

CITY OF KENNEDALE



PROCUREMENT CARD PROGRAM POLICY

ORIGINALLY ADOPTED BY CITY COUNCIL: JANUARY 24, 2003

PREFACE

The Procurement Card Program Policy aids in establishing a more efficient, cost-effective method of purchasing and paying for small dollar transactions, as well as high volume, repetitive purchases. The Procurement Card Program is as an alternative to the traditional purchasing process (departmental purchase orders) for supplies, materials and travel. Furthermore, the Procurement Card can be used with any supplier that accepts MasterCard as a form of payment.

If used to its potential, the Procurement Card Program will result in a significant reduction in the volume of purchase orders and related documentation, including invoices and checks. In addition, corresponding work processes associated with ordering and check writing will be eliminated.

It is our intent to bring forth this policy to Council for review at least annually. In order to demonstrate that review, it will be custom practice for the governing board of a municipality to adopt a resolution to make the review an official public record.

SUBSEQUENT REVIEW & ADOPTION

JUNE 10, 2010
NOVEMBER 17, 2011
OCTOBER 3, 2012
OCTOBER 1, 2013
OCTOBER 13, 2014
OCTOBER 19, 2015

I. PURPOSE

The Procurement Card Program (herein referred to as the “Program”) is intended to streamline and simplify the Purchasing and Accounts Payable functions by eliminating waste and low value activities. The Procurement Card (herein referred to as the “Card”) is a tool that reduces transaction costs, facilitates timely acquisition of materials and supplies, automates data flow for accounting purposes and offers flexible controls to help ensure proper usage.

The Program is designed as an alternative to a variety of processes including petty cash, check requests and low dollar purchase orders. It is not intended to avoid or bypass appropriate procurement of payment procedures. Rather, the Program complements the existing processes available. The Card is a MasterCard credit card that is issued by JP Morgan Chase. Some minimal record keeping is essential to ensure the successful use of the Card. This is not an extraordinary requirement; standard payment policies require retention of receipts, etc.

This Procurement Card Program Policy provides information about the process, the types of purchases that can and cannot be made, records that must be maintained and reconciled for each cycle, and a variety of other program information.

Every time the Card is utilized, city funds are committed. Therefore, this is a responsibility that should not be taken lightly. **Each cardholder is responsible for all charges made to his/her specific card, and any intentional misuse or fraudulent abuse may result in disciplinary action, up to and including dismissal.**

The Card has no impact on personal credit. Although the Card lists an individual's name, the card is actually issued to the City of Kennedale.

II. DEFINITIONS

For the purpose of this policy the following definitions apply:

- A. Program Administrator – Individual who has a direct relationship with the Bank and is the City's point of control for the Program, monitors all usage of the card, and is the point of contact for any cardholder questions or problems. All procurement card requests, issues and cancellations must go through the Program Administrator. The Program Administrator and his/her designated assistant are knowledgeable on all the procedures in the Procurement Card Program Policy and are responsible for ensuring all cardholders are properly trained in the use of the Card before it is issued. The Program Administrator will also report to the City Manager any Cardholder infractions or potential infractions. **For the purposes of this program, the Director of Finance will serve as the Program Administrator, with the Accounts Payable Clerk acting as the designated backup until such time that the City Manager chooses to designate differently.** The Director of Finance is responsible for developing written guidelines on accounting, cash handling, and other financial matters in relation to the Program.

- B. Approver – The Department Head or his/her designee is responsible for designating cardholders and approvers. The Department Head shall designate which employees will be issued a card, and with the guidance of the Finance Department, determine what transaction and merchant limits shall apply to the Card’s use. The Department Head ensures that purchases are authorized and within City policies. Departments may implement more stringent internal authorization procedures that its cardholders must follow in order to make purchases with the Card. In addition, activity reports are available for additional review by the Department Head if so requested.
- C. Cardholder - Individual who has been issued the Card and who is authorized to make purchases in accordance with these procedures.
- D. Single Purchase/Transaction Limit - A dollar limitation of purchasing authority delegated to a Cardholder, which represents the maximum amount that can be charged to the Card for a single purchase or transaction. This dollar limit may vary from Cardholder to Cardholder.
- E. Cycle/Monthly Limit - A dollar amount limitation of purchasing authority delegated to a Cardholder, which represents the maximum amount that can be charged to the Card during a period of one calendar month. This dollar limit may vary from Cardholder to Cardholder.
- F. Vendor - A company from which a Cardholder is purchasing materials and/or equipment or services under the provisions of this procedure. Also referred to as supplier, merchant, etc.

III. PROCEDURES

- A. Obtaining The Card - Only full/part-time employees of the City of Kennedale are eligible to receive the Card. Contractors or temporary employees are **not** eligible, unless authorized by the City Manager.
 - 1) Department Head must request the Card via the *Procurement Card Enrollment Form (Appendix A)*.
 - 2) If needed, the Department Head may consult with the Program Administrator to determine appropriate transaction limits.
 - 3) The Program Administrator will request the issue of the Card from JPMorgan Chase.
 - 4) Upon receipt of the Card, the Program Administrator will conduct Cardholder training, and upon completion, the Cardholder will sign the *Procurement Cardholder Acknowledgement Form (Appendix B)*.

- 5) The new cardholder will also be instructed as to where he/she can find the Procurement Card Program Policy and Purchasing Policy for reference purposes.
- B. Activating The Card - The Cardholder must call (800) 316-6056 to activate the Card before using it.
- C. Authorized Use Of The Card - The Cardholder is responsible for the security of their Card, and the transactions made against it. When a Cardholder receives his/her Card, only that Cardholder is authorized to use that card. The Cardholder may make transactions on behalf of others in their Department. However, the Cardholder is responsible for all use of his/her Card. **At no time should the Cardholder loan or let other individuals utilize his/her card.**
- 1) The Card is to be used in the conduct of the City's business only. The use of the Card to acquire or purchase goods and services for other than official use of the City is fraudulent use and may subject the employee to disciplinary action, up to and including dismissal as specified in the City's Personnel Policy and/or criminal prosecution.
 - 2) The total value of a transaction shall not exceed a Cardholder's single purchase limit.
 - 3) The Cardholder will retain vendor's receipts and/or records of telephone, Internet, and/or mail orders and file for future reconciliation of the Card statement.
- D. Unauthorized Use Of The Card - The credit card shall **not** be utilized for any of the following:
- 1) Personal identification or purchases, to include the payment of spouse/family expenses incurred while traveling. Only City business expenses are allowable, and the Cardholder should pay personal expenses separately.
 - 2) A purchase that exceeds the Cardholder's single and/or monthly purchase limits;
 - 3) Cash refunds and advances;
 - a. When an item is returned, the vendor shall issue the Cardholder a credit, which should appear on a subsequent statement. **Under no circumstances should the Cardholder accept cash in lieu of a credit to the credit card account. However, should cash be received, a Cardholder must return it to the City. Otherwise, the City is authorized to deduct any applicable charges from the payroll of the employee if not otherwise reimbursed.**
 - 4) Any purchase of goods/services or at a merchant type not considered prudent or of good judgment;

- 5) Fuel and/or maintenance purchases on any **personal** vehicles whether for city purpose or not (city owned vehicles are authorized);
 - 6) Alcohol or liquor of any kind;
 - 7) Separate, sequential, and component purchases or any transaction made with the intent to circumvent the City's Purchasing Policy or state law;
 - 8) Any other purchase specifically excluded in the City's Purchasing Policy.
- E. Cardholder Revocation - The Card is subject to revocation at any time at the discretion of the Department Head. The Program Administrator, if not the Director of Finance, may also recommend to the Director of Finance and Department Head that the Card be revoked upon indication of any violation of the Procurement Card Program Policy. When a Card is revoked, changes are made on-line and take effect immediately. The Program Administrator is further authorized to temporarily suspend use of the Card via electronic methods if unauthorized use is discovered and such use poses a threat to internal financial controls.
- F. Cardholder Separation – Prior to separation from the City of Kennedale, the Cardholder shall surrender the Card and all current credit card receipts and documentation to his/her Approver. Upon receipt, the Approver will follow the steps outlined under Section VI: Cardholder Statement Review & Payment Submission, and then forward the Card to the Program Administrator to be destroyed.

IV. CARDHOLDER LIMITS

As part of a Cardholder's application, the Department Head will identify which levels of transaction and cycle spending limits best accommodates the department and City's business requirements. **Suggested levels** for limits are outlined below; however, selection may vary based on particular need or function.

<u>Position</u>	<u>Single Transaction Limit</u>	<u>Monthly Cycle Limit</u>
Line Staff	\$500	\$1,000
Supervisor	\$1000	\$2,500
Dept. Head	\$3,000	\$5,000
City Manager	\$3,000	\$25,000

V. CARDHOLDER PURCHASES

- A. Sales Tax - As a tax-exempt government agency, the City of Kennedale does **not** pay sales tax on applicable items. The City's sales tax identification number is provided on the face of the Card, and Cardholders can request a copy of the City's tax exemption certificate

from Accounts Payable should it be needed. Cardholders are responsible for ensuring that the vendor does not include sales tax in the transaction, unless an item is subject to sales tax. **If tax is included in error, the Cardholder may be responsible for reimbursing the tax amount to the City if it is not recovered from the vendor.** Contact Accounts Payable for questions in regards to which purchases are subject to tax.

- B. Returns - Each Cardholder is responsible for coordinating returns with the vendor and ensuring a proper credit slip is obtained. Credit shall be issued to the Cardholder account.
Under no circumstances should the Cardholder accept cash in lieu of a credit to the credit card account. However, should cash be received, a Cardholder must return it to the City. Otherwise, the City is authorized to deduct any applicable charges from the payroll of the employee if not otherwise reimbursed.
- C. Point Of Sale Decline - Should a Cardholder be declined at the point of sale for any reason, please contact either the JP Morgan Chase Bank Customer Service Center 24 hours a day, 7 days a week at (800) 316-6056 or the Program Administrator. Every effort will be made to determine why the transaction was declined.
- D. Restricted Vendors - The Program may restrict certain types of vendors based on their use. The restriction of vendors is accomplished by the Program Director upon the Cardholder's application; therefore, if you present the Card for payment to any of these "opted-out" vendors, the authorization request will be declined. Should an authorization request be declined, please contact either the JP Morgan Chase Bank Customer Service Center 24 hours a day, 7 days a week at (800) 316-6056 or the Program Administrator. Once it is determined that the authorization request was denied due to vendor type/use restriction, the Program Administrator will work with the Cardholder to ascertain whether or not the restriction should remain or be lifted.
- E. Vendor Refusal Of Card - Vendors are to be encouraged to become involved in the Program so that Cardholders can leverage their purchasing efforts most effectively. Vendors may contact their local bank or financial institution to become credit card capable. For those vendors that are unwilling to participate in the Program, alternative sources should be found. Cardholders may also feel free to make contact with any vendors he/she would like to begin accepting the Card.
- F. Errors & Disputes - In the case of an error, first contact the vendor directly and try to reach an agreement. Most disputes can be resolved in this manner. If you are unable to reach an agreement with the vendor, complete a *Procurement Card Transaction Dispute Form* and send it to JP Morgan Chase Bank. All disputes must be submitted in writing to JP Morgan Chase Bank within **sixty (60) days** of the statement date via the following:
 - 1) Fax (847) 931-8861; or

2) Mail to: JP Morgan Chase Commercial Card, Attention: Disputes Department, PO Box 2015, Elgin, Illinois 60121.

G. Lost Or Stolen Cards - If a card is lost or stolen, **both** JP Morgan Chase Bank's Customer Service and the Program Administrator should be notified immediately. The Customer Service Center is available 24 hours a day, 7 days a week and can be contacted at (800) 316-6056. A *Procurement Card Lost/Stolen Card Notification Form* should also be completed as soon as possible and submitted to the Program Administrator. A new card shall be promptly issued to the Cardholder after the reported loss or theft. A card that is subsequently found by the Cardholder after being reported lost shall be destroyed.

VI. CARDHOLDER STATEMENT REVIEW & PAYMENT SUBMISSION

Each Cardholder is responsible for the accurate review of his/her monthly statement, as well as the timely submission to Accounts Payable with all appropriate signatures, supporting receipts and documentation to pay his/her bill.

Monthly, each Cardholder will receive a statement(s) from Accounts Payable identifying each transaction made against the Card during the prior billing cycle. While the cycle cut-off date may vary, it generally occurs during the **first week of every month (5th)**. The City of Kennedale is required to pay JP Morgan Chase Bank in full each month **no later than the 30th calendar day after statement close** for all purchases made during the prior billing cycle. Therefore, please pay specific attention to the request deadline stipulated by Accounts Payable upon initial dissemination of the statement.

The statement (with attached receipts/documentation) must be reconciled against Cardholder retained receipts/documentation, signed by the Cardholder as proof of reconciliation, and then forwarded to the Department Head or his/her designee for approval.

Always obtain a receipt when using the Card. Furthermore, detailed receipts must be presented for all meal reimbursements (i.e., credit card charge slip will **not** be considered adequate documentation). Alcoholic beverage purchases are strictly prohibited from card usage, and the purpose of the business meal, and the names of those in attendance must also be indicated.

If the Cardholder misplaces or loses a receipt or is unable to provide adequate details concerning a purchase, a *Missing Or Lost Receipt Form* must accompany the Cardholder's request for payment. Recurring instances of misplaced or lost receipts may result in the revocation of Cardholder privileges. Furthermore, the Cardholder will be responsible for reimbursing the City of Kennedale for all applicable charges, and the City is authorized to deduct any applicable charges from the payroll of the Cardholder if not otherwise reimbursed.

NOTE: During the month of September, purchases may be restricted to facilitate the Fiscal Year end closing. It is imperative that careful planning is done to ensure that appropriate levels of supplies are on hand to last until the beginning of the new Fiscal Year.

VII. CARDHOLDER RECORD KEEPING

- A. Any Means - Whenever a credit card purchase is made, either over-the-counter or by other means, documentation shall be obtained as proof of purchase. Such documentation will be used to verify the purchases listed on the Cardholder's monthly statement of account.
- B. Over-the-Counter - When the purchase is made over-the-counter, the Cardholder shall retain the invoice and "customer copy" of the charge receipt. The Cardholder is responsible for checking that the vendor lists the quantity and fully describes the item(s) prior to the Cardholder signing the slip.
- C. Internet - When the purchase is made over the Internet, the Cardholder shall print a copy of the receipt and order confirmation before exiting the site.
- D. Telephone - When a purchase is made over the telephone, the Cardholder shall have the vendor fax them a copy of the receipt.
- E. Mail - When the purchase is made by mail, the Cardholder shall retain all confirmations and shipping documentation.

VIII. CARDHOLDER SECURITY

It is the Cardholder's responsibility to safeguard the Card and account number to the same degree that a Cardholder safeguards his/her personal credit information. A violation of this trust may result in that Cardholder having his/her card withdrawn and possible disciplinary action.

If a card is lost or stolen, **both** JP Morgan Chase Bank's Customer Service and the Program Administrator should be notified immediately. The Customer Service Center is available 24 hours a day, 7 days a week and can be contacted at (800) 316-6056. A *Procurement Card Lost/Stolen Card Notification Form* should also be completed as soon as possible and submitted to the Program Administrator. A new card shall be promptly issued to the Cardholder after the reported loss or theft. A card that is subsequently found by the Cardholder after being reported lost shall be destroyed.

A Cardholder may have two (2) cards replaced due to loss. Any additional requests may result in the revocation of Cardholder privileges. If a Cardholder is determined to be negligent in regards to security, replacement cards will not be issued.

IX. JP MORGAN CHASE

- A. Payment - The Card is a corporate pay arrangement with JP Morgan Chase. Account balances will be **paid in full each month no later than the 30th calendar day after statement close**. The Program Administrator will receive a centralized statement detailing all Cardholder activity. A copy of the centralized statement will be provided to each applicable Cardholder to review, complete the appropriate form, obtain appropriate signature(s) and return all attached receipts and documentation. Accounts Payable will designate a pay request deadline to Cardholders upon initial dissemination of the centralized statement in order to ensure payment will be made to JP Morgan Chase as agreed. Cardholders should **not** receive a separate cardholder statement directly from JP Morgan Chase. Should this occur, please disregard the statement and notify Accounts Payable.
- B. Audit – All cardholder activity is subject to audit by Corporate Audit, the Program Administrator, his or her designee, Approvers, and any other appropriate City of Kennedale personnel or outside audit firm. Audits help ensure adherence to the Program's policies and procedures.
- C. Customer Service – There are several methods or avenues available for assistance.
- 1) For Individual Cardholder: The Program is serviced using a team approach with JP Morgan Chase Bank's Customer Service Center, which can be reached at (800) 316-6056. This center is available 24 hours a day, 7 days a week to assist the Cardholder with general questions about the procurement card account. If a card is lost or stolen **both** Customer Service and the Program Administrator should be notified immediately. A *Procurement Card Lost/Stolen Notification* Form should also be completed as soon as possible and submitted to the Program Administrator.
 - 2) For Program Administrator Only: The Program Coordinator Service Team for the State of Texas is a specialized group that provides service strictly to Program Administrators and helps with day-to-day activities and updating of Merchant Account Code (MAC) authorizations. This group can be contacted at (888) 508-9758, (888) 297-0785 fax, or email ccs-public-sector@jpmchase.com. The Program Coordinators are available from 7:00 AM to 6:00 PM CST. When calling the Program Coordinators, please be prepared to provide a Company Number, Agent Number and Security Identifier. **Individual Cardholders should not utilize this phone number.**
 - 3) For Program Administrator Only: Client Application Support provides assistance with the Smart Data On-Line software application. This group answers questions about functionality, resets Program Administrator passwords and helps trouble shoot any other application related issues. Client Application Support can be contacted at (877) 967-1100, Option 2.

X. ANNUAL REVIEW

The Director of Finance shall, at a minimum, submit proposed amendments of this policy to the City Council annually.



CITY OF KENNEDALE
PROCUREMENT CARD ENROLLMENT FORM
(Appendix A)

I. EMPLOYEE/CARDHOLDER INFORMATION

Name: Social Security (Last 4 Only):
Department/Division: Mother's Maiden Name:
Date of Birth: Office Phone:

II. CARD LIMITS: MAXIMUM PURCHASE LIMITS: Please note that these are "suggested" levels based on position; however, selection may vary based on particular need or function.

Table with 3 columns: Position, Single Transaction Limit, Monthly Cycle Limit. Rows include Line Staff, Supervisor, Dept Head, and City Manager.

Single Transaction Limit Requested:

Monthly Cycle Limit Requested:

Department Head Name:

Department Head Signature: Date:

II. CARD ORDER & RECEIPT

Date Ordered: Who Ordered:

Date Received:

Cardholder's Name as it Appears on the Card:

Card Number: Expiration Date:



CITY OF KENNEDALE
PROCUREMENT CARDHOLDER ACKNOWLEDGEMENT FORM
(Appendix B)

I understand that the general use of the City of Kennedale credit card for small purchases is a standard procedure of the City.

- 1) I will be expected to use the credit card issued to me as directed by the provisions of the City's Procurement Card Program Policy.
- 2) I will not permit another person to use the credit card issued to me. Any such purchases made with my card will be considered to be made by me and my responsibility.
- 3) I will be responsible for the safe keeping of the credit card issued to me and if lost or stolen, I will report its loss immediately to **both** JP Morgan Chase Bank's Customer Service and the Program Administrator (Finance Department).
- 4) I understand that my personal credit will not be affected by any use of the City of Kennedale's credit card.
- 5) By accepting the Card, I recognize that I may be subject to periodic internal control reviews and audits designed to protect the interests of the City, and I agree to comply with these reviews and audits.
- 6) In the event of termination of employment whether for retirement, voluntary separation, resignation or dismissal, I also agree to surrender and cease use of the Card. In addition, I must surrender and cease use of the Card in the event of transfer or relocation.
- 7) I may also be asked to surrender the Card at any time deemed necessary by management.
- 8) The use of a City credit card to acquire or purchase goods and services for other than the official use of the City is fraudulent use. An employee guilty of fraudulent use will be subject to disciplinary action, up to and including dismissal.
- 9) I agree that any reimbursement owed the City may be deducted from my wages as outlined in the City Procurement Card Program Policy.

By signing below, I acknowledge that I have read and agree to the terms and conditions of this document, as well as the City of Kennedale's Procurement Card Program Policy.

Employee Name: _____

Employee Signature: _____

Date: _____



CITY OF KENNEDALE
PROCUREMENT CARD LOST/STOLEN/FRAUD NOTIFICATION FORM
(Appendix C)

Cardholder's Name: _____

Card Number: _____

Card Was (Please Check One):

- Lost
Stolen
Other (Describe): _____

Describe How Card Was Lost/Stolen: _____

Was Police Report Filed (Circle): Yes or No

If Yes: Department: _____

Report Number: _____

Credit Card Company Notified: Date: _____

Time: _____

Cardholder's Signature: _____

Date: _____

Finance Director's Signature: _____

Date: _____



CITY OF KENNEDALE
PROCUREMENT CARD TRANSACTION DISPUTE FORM
(Appendix D)

Cardholder's Name: _____ Card Number: _____

Cardholder's Signature: _____ Date: _____

Vendor Name: _____

Statement Date: _____ Transaction Date: _____

Transaction #: _____ Posting Date: _____

Amount Disputed: _____

There is a difference in the amount I authorized, and the amount I was billed (a copy of your charge must be attached).

I only transacted one charge and I was previously billed for it (date of previous charge _____).

The above transaction is mine but I am disputing the transaction (please state your reasons why in detail).

_____ I do not recognize the above transaction.

I have received a credit voucher for the above transaction, but it has not yet appeared on my account (a copy of the credit voucher must be attached).

My account has been charged for the above transaction, but I have not received the merchandise. The details of my attempt to resolve the dispute with the vendor and the vendor's response are indicated below.

Attach the completed form to your monthly statement for review and approval by your Approving Supervisor and Accounts Payable.