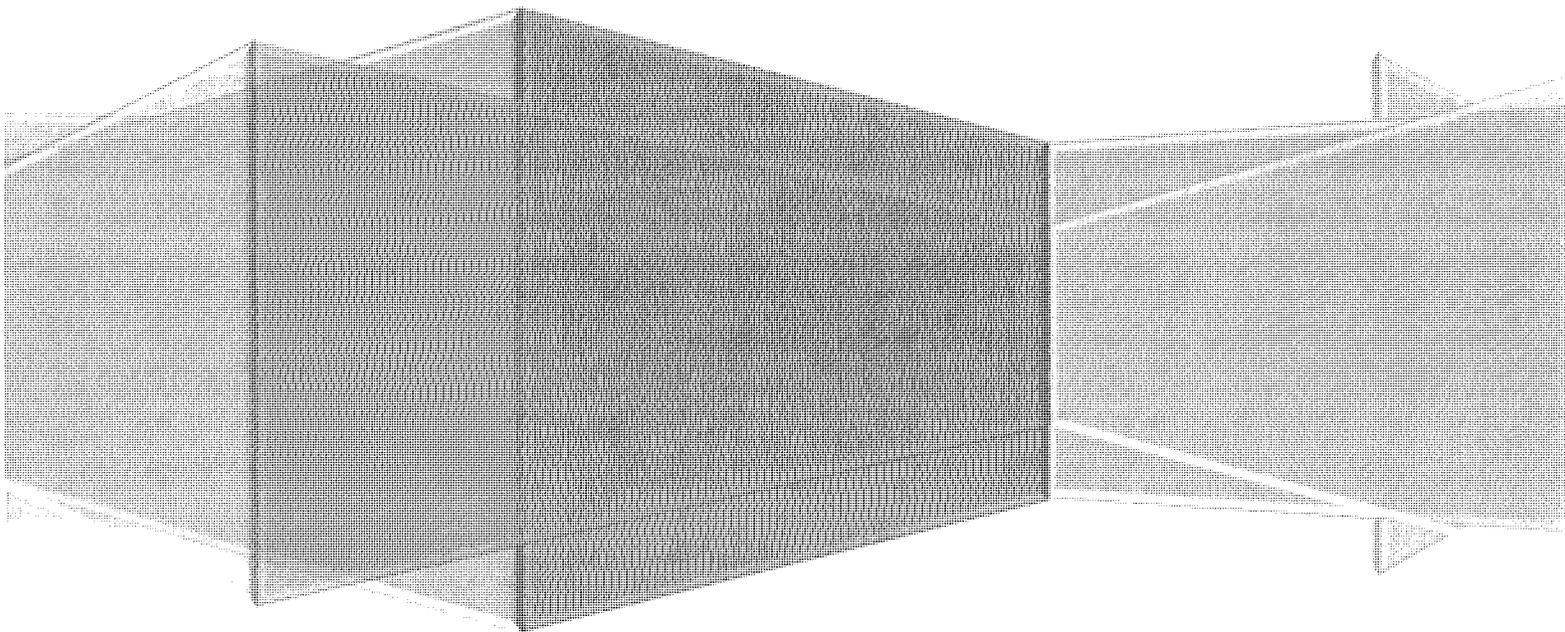


City of Alvin, Texas

Purchasing Card Program

Policies and Procedural Manual



CITY OF ALVIN PURCHASING CARD PROGRAM

CARDHOLDER MANUAL

Introduction

Welcome to the Purchasing Card Program. This program is designed to help better manage low-dollar purchases; and also brings many benefits to employees, the City of Alvin, and its vendors.

The success of the Purchasing Card Program and its continuing use depends on your participation and cooperation. Please be sure to read and follow the program guidelines as specified within this manual.

What is the Purchasing Card?

The Purchasing Card is a credit card that can be used for small purchases. It is a fast, flexible new purchasing tool which offers an alternative to the existing purchasing processes and provides an extremely efficient and effective method for purchasing and paying for small dollar items or for travel-related expenses programmed on an individual basis as approved by the Department Director. **The purchasing card is to be used only for official city business.**

The purchasing card will enable you to purchase non-restricted commodities, by telephone, online, or in person directly from the vendors. It will eventually decrease the need for issuing low dollar purchase orders, check requests and blanket orders.

The Purchasing Card program brings many benefits to:

The City of Alvin – The purchasing card program provides a cost-efficient, alternative method for purchasing low-dollar supplies for the City of Alvin. Built-in card features make the program easy to control and manage and reduces processing costs at all levels by reducing the number of purchase orders, invoices, and checks. The purchasing card enables all departments to focus on higher value-added activities.

Vendors – The purchasing card will be welcomed by vendors. When vendors accept the card for business purchases, vendors need not send statements/duplicate invoices to the City; and they will receive payment directly from the card issuer within 48 hours.

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PARTIES INVOLVED

Card Issuer – The issuing bank of the purchasing card.

City of Alvin – Arranges with the card issuer to have purchasing cards issued to approve employees and agrees to accept liability for the employees' proper use of the cards.

Department Head – City employee who must approve employees' request for purchasing cards -- including authorizing travel expenses -- assign Departmental Liaison, and submit application to the Purchasing Card Administrator. The Department Head delegates transaction authority to the cardholder. The Department Head must also approve the charges incurred by the Department Liaison and all staff.

Department Liaison – An employee in each department designated by the Department Head to be responsible for reviewing transactions of individual cardholders to make sure the transactions are legitimate business expenses and provide the necessary documentation for purchases on the purchasing card. This person is the sole contact for each department to Finance.

Purchasing Card Administrator – Employee designated by the Assistant City Manager/CFO who coordinates the purchasing card program for the City and acts as the City's intermediary in correspondence with the card issuer.

Cardholder – An employee of the City of Alvin who is approved by his/her Department Head to use the Purchasing Card to execute purchase transactions on behalf of the City.

Vendor – The merchant from whom a cardholder is making a purchase.

CARDHOLDER ELIGIBILITY

Criteria to receive a purchasing card are as follows:

- Applicant must be an employee of the City of Alvin
- Applicant's request for a purchasing card must be approved by his/her Department Head.
- Applicant must be assigned a Departmental Liaison selected by his/her Department Head
- Applicant must sign the Purchasing Card Agreement (Attachment 1)

<p style="text-align: center;">CITY OF ALVIN PURCHASING CARD PROGRAM CARDHOLDER MANUAL</p>
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CARDHOLDER RESPONSIBILITIES

The cardholder must use the purchasing card for legitimate business purposes only. The purchasing card may not be used for personal expenses, entertainment, cash, or any of the restricted commodities as included in the Purchasing Card Program Cardholder Manual or City purchasing policy. Misuse of the card will subject cardholder to disciplinary action in accordance with the City's policies and procedures relating to disciplinary action and termination for cause. The cardholder must:

- Ensure the purchasing card is used for legitimate business purposes only.
- Maintain the purchasing card in a secure location at all times.
- Not allow other individuals to use the purchasing card.
- Obtain and reconcile all sales slips, register receipts, and/or purchasing card slips to the card issuer's cardholder statement and provide the same to the Departmental Liaison for reconciliation, approval and allocation of transactions in a timely manner.
 - Detailed receipts -- not just charge slips -- should be submitted to the Liaison, showing the specific items purchased, along with the business purpose for the item(s) purchased. A copy of a detailed receipt should be requested if the merchant does not automatically provide this.
- Attempt to resolve disputes or billing errors directly with the vendor and notify the Department Liaison if the dispute or billing error is not satisfactorily resolved by following dispute procedures (Attachment 2).
- Ensure that an appropriate credit for the reported, disputed item or billing error appears on a subsequent cardholder statement.
- Not accept cash in lieu of a credit to the purchasing card account.
- Immediately report a lost or stolen card to the card issuer and to the Departmental Liaison.
- Return the purchasing card to the Departmental Liaison upon terminating employment with the City.
- Report erroneous and emergency transaction needs to the Departmental Liaison during normal business hours.

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DEPARTMENTAL LIAISON RESPONSIBILITIES

Each Department Head must designate one Departmental Liaison for his/her department. The responsibilities of the Departmental Liaison include:

- Reviewing vendor receipts and reconciling the monthly cardholder statements.
 - If the receipts are not presented to the Liaison in a timely manner, it is the Liaison's responsibility to follow-up with the cardholder to obtain the receipts.
 - The Liaison must make sure that all receipts are in the Liaison's file monthly.
- Reviewing usage of purchasing card data for appropriateness.
- Attempting to resolve any disputes with vendor and/or the card issuer that is not resolved by the cardholder.
- Notifying the Purchasing Card Administrator in 3 to 5 days of any unresolved disputes.
- Notifying the Purchasing Card Administrator of lost/stolen cards or fraudulent charges.
- Requesting the Purchasing Card Administrator to cancel a cardholder's card (e.g. terminated employees and loss of purchasing card privileges) as approved by the Department Head.
- Collecting cancelled cards from cardholders and forwarding the cancelled card to the Purchasing Administrator.
- Assisting cardholders with erroneous declines and emergency transactions.

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PURCHASING CARD ADMINISTRATOR RESPONSIBILITIES

The Assistant City Manager/CFO will assign a Purchasing Card Administrator to be responsible for the over-all Purchasing Card Program. The responsibilities of the Purchasing Card Administrator include:

- Being the City's Liaison to the card issuer.
- Utilizing card issuer's software.
- Ensuring that Departmental Liaisons are educated and trained.
- Reviewing department-approved applications for completeness of required information.
- Submitting completed applications to the card issuer.
- Having the cardholder sign the Purchasing Card Agreement (Attachment 1), signifying agreement with terms of the purchasing card program.
- Obtaining a purchasing card from the card issuer, and releasing the new purchasing cards to the cardholder's Department Head and/or the Department Liaison after all requirements are met.
- Handling disputed charges/discrepancies not resolved by the cardholder or Department Liaison.
- Securing revoked purchasing cards; and submitting information to the card issuer.
- Ensuring that lost or stolen cards have been blocked by the card issuer.
- Assisting the Departmental Liaison with erroneous declines and emergency transactions.
- Forwarding vendor set-up requests to the card issuer.

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1. Requirements for Receiving a Purchasing Card

Before receiving a purchasing card, the employee is required to sign the *Purchasing Card Agreement* (Attachment 1), and the *Purchasing Card Application* (Attachment 1B). By signing this agreement, the employee indicates that he/she understands the intent of the program, and will comply with all guidelines of this manual, as well as the City of Alvin policies and procedures relating to the expenditure of funds.

2. Procedures for Obtaining a Purchasing Card

- *Prospective cardholder* – Complete the *Purchasing Card Agreement* and the *Purchasing Card Application* form; then submit it to the Department Head for approval.
- *Department Head* – Verify, sign, and forward the Purchasing Card Agreement to the Program Administrator.
- *Program Administrator* – Verify, sign, and forward the Purchasing Card Agreement to the Assistant City Manager/CFO for approval; then to the card issuer for processing. Upon receipt of the purchasing card, the Program Administrator issues the card to the Department Head and/or Department Liaison, who will subsequently issue the card to the prospective cardholder.

3. Purchasing Card Maintenance and Closure

All contact with the card issuer for card set-up, maintenance and closure (except for reporting lost or stolen cards) will be handled by the Purchasing Card Administrator.

The Purchasing Card Administrator may close an account if a cardholder: (a) moves to a new job in which a purchasing card is not required, (b) terminates employment or (c) for any of the following reasons which will also subject the cardholder to disciplinary action in accordance with City of Alvin policies and procedures relating to disciplinary action and termination for cause:

- The purchasing card is (intentionally) used for personal or unauthorized purposes.
- The purchasing card is used to purchase alcoholic beverages or any substance, material, or service which violates policy, law or regulation pertaining to the City of Alvin.
- The cardholder allows the card to be used by another (unauthorized) individual.
- The cardholder splits a purchase to circumvent the limitations of the purchasing card or state-law bidding provisions.
- The cardholder uses another cardholder's card to circumvent the purchase limit assigned to either cardholder or the limitations of the purchasing card.
- The cardholder fails to provide the Departmental Liaison with required receipts.
- The cardholder fails to provide, when requested, information about any specific purchase.
- The cardholder does not adhere to all of the purchasing card policies and procedures.

A request for closing a cardholder account will be submitted to the card issuer by the Purchasing Card Administrator. *If a plastic card exists for the purchasing card account being closed, it should be returned to the Departmental Liaison immediately.*

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4. Purchasing Card Use

The City of Alvin's purchasing policies and procedures shall be followed when using the purchasing card system. The purchasing card is to be used only for City business. City of Alvin spending parameters for each purchasing card issued are \$3,000 per transaction (including handling charges, freight and/or transportation). The City will adjust per transaction limits as determined by demonstrated need and with the Department Director's approval.

5. Restrictions

Purchasing cards may not be used for:

- Personal use
- Cash advances and cash refunds
- Separate, sequential and component purchases, or any transaction made with the intent to circumvent the City's purchasing policy or state law
- Firms or establishments of the following type:
 - Betting Parlors (including lottery tickets, casino gaming chips etc..)
 - Alcoholic Beverage Package Stores, Beer, Wine, Liquor
 - Financial Institutions – Manual or Automated Cash Disbursements
- Any other purchases excluded in the purchasing policy or the travel policy.

6. Cardholder Liability

The purchasing card is a corporate charge card and will not affect your personal credit. It is your responsibility to ensure that the card is used within stated guidelines of the Purchasing Card Manual. Failure to comply with program guidelines may result in permanent revocation of the card, notification of the situation to management, and disciplinary action in accordance with the City's policies and procedures relating to disciplinary action and termination for cause.

7. Purchasing Card Security

Cardholders should always treat the City of Alvin's purchasing card with at least the same level of care as one does their own personal credit card(s). The purchasing card should be maintained in a secure location and the purchasing card account number should be carefully guarded. The only person entitled to use the purchasing card is the person whose name (or department, if no name) appears on the face of the card.

8. Lost, Misplaced, or Stolen Purchasing Cards

Report any lost, misplaced or stolen purchasing card immediately to the card issuer. Representatives are available to assist you 24 hours a day, 365 days a year. Be sure to immediately notify your Department Liaison about the lost, misplaced or stolen card. The Department Liaison should then notify the Purchasing Card Administrator.

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9. Completing a Purchasing Card Transaction

Follow these general guidelines when using the purchasing card or account number to make a purchase:

- Determine if the intended purchase is within the City's spending and vendor guidelines.
- For face to face transactions, provide the vendor with your purchasing card; for telephone or online orders, give the vendor your account number, expiration date, and security code if requested.
- It is the cardholder's responsibility to notify the merchant of the City's tax exempt status. **Any sales tax erroneously charged should be refunded by the merchant or disputed using the Cardholder Statement of Disputed Item (Attachment 2).**
- Obtain a copy of the charge slip, sales receipt and/or packing slips; and reconcile to the cardholder statement.
- Provide cardholder statement with attached receipts to the Departmental Liaison.

10. Erroneous Declines

There may be certain situations when a vendor receives a decline message when processing your purchasing card transaction. If you do not know the reason for the decline or if the declined charge was in error, contact the Purchasing Card Administrator for an explanation. If the purchase is being made outside of normal business hours, the employee must find an alternative payment method or terminate the purchase and contact the Purchasing Card Administrator during normal working hours.

11. Emergency Transactions

Emergency transactions over \$3,000 can be handled by using the purchasing card with prior approval of the Department Head. For any transaction that does not meet the spending controls assigned to the card, the Department Liaison should contact the Purchasing Card Administrator for assistance to temporarily release the controls; or use a purchase order.

12. Credits

The vendor should issue a credit to your card account for any item they have agreed to accept for return. Documentation of the return (i.e. credit receipt) should be issued by the vendor. This credit will appear on a subsequent statement. **Under no circumstances should you accept cash in lieu of a credit to the purchasing card account.**

13. Disputes & Billing Errors

Cardholders should always attempt to resolve any disputes or billing errors directly with the vendor. In most cases, the vendor will issue a credit to the card account. If an agreement cannot be reached with the vendor, the cardholder should contact the Department Liaison; who will then contact the Purchasing Card Administrator. See the Dispute Form (Attachment #2) which may be required by the card issuer for disputed transactions.

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Disputes & Billing Errors (continued)

During the investigation, a credit will be issued to the cardholder's account for the amount questioned. **Upon completion of the investigation, if the dispute is not settled in the cardholder's favor, the account will be charged for the disputed transaction amount.**

14. Sales Tax

It is the responsibility of the cardholder to advise the merchant at the time of purchase of the City's tax-exempt status. All cardholders should carry with them a tax-exempt certificate verifying our status in case the merchant is a new vendor to the City. These certificates are available in the Finance Department. **NOTE: Food purchases from local and travel restaurants and stores are not exempt from sales tax.**

15. Audits

The Department Liaison, the Purchasing Card Administrator, and/or the City Auditor will perform audits of compliance with the guidelines of the purchasing card program, city policies and procedures relating to the expenditure of funds, as well as cardholder statements and other required documentation.

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**PURCHASING CARDHOLDER AGREEMENT
ATTACHMENT 1**

The purchasing card is to be used only to make purchases at the request of and for the legitimate business benefit of the City of Alvin.

The purchasing card must be used in accordance with the provisions of the Purchasing Card Program Cardholder Manual and in accordance with the purchasing card policies and procedures established by the City of Alvin. This card may not be used for personal purchases under any circumstances.

Violations of these requirements may result in revocation of use privileges and/or disciplinary action, up to and including termination of employment. Employees who are found to have inappropriately used the purchasing card will be required to reimburse the City for all costs associated with such improper use.

Monthly Credit Limit: _____

Department: _____

Employee Requesting Card

(Print Cardholder Name)

Cardholder Signature: _____

Department Director Signature: _____

Date: _____

Department Liaison Assigned: _____

Received by:

(Purchasing Card Administrator)