

# PCARD POLICY

## Definitions:

*PCard* – Procurement Card

*CPA* – ControlPayAdvanced is the card management web-based software used for monitoring transaction activity, reconciling statements and generating reports

*Cardholder* – Person whose name is on the PCard and is ultimately responsible for all transactions

*Proxy* – The person assigned the right and responsibility to manage card transactions for the Cardholder

*Purchasing Agent* – authorized staff that administers the PCard program

*Merchant* – Business or vendor

## 1. Purpose:

This policy has been designed to establish the procedures to be used with the City of Bloomington's PCard program. This policy details the rules to reference regarding use/abuse of the PCard. This policy intends to accomplish the following:

- Establish appropriate internal controls over the PCard process to ensure PCards are only used for authorized purposes
- Ensure the City bears no legal liability from inappropriate use of PCards
- To provide a convenient source of funding for employees who must purchase for the City
- Verify payments for purchases are made on a timely basis to minimize finance charges and late fees from vendors and merchants

## 2. Background:

The City has used various methods to accomplish the procurement of goods and services. Methods such as purchase orders, check requests and petty cash slips have proved to be costly, time consuming, and occasionally have not been accepted by vendors. To promote vendor acceptance and operational efficiency, the Finance Department initiated the PCard program. This program has a number of unique controls that ensure that the PCard can be used only for specific purposes and within specific dollar limits.

## 3. General Information:

- The PCard is a tool for designated City employees to use when they make purchases for official business needs.
- Each PCard will bear the Cardholder's name. The PCard may only be used by the Cardholder. In case of fraud against a loaned PCard, the Cardholder will be ultimately responsible for the fraudulent charges. Therefore, lending your PCard to another person is a violation of the PCard policy. Please see the Purchasing

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Manual regarding exceptions for travel, membership or other instances where a PCard may be used by people other than the Cardholder.

- Prior to receiving a PCard, every employee must sign a Cardholder Agreement that details their responsibilities regarding misuse of the PCard. Failure to comply with these procedures will result in revocation of the PCard and fraudulent misuse may result in disciplinary action leading up to and including termination of the Cardholder in accordance with the City's Progressive Discipline Policy.
- PCards must be returned to your **immediate supervisor, Director or HR** upon leaving the City's employment. **DO NOT** leave your PCard with any other department staff upon leaving the City's employment.

## 4. Authorizations and spending limits:

Each PCard may have per transaction and/or monthly maximum spending limits. Additional restrictions exist on the type of purchase each employee can make on the PCard, based on the employee's needs as determined by the Director.

### **A PCard is NOT:**

- A means to avoid appropriate procurement or payment procedures
- A card to access cash or credit (ATM).
- For items and services for personal, non-business use.
- For the procurement of contractual services including but not limited to sole proprietors, and unincorporated vendors due to the IRS 1099 reporting requirements.

The following list covers purchases for which PCard use is expressly prohibited:

- Alcoholic Beverages
- Capital Projects (excluding equipment)
- Cash Advances from financial institutions or ATM Machines
- Computer Hardware and Software (with the exception of the IS department)
- Legal Services
- Temporary Help
- Purchases exceeding \$10,000 without advance City Council or City Manager approval
- Telephone calls
- Negotiated Contract Payments (such as office supplies or other City-wide contracts)
- Personal purchases; CPA includes automated processes that require reconciliation to a City account code. No account codes exist for personal purchases, therefore personal purchases may not be made on the PCard. If you plan business travel and intend to have a non-employee accompany you, their travel expenses may not be made on your City-issued PCard. Additionally, non-employee meals or other incidentals may not be charged on the PCard for the

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purpose of convenience. *Business* activities or meals with non-employees may be charged on the PCard when the City is obliged to pay for the incurred costs.

## 5. Responsibilities of Cardholders:

- The PCard must NOT be used for personal transactions.
- The PCard must NOT be loaned to others for purchases.
- Splitting of purchases into multiple parts in order to circumvent limits on the PCard is prohibited. Please have your Department Director contact the Purchasing Agent for credit limit adjustments (temporary or permanent).
- The Cardholder is responsible for all inappropriate charges and disciplinary action will be assessed in accordance with the City's Progressive Discipline policy.
- The City is a tax-exempt entity. Each Cardholder is responsible for obtaining a credit if sales tax was charged. For your convenience, the tax exempt number is printed on the front of the PCard. However, the tax exempt number does not "scan" like your account number, so you must let the merchant know that you are making a "tax exempt" purchase.
- **DEPARTMENT DIRECTORS:** Verify purchases are for City business. Sign the Cardholder's monthly transaction statement to verify that purchases were for City business purposes and receipts are accounted for. When this step has been completed, the transaction statement and accompanying receipts shall be forwarded to Finance. A PURCHASE ORDER OR REQUEST FOR PAYMENT IS NOT NECESSARY. If it is determined that a purchase is not appropriate, then the Cardholder must provide a credit voucher proving the items have been returned for credit or a personal check for the full amount of that purchase. The appropriate disciplinary action shall apply in accordance with the City's Progressive Discipline Policy.

### **Reporting Lost or Stolen PCards**

- Cardholders must notify the Bank **and** the Purchasing Agent immediately when a PCard is lost or stolen. Contact information for the bank is on the letter that accompanied the PCard. Please keep the letter from Commerce Bank in a safe place separate from your PCard.

### **CONTACT LISTING**

You can obtain the following information under the headings provided:

**Procurement:** 434-2330 or 434-2333

- New Cardholder request
- Change in credit line
- Change in parameters
- Cardholder account closures
- Policy and procedure changes
- Report lost or stolen card information
- Reconciliation questions/procedures

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- General account information
- Account balance

## **Commerce Bank: 1-800-892-7104**

- Notification of disputed item
- Declined sales transaction
- Report lost or Stolen card
- Emergency replacement card

### ***Required Receipt Documentation:***

- Receipts must be obtained with all purchases, identifying the merchant, date and itemized list of all purchases.
- Receipts must be turned into Finance with a copy of the Cardholder monthly statement signed by the Director.
- Forward the monthly transaction statement and attached original receipts, to your department Director for review and signature of approval. Only signed and properly documented statements will be accepted in Finance.

The following are acceptable receipts:

- Credit Card Orders: charge slip with only the total does not qualify as an original receipt. A receipt needs to include an original record of what was purchased. Any exceptions must be documented.
- Pick Up Orders: Attach the detailed cash register receipt.
- Phone/Fax Orders: Original invoice or packing slip providing the packing slip shows what was purchased and pricing.
- Internet Orders: Print and attach a copy of the order screen or confirmation screen that shows what was purchased and the dollar amount.
- Registration Fees: Attach the registration form. The form must show who the registration is for, the date and location of the event, the registration amount and what is included in the registration fee.
- Documentation Not Available: If unable to obtain any type of documentation, please complete a "Missing Documentation" form, and obtain your Director's signature on the memo. This is the exception rather than the rule. The appropriate disciplinary action shall apply in accordance with the City's Progressive Discipline policy for individuals not obtaining adequate documentation.

### ***Returns, Credits or Disputed Items:***

- Returns: A credit should be issued for any item that the merchant has approved for return. The credit will appear on a subsequent statement. Any item purchased with the PCard that is returned must be returned for credit. Do not accept a refund in cash or check format. Please contact the Purchasing Agent if you are not successful in obtaining a credit from the merchant.

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- The Cardholder is responsible for IMMEDIATE follow up with the merchant or bank on any erroneous charges, disputed items or returns. Disputed billings can result from failure to receive the goods charged, defective merchandise, incorrect amounts, duplicate charges or credit not processed. Delay in taking action may result in the City being responsible for payment of unresolved issues.
- If you have a problem with a purchased item or a billing resulting from use of the PCard, you should first try to reach a resolution with the merchant that provided the item.
- If a disputed charge cannot be resolved with the merchant, complete the "Cardholder Dispute Form" available on the CPA website. Complete the form and fax it to the provided number. The written dispute notice must be received by the bank within 30 days of the date of the bank statement.
- Credits: Request from the merchant that a credit be placed on the Cardholder's PCard account. Obtain a receipt for the credit as you would for any other purchase documentation. Credits must also be processed like any other transaction in CPA.

## **6. Responsibilities of the Finance Department:**

- Receive and review the City's combined billing statement.
- Review information submitted by the Cardholder. Match receipts with statement of account. All receipts will be compared to the Cardholder statement submitted by the Cardholder or proxy by a monthly random audit.
- Verify travel-related charges have been authorized.
- Ensure that monthly statements of accounts are reviewed on CPA by individual Cardholders or proxies for their records.
- Make payments on a timely basis to ensure the City does not accrue finance charges or late fees.
- If the Purchasing Agent cannot verify that a questionable purchase was necessary and for official use, the Purchasing Agent Shall request that the purchase be reviewed by the Cardholder's Director or City Manager.
- Annual inventory of PCards: On an annual basis, the Purchasing Agent shall verify that each Cardholder is in physical possession of their assigned PCard.

### Attachments:

Cardholder agreement for proper use of PCard

**Cardholder Agreement for Proper Use of the PCard**  
**EMPLOYEE AGREEMENT**

By using the PCard, I agree to comply with the following terms and conditions regarding my use of the PCard.

1. I understand that I am being entrusted with a valuable tool - a corporate Procurement Credit Card. I will be making financial commitments on behalf of the City of Bloomington. I will obtain the best value by obtaining quotes, planning purchases in advance when possible, and limiting emergency purchases.
2. I understand that the City of Bloomington is liable to Commerce Bank for all charges made on my PCard. Misuse or abuse of the PCard will result in revocation of the PCard in accordance with the City's Progressive Discipline Policy.
3. I agree to use the PCard for approved purchases only. Misuse or abuse of the P Card will result in revocation of the PCard in accordance with the City's Progressive Discipline Policy. Policy violations include, but are not limited to:
  - Purchasing items for personal use
  - Using the PCard for travel and entertainment expense without prior authorization
  - Use of the PCard to obtain a cash advance or cash in lieu of a credit to the card account
  - Failure to submit proper documentation with each monthly statement
  - Splitting a purchase or using another Cardholder's PCard to circumvent the purchasing limit of the PCard or the bid threshold
  - Using or attempting to use the PCard to purchase alcoholic beverages or any substance, material, or service which violates policy, law or regulation pertaining to the City
  - Not obtaining quotes or strict adherence to any procurement activity per the Purchasing Policy
4. If the PCard is lost or stolen, I agree to notify Commerce Bank and the Purchasing Agent immediately.
5. I have received a copy of the PCard policy and accept the terms and conditions of the policy and procedures for use of the PCard.

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Employee Signature

Date

Employee ID Number

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Department Director Signature

Procurement Signature