

CITY OF SPOKANE ADMINISTRATIVE POLICY AND PROCEDURE	ADMIN 5600-16-01 LGL 2004-0019
TITLE: <b>PURCHASING CARDS</b> EFFECTIVE DATE: November 18, 1997 REVISION DATE: June 1, 2016	

1.0 GENERAL

1.1 This document sets forth the City's policy and procedure by which the City will conduct the Purchasing Card Program.

1.2 Any questions or comments should be directed to the Accounting Department at 625-6020.

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2.0 DEPARTMENTS/DIVISIONS AFFECTED

This policy shall apply to all City departments and divisions except the Library Department.

3.0 REFERENCES

Resolution 97-107  
Resolution 04-141

4.0 DEFINITIONS

Not Applicable

## 5.0 POLICY

5.1 It is the policy of the City of Spokane to allow employees to use Purchasing Cards for specific procurements. Purchasing Cards are designed to provide a convenient and efficient method of procuring low value goods and services. City users will be able to make these small purchases simply and easily when a need arises. Purchasing Cards will reduce costs associated with processing requisitions, purchase orders and accounts payable, while creating good business relations with suppliers by speeding up payments to them. These efficiencies will allow all groups and individuals involved to be more effective and focused on the value added aspect of their jobs.

### 5.2 Employee Eligibility.

5.2.1 Purchasing Cards will be issued to authorized regular City employees only. The department head is responsible for authorizing his/her employees to use a Purchasing Card. Temp/Seasonal and Project Employees working on long term projects are eligible for a Purchasing Card with the approval of the Division Director. The Accounting Director has final approval.

5.2.2 The employee whose name appears on the card is the only individual who may use the card.

5.2.3 An authorized employee will be required to make application and sign and abide by a cardholder agreement.

### 5.3 Purchasing Card Use - General.

5.3.1 The maximum transaction amount, the maximum monthly card limit, and the City's aggregate monthly limit will be established by the Director of Finance & Administration or his/her designee.

5.3.2 A department head may establish lower limits for department employees.

5.3.3 Use of the Purchasing Card does not relieve the cardholder from complying with City and departmental policies and procedures. The Purchasing Card is not intended to replace effective procurement planning which can result in quantity discounts, reduced number of trips, and more efficient use of City resources.

5.3.4 The cardholder will be responsible to report a lost or stolen card by phoning the contracting bank and advising his/her department head

and the Accounting Department. The Accounting Department will confirm the loss in writing to the Bank.

5.3.5 Cardholders are responsible to immediately inform the Accounting Department of any fraud directly relating to their purchasing card which occurred outside of their control, such as unauthorized charges.

5.4 The following conditions must be met when using the Purchasing Card:

5.4.1 Each single purchase may be comprised of multiple items, but the total must not exceed the maximum established transaction limit.

5.4.2 When a purchase exceeds the maximum established transaction limit, the normal procedure of using purchase orders must be followed. Purchases must not be split to circumvent the transaction limit.

5.4.3 The least expensive item that meets the needs of the department should be sought.

5.4.4 Cardholders must follow their department's administrative control of funds procedures to ensure that sufficient budgeted funds are available for the purchase.

5.4.5 The cardholder must obtain an itemized receipt from the vendor and submit the receipt along with their reconciled account statement to the Accounting Department for payment.

5.5 Card Restrictions.

5.5.1 The following list covers purchases for which the Purchasing Cards are specifically prohibited:

- Cash advances or cash refunds;
- Personal use of any kind or any non-City purpose;
- Telecommunications equipment, software or services unless approved by IT (cell phone accessories are OK);
- Travel, lodging, or meals while traveling;
- Fuel for City vehicles;
- Computer hardware, software, or peripherals (except IT, Police Information Systems and Fire Information Systems) including any technology that attaches to, connects to or passes through PC, network or wireless devices. The following may be procured by Purchasing Card: keyboards, thumb drives, mice, cameras (photo, not PC type) and tablet



device accessories (data plans and wireless devices for tablet devices must be processed through MIS)

- Repairs to City vehicles (except Fire Department and Parks and Recreation Department grounds maintenance equipment);
- Goods or services on City contracts; unless payment by credit card was specifically contracted.

5.5.2 The following list covers merchant categories from which the entire City account is restricted:

- Airlines
- Auto Rentals
- Casinos, Gaming
- Dating Services
- Drinking Places
- Government Services
- Hotels
- Liquor Stores
- Massage Parlors

5.5.3 A department head may specify further prohibitions or restrictions for department employees.

## 5.6 Misuse of the Purchasing Card

5.6.1 If for any reason disallowed charges are not repaid by the cardholder before the card billing is due and payable, the City shall retain a prior lien against and a right to withhold any and all funds payable to the employee up to an amount of the disallowed charges and interest at the same rate as charged by the purchasing card contractor. Consequences for misuse of the Purchasing Card can include:

- Permanent revocation of Purchasing Card privileges;
- Assignment of wages for repayment of discrepancies;
- Notification to the Director of Finance & Administration and the Internal Auditor to investigate the matter further;
- Disciplinary action, up to and including discharge.

## 5.7 Card Cancellation

5.7.1 A Purchasing Card may be canceled for any of the following reasons:

- The card is lost or stolen;

- The employee transfers to another department;
- The employee retires, resigns, or is otherwise terminated from City employment;
- The authorizing department head requests cancellation for any reason;
- The City Administrator or Director of Finance & Administration approves cancellation by recommendation of the Accounting Director for cardholder misuse or abuse of card privileges.

5.7.2 It is the responsibility of the department head to advise the Accounting Department of the termination or transfer of any cardholder. The Accounting Department will then cancel the cardholder's Purchasing Card.

## 6.0 PROCEDURE

### 6.1 General Information.

- 6.1.1 Authorized employees will each receive a unique Purchasing Card with the employee's name and department name embossed on it. Only the employee shall use the card. No other person may use it. It has been specially designed to avoid confusion with personal credit cards. In all other respects, the card is considered a regular credit card. However, the Purchasing Card must not be used for personal purchases under any circumstances!
- 6.1.2 In order to receive a Purchasing Card, the employee will submit a Purchasing Card Application form to the Accounting Department. The employee's department head must authorize use of the card and indicate the desired spending limit per transaction and per month, up to the maximum limits established by the City.
- 6.1.3 When the Purchasing Card is received at the Accounting Department, the employee will be contacted to personally sign a Cardholder Agreement.
- 6.1.4 Prior to using the card, the employee must telephone the bank to activate his/her account by calling the toll-free phone number given on the card.
- 6.1.5 Employees should sign their card immediately; exactly as they will sign the purchase receipts.

6.1.6 Employees may use their Purchasing Card at any merchant that accepts credit cards for payment. See Exclusions listed above.

## 6.2 Making A Purchase In Person

6.2.1 Cardholders shall obtain an itemized receipt for any purchases made. Sometimes the vendor will give a single receipt that includes the credit card transaction information as well as the itemized list of merchandise purchased. Some vendors may give two receipts; one for the credit card transaction and one for the merchandise. In either case, the employee must retain both of these documents and submit them to the Accounting Department with his/her reconciled Transaction Log. The receipts must give a description of each item purchased, price, totals and must include tax, where applicable.

6.2.2 The merchant will require a signature on the sales draft. Before signing the draft, the cardholder shall verify that the dollar amount is correct and that sales tax has been added, where applicable. Typically, City purchases are taxable. Also, verify that the merchant business name is on the receipt.

6.2.3 Safeguard the Purchasing Card and the Purchasing Card number from unauthorized users. Do not allow anyone else to use it. Keep the card in a safe place. Make sure that the merchant returns the card. Be sure to confirm with the merchant that your purchasing card number will not be kept "on file" by the merchant.

6.2.4 Retain itemized receipts for completing the Transaction Log.

6.2.5 If someone other than the cardholder is sent to pick up an item, he/she must sign the charge slip as follows: "Received by (name)".

## 6.3 Making A Telephone, Mail, Internet Or Fax Order

6.3.1 When placing a telephone, mail, internet or fax order, the employee will be asked to provide his/her name, credit number, expiration date on the card, and an appropriate billing address. Order forms that allow credit card payment will require the cardholder's signature.

6.3.2 The cardholder shall specify to the merchant that an itemized receipt that shows description of item and tax on taxable items must be shipped with the merchandise.



- 6.3.3 When the order arrives, the receipt document(s) should be retained and submitted to the Accounting Department with the Transaction Log.
- 6.3.4 If a mail, phone or fax order transaction is posted to the statement before actual receipt of the goods, it should be noted on the Transaction Log. The receipt, with explanation, should be forwarded to the Accounting Department as soon as possible. (A merchant can not charge the card until an order has been shipped, so the delay time should only be the time it takes for shipping.)
- 6.3.5 For subscription payment, the original subscription form or renewal form shall be attached to the Transaction Log where the charge appears.
- 6.3.6 Internet orders should only be placed with reputable merchants who provide a secure ordering site. A secure site will show a padlock icon in the lower right corner of the computer screen, or will have an internet URL address beginning with "https".
- 6.3.7 For registration payments for out of town conferences/classes, etc., a copy of the signed Travel Authorization and a copy of the conference brochure shall be attached to the Transaction Log where the charge appears.
- 6.3.8 For food purchases for trainings/meetings, etc., an agenda and a sign-in sheet for said training/meeting, etc. shall be attached to the Transaction Log where the charge appears.

#### 6.4 Procedures After Purchase

- 6.4.1 The cardholder is required to record the details of each purchase in the Transaction data base, with the bank providing the City's Purchasing Card Program. Detailed instructions in on-line coding and printing of the Transaction Log will be provided to each cardholder.

The Transaction Log will include the following information:

- Cardholder's name, department name and phone number
- Month/Year of the billing cycle being recorded
- Date of transaction
- Merchant Name
- Complete item(s) description  
(Be specific. A description of "Misc. Parts" is not acceptable.)

- Budget Code & Budget Code Detail for each transaction
- Indicator of whether sales tax has been charged correctly
- Total amount charged for each transaction
- Total purchases for the billing cycle

On-line transaction coding must be completed no later than the twelfth (12<sup>th</sup>) of each month.

- 6.4.2 After coding all the transactions on the Purchasing Card Bank website, all itemized receipts for this billing cycle shall be attached to the Transaction Log (but only for those transactions shown on the bank statement. If there are any receipts for purchases that didn't get posted on this bank statement, the cardholder should hold them over and record them on next month's Transaction Log.)
- 6.4.3 The City's billing cycle runs from the twenty-fifth (25<sup>th</sup>) of the month through the twenty-fifth (25<sup>th</sup>) of the following month. The cardholder shall print the Statement and Transaction Log from the Purchasing Card Bank website. The statement will show all transactions posted to each cardholder's account during the billing cycle. The total figure on the Transaction Log shall match the total on the received bank statement.
- 6.4.4 The cardholder shall sign the Transaction Log, obtain his/her department head or designee's approval signature, and return to the Accounting Department by the fourteenth (14<sup>th</sup>) of the month.
- 6.4.5 If an item is being returned, attach the credit slip to the Transaction Log for the month in which the credit appears on the statement. It is the cardholder's responsibility to see that returns are properly credited. A return of goods purchased using the Purchasing Card must always result in a credit issued towards the cardholder's Purchasing Card account. If a merchant refuses to issue a credit, contact the Accounting Department.
- 6.4.6 If there is a charge on the statement that the cardholder does not recognize, the Bank should be contacted at 1-877-877-9260 to obtain the identification of the charge. If after contacting the Bank, the employee still does not recognize the charge, contact the Accounting Department.
- 6.4.7 If an employee will not be available to complete and sign the Transaction Log because of leave or travel, all sales receipts, credits, etc. should be forwarded to the employee's department head or designee so the Transaction Log can be completed and returned to the Accounting Department on time.



## 6.5 Dispute Resolution Process

- 6.5.1 If a charge shown on the statement is incorrect, or is still unrecognizable after contacting the company the purchase was made from, the cardholder shall contact the Purchase Card Bank and the Purchasing Card Administrator for the City.
- 6.5.2 The Bank will then send the cardholder an affidavit to sign and return to the Bank. The required written information shall be returned to the bank within sixty (60) days of the date of the first statement on which the disputed charge occurred. The cardholder shall make two (2) copies of the letter, attach one (1) copy to the Transaction Log and keep the other copy.
- 6.5.3 The Bank will research the charge and make necessary adjustments to the account. The disputed item will be noted on the following month's statement for reconciliation purposes. The disputed item will be reflected in the outstanding balance but will not be part of the total amount due.
- 6.5.4 When a disputed item has been resolved, a line item credit will be added to the statement and reflect a note regarding the status of the credit. The outstanding balance will be adjusted by the credit amount to reflect the final settlement of the disputed item.

## 6.6 Lost Or Stolen Card

- 6.6.1 In the case of a lost or stolen card, the cardholder shall immediately notify the Accounting Department at 625-6020, his/her department head and the Bank. The Police Department should be notified depending upon the situation, i.e. robbery, burglary, etc. The following telephone number may be used to notify the Bank:

24 HOURS, 7 DAYS A WEEK: 1-877-877-9260

Failure to report immediately a lost or stolen card could result in the employee being responsible for fraudulent use of the card.

- 6.6.2 The following information should be provided to the department head and Accounting Department: cardholder's name, card number, the date reported to the police (if applicable), the date reported to the Bank, and the last known purchases before the card was discovered lost or stolen. The missing card will be canceled and a new card number will be issued to the cardholder by the Accounting Department.

6.7 Changes To Cardholder Information

6.7.1 Changes to a cardholder's name, work address or departmental assignment (i.e., moving to another subdivision within a department) must be reported by completing the "Cardholder Account Maintenance Form" (copy attached) and forwarding it to the Accounting Department. The Accounting Department will submit the changes to the Bank and order a new card if necessary. The employee's old card must be turned in to the Accounting Department when a new card is delivered.

6.7.2 It is the responsibility of the department head to notify the Accounting Department of the termination or transfer of any cardholder. The Accounting Department will cancel the cardholder's Purchasing Card. A cardholder who is transferred to another department must re-apply for a Purchasing Card with the new department head's approval.

7.0 RESPONSIBILITIES


7.1 The department head is responsible for ensuring compliance of this policy within his/her department.

7.2 The Accounting Department, in cooperation with the Director of Finance & Administration, is responsible for administering this policy.

8.0 APPENDICES

- Purchasing Card Application
- Cardholder Agreement
- Cardholder Account Maintenance Form

APPROVED BY:

  
\_\_\_\_\_  
City Attorney

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Director - Accounting

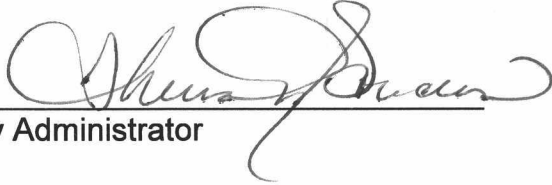
  
\_\_\_\_\_  
Date



Director of Finance & Administration

5/20/14

Date



City Administrator

5/25/2016

Date







## **CITY OF SPOKANE**

### **Purchasing Card Program Rules of Conduct**

- I will regard public service as a sacred trust and give primary consideration to the interests of the public agency that employs me.
- I will behave with impartiality, fairness, openness, integrity, and professionalism in my dealings with suppliers.
- I will excuse myself from participation in any situation where a conflict of interest may be involved.
- I will at no time or under any circumstances accept, directly or indirectly, gifts, gratuities, or other things of value from suppliers which might influence or appear to influence purchasing decisions.
- I will not seek or dispense personal favors that are in conflict with my professional responsibility.
- I will strive to obtain the maximum ultimate value of each dollar of expenditure.
- I will demand honesty in sales representation whether through verbal or written statement, advertisement, or sample of product.
- I will make every reasonable effort to negotiate a fair and mutually agreeable settlement of any conflicts with suppliers.
- I will follow the policies and procedures of my employer, using reasonable care and granted authority.



## CITY OF SPOKANE Purchasing Card Program Cardholder Agreement

1. I hereby acknowledge receipt of a City of Spokane Purchasing Card.
2. I also acknowledge receipt of the City of Spokane's Purchasing Card Program Policies and Procedures, as well as the Purchasing Policy ADMIN 5600-13-01 and confirm that I have read, understand, and will comply with the terms outlined therein.
3. The 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. The card is not an entitlement nor reflective of title or position.
4. All charges are billed directly to and paid directly by the City of Spokane. Any personal charges on the card could be considered misappropriation of City funds since the cardholder cannot pay the bank directly.
5. Cardholders are expected to comply with internal control procedures in order to protect City assets. This includes keeping receipts, reconciling monthly statements and following proper card security measures. The City and/or the State Auditor's office will audit the use of this card and report any discrepancies.
6. Cardholders are responsible for reconciling their monthly statements and resolving any discrepancies by contacting their supplier and Bank. Prior to submission of the statement to Accounts Payable, the cardholder and department head will sign the summary log indicating approval of all charges and noting any discrepancies. The cardholder is responsible to provide itemized receipts for credit card transactions.
7. A lost or stolen card should be reported immediately by telephone to Bank (1-877-877-9260) and the Accounting department (625-6020).
8. A cardholder must surrender his or her card upon termination of employment (i.e. retirement or voluntary or involuntary termination) or transfer to another department. At that point, no further use of the account is authorized.

***The card is for business-related purchases only; personal charges are not to be made to the card. In accepting this card I understand that I am the only person entitled to use the card and I am responsible for all charges made against the card. Improper use of the card can be considered misappropriation of City funds which may result in disciplinary action. Should I fail to use this card properly, I understand the City may deduct from my salary that amount equal to the total of the discrepancy. I also understand the City may elect to collect such amounts even if I am no longer employed by the City of Spokane.***

\_\_\_\_\_  
Cardholder Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Cardholder Signature

\_\_\_\_\_  
Copy to Department Head





**CITY OF SPOKANE**  
808 W. Spokane Falls Blvd.  
Spokane WA 99201

# CARDHOLDER ACCOUNT MAINTENANCE

Direct this form and any questions to the Accounting Department, 625-6020

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**TYPE OF REQUEST:**

- NAME CHANGE
- ADDRESS CHANGE
- HIERARCHY CHANGE
- MCC GROUP CHANGE
- CREDIT LINE CHANGE
- ACCOUNT CLOSURE
- SINGLE TRANSACTION LIMIT CHANGE
- OTHER

ACCOUNT NUMBER:

CARDHOLDER NAME:

DEPARTMENT NAME \_\_\_\_\_

EFFECTIVE DATE:

REASON:

(TERMINATED, MARRIED, RETIRED, ETC.)

OLD INFORMATION:

NEW INFORMATION:

APPROVAL BY DEPARTMENT HEAD (OR DESIGNEE):

APPROVAL BY ACCOUNTING DIRECTOR: \_\_\_\_\_

01/05 REV.