



City of Topeka Policy

Procurement Card

PROCUREMENT CARD POLICY

Purpose: To establish a policy for use of the City of Topeka Purchasing Card, hereafter called P-Card, to enable P-Card holders to quickly and efficiently purchase goods and services.

Applicability: To all City employees.

Effective Date: October 10, 2006

1. INTRODUCTION

The purpose of this Policy is to communicate procedures for use of the City of Topeka Purchasing Card, hereafter called P-Card, to enable P-Card holders to quickly and efficiently purchase goods and services valued at less than \$2,000.00.

- A. All purchases made with the P-Card will be on behalf of the City of Topeka. Purchasing on behalf of the City requires special sensitivity on the part of the purchaser to obtaining fair and reasonable prices, spreading purchases among many suppliers, including small, disadvantaged, and women-owned businesses, and adhering to strict ethical behavior.
- B. Individual user profiles are established for each employee, hereinafter referred to as “cardholder” for the P-Card program. Under the account cycle controls, dollar limits are established for each cardholder based on the nature of the work performed and as stipulated by the department head:
 1. Total Cycle Dollar Limit per month
 2. Maximum Number of Daily Transactions
 3. Maximum Dollar Amount per Transaction (cannot exceed \$2,000.00 per transaction). *Note:* The dollar amount is set per cardholder. Not all cardholders have the maximum of \$2,000.00 per transaction.
- C. Cardholders will use a P-Card for small dollar purchases and for travel expenditures. When using the P-Card for travel, the employee is limited to the total cycle dollars available for the period. This includes all small dollar purchases made by the cardholder within the billing period. Most hotels bill



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within the maximum dollar amount per transaction parameters; *i.e.*, each night's accommodations are sometimes billed as separate transactions.

2. DISCIPLINE FOR MISUSE

Misuse of the P-Card is a violation of the City of Topeka Code and this Policy and will be treated accordingly. In an effort to administer fair and uniform procedures among all City departments, the following progressive discipline process will apply to misuse of City issued bankcards (P-Card) by cardholders and their approving officials.

1 st Misuse	Documented verbal counseling and re-signing of cardholder agreement.
2 nd Misuse	Written counseling and P-Card privilege revoked for a minimum of six (6) months.
3 rd Misuse	A three-day unpaid suspension and P-Card privilege permanently revoked.
Theft (personal purchases)	Request for termination of employment will be sought through the Human Resources Director.

The Financial Services Department may suspend, deactivate or revoke a P-Card at any time it is deemed in the best interest of the City of Topeka, including during an investigation of possible misuse. Union contracts, where applicable, will be followed with regard to discipline.

3. OBTAINING YOUR P-CARD

Before a cardholder can receive a P-Card and be authorized to make purchases on behalf of the City of Topeka, the cardholder will be required to attend a training class, read and understand the instructions in this manual, and sign a Cardholder Agreement for the City of Topeka P-Card. Signing of the Cardholder Agreement indicates that the employee understands and agrees to follow the P-Card Policy.

4. LIMITATIONS

The cardholder's name will be embossed on a unique City of Topeka P-Card that is designed to prevent confusion with personal credit cards. Use of the P-Card is conditional on cardholder's careful adherence to the following limitations:

- A. All purchases must be made by the cardholder. No member of cardholder's staff, family, no cardholder supervisor, or anyone else may use this card.



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- B. The P-Card **must not** be used for personal purchases, including those which are subsequently reimbursed by the cardholder, *i.e.*, airfare or other travel expenses for non-City employees.
- C. Cardholder must protect the security of the P-Card and the P-Card number.
- D. Cardholder must not exceed the established transaction limit. The transaction limit is determined by the department/division during the application and approval process. A written request to raise a cardholder's transaction limit must be approved by the department head.
- E. Cardholder must not split purchases to circumvent transaction limit or to circumvent competitive bidding thresholds.
- F. Cardholder must not pool cards of multiple cardholders to circumvent transaction limits or competitive bidding thresholds.
- G. Cardholder must not accept any gift or gratuity from any source when it is offered or appears to be offered to influence decisions regarding P-Card purchases.
- H. Conference and seminar registration fees are allowed to be billed on a P-Card. However, the name of person, purpose of trip, dates traveling and destination must be included in the supporting documentation as well as included in the comments section of the transaction log.
- I. If a cardholder has questions about the limitations on P-Card usage, the cardholder should contact the department/division P-Card Coordinator or a Contracts and Procurement buyer before proceeding with the transaction.

5. USING THE P-CARD

The P-Card may be used to make transactions over-the-counter, by mail, via telephone, or over the Internet. The cardholder is required to account for all transactions made using the P-Card. This includes maintaining original, detailed receipts (printed confirmations of Internet transactions) and reconciliation of all transactions to the monthly statement. Such original documents should be filed in a central work location designated by the cardholder's department/division head, and must be accessible for audit purposes.

6. REQUIRED PROCEDURES

- A. Planning Transactions



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1. Know the limitations of the P-Card.
2. Review the prohibited purchases listed on the cardholder agreement.
3. Give fair treatment to all suppliers and assure that the price paid is reasonable by checking the market on a regular basis.
4. Each P-Card transaction should have supporting documentation that shows the purchase detail, including total amount charged by item, and which specifically supports the business purpose of the purchase. The documentation should include sufficient information to assure that the transaction was a valid City of Topeka business-related purchase delivered under virtually all circumstances to a City of Topeka location, and the purchase must be relative to the City's operating needs.

B. Conducting the Transaction

1. Make sure to get the best price possible and that all aspects of the transaction are fully understood by inquiring as to the availability of discounts, quantity breaks, cost of delivery, packaging, etc.
2. Transactions are classified as either commodities or services. Commodities are acquisitions of tangible goods. All non-tangible purchases are deemed to be the purchase of services.
3. Services may fall under the Federal Guidelines for 1099 Reporting. When acquiring services from a non-incorporated firm, the employee must obtain the following information before beginning the labor service:
 - a) The provider's Federal Tax Identification Number (which may be the individual's Social Security Number); and
 - b) Business name, business address, and business phone number(s). This information shall be provided to the Financial Services Department.
4. Ensure that the price paid is fair and reasonable.



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C. Over-the-Counter Transactions

1. Select items to be purchased and present them and the P-Card to the supplier.
2. Advise the Supplier that the purchase is non-taxable. Be prepared to provide the City's tax exemption certificate, issued by the State of Kansas. The City's tax-exempt number as issued by the State of Kansas is noted at the top of the P-Card. It is the cardholder's responsibility to act as an agent of the City to ensure the proper use of the City's sales tax exempt number.
3. Verify that the dollar amount is correct and that sales tax is not included and sign the sales ticket.
4. Retain a copy of the detailed, signed sales ticket, as well as all related invoices and receipts for reconciliation and filing.
5. If a purchase is denied, it may be that the dollar amount of the transaction exceeds the transaction or cycle limit on the card, or that the cardholder's card is not authorized for the transaction code that applies to the purchase being made.

D. Mail, Telephone and Internet Transactions

1. Provide your name, P-Card number and expiration date on the account, and the appropriate shipping address. In some instances, merchants will require the cardholder to furnish the three-digit security code located on the back of the card.
2. Advise the supplier that the purchase is non-taxable. Furnish a copy of the City's tax exemption certificate.
3. Determine the best method of shipping and provide instructions to the supplier.
4. Request that the supplier mark on the sales invoice, Terms of Sale – "FOB Destination" or "FOB Origin" if the City is paying the freight on a collect basis. (FOB is a shipping term-meaning "free on board.") This will make



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the supplier accountable for any loss or damage while the item is being transported.

5. If you must accept FOB terms other than FOB Destination, Prepaid and Allowed; FOB Destination, Prepaid and Added; or FOB Origin, and loss or damage occurs during shipping, the City (cardholder) must resolve the issue with the freight carrier and may incur additional costs.
6. Instruct the supplier to write the cardholder's name and the term "P-Card" on all shipping documents.
7. When goods are received, retain all sales receipts and packing slips to aid in reconciliation.
8. Payment through electronic payment services (i.e., PayPal) should be reviewed more critically. **Note:** There have been documented cases of credit card fraud through these payment services, so double check any payments to vendors who use electronic payment services to process payments, rather than the normal credit card vendor that takes credit card payments directly.
9. **Never provide your card number to any person or entity making the request when you did not initiate the transaction. Never respond to unsolicited offers.**

E. Conference Registrations and Continuing Education

1. Payments for conferences registrations and continuing education are exempt from the transaction limits set for in the Limitations section of this Policy. This exemption applies only to conference registrations and continuing education and permits a cardholder to register or enroll more than one employee on the same date to the same provider and exceed the transaction limits usually applicable to the cardholder's card.

7. RETURNS, DAMAGED GOODS, CREDIT

- A. If the cardholder determines that the material is damaged, substandard or incorrect, the cardholder must notify the supplier that the item needs to be returned. ***Request an address to ship to and a return authorization number.***



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- B. Request that the supplier process a credit to the cardholder's P-Card.
- C. Record the dispute to the original transaction. This reference will be used during the reconciliation process to identify that those goods have been returned for credit.
- D. Ensure that the credit appears on the next periodic report from the P-Card provider bank. If the credit does not appear, notify the supplier and the department's P-Card Coordinator.

Note: If the goods were purchased locally, the cardholder may return the merchandise in person and have the supplier provide a credit receipt. If cardholder returns the item back to a local merchant, follow instructions above.

8. RESOLVING DISPUTES WITH SUPPLIERS

- A. Cardholder is charged for an item incorrectly, the cardholder must contact the supplier and attempt to resolve the problem. Document any communication, the dates, the persons involved and a brief description of the problem.
- B. If the cardholder is unable to resolve the dispute with the supplier, the cardholder must complete the VISA P-Card Dispute Form and fax to the P-Card provider bank. Send a copy to the department's P-Card Coordinator, who will maintain a file for all the department's dispute forms.
- C. If the statement is not correct, notify the supplier and the departmental P-Card Coordinator.

9. RECONCILING YOUR P-CARD MONTHLY STATEMENT

- A. Reconciliation of the P-Card transactions to the periodic bank statement must be completed within three (3) business days of the periodic statement date.
- B. The P-Card holder and the reconciler are to be different individuals in all circumstances. This is a basic separation of duties and is essential to assure that each transaction on a P-Card has a compensating independent review.
- C. Each reconciler has a personal obligation to question and report purchases that do not appear to be in the best interest of the City. This is not an easy task for many, because of the reporting relationships involved in most cases and the potential for



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retribution in extreme circumstances. However, misuse of a P-Card or using it for non-City purposes is a violation of this Policy. **Not reporting such situations is also a violation of this Policy.**

- D. If you are an approving official, be sure to PERSONALLY approve and document your approval of P-Card purchases. Don't informally delegate the approval responsibility to another person, and be sure to verify each purchase before authorizing approval. **Remember that the approving official is accountable for any unauthorized P-Card purchases that they are approved and subject to discipline for misuse.**
- E. The approving official is to be the P-Card holder's Supervisor. In no circumstance, can the P-Card holder supervise the approving official.

10. ADMINISTRATION

- A. Any transaction not reconciled within three (3) business days of the periodic statement date will be force-reconciled by the P-Card Administrator. The reconciliation will be made to the default account.
- B. The P-Card Administrator, Contracts & Procurement Director, City Controller, and the Finance Director have the authority to suspend, deactivate or revoke P-Cards from cardholders that do not reconcile their accounts according to this Policy.
- C. Financial Services Department will conduct random audits of P-Card transactions.

11. ACCOUNTING FOR LOST OR STOLEN P-CARDS

A. Requirement

If a P-Card has been lost, stolen or a cardholder's account number has been compromised in a fraudulent manner, the cardholder must notify the P-Card provider bank and departmental P-Card Coordinator immediately. If stolen, the cardholder must also contact the Police to file a theft report.



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12. CHANGING CARDHOLDER INFORMATION AND USAGE

A. Requirement

1. If the cardholder changes his or her name, business address, or default charge code; moves to another organization within the City; or terminates employment with the City of Topeka, he or she must notify the departmental P-Card Coordinator immediately.
2. Contact the P-Card Coordinator if the cardholder moves to another department within the City of Topeka.
3. Return the P-Card to the P-Card Coordinator before terminating employment with the City of Topeka.

13. WHERE TO GET HELP?

If cardholders, coordinators or authorizing officials have questions, concerns or changes of information concerning the cardholder's profile or usage, they should contact the P-Card Administrator at 368-3749.

14. DEFINITIONS

P-Card Coordinator – An individual who is responsible for P-Card administration for a division or department. The coordinator must be conversant with the Policy, reconciliation software, reconciliation process and approval process.

THIS POLICY SPECIFICALLY REPEALS AND REPLACES PRIOR CITY POLICIES AND ADMINISTRATIVE MEMORANDA RELATIVE TO THE PURCHASING CARD.

Approved:

Norton N. Bonaparte, Jr., City Manager

September 26, 2006