

**CITY OF BOWLING GREEN
PROCUREMENT CARD
POLICY AND PROCEDURES**

SECTION 1 – INTRODUCTION

The City of Bowling Green Procurement Card Program is designed to improve efficiency in processing low dollar purchases from any vendor that accepts Visa. Most suppliers currently paid through the purchase order and invoice system will accept procurement cards for payment.

This program will allow the cardholder to purchase approved commodities and services directly from authorized vendors. Each procurement card is issued to a named individual, and the City of Bowling Green is clearly shown on the card as the governmental buyer of the goods and services.

A. ELIGIBILITY

To be eligible to receive a procurement card, an individual must:

1. Be approved by the Senior Manager of the Department; and,
2. Be a full-time employee; and,
3. Have job responsibilities that require at least one of the following:
 - Small-dollar, routine business-related purchases;
 - Make emergency purchases and/or purchases after normal business hours;
 - Designated as the departmental Purchase Order Employee (POE);
 - Make travel arrangements for the department/division; and/or
 - Frequently travel for business.

B. SPENDING CONTROLS

The procurement card system simplifies the procurement/disbursement process. Procurement responsibility is delegated to the ordering department enabling an authorized cardholder to place an order directly with the vendor. Authorized procurement cardholders shall have a \$2,500 limit per transaction and a \$5,000 limit per month.

Any exceptions to these spending limits must be approved by the respective Senior Manager and the Assistant City Manager/Chief Financial Officer (ACM/CFO).

C. RESPONSIBILITIES

The following is a summation of the responsibilities of the individuals and departments involved in the Procurement Card system.

1. CARDHOLDER

- Thoroughly review Policy & Procedures and sign Employee Acceptance Form
- Hold and secure procurement card
- Order materials and services
- Obtain sales receipt or other acceptable documentation at time of purchase
- Review receipt for tax exemption and take appropriate action to ensure City's tax exemption is honored
- Submit sales receipt and general ledger account information to POE
- Identify charges to be disputed
- Report accidental misuse to appropriate Senior Manager and departmental POE
- Attend required training sessions

2. POE

- Electronically scan receipts to department folder on weekly basis
- Monitor budget allocation and charges
- Perform online maintenance of general ledger accounting, including verification of appropriate general ledger account per charge and purchase description
- Assist cardholders with disputed items
- Collect cards from cardholders who end or transfer employment
- Review and reconcile monthly statement
- Obtain Senior Manager approval for each procurement card transaction
- Report misuse of card to appropriate cardholder and appropriate Senior Manager
- Attend required training sessions

3. SENIOR MANAGER

- Review monthly statement and approve each procurement card transaction via online website by scheduled deadline, or assign to designee
- Approve procurement cards for designated employees
- Approve spending limit changes for department cardholders
- Set departmental spending limits within established policy guidelines
- Notify ACM/CFO and Program Administrators of terminated or lost/stolen cards
- Recommend appropriate action to Human Resources for misuse of card

4. HUMAN RESOURCES

- Review Senior Manager action recommendations regarding misuse of procurement card and advise or recommend alternatives
- Maintain appropriate disciplinary documentation in personnel file

5. ASSISTANT CITY MANAGER/CHIEF FINANCIAL OFFICER OR DESIGNEE

- Maintain procedures and cardholder guides/manuals
- Maintain Merchant Category Classification (MCC) Code availability
- Participate in billing dispute resolutions as necessary
- Preapprove and authorize all gift certificate purchases
- Monitor and periodically audit transactions to confirm policy compliance

6. PROGRAM ADMINISTRATOR(S) AND/OR DESIGNEE

- Coordinate issuance and cancellation of cards
- Coordinate online maintenance transaction updates and approval deadlines with POEs and Senior Managers
- Monitor policy compliance and recommend improvements to plan
- Provide training to Cardholders, POEs and Senior Managers on Policy & Procedures, online maintenance, transaction approvals and new features
- Monitor use of temporary procurement cards
- Process approved procurement card updates, such as request of new cardholder and transaction limit changes
- Import procurement card transactions from bank website to City financial system
- Monitor MCC usage and modify as necessary

SECTION II – PROCEDURES

A. ASSIGNMENT AND CONTROL OF THE PROCUREMENT CARD

1. REQUESTS FOR AND ISSUANCE OF PROCUREMENT CARDS

- a. Procurement cards will be issued to individual employees who frequently purchase goods and services in single purchase amounts of \$2,500 or less.
- b. The procurement card will have the employee's name, the City's name, the City's tax exemption number, the City's logo, and the expiration date.
- c. All requests for new procurement cards must be made by a Senior Manager.
- d. All requests for new cardholders or for changes to current cardholders will be made by submitting an electronic Request for Change form, approved by the respective Senior Manager and the ACM/CFO, which will be forwarded to the Program Administrator.
- e. When the Program Administrator receives a procurement card from the issuing card company for a cardholder, the cardholder will be required to accept the procurement card program conditions by signing the Employee Acceptance Form attached to the Procurement Card Procedures and attend an upcoming training session.
- f. The Program Administrator will notify the requesting department upon the issuance of all procurement cards.

2. LOST OR STOLEN PROCUREMENT CARDS

If a procurement card is lost or stolen, the cardholder must immediately notify US Bank at 1-800-523-9078 and the POE or department representative of the respective department. The POE or Senior Manager shall immediately or soon as reasonably possible notify the ACM/CFO and Program Administrator of the loss.

3. TERMINATION OR TRANSFER OF CARDHOLDER

- a. When an employee ends his or her employment or is transferred to another department, the Senior Manager or POE must collect the procurement card and cut it in half. The department must then submit the card to the Program Administrator along with a Procurement Card Change form. A copy of the form will be filed with procurement card records.
- b. If the department is unable to collect the procurement card when an employee terminates, the Senior Manager or POE of the department must immediately notify the ACM/CFO and Program Administrator. The Program Administrator will ensure that the card is canceled.

B. LIMITATION ON USE OF PROCUREMENT CARDS

1. CARDHOLDER USE ONLY

The procurement card may be used only by the employee whose name is embossed on the card. No other person is authorized to use the card without written and signed documentation from the cardholder.

2. CITY PURCHASES ONLY

Personal use of the procurement card is prohibited. Any such use will require immediate reimbursement and may result in disciplinary action and possible dismissal.

The City is liable for all charges made on the procurement card. However, the ultimate responsibility for use of the procurement card rests with the cardholder. Any intentional use of the card for personal and/or unauthorized purposes could be interpreted as fraud and disciplinary action may be taken, up to and including termination, in accordance with the City's Administrative Personnel Policy and Procedures Manual.

The following is a list of activities that may result in disciplinary action or loss of procurement card privileges, or both. This list should not be construed as all-inclusive:

- a. Any intentional purchase of alcoholic beverages or any substance, material or service which violates the City's policy;
- b. Allowing an unauthorized user to utilize the procurement card;
- c. Splitting a purchase to circumvent the dollar limitations set forth for the procurement card and purchasing policies;
- d. Using another cardholder's procurement card to circumvent the purchase limit assigned to either cardholder;

- e. Failure to provide approved documentation of purchases within specified time limits;
- f. Failure to report a lost or stolen procurement card;
- g. Failure to provide a receipt for purchases may result in the employee reimbursing the City for the purchase; and/or
- h. Failure to obtain pre-approval from ACM/CFO, or designee, for purchase of gift certificate.

Any incidence of unauthorized use of the procurement card (intentional or unintentional) shall be reported to the appropriate Senior Manager, as soon as the cardholder is made aware of the charge; whether that is immediately following the purchase, or upon receipt and review of the monthly procurement card statement by the department.

3. UNAUTHORIZED / UNVERIFIED PURCHASES

If the Senior Manager or ACM/CFO cannot be satisfied that the purchase was necessary and for official use, or the purchase of gift certificates was not preapproved by the ACM/CFO, the cardholder must provide either a credit invoice proving the item(s) was returned for credit or a personal check for the full amount of the purchase, plus interest and all other charges made by the procurement card company. Checks must be made payable to the “City of Bowling Green” and submitted to the Finance Department with an explanation and general ledger account number to credit.

Acceptance of the procurement card authorizes the City to withhold unauthorized expenditures from the employee’s pay until the unauthorized purchase has been reimbursed in full.

The Human Resources Director and City Manager shall be made aware of all such circumstances and any action taken by the supervisor as a result of the unauthorized use of the procurement card.

4. SALES TAX EXEMPTION

The City of Bowling Green is exempt from Kentucky state sales tax and state sales tax should not be charged by the vendor. Upon request, the Accounting Division will provide the vendor with a sales tax exemption certificate. If sales tax is charged, the cardholder should contact the vendor directly to request a credit.

C. PROCEDURES FOR MAKING AND PAYING FOR PURCHASES

1. DOCUMENTATION

All receipts / documentation must include the following minimum information:

- a. Vendor name,
- b. Date of purchase,
- c. Description and quantity of each item purchased,
- d. Per item costs, if available from the merchant,
- e. Total cost of the transaction,
- f. Cardholder name and card number,
- g. Gift Certificate documentation must include approval by ACM/CFO, reason and recipient(s) of gift certificate, and
- h. Food and meal purchases are allowable for City sponsored meetings and events. Food and meal purchases shall be documented with detailed receipts showing the food items purchased plus any tip, the reason for the meal, and a list of those in attendance.

If any of the above is not presented on the receipt or provided documentation, the Cardholder or POE must hand write the missing information.

2. TELEPHONE/INTERNET ORDERS

- a. The cardholder shall request the customer's copy of the invoice be sent with the order or provided by email or fax. Cardholder should review for accuracy and forward to POE. Packing slips are not sufficient documentation.
- b. Invoices should identify the merchandise purchased. If the merchandise is not sufficiently identified on the invoice provided by the merchant, the cardholder should describe the merchandise sufficiently for the Senior Manager to determine that the purchase was authorized and for business purposes.

3. MISSING DOCUMENTATION

If the cardholder does not have an invoice or other documentation of the transaction to support the purchase for the card statement, he/she must obtain a duplicate. Repeated incidents of missing documentation may result in the cancellation of the employee's procurement card and/or disciplinary action by the appropriate Senior Manager.

- a. If the cardholder is unable to secure a duplicate receipt, the Certificate of Lost Receipt form must be completed and signed by the respective Senior Manager. Acceptance of the form is at the discretion of the Senior Manager.

4. PAYMENT PROCEDURES

- a. Cardholder purchases item, secures receipt and forwards to Departmental POE with general ledger expense account number to be charged. Verifies no sales tax was charged.
- b. POE verifies general ledger account number and updates default expense account online through bank website and provides a description of purchase.
- c. POE, or designee, monitors procurement spending online throughout the month.

- d. POE reconciles monthly statement and verifies all expense accounts have been updated and transactions approved.
- e. Senior Manager, or designee, approves transactions electronically online through bank website.
- f. POE scans original receipts and forwards to Accounting for review and recordkeeping.
- g. Procurement Card statement is paid via ACH on a pre-determined basis each month and posted to the general ledger weekly.
- h. Program Administrator or designee uploads procurement card transaction import to the City's financial software to update the general ledger.

D. DISPUTES

1. If items purchased with the procurement card are defective, the cardholder must return the item(s) to the vendor for replacement or credit. If the vendor refuses to replace or correct the faulty item or service, the purchase will be considered in dispute.
2. The cardholder should then notify the respective departmental POE. The POE will notify the Program Administrator and initiate the dispute process via the bank's online website. Documentation of the disputed transaction should be forwarded to the Program Administrator for filing.

E. REVIEW OF PURCHASES BY DEPARTMENT

1. Because of their knowledge of the job responsibilities and requirements, Senior Managers of each department, or their designee, are required to review each procurement card expenditure (item purchased, amount and vendor) to ensure the goods and services were necessary and for official use.
2. When purchases are questioned, the Senior Manager, or designee will be responsible for resolving the issue with the cardholder.

F. INTERNAL CONTROLS

Procurement card records are subject to random auditing by the City's Internal Auditor to assure appropriateness of transactions and record keeping procedures.

City of Bowling Green, Kentucky
Employee Acceptance Form

Having read each page of the Policy and Procedure Manual and by signing the Employee Acceptance Form, I acknowledge a full understanding of my responsibility by accepting this procurement card.

Please Print Name: _____

Signature: _____

Signature of Witness: _____

Senior Manager Approval: _____

Date: _____