the goods or services were necessary, and for official use.
2. When purchases are questioned, the Department/Division Manager or cardholder's Supervisor will be responsible for resolving the issue with the cardholder. If the Department/Division Manager or Supervisor is not satisfied that the purchase was necessary and for official use, the cardholder must provide either a credit voucher proving the item(s) were returned for credit or a personal check made payable to the City of Daytona Beach for the full amount of the purchase plus applicable sales tax. Checks must be sent to the Purchasing Card Administrator within one week with a written explanation of why the violation occurred and the action taken to prevent reoccurrence. The personal check will be forwarded to Accounting by the Purchasing Card Administrator.

3. Serious or repeated misuse of the purchasing card will result in the revocation of the card. Employees incorrectly using their purchasing card will be disciplined by the Department/Division Director as necessary.
4. To help the Department/Division in their reviews, management reports will be available from Purchasing/Accounting.

G TRAVEL ON P-CARD

1. Use of the P-Card for travel may be authorized by approval of a Travel Voucher that clearly indicates which expenses will be charged to the P-Card and which will be pre-paid and/or reimbursed.
2. Upon approval of a Travel Voucher, the cardholder may use the card for the following purchases:
 - a. Registration
 - b. Airfare/Baggage Fees
 - c. Hotel
 - d. Parking
 - e. Shuttles/Taxis
 - f. Car Rental (from select vendors)
 - g. Fuel
3. A copy of the approved travel voucher shall be provided to the P-Card Administrator in advance of the planned travel to allow the Administrator to provide temporary authorization of travel charges. This authorization will expire upon the conclusion of travel.
4. A copy of the approved travel voucher must accompany P-Card receipts submitted by the traveler.
5. The Conference/Event schedule must be attached to the Travel Voucher and must indicate any meals that are included in the registration fee. The City will not pay for any meal when that meal is offered as part of the registration fee. **The P-Card may not be used for payment of meals.**
6. Upon return, the traveler shall submit the completed Travel Voucher with all travel receipts, including *copies* of P-Card receipts, to the Finance Department Office Specialist, indicating actual costs where estimates were used.
7. Original travel receipts shall be attached to the cardholder's statement, along with a *copy* of the completed Travel Voucher.
8. **All** P-Card statements that include travel expenses will be reviewed by the P-Card Administrator.
9. **EMERGENCY TRAVEL**
 - a. When public safety officers (Fire and Police) are deployed for an emergency outside Volusia County, the P-Card may be used for expenses incurred in the performance of the deployment. These costs include but are not limited to:
 - i. Hotels
 - ii. Meals
 - iii. Fuel
 - iv. Vehicle Repairs

- h. A public safety officer who is a cardholder shall accompany the travelers. Additional cards to be used exclusively for travel may be ordered, activated, and secured for use only when traveling to ensure there is a cardholder among the emergency responders