

RESOLUTION NO. 2013-19

A RESOLUTION OF THE CITY OF VENICE, FLORIDA, AMENDING THE PURCHASING CARD PROGRAM POLICY AND PROCEDURES; SUPERSEDING RESOLUTION NO. 2008-25; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Venice City Council adopted Resolution No. 2008-25 adopting the Purchasing Card Program Policy and Procedures; and

WHEREAS, purchasing cards may provide an efficient and cost effective method of purchasing and paying for goods and services; and

WHEREAS, changes have been suggested to the policies and procedures to ensure that purchases are in accordance with the City of Venice Code of Ordinances.

NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VENICE, FLORIDA, as follows:

SECTION 1. City Council hereby adopts the 2013 Purchasing Card Program Policy and Procedures attached hereto as "Exhibit A".

SECTION 2. This resolution supersedes Resolution No. 2008-25.

SECTION 3. This Resolution shall take effect immediately upon its approval and adoption as required by law.

APPROVED AND ADOPTED AT A REGULAR MEETING OF THE VENICE CITY COUNCIL HELD ON THE 23RD DAY OF JULY 2013.

John W. Holic, Mayor

ATTEST

Lori Stelzer, MMC, City Clerk

Exhibit "A"
City of Venice
~~2008~~ 2013 Purchasing Card Program
Policy and Procedures

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The City of Venice Resolution is amended as follows with ~~strike through text~~ identifying deletions and underlined text indicating additional language.

PURPOSE

To establish purchasing card policies which meet the following criteria:

- Provide an efficient and cost effective method of purchasing and paying for goods and services not exceeding \$2,500 per purchase.
- Eliminate the use of check requests, purchase orders (PO's) and blanket purchase orders (BPO's)
- Ensure purchasing card purchases are in accordance with city ordinances, policies and procedures, and with Florida Statutes.
- Reduce the time and money spent processing low dollar transactions.
- Ensure that the city bears no legal liability from inappropriate use of purchasing cards.
- Provide for disciplinary action if the purchasing cards are misused.

SCOPE

These policies will apply to all city employees participating in the program and shall be limited to City employees.

POLICY

The purchasing card shall be used only in strict conformity with the city's policy and procedures and within the terms and conditions of the cardholder agreement from Visa. The purchasing card may be used only 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 their card. The purchasing card is to be used for city authorized purchases only and cannot be used for any personal use.

PURCHASING CARD PROCEDURES

A purchase may be made of multiple items, but the invoice cannot exceed \$2,500 or the cardholder's limit if less than \$2,500. Purchases over \$2,500 must be made by purchase order under the city purchasing policies and procedures. Charges for purchases shall not be split to stay within the single purchase limit. Splitting charges will be considered abuse of the purchasing card program.

I. Definitions

Account manager means employees designated by department supervisors and department heads to be responsible for the reconciliation, documentation and account coding of purchase card transactions for a specified group of cardholders.

Bank means the financial institution which has entered into an agreement with the city to provide the purchasing card program.

Billing cycle means the monthly billing period that begins on the 28th day of each month and ends on the 27th day of each month.

Department representative means each department will appoint a representative to perform the duties outlined in Section III, which include requesting the purchasing cards for employees of that division and designating account managers.

Capital equipment are assets with a cost of \$5,000 or more and a useful life of one year or more, including but not limited to furniture, equipment, vehicles, and computer hardware.

Cardholder agreement means Visa's terms and conditions that define cardholder use of the purchasing card.

Credit log means the summary sheet upon which cardholder records the details about credits to the purchasing card purchases. Information to be recorded includes the reference or order number; date of original transaction; date of credit transaction; purchase description; and dollar amount of the credit.

Merchant category code (MCC) limit is a method to control where spending is allowed. All Visa merchants are assigned an industry-specific MCC code which the city can restrict from purchasing card access. Once an MCC code is blocked, all merchants within that category will be declined.

Monthly limit is the maximum dollar value of charges a cardholder is authorized to make during the billing cycle.

Purchasing card administrator (PCA) means the finance director or designee who is responsible for the administration of the purchasing card program.

Single purchase limit is the maximum value of charges a cardholder is authorized to make during a single transaction.

II. How It Works

- a. A department representative authorizes the issuance of a purchasing card to an employee.
- b. The purchasing card administrator coordinates issuance of a purchasing card to an employee.
- c. A cardholder presents goods or services for purchase to a vendor who accepts Visa.
- d. The vendor processes the card information to obtain authorization for the purchase.
- e. The bank receives the transaction information electronically from Visa.
- f. The bank verifies the account number and spending control limits on the card.

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- g. The cardholder receives the merchandise and a copy of the receipt.
- h. The cardholder maintains the original receipt for timely remittance to the account manager.
- i. The vendor receives payment for the merchandise within three days.
- j. The account manager receives a monthly memo statement for distribution to each cardholder.
- k. Finance receives a monthly consolidated statement for the city.
- l. The account manager reconciles all purchases and credit activity to the memo statement.
- m. The account manager forwards the reconciled statements, co-signed by the division manager, along with supporting documentation, to finance by the 7th of the following month.
- n. Finance pays the consolidated statement to the bank.

III. Responsibilities

- a. *Cardholder* is responsible for the following:
 - 1. Holding and securing the purchasing card and card number;
 - 2. Buying supplies and services;
 - 3. Informing vendor of tax exempt status prior to processing sales transaction;
 - 4. Collecting and saving sales receipts;
 - 5. Writing the account number, or narrative description of the account/project to be charged, on each receipt;
 - 6. Receiving and inspecting all ordered materials and services;
 - 7. Reporting discrepancies to vendors;
 - 8. Identifying and handling disputed charges;
 - 9. Reviewing/verifying charges with the account manager;
 - 10. Submitting receipts to the account manager by the first day of the following month;

11. Complying with city policies and procedures.
- b. *Account Manager* is responsible for the following:
1. Matching receipts with the monthly statements;
 2. Reviewing the monthly cardholder statement with cardholder;
 3. Assisting in the handling of disputed items;
 4. Maintaining a copy of the credit log sheets and verifying all credits are posted;
 5. Verifying/assigning account codes;
 6. Signing the payment request form (ensuring sufficient budget dollars are available) and forwarding it along with the monthly statement, receipts, packing slips and other supporting documentation as required, to finance.
- c. *Department Head* is responsible for the following:
1. Reviewing the monthly purchasing trends of cardholders within the division;
 2. Reviewing fund balances to ensure sufficient budget dollars are available for cardholders;
 3. Review cardholders' use of cards;
 4. Assisting in the handling of disputes with vendors;
 5. Assuring that all documentation is forwarded to finance by applicable schedule dates;
 6. Evaluating the need to cancel or reissue cards;
 7. Collecting revoked cards from cardholders and remitting to the PCA;
 8. Designating account managers and communicating same to the PCA.
- d. *Purchasing Card Administrator (PCA)* is responsible for the following:
1. Reviewing and communicating to the bank all purchasing card requests and changes to card limits;

2. Training cardholders;
 3. Coordinating the issuance and cancellation of cards;
 4. Maintaining program policies and procedures, cardholder guides and/or manuals and all cardholder application forms;
 5. Maintaining a list of all current account managers;
 6. Pursuing supplier discount opportunities;
 - g. Evaluating purchasing card feedback from suppliers;
 - h. Coordinating and maintaining internal controls;
 7. Participating in ongoing program reviews;
 8. Participating in resolving billing disputes;
 9. Monitoring program for compliance with all city policies and procedures and recommending disciplinary action when applicable;
 10. Monitoring the program's aggregate monthly spending relative to the aggregate established credit limit with the bank for potential required increases.
- e. *Finance* is responsible for the following:
1. Receiving approved monthly statements and supporting documentation from all account managers;
 2. Performing a pre-audit over receipts and charges;
 3. Paying monthly charges from the consolidated statement;
 4. Filing monthly statements and supporting documentation;
 5. Administering 1099 reporting.
- f. *Internal Audit* is responsible for conducting periodic audits and reporting findings.
- g. *Bank* is responsible for the following:
1. Activating and deactivating purchasing cards at the request of the PCA;

2. Paying suppliers;
3. Controlling pre-defined cardholder limits;
4. Providing monthly statements and reporting information;
5. Providing customer service.

IV. Processes

A. Requesting a Purchasing Card

1. Purchasing cards will be issued to city employees who frequently purchase goods or services.
2. All requests for purchasing cards must be submitted by the department head to the PCA for a purchasing card application form.
3. The PCA reviews the application and submits it to the bank for processing.
4. The bank issues the purchasing card and mails it to the PCA. The PCA will write "See photo ID" in the signature space on the back of each card.
5. The cardholder attends a mandatory purchasing card program training session, signs the cardholder acceptance form, and receives a purchasing card and Visa cardholder agreement, along with a water-proof envelope for collecting receipts.

B. Modifying Purchasing Card Limits

1. All requests for modifications to cardholder limits must be submitted by the department head to the PCA by updating a copy of the cardholder's original purchasing card application form.
2. The PCA reviews the modification and submits it to the bank for processing.

C. Using the Purchasing Card

1. The cardholder may pick up supplies or services, or place an order for these by telephone, facsimile or electronically. Internet purchases must be made over a secured transmission. The supplies or services must be immediately available for pick up, shipped or delivered within the monthly billing cycle. The order should not be placed without this assurance. No back-ordering is allowed when using the purchasing card.
2. *Telephone Orders:* The cardholder must confirm that the vendor will charge the purchasing

card when shipment is made so that receipt of the supplies may be certified on the monthly statement. This is also a requirement of the vendor's contract with Visa.

3. *Prohibited Purchases:* The purchasing card is to be used for city authorized purchases only. The purchasing card cannot be used for any personal use. The following supplies and services shall not be purchased with the purchasing card:
 - Personal Items
 - Cash Advances
 - Gift Certificates
 - Meals or Entertainment (Exceptions are outlined in the Sec. 2-162 of the Code of Ordinances.)
4. *Dollar Limits:* A purchase may be made up of multiple items, but the total invoice (including shipping) cannot exceed the lesser of \$2,500 or the cardholders single purchase limit. All purchases over \$2,500 must be made by purchase order under the city's purchasing policies and procedures. Charges for purchases shall not be split to stay within the single purchase limit. Splitting charges will be considered abuse of the purchasing card program.
5. *Sales and Use Tax:* 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. The city sales tax exemption number is printed on the face of the purchasing card. It is the responsibility of the cardholder to make the vendor aware that the sales transaction will be tax exempt prior to processing the sale. If the vendor charges sales tax, contact the vendor and obtain a credit equal to the amount of the sales tax. The cardholder must not permit the vendor to issue cash to settle a sales tax error. In the event there are problems with any vendor about sales or any other tax contact the PCA.
6. *Documentation:* For all transactions, the cardholder must retain the original customer's copy of the summary charge slip, along with the detail receipt which identifies every item purchased and the corresponding item cost. For telephone orders, the cardholder must retain the receipt and/or packing slip. The cardholder must also write the account number, or a narrative description of the account/project to be charged, on the back of each receipt or on the optional transaction log.
7. *Missing Documentation:* Where supporting documentation is missing, the cardholder must contact the vendor and request a duplicate receipt. If the cardholder is still unable to obtain documentation, they must contact the PCA. Failure to provide adequate documentation will result in disciplinary action and employees may be required to make payment for such transaction.
8. *Credit Log:* The cardholder must keep a credit log (see EXHIBITS) of items returned to the vendor to verify credit is received for returns. Reductions in a purchasing card sale amount

due to an error, decrease in quantity, price discount, or erroneous charging of sales tax must also be noted on the credit log.

9. *Denied Purchase:* The cardholder may report a denied point of sale or other rejected purchases to the account manager. The account manager must advise the PCA of any known denied cardholder purchase. Information to be provided includes cardholder name and account number, vendor and date of declined sale. The PCA shall inquire into the denied sale, take appropriate action and report back to the account manager.

D. Reconciling Monthly Statement

1. The bank will provide the cardholders with monthly memo statements for verification of charges and reconciliation. These statements will be sent to the account managers.
2. The cardholder must verify receipt of goods or services for all purchase transactions on the monthly memo statement. If the supply or service was purchased from a city annual agreement vendor, the annual agreement number must be written on the corresponding supporting documentation. The cardholder must also verify all credit transactions were processed to the statement from their credit log.
3. Upon fully reconciling the monthly statement, the cardholder submits the statement and all documentation to the account manager.
4. The account manager must review the cardholder's monthly statement and credit log, match each receipt to the corresponding statement charge, verify the purchases were for a proper public purpose, check to see that the appropriate annual agreement number has been written, if necessary, and verify/assign the account codes.
 - a. Unauthorized purchases will result in disciplinary action up to and including termination and the employee will be required to make payment for any such transaction. When purchases are questioned, the account manager is responsible for resolving the issue with the cardholder. If the account manager is not satisfied that the purchase was necessary and for official use, the cardholder must provide either a credit voucher proving the item(s) were returned for credit or a personal check made payable to the bank for the full amount of the purchase plus applicable sales tax. Checks must be sent along with the statement to finance, with an explanation of why the violation occurred.
 - b. The cardholder must prepare and sign the payment request form and have it co-signed by the department head or designee, certifying they have reviewed all transactions for propriety, as well as budget availability. Then the account manager

must forward it along with the cardholder monthly statements, receipts and other documentation as required, to finance. Receipts shall be submitted in the same order as they appear on the statement.

5. Use of ESP: ESP is an internet application that provides the ability to review and report daily on information from purchase card transactions. The application allows the account manager and others to access purchase activity on demand. Account managers will utilize ESP as a reconciling and reporting tool. Access to the internet and an internet browser are the only requirements necessary to utilize ESP.

E. Paying for Supplies or Services

1. The vendor is paid by the purchasing card provider within three days of the receipt of supplies or services.
2. Finance will pay the billing consolidated statement within ten days from the end of the billing cycle. The city retains the right to dispute a purchase up to 60 days after the statement date in which the transaction occurred.

F. Resolving Returns and Credits, Disputes and Erroneous Charges.

1. The cardholder must attempt to resolve problems directly with the vendor. The vendor must issue a credit for billing errors, sales tax, defective supplies or unacceptable services, returned supplies or canceled orders. This credit should appear on the cardholder's statement within 60 days. The cardholder must not permit the vendor to issue cash to settle a disputed amount. Under no circumstances can the employee accept cash.
2. If the cardholder is unable to resolve the issue with the vendor, or cardholder's credit does not appear on the monthly statement within 60 days, cardholder (with assistance from the account manager) should contact SunTrust Customer Support (800-836-8562) to resolve the matter. Customer support will require the cardholder to fax an account holder dispute form to the bank (which is provided on the back of the monthly statement), with a copy of the dispute form being sent to the PCA.
3. When an account is in dispute status, the disputed amount is included in calculating the available money for authorizations (monthly limit). However, disputed items are removed from all finance charges, late charges, over-limit fees, past due amounts and calculations. Finance charges, which 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.”

4. After the item has been entered as a dispute, the bank must determine who is responsible by researching the transaction including requesting a copy of the sales draft when necessary.
5. If the problem is resolved between the merchant and the cardholder while the item is in dispute, the cardholder should write the solution agreed upon on the bottom of the dispute form that was previously faxed to the bank, and fax it to the bank as soon as possible.
6. If it is ultimately determined that the cardholder is responsible for the transaction, then the questioned amount will be added to the next monthly statement. If the cardholder is not responsible for the transaction, the dispute is settled for the cardholder and the questioned amount will be subtracted from the next monthly statement.
7. If there continues to be problems with a particular merchant, the cardholder should notify the PCA of the problems.

G. Reporting a Lost or Stolen Purchasing Card

If a card is lost or stolen, the cardholder must immediately notify SunTrust Customer Support (800-836-8562) and the PCA. Access to the card will be immediately blocked, and the cardholder shall not be responsible for any charges after the card is reported lost or stolen. The cardholder must provide the bank with the purchasing card's 16 digit account number. The bank will also require the cardholder to submit written confirmation by fax or by mail of the card cancellation request reported verbally. A replacement card will be issued by the bank and delivered to the PCA.

H. Purchasing Card Termination

1. *Terminated Employees:* The department head will immediately notify the PCA and account manager of terminated employees and collect their purchasing card. The PCA is required to notify the bank to cancel the card of a terminated employee.
2. *Revocation of Card:* Purchasing card privileges may be revoked upon the cardholder's failure to follow city policy and procedures. The business center representative, the PCA and the account manger will coordinate the revocation of purchasing cards. The PCA will immediately notify the bank to cancel any such cards.
 - a. The account manager will obtain the revoked purchasing card from the employee.
 - b. The account manager must destroy the returned purchasing card by cutting it in two and

delivering it to the PCA.

I. Violations

The following actions are prohibited:

1. Personal use of the card;
2. Purchase of items specifically prohibited by policy;
3. Purchases that exceed the purchasing card limits;
4. Not reporting lost or stolen cards;
5. Inadequate record keeping and/or documentation of purchases;
6. Acceptance of cash in lieu of a credit to the statement; and
7. Splitting of purchases within the single purchase limit.

Failure to comply with this policy may result in employee removal from the purchasing card program and other disciplinary action up to and including termination as appropriate in accordance with personnel policies.

J. Use of the card by the finance director shall be monitored and reviewed by the city manager, or his designee other than the finance director, to insure compliance with the 2013 Purchasing Card Program Policy & Procedures.

K. The city manager shall approve his or her expenditures using the card only if the expenditures comply with the 2013 Purchasing Card Program Policy and Procedures. The approval shall be in affidavit form, signed under oath, stating that the expenditures comply with the 2013 Purchasing Card Program Policy and Procedures.

CARDHOLDER ACCEPTANCE FORM

I AGREE TO THE FOLLOWING REGARDING THE USE OF THE CITY OF VENICE PURCHASING CARD ASSIGNED TO ME FOR OFFICIAL CITY BUSINESS ONLY.

- 1. I understand that I am being entrusted with a powerful and valuable tool and will be making financial commitments on behalf of the City of Venice and will strive to obtain the best value for the city.**
- 2. I understand that under no circumstances will I use the purchasing card to make personal purchases, either for myself or others. Willful intent to use the purchasing card for personal gain or unauthorized use may result in disciplinary action up to and including termination of employment and prosecution to the extent permitted by law.**
- 3. I agree to provide all receipts to my account manager for prior month purchases, by the 1st day of each month. (Each month will end on the 27th of the month).**
- 4. I agree that, should I violate the terms of the agreement, I will be subject to disciplinary action up to and including termination of employment and that I will reimburse the city for all incurred charges and any costs related to the collection of such charges.**
- 5. I authorize the City of Venice to make payroll deductions for any unauthorized charges or non-reimbursed personal charges.**

Cardholder Name (Print)

Date

Cardholder Signature