

City of Urbandale
Procurement Card Program Policy and Procedures Manual
Adopted April 5, 2011

It is the intent of the procurement card program to provide users with an effective and efficient way to simplify and expedite the process of paying numerous vendors for approved purchases while ensuring compliance with purchasing policies. This type of program is designed as an alternative to the traditional purchasing process reducing the volume of invoices and checks processed. The use of procurement cards shall be in compliance with all other city policies, and in no way implies that normal rules of the City of Urbandale's Purchasing Policies and Procedures Manual do not apply to items purchased with the cards. It is the responsibility of each cardholder to be aware of and comply with these policies.

1. CARD ISSUANCE

Each department director may request that a card(s) be issued for their departmental use. Each card will include the department's name along with the City's name and Tax Exemption number. Each department shall bear all costs associated with the use of the card. Each department director will determine when an employee will be allowed to use their department's procurement card, and that employee will be required to complete a Procurement Card Cardholder Agreement prior to using the card. The City-issued procurement card may be used for any budget authorized purchases, including:

- Purchase of materials/equipment for City work via the internet when no other purchase option is available
- Payment for travel and conference fees for City staff and City Council, however:
 - Food/beverage or entertainment purchases are NOT allowed
 - No cash advances shall be allowed with the procurement card
- Purchases requiring immediate payment and the City is unable to issue a check for the purchase. Prior approval from the Finance Director or his/her designee is required.
- Other uses specifically approved

If the vendor being used already has, or will allow for the City to be billed directly through in-house charge accounts, then the procurement card should not be used for that vendor.

The initial credit card limit shall not exceed \$5,000 per card. This limit may be adjusted by the Finance Director should the purchase or anticipated expense exceed more than \$5,000, but less than \$10,000. The cards may be used for purchases over \$10,000, but in compliance with purchasing policy requirements, the item does require Council approval prior to purchase.

The Commerce Bank system allows for merchant category blocking. If a particular merchant category is blocked (e.g., jewelry stores), and an employee attempts to use the card at such a merchant, the purchase will be declined. Management has made an effort to ensure that the vendors/suppliers used during the normal course of business are not restricted. If the card is refused at a merchant and the employee believes it should have been accepted, call the Finance Director.

Each individual issued a procurement card will be required to sign a Procurement Card Cardholder Agreement, which is an affidavit acknowledging responsibility for the safe keeping and proper use of the card. Upon employee termination or resignation, the procurement card shall be returned to the Department Coordinator or Finance Director. Final paychecks for terminated employees can not be processed until all purchases made with the terminated employee's card are reconciled.

Any card may be withdrawn from the program for real or suspected misuse or noncompliance. All card activity will be subject to internal and external audit for compliance with this policy.

Lost or stolen cards must be reported immediately to Commerce Bank Customer Service Center at 800-892-7104. Immediately after reporting to Commerce, you must inform the Finance Director at (515) 331-6701. Any cost associated with the replacement of cards will be bore by the responsible employee. The card will be automatically suspended and a new card will be sent to the Finance Director. **It is extremely important to act promptly in the event of a lost or stolen card to avoid company liability for fraudulent transactions.** As with a personal charge card, you will no longer be able to use the account number after notifying the bank. A new card should be issued within one week of notice to Commerce Bank.

2. ROLES AND RESPONSIBILITIES

Department Coordinator: Each Department shall have a procurement card Department Coordinator appointed by the Department Director. The Department Coordinator is the primary contact person for the Finance Director, the Accounts Payable Clerk, and the card provider for all accounts in the department that he or she represents. It is the responsibility of the Department Coordinator to:

- ensure that the cardholders review their statement and submit their receipts.
- ensure that all costs are allocated, online reporting is complete, and documentation is returned to the Finance Department by the 4th of the month.
- work with cardholders within their departments to ensure the resolution of disputes in accounts within his or her department.
- notify the Finance Director when a cardholder in his or her department is no longer eligible for the program or will no longer be participating in the program.
- to report any variances from program policies to the Finance Director.
- keep all department cards in a safe location.

Cardholders: Each Department may grant access to their designated cards to employees within their department. Any employee requesting use of the card must sign a Procurement Card Cardholder Agreement prior to being entrusted with a card. It is the responsibility of each cardholder to:

- know and to comply with procurement card program policies and procedures, as well as ensure purchases are made in accordance with the City's purchasing policies, including bidding requirements.
- keep informed about policy and procedure revision information.
- keep the card in a safe and restricted location at all times.
- ensure that items purchased are for appropriate business expenses only.
- ensure that funds have been properly budgeted and are available to pay for the items and/or services being purchased.
- notify the vendor that the purchase is tax exempt and to ensure that such taxes are not added to the prices of items and/or services purchased.
- instruct the vendor to include the required information on the shipping document.
- verify that the quantity and quality of the items and/or services purchased are in compliance with the agreement, whether verbal or written, with the vendor.
- ensure that all disputes are resolved in accordance with the program guidelines.
- report any discrepancies between the shipping/order documents and transaction receipts to his or her Department Coordinator immediately.
- report any variances from program policies to the Finance Director.
- procurement cards must not be used by anyone other than the assigned cardholder. The authorized cardholder can make purchases for other employees, but should not "loan" their card to anyone.

3. RECONCILIATION OF CHARGES

Purchases using the procurement card may be made by telephone, fax or secure internet sites. Precautions shall be made in all cases to insure security and protection from theft or unauthorized use. When using the card for orders placed via phone, fax or mail, or online, you must request a receipt, detailing merchandise

price, sales/use tax, freight, etc. be included with the goods mailed/shipped. (Note: a merchant should not reject this request, as it is a VISA policy). Each transaction shall reflect the appropriate procurement card number, expiration date, signature of user and detailed invoices (receipts). Some card “swipe machines” only indicate account number and total amount, in these situations; the cash register detailed receipt is also required. The receipts will be subject to audit, so an independent person should be able to tell exactly what was purchased without verbal explanation.

The detailed vendor sales receipt for each transaction shall be submitted to the Department Coordinator when the card is turned in after use, or by month end, whichever is earlier. All receipts are to be reviewed, approved and the appropriate account number coding recorded. Receipts that are smaller than a full sheet of paper should be taped to a full sheet of paper so they are ready for scanning after processing. General ledger coding, descriptions and vendor information are required to be completed using the Commerce online system. This can be done throughout the month as transactions post, or at month-end.

The Department Coordinator is responsible for retaining all receipts for items purchased for the department and ensuring all transactions posted are legitimate purchases made by employees. A monthly reminder will be sent to Coordinators, stating that the statements are available for processing (2nd of each month). Immediately upon receipt of the statement, the Department Coordinator will check to ensure all the transactions posted are legitimate transactions made by the department, and attach the detailed point of sale receipts or delivery invoices.

Each Department Coordinator will submit the department statements, complete the on-line cost allocation, and return the statements with receipts to the Finance Department for payment by the 4th of each month.

Bids: For purchases requiring bids or quotes from vendors that are made with procurement cards, cardholder must attach the bid quote documentation to their receipts and corresponding statement. See the City of Urbandale purchasing policy for bid requirements.

Disputed Charges: It is the responsibility of each cardholder to resolve any discrepancies between the transaction report for his or her card and transaction receipts. Using the Cardholder Disputed Item Form, all discrepancies shall be reported to the cardholder’s Department Coordinator along with the reason for the discrepancy, who was contacted to resolve the discrepancy, when they were contacted, and the resolution.

If the dispute cannot be resolved before the processing deadline, the items in dispute should be expensed to the department, and the following procedures followed:

- It is the cardholder’s responsibility to make an attempt to correct the error with the vendor
- In the event a charge is in one month, and a credit is received in the next billing cycle, the cardholder must submit a Cardholder Disputed Item Form for the current billing cycle.
- Attach a copy of the dispute form to the statement.
- The cardholder is responsible to pursue the resolution with the assistance of his or her Department Coordinator. If the dispute is not resolved, the cardholder shall provide the Finance Director with a log of his or her efforts to resolve the dispute. Updated reports will be filed monthly until the dispute is resolved.
- All Department Coordinators shall have the authority to resolve disputes on behalf of cardholders in their respective departments. This is intended to ensure timely resolution of disputes.
- If an item was returned to the vendor, but the credit not received during the same billing cycle as the charge, the item must be expensed to the department during the current period; the charge should be reversed when the credit appears.

Sales Taxes: Purchases on the procurement card are tax exempt. If the sales tax is charged in error, the cardholder should request a credit back to the card from the vendor in the amount of the sales tax.

Credits and Return: All credits and returns will be credited back to the procurement card. NO cash is to be returned to the cardholder.

4. EXCLUDED ITEMS

The conduct of all City employees must meet the highest ethical standards, and that standard is a part of the City's procurement card program. All participants in the program are responsible for conducting themselves in such a way as to exemplify the public trust that they hold.

The procurement card shall not be used for the following:

- Cash Advances
- Purchase of food or beverages
- Travel-related expenses related to spouses or other non-covered persons
- Items for personal use that would not be reimbursable by the City
- Video rentals, "On Your Honor" bar purchases provided in hotel rooms
- Rental or lease of motor vehicles in conjunction with travel expenses (unless pre-approved under the City Travel Policy)
- Entertainment (except for authorized Recreation Program events)
- As a form of personal identification or as personal credit references
- For purchases at businesses where the City already has an in house charge account

5. PROGRAM VIOLATIONS

This is an employee empowerment program based on cardholder commitment and trust. In addition to permanent card revocation, failure to follow all procedures outlined in this policy may result in disciplinary action up to and including termination of City employment. Items that will be considered violations include:

- Use of the card for a specifically excluded purchase (Section 4)
- Unacceptable Documentation (Section 3): Each transaction shall be documented by an itemized invoice or record including the required information .
- Late submission of procurement card statements and supporting documentation (Section 3): Timely completion of reconciliation documents is critical to the success of this program. The contract between City and the card provider requires payment to be made as scheduled.
- Unresolved Item Disputes (Section 4): Disputed charges are paid, and then credited back to the department if the dispute is resolved in favor of the cardholder. Failure to resolve disputed charges therefore results in excess costs to departments.
- Standards of Conduct Violations (Section 2): Failure to act in accordance with expected standards of conduct jeopardizes the public trust held by City employees.
- Security Violations (Section 2)

**City of Urbandale
Procurement Card Cardholder Agreement**

I, _____, hereby request a Commerce Bank Procurement Card. As a cardholder, I agree to comply with the following terms regarding my use of the card:

1. I understand that I will be making financial commitments on behalf of the City of Urbandale and will seek to maximize the purchasing value of public funds.
2. I understand that the City is liable to Commerce Bank for all charges made with this card.
3. I agree to use this card for City business purposes only. Misuse or abuse of the procurement card will result in immediate and permanent revocation of card privileges. Misuse or abuse of the card includes, but is not limited to:
 - using the card for personal or unauthorized purposes
 - using the card to obtain a cash advance or cash in lieu of a credit to the procurement card
 - using the card to purchase food, alcoholic beverages or any substance, material, or service which violates policy, law or regulation pertaining to the City
 - allowing use of the card by another individual
 - splitting a purchase or using another cardholder's card to circumvent the purchasing limit of the card or the purchasing policy of the City of Urbandale
 - failing to provide the Department Coordinator with all detailed receipts within three (3) business days after the close of each billing cycle
 - failing to provide, when requested, information about any specific purchase
 - not adhering to all of the City's Procurement Card Program Policies and Procedures
4. Fraudulent use of the card, defined as the use of the procurement card with a deliberately-planned purpose and intent to deceive and thereby gain a wrongful advantage for oneself or anyone else other than the City will result in the following actions being taken:
 - immediate and permanent suspension of card privileges;
 - removal of cardholder's purchasing authority;
 - required employee reimbursement to the City for any unauthorized purchases; and
 - formal disciplinary action which may result in termination of employment.
5. I am being authorized to use the card between _____ and _____ and agree to return the card immediately upon completion of check-out period, request by the Department Coordinator, or upon termination of employment, whichever is earliest.
6. If the card is lost or stolen, I agree to immediately notify Commerce Bank at 800-892-7104, the Department Coordinator, and the Finance Director.
7. I have been given a copy of the Procurement Card Program Policies and Procedures, and the Purchasing Policies and Procedures Manual and understand both documents.
8. I agree that if I violate the terms of this agreement, I will reimburse the City for all charges incurred and any fees related to the collection of those charges.

Employee Name (Print) Employee Signature Department Last 4 digits of Card

Check out date Date Returned Dept Coordinator

City of Urbandale
Department Coordinator Agreement

I, _____, am being designated as a Department Coordinator for my department's procurement card program. As a Department Coordinator, I agree to comply with the following terms regarding the safekeeping and administration of my department's card(s):

1. I will ensure that the cardholders return cards at the end of their checkout periods, and submit their receipts to me in a timely manner.
2. I will ensure that all receipts turned in contain appropriate detailed documentation to support the purchase, as well as any bid documentation when required by the purchasing policy.
3. I am responsible for retaining all receipts for items purchased for the department and ensuring all transactions posted are legitimate purchases made by employees.
4. I will ensure that all costs are allocated to the appropriate general ledger accounts, all online reporting is complete, and documentation is returned to the Finance Department by the 4th of the month.
5. I will work with cardholders within my department to ensure disputes are resolved in a timely fashion.
6. I will notify the Finance Director when a cardholder in my department is no longer eligible for the program or will no longer be participating in the program.
7. I will report any real or suspected variances from procurement program policies to the Finance Director.
8. I will keep all department cards in a safe location and restrict access to them at all times.
9. I will require all employees to complete the Cardholder Agreement prior to issuing a card to the employee for use.
10. If the card(s) checked out to my department are lost or stolen, I agree to notify Commerce Bank at 800-892-7104 and the Finance Director immediately, if the cardholder has not already done so.
11. I have been given a copy of the Procurement Card Program Policies and Procedures, and the Purchasing Policies and Procedures Manual and understand both documents.

Employee Name (Print)

Employee Signature

Department

Card numbers checked out:

Check out date

Dept Director/Finance Director

Date Returned