

# PURCHASING CARD (P-CARD)

## CITY DEPARTMENTS

### STANDARD OPERATING PROCEDURE

#### I. PURPOSE

The purpose of the Purchasing Card Standard Operating Procedure (SOP) is to provide operational instructions to the cardholders, directors, and purchasing liaisons concerning the purchase of goods using the Purchasing Card.

#### II. SCOPE

This SOP applies to all cardholders, directors, and purchasing liaisons.

#### III. RESPONSIBILITY

It is the responsibility of the cardholders, purchasing liaisons and directors to purchase goods in accordance with the procedures stated within this SOP.

#### IV. PROCEDURES

##### A. Assignment and Control of the Purchasing Card

###### 1. Requests for and issuance of Purchasing Cards

- a. Purchasing cards will be issued to full-time permanent employees who frequently purchase goods on behalf of the City for official use.
- b. Requests for new cardholders or for changes to current cardholders shall be made by submitting a completed **Cardholder Information Form** (Exhibit A) to the Procurement Division's P-Card Administrator. By signing the form, the supervisor is confirming the employee's status as a full-time permanent employee. Forms are available through the Procurement Division and on the intranet.
- c. Each department is responsible for assigning a Purchasing Liaison and backup to receive and maintain card charge statements/receipts. The Purchasing Liaison will be identified to the Procurement Division prior to issuance of purchasing cards.
- d. All requests for purchasing cards must be signed by the Department/Division Director.
- e. The purchasing card will have the employee's name, the City's name and the expiration date embossed on the face of the card. The City's Florida sales tax exemption number is preprinted on the face of the card.
- f. When the Purchasing Card Administrator receives a purchasing card from the card issuer, the cardholder will be required to personally take receipt of the card and sign an **Agreement to Accept Form** (Exhibit B). The cardholder will be given a copy of the purchasing card **Policies and Procedures Guide** and an oral review of the program. Each cardholder is responsible for knowing and understanding the policies and procedures. The card must be activated according to instructions printed on the card prior to use.

The Purchasing Card Administrator will send a copy of the signed "**Agreement to Accept Form**", (Exhibit B), to the card holder's Director.

The Purchasing Card administrator will coordinate program policy issues, target new cardholder's and expanded use of card and evaluate Pcard feedback from suppliers.

2. Lost or Stolen Purchasing Cards

- a. If a purchasing card is lost, stolen, or misplaced, the cardholder must immediately notify the card issuer (SunTrust Visa 1 800-836-8562), his/her Department Head/Supervisor, and the Purchasing Card Administrator in writing by e-mail. The cardholder is to advise the bank that the replacement card is to be sent to the Procurement Division's Administrator.
- b. The cardholder will be responsible for immediately reporting all information necessary to reduce the liability to the City for a lost or stolen card.
- c. Report to Police.

**NOTE: Failure to adhere to this policy will result in removal of privileges and/ or appropriate disciplinary actions**

3. Termination or Transfer of Cardholder

- a. When an employee ends his or her employment or is transferred to another Department/Division, the employee's supervisor shall collect the Purchasing card, destroy it (cut it in half), and submit the destroyed card to the Purchasing Card Administrator. (this is not necessary with transferred employees. We can change their profile on the card.
- b. If the supervisor is unable to collect the purchasing card when an employee is terminated, retired, or otherwise leaves the employment of the City, he/she must immediately notify the Purchasing Card Administrator in writing by e-mail or memo. The Purchasing Card Administrator will ensure that the card is cancelled. Bi-annually, the Purchasing Card Administrator will provide a list from SunTrust of purchasing cards issued to employees.

**B. Cardholder use of Purchasing Card**

1. Cardholder Use Only

- a. The purchasing card may only be used by the employee whose name is embossed on the card. No other person is authorized to use the card. The cardholder is responsible and accountable for all transactions that occur on his/her card. No credit records of the cardholder are maintained.
- b. Upon receipt of the purchasing card, the following is written on the back of the card in indelible ink:

CITY ID AND PHOTO ID

2. City Purchases ONLY

- a. The purchasing card is to be used for City authorized purchases only. The purchasing card cannot be used for any personal use and any such use will result in disciplinary action, which may include dismissal.

3. Spending Limits

- a. The Department Director approving the assignment of a purchasing card will set two limits for each cardholder: single purchase limit and 30-day limit.
  - The maximum limits shall be **\$1,000.00 for a single purchase and \$15,000.00 during the 30-day billing cycle**. Additional or more restrictive limitations may be imposed.
- b. Requests for spending limit changes shall be initiated through a written memorandum to the Procurement Supervisor by the Department Director.
- c. A purchase may be made of multiple items, but the invoice cannot exceed \$1,000.00 or the cardholder's limit, if less than \$1,000.00. Purchases over \$1,000.00 must be made by purchase order under the City's Procurement Policies and Procedures. Charges for purchases shall not, under any circumstances, be split to stay within the single purchase limit. **Splitting charges will be considered abuse of the purchasing card program and will result in disciplinary action.**

4. Other Conditions

- a. All items purchased over-the-counter must be immediately available. **No back-ordering is allowed.**
- b. All items purchased during one telephone transaction must be delivered in a single delivery. If an item is not immediately available, **no back ordering is allowed.**
- c. All items purchased by telephone must be delivered by the vendor within the 30-day billing cycle. The order should not be placed without this assurance.

5. Prohibited Uses of Purchasing Cards

The following types of items **may not** be purchased with a purchasing card, regardless of the dollar amount:

- Gasoline, fuel or oil
- Vehicle repairs
- Cash advances
- Telephone charges
- Contract services
- Items available through the office supply contract
- Goods specifically restricted by the Procurement Division and/or the City of Coral Gables Code of Ordinances.
- Computers/Software/digital camera. (unless approved by the IT Department Director and Procurement Supervisor)

**NOTE: When in doubt call Procurement.**

C. **Procedures for Making and Paying for Purchases**

1. Documentation of over-the-counter purchases

- a. When an over-the-counter purchase is made, the cardholder must obtain the customer's copy of the charge slip.
- b. The charge slip will be retained either by the cardholder or by the Department's Purchasing Liaison.

2. Telephone Orders

When placing a telephone order, the cardholder must confirm that the vendor will charge the purchasing card when shipment is made, and not before, so that receipt of the supplies may be certified on the monthly Statement of Account. This is also a requirement of the vendor's contract with VISA.

Cardholder shall request a delivered price, F.O.B. Destination, or the dollar amount of shipping or freight charges.

3. Sales and Use Taxes

The City is exempt from paying any State of Florida (and generally all other States) sales and/or use tax, even if the purchase is made with the purchasing card. If the vendor charges sales tax, the cardholder must contact the vendor and obtain a credit equal to the amount of the sales tax. This also applies to out of state purchases.

The City's Sales Tax exemption number is printed on the face of the purchasing card. If you have a problem with any vendor about sales or any other tax, please contact the Procurement Division.

4. Missing Documentation

If for some reason the cardholder does not have receipts or other documentation of the transaction to send with the statement to his/her Purchasing Liaison, he/she must attach a description of the purchase using the *Missing Receipt Documentation Form* (Exhibit C). **Continued incidents of missing receipts or supporting documentation may result in the cancellation of the employee's purchasing card and may result in disciplinary action.**

5. Payment and Invoice Procedures

The card issuer (SunTrust-Visa) will mail an individual billing statement to the cardholder's office; one consolidated statement for all cardholders to the Accounting Division of the City's Finance Department. The Statement of Account will list all transactions processed during the previous billing cycle (usually 30 days). The billing cycle shall be 1<sup>st</sup> of the month (if the 1<sup>st</sup> is not available, the earliest available date is the 2<sup>nd</sup>). If no purchases were made on the purchasing card during the billing cycle, no Statement of Account will be generated unless adjustments for previously billed transactions have been processed during that cycle.

The Finance Department shall notify the department of any changes to an account assignment or available funding.

The cardholder must review the statement and note any errors or disputes. Account numbers for each item (or account numbers and total dollar amounts for groups of items) should be written on the transmittal form to be attached to the statement. The statement will then be reviewed and signed by the employee's supervisor. ***By signing the statement, the employee's supervisor is certifying that all charges are appropriate and***

*have been authorized, and are evidenced by attached receipts.* Once the employee's supervisor has reviewed and signed all statements for which they are responsible, the statements must be forwarded to the Finance department's Accounts Payable division. The department's purchasing liaison shall maintain copies of the statements/receipts for each cardholder in case of an audit, for no less than three (3) years after the statement date.

#### **D. Disputes**

Cardholders are limited to 60 days from the date of purchase to file a dispute. After 60 days the vendor cannot be charged-back unless they agree.

1. If items purchased with the purchasing card are defective, the cardholder must return the items(s) to the vendor for replacement or credit. If the vendor refuses to replace or correct the faulty item, the purchase will be considered in dispute. If the quantity of items received is less than the invoice and charge billing, then the transaction must be disputed.
2. If a vendor charges the cardholder sales tax on the purchase, and the cardholder is unable to get a credit for the amount of the tax, then this purchase must be pursued through the dispute process.
3. A disputed item must be explained with a note on the cardholder's State of Account before the statement is forwarded to the Accounts Payable section for payment.
4. It is essential that the time frames and documentation requirements established by the card issuer (SunTrust-Visa) be followed to protect the cardholder's rights in dispute.
5. A dispute occurs when a cardholder questions a transaction that has been charged to his/her account. The following steps must be taken to ensure prompt settlement:
  - a. The cardholder fills out the *Dispute Form* (Exhibit D) and supplies the necessary information to begin the resolution process.
  - b. When the cardholder completes the *Dispute Form*, it must be faxed to the card issuer (SunTrust – Visa) explaining the reason(s) for the dispute, as well as a copy of the statement if the item has been posted. The bank will then place the transaction into a disputed status.
  - c. If the problem is resolved between the vendor and the cardholder, the cardholder should describe the agreed upon resolution on the bottom of the *Dispute Form* that was previously faxed to the card issuer (SunTrust – Visa) and fax it to the bank as soon as possible.

**If an agreement cannot be reached the following steps will be completed:**

- After the item has been entered as a dispute, the card issuer will determine who is responsible by researching the transaction including requesting a copy of the sales draft when necessary. When responsibility for the transaction is determined, the dispute will be settled on the next statement.
- When an account is in a dispute status, the disputed amount is still included in calculating the available money for authorizations (monthly limit). At the time the item is placed in dispute, it is removed from all finance charges, late fees, over limit fees, past due amounts, and calculations. Finance charges that accrue from posting until the item is placed in dispute, must be handled according to City policy. Any cardholder statements generated while the account is in dispute will display the following message:

“YOUR ACCOUNT IS IN DISPUTE FOR \$XXX.XX. THIS AMOUNT HAS NOT BEEN INCLUDED IN THE FINANCE CHARGE OR PAYMENT CALCULATIONS.”

- If the cardholder is actually responsible for the transaction, the dispute is settled in favor of the card issuer and no further actions are required. If the cardholder is not responsible for the transaction, the dispute is settled for the cardholder and the charge-back process may be initiated against the vendor.
- If there continues to be problems with a particular vendor, the cardholder should notify the Purchasing Card Administrator.

**E. Review of Purchases by Department Directors and/or Department Liaisons**

1. Because of the knowledge of Department Directors/Department Liaisons with respect to job responsibilities, they are required to review each purchasing card expenditure (item purchased, amount, and vendor) to ensure the goods purchased were necessary and for official use.
2. When purchases are questioned, the Department Director and/or Purchasing Liaison are responsible for resolving the issue with the cardholder. If the Department Director feels that the purchase was not necessary and not for official use, the cardholder must provide proof to the City of Coral Gables or disciplinary action will result that may include dismissal.
3. Reports of purchasing card activity will be reviewed by the Procurement Division for adherence to established City policies and procedures.
4. The Finance Department will insure charges are paid timely. Department Heads will be notified when individual statements are not processed in the allotted time.

**NOTE: Failure to adhere to this policy will result in removal of privileges and/ or appropriate disciplinary actions.**



**Exhibit B**  
**Agreement to Accept the Visa Purchasing Card**

Your participation in the Visa Purchasing Card Program is a convenience that carries responsibilities along with it. Although the card is issued in your name, it should be considered **City property** and should be used with good judgment. Your signature below verifies that you understand the Visa Purchasing Program guidelines outlined below and agree to comply with them.

1. The Visa Purchasing card is provided to employees based on their need to purchase business-related goods and services. A card may be revoked at any time based on change of assignment or location. The card is not an entitlement nor reflective of title or position.
2. The card is for **business related purchases only**; personal charges are not to be made on the card. I understand that the card may not be utilized for cash advances.
3. You are the only person entitled to use the card and are accountable for all charges made against the card.
4. Improper use of the card can be considered misappropriation of City funds that may result in disciplinary action, up to and including termination.
5. All charges are billed directly to and paid directly by the City. Any personal charges on the card could be considered misappropriation of City funds since the cardholder can not pay the bank directly.
6. Cardholders are expected to comply with internal control procedures in order to protect City assets. This includes keeping receipts, reconciling Visa Purchasing monthly memo statements and following proper card security measures. No purchase should be made without obtaining a receipt.
7. Supervisory staff will be responsible for reconciling Visa Purchasing monthly memo statements and resolving any discrepancies by contacting the supplier or the bank.
8. Each account is assigned a cost accounting code by management and purchases are automatically charged to that code. The code can be changed by management approval. If changed, a new accounting code does not affect past charges, only future charges.
9. All City purchases are exempt from sales tax. The sales tax exemption number is printed on the front of the card. If tax is charged, the employee is responsible for either obtaining a credit or personally paying the sales tax.
10. A lost or stolen card should be reported immediately by telephone to SunTrust Customer Service at 1-800-836-8562. It should also be reported to (Name of Purchasing Card Administrator), Visa Purchasing Card Administrator at (305) 460-5109.
11. A cardholder must surrender his or her card upon termination of employment (i.e. retirement or voluntary/involuntary termination). At this point, no further use of the account is authorized.

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Cardholder Signature

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Cardholder Printed Name

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Cardholder Department and Phone number

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Date

**Exhibit C**  
City of Coral Gables  
Purchasing Card  
Missing Receipt Documentation Form

Cardholder: \_\_\_\_\_

Vendor: \_\_\_\_\_

Amount: \_\_\_\_\_

Reference Number: \_\_\_\_\_

Billing Cycle Close Date: \_\_\_\_\_

Description of Purchase:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

I hereby certify that the receipt for the above item(s) is missing and that the purchase was made for legitimate business reasons using the policies and procedures outlined within the City's ordinances.

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Cardholder's Signature Date

**Exhibit D**  
**SUNTRUST VISA PURCHASING CARD DISPUTE FORM**

**Cardholder Information:**

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
City State Zip Code

\_\_\_\_\_  
Home Phone Number Business Phone Number

\_\_\_\_\_  
Account Number

\_\_\_\_\_  
Incorrect \$ Amount (Attach Sales Receipt)

\_\_\_\_\_  
Duplicate Posting

\_\_\_\_\_  
Credit Not Processed (Attach Credit Receipt)

\_\_\_\_\_  
Other

\_\_\_\_\_  
Vendor Product/Service Dollar Amount

**DETAILS ABOUT THE DISPUTED ITEM(S)**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Cardholder's Signature Date

Send this form to:

SunTrust BankCard, N.A.  
Attention: Purchasing Disputes  
7455 Chancellor Drive  
Mail Code 9117  
Orlando, FL 32809

Customer Service:  
Toll Free: 1 (800) 836-8562  
Fax: 1 (407) 762-5405