

City of Commerce Finance	Purchasing	SOP	700
Procurement Card Policy		Version No	2.0
		Effective Date	05/03/2011

1.0 Purpose

A written procedure for the purpose of expediting the purchase of day-to-day low dollar value commodities and services, and for emergency expense coverage when there is no other readily available means to pay for goods or services.

2.0 Scope

To establish policies and procedures for the request, authorization, use, tracking and reconciling of the Purchasing Card. The Purchasing Card is designed to allow for handling of small purchases without the delays of paperwork. It is used similar to a Visa system. The use of the Purchasing Card will provide our internal customers with flexibility, simplify the purchasing process and reduce total acquisition costs.

3.0 General

3.1.1 A City credit card is not to be used to circumvent any existing City of Commerce policy, procedure, or practice. Charges not in conformance with this policy are to be reimbursed to the City by the responsible individual. This policy will apply to City elected and appointed positions, and City staff who use the City procurement card. The following procedures apply:

- Finance will send out an annual memo regarding the latest procurement card methods, limits and procedures.
- Approval for travel must be approved by your Department Head.
- Questions concerning the applicability of other procedures should be directed to the Finance Department for clarification.

3.1.2 Personal use of a City credit card is strictly prohibited. Misuse of a City credit card can lead to disciplinary action up to and including termination, and use of any other remedies, both civil and penal, available to the City.

3.1.3 Credit cards are issued to City employees only with the responsible person's name and City of Commerce imprinted on the face of the card. Credit cards issued to the Councilmembers shall bear the name of the individual Councilmember.

3.1.4 Credit card procedures are monitored by the Department of Finance. Any mismanagement of assigned cards or non-compliance with the credit card policies may result in a card being revoked by the Director of Finance or the City Administrator.

3.1.5 Requests for credit cards are submitted to the Director of Finance by Department/Division Heads and are recommended for issuance by the Director of Finance to the City Administrator. Consideration of issuing credit cards will be based on the individual needs of departments/divisions.

The following are the procedures and responsibilities for issuing the Purchasing Card.

Responsibilities

- 3.1.51 Department Head designates department cardholder. Provide a justification memo to Director of Finance.
- 3.1.52 Director of Finance will review and approve or disapprove the request. Director of Finance will forward all approved requests to the City Administrator for approval.
- 3.1.53 After City Administrator's approval the request is forwarded to the Purchasing Division for processing.

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- 3.1.54 Purchasing Division submits request forms to the Bank.
- 3.1.55 Bank processes and issues card to the Purchasing Manager.
- 3.1.56 Cardholder reads and agrees to abide by purchasing card holder agreement and all policies.
- 3.1.57 Purchasing Manager issues card to cardholder.
- 3.1.58 Cardholder signs Purchasing Card Holder Agreement and returns signed forms to the Purchasing Division (See Exhibit A: Card Holder Agreement).

3.1.6 The Mayor and Council members shall have possession of their procurement card and will have the option of using the City Administrator to hold their cards. When the Mayor or Councilmember is in need of a credit card, the card may be obtained from the City Administrator. The card, with the original receipts, must be returned to the City Administrator immediately after its use.

Department Heads, Purchasing Manager, Emergency Preparedness Officer and designated Manager level personnel will have possession of their procurement card. All other miscellaneous employee positions will obtain their cards using a check-out system through the Purchasing Division/Finance Department. The procurement card check-out will require a signed requisition by the Department Head or an assigned staff by the Department Head to release the card to the user. The procurement card, with the original receipts, must be returned to the Purchasing Division/Finance Department immediately after its use. To prevent any procurement card suspension of service, users will have a one (1) day grace period to return the card to the Purchasing Division/Finance Department.

3.1.7 When a credit card is used, receipts must be retained, coded, reconciled, and attached to the monthly Cardholder Statement of Account; which must be reviewed and approved by the Department/Division Head for payment.

3.1.8 Consistent mismanagement of assigned cards can result in a card being revoked by the Director of Finance, City Administrator, or any other remedy the City deems necessary.

3.1.9 City Council, City Administrator, Department Heads, Purchasing Manager, assigned Manager level employee's single transaction limit and a maximum monthly limit are set at the discretion of the City Administrator and Finance Director. Miscellaneous employee's single transaction limit and a maximum monthly limit are set at the discretion of the Finance Director and Purchasing Manager.

3.1.10 Gift Cards/Certificates - Gift cards and Gift Certificates are considered the same as cash and are used in the same method as a procurement card.

Users are allowed to use gift cards/certificates with the following supporting documentation:

- 3.1.11 Purpose of purchasing the gift card/certificate(s).
- 3.1.12 Event flyer or other evidence of the event or documentation from the using department indicating the use of the gift cards/certificates.
- 3.1.13 All gift card/certificates that are distributed to the public require a signed and dated recipient receipt(s) form for each gift card/certificate used. All gift cards/certificates not distributed must be securely stored until used for official

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City business. If the department has a question concerning the disposition of remaining gift cards please contact the Finance Department.

4.0 Authorized Use

- 4.1.1 The City of Commerce Purchasing Card may be used for purchasing goods and services for City use only; using the card for personal purchases is strictly prohibited. Any employee who uses the card for personal purchases shall be responsible for reimbursing the City for all costs associated with the personal purchases, will have the card immediately revoked, will be subject to possible referral to the Los Angeles County District Attorney, and will be subject to disciplinary action as authorized by applicable City procedures, up to and including termination from employment.
- 4.1.2 Only the cardholder whose name is imprinted on the purchasing card may use the card. Any cardholder who allows another person to use the card or is aware that another person is using the card and takes no action to prevent it will be responsible for reimbursing the City for all costs associated with the purchases, will have the card immediately revoked, will be subject to possible referral to the Los Angeles County District Attorney, and will be subject to disciplinary action as authorized by applicable City procedures, up to and including termination from employment.
- 4.1.3 Use of the card does not relieve the cardholder from adhering to agency/department purchasing policies and procedures.
- 4.1.4 The purchasing card may be used to purchase directly from a merchant or to order by telephone or mail.
- 4.1.5 The purchasing card may be used to order via the Internet only if the Internet site clearly indicates that it uses secure server software which encrypts all credit card information. If an Internet site requires pre-registration with a credit card and password for future repeat purchases, only the cardholder may place the orders. The cardholder may not provide the password to anyone else to enable that person to place an order or access information via the Internet. (Example: An Internet web site offers information, e.g., real estate listings, if the user pre-registers with a credit card number and password. Anytime the user needs the information, he/she enters the password and accesses the information. The credit card is automatically charged for the service. In this case only the cardholder may request the information using the password, since the cardholder's credit card will be charged. The cardholder must enter each transaction on the log of purchases.)

5.0 Process

- 5.1.1 Each Cardholder will retain the original charge receipts until the monthly Statement of Account is received from the Finance Department. Upon receipt of the monthly Statement of Account, the Cardholder will code all charges listed on the monthly statement, attach the original receipts, and forward them to the Department/Division Head for review and signature authorization. The original Statement of Account and original attachments must then be forwarded to the Finance Department for payment.
- 5.1.2 If an original receipt is missing, the Cardholder will complete a "Missing Invoice" form and attach it to the monthly Statement of Account in lieu of the missing receipt. See 'Exhibit B'. Missing invoices will not be tolerated. If an invoice is not attached with the statement for payment

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processing and the "Missing Invoice" form is not filled out, then the user of the card is responsible for reimbursing the City for all costs associated with the purchases, will have the card immediately revoked, will be subject to possible referral to the Los Angeles County District Attorney, and will be subject to disciplinary action as authorized by applicable City procedures. The card user will have ten (10) days after receipt of the card statement to turn in all missing invoices and or the "Missing Invoice" form. The suspended card user will require the Department Head, Director of Finance and the City Administrator's approval for reinstatement.

- 5.1.3 To ensure timely payment, approved statements must be given to the Finance Department within five (5) calendar days of receipt of the Statement of Account by the Cardholder. If the issuing bank does not receive payment on time, they will suspend charge privileges. Additionally, the bank will charge interest plus a late fee.
- 5.1.4 Each department will be responsible for any interest and late charges incurred as a result of not processing the statement in a timely manner. The Director of Finance may revoke credit card privileges to any individuals who do not process their statements in a timely manner.
- 5.1.5 If, during the course of the month, an individual charge card reaches the established bank limit, charge privileges will be suspended until the next scheduled Statement of Account payment is processed. It is the responsibility of each respective department to stay within the available credit line. Manual checks will not be issued to alleviate suspended charge privileges.
- 5.1.6 Department/Division Heads are required to review and authorize all credit card payments to ensure correct coding, conformance to policy, and budget control.
- 5.1.7 The Finance Department will periodically perform an audit on all credit card statements to determine compliance with the City's policies and procedures.

6.0 General Requirements

- 6.1.1 Prior to purchasing goods or services, cardholders must ensure the department has sufficient appropriations available for the purchase.
- 6.1.2 If purchases exceed the limits established by the cardholder's department then the purchase order process should be used.
- 6.1.3 The least expensive item that meets the needs of the City should be purchased.
- 6.1.4 Use of the purchasing card is not intended to replace effective procurement planning and applications which may secure volume discounts
- 6.1.5 Purchases may not be split to circumvent purchasing policies.
- 6.1.6 The purchasing card should not be used when the purchase would result in a conflict of interest for the cardholder (e.g., a cardholder may not use the purchasing card to make a purchase from a relative or friend).
- 6.1.7 Each single purchase may be comprised of multiple items, but the total cannot exceed the single purchase dollar limit assigned to the card.
- 6.1.8 City purchasing policies, as delineated in the Purchasing Policy Manual, may not be circumvented when using the Procurement Card. For example, if the dollar amount of a purchase requires that

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the purchaser get two verbal price quotes, the cardholder must do so before making the purchase and must document the quotes received.

7.0 Restricted Uses

The State Purchasing Card Program prohibits the card from being used for the following purchases:

- 7.1.1 Air Phone Services
- 7.1.2 Wire transfers or money orders
- 7.1.3 Direct marketing insurance services
- 7.1.4 Cash advances
- 7.1.5 Foreign currency or traveler checks
- 7.1.6 Security brokers/dealers
- 7.1.7 Overpayments
- 7.1.8 Savings bonds
- 7.1.9 Timeshares
- 7.1.10 Betting, casino gaming chips or off-track betting
- 7.1.11 Political organizations
- 7.1.12 Religious organizations
- 7.1.13 Court costs, alimony or child support
- 7.1.14 Fines
- 7.1.15 Bail and bond payments
- 7.1.16 Tax payments
- 7.1.17 Government loan payments
- 7.1.18 Automated referral service.

In addition, the City of Commerce Purchasing Card Program prohibits the purchasing card from being used to purchase or acquire:

- 7.1.19 Goods or services for personal use
- 7.1.20 Alcoholic beverages, firearms or tobacco products
- 7.1.21 Goods or services currently encumbered under contract with the City
- 7.1.22 Rental or lease of land or buildings

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- 7.1.23 Rental or lease of equipment for more than 90 days
- 7.1.24 Office furniture without the approval of the Purchasing Manager.
- 7.1.25 Computer related equipment without the approval of the IT Manager.

8.0 Lost and Stolen Cards

- 8.1.1 If a credit card is lost or stolen, the department should immediately report the missing card to the Purchasing Manager. It will be the responsibility of the Purchasing Manager to immediately cancel the credit card with the financial institution. If a credit card is lost or stolen during non-working hours, the employee must call the financial institution directly to cancel the credit card (the number is listed on the back of the credit card), and notify the Purchasing Manager on the next working day.
- 8.1.2 After obtaining Department Head approval, the Purchasing Manager will request a replacement card.

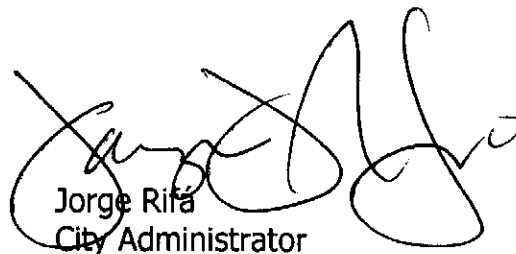
9.0 Discrepancies

- 9.1.1 If there are discrepancies, such as incorrect account numbers, no funds available, and/or incomplete approval(s) or supporting documentation, U.S Bank Cal-Card Request for Warrant form will be sent back to staff for review and verification.

Approved by:



Vilko Domic
Director of Finance



Jorge Rifa
City Administrator



EXHIBIT A

City of Commerce

Cardholder Agreement

This agreement is between the City of Commerce and the cardholder listed below. **Please initial every line and sign below to receive your credit card.**

Cardholder Name:

Department/Division:

By signing below, you acknowledge receipt of PCard No. _xxx xxx xxxx xxx_ and the understanding that the SINGLE PURCHASE LIMIT IS \$XXXX.00 with a maximum limit of \$X,XXX.00

- _____ The credit card issued to you is for official City of Commerce business only. Use of the Purchasing Card by an individual other than the authorized cardholder is prohibited.
- _____ The credit card is authorized for the purchase of materials, supplies and services when the total cost does not exceed your authorized limit and budgeted funds.
- _____ Alcohol purchases are prohibited.
- _____ Your Department is financially liable for all charges made in connection with the credit card issued to you.
- _____ The original statement, original receipts, and transaction log must be completed and forwarded to the approving official within 3 days of the receipt of the statement.
- _____ All computer related equipments requires the IT Manager and department head approval before a purchase is made.
- _____ The balance must be paid in full each month. If there is a discrepancy in the statement, the bank must be notified through the dispute process described with the procurement card policy and procedures.
- _____ If your card is frequently in arrears, your account may be suspended or cancelled.

I certify that I have read and understand the City of Commerce Card Holder Agreement. By accepting, signing or using the U.S. Bank Purchasing Card you are agreeing to the terms of the agreement between the Commercial Cardholder (City of Commerce) and US Bank.

Cardholder Print Name

Cardholder Signature

Date

Purchasing Division 2535 Commerce Way Commerce, CA 90040 Commerce, CA 90040
Phone: (323) 722-4805 FAX: (323) 838-4243 Revised 8/2007

CITY OF COMMERCE
CAL-Card Missing Invoice Form **Exhibit B**

This form is to be completed when a transaction record has been lost or not issued (in the case of phone orders, for example). The form must be filled out in its entirety and attached to the Cardholder Statement of Account prior to submitting it to Finance.

Department	
Credit Card Number	
Purchase Date	
Statement Ref. No.	
Merchant Name	
Amount	
Account Number	
Description of Charge	

I certify that the above information is true and correct and that this transaction was made for official City business.

_____ _____
 Cardholder Signature Date

_____ _____
 Department/Division Head Signature Date