



## City of Winchester

# Purchasing Card Policies and Procedures

---

### I. Description and Purpose of Procedure

The City of Winchester provides a Purchasing Card Program to allow the purchase of goods and services in addition to the existing methods of Purchase Orders, Field Purchase Orders (FPOs), Manual Payment Requests and petty cash. This program provides an efficient method of purchasing and paying for goods and services within an employee's authorized purchase limits. The purpose of this procedure is to establish a set of guidelines for the use of the City's purchasing card (P-Card).

### II. Definitions

- A. Cardholder: The City employee issued the purchasing card. This person's name appears on the card.
- B. Program Administrator: The City employee assigned to oversee the purchasing card program for the City of Winchester.
- C. Purchasing Card (P-Card): A charge card issued to an employee of the City of Winchester for the purpose of making authorized purchases on behalf of the City.

### III. Uses and Restrictions

The purchasing card is for official business use only. The P-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 P-Card may not be used for personal purchases. The purchasing card will be issued to employees upon authorization of the Department Director. The cardholder is responsible for the proper usage and safeguarding of the card.

#### A. Using the P-Card

- 1. The P-Card is intended only for small cost purchases and may not exceed the single or monthly limit set for each cardholder.
- 2. Purchases may be made in-store, by mail, by phone, by fax or on the internet.
- 3. The City of Winchester is exempt from paying any State of Virginia sales and use taxes. The cardholder is to make this clear to the vendor at the time of the purchase. The cardholder can obtain a Tax Exempt form from the Finance Department to give to the vendor.
- 4. Cardholder will comply with all purchasing guidelines.

#### B. Prohibited Transactions

The following transactions are prohibited:

- 1. Cash advances
- 2. Personal purchases

3. Alcoholic beverages
4. Split purchases to meet purchasing limit
5. Computer software and equipment purchases without prior approval from the Information Technology Director or designee
6. Employee benefits: entertainment, tuition
7. Transactions prohibited by the City's Purchasing & Payment Guidelines

#### C. Purchasing Limits

Each P-Card will have a purchase limit. The Department Director will set the limits on each card in their department. Purchase limits may be set according to:

1. dollars per month (maximum \$5,000)
2. dollars per transaction (maximum \$2,500)
3. number of transactions per day
4. number of transactions per month
5. Standard Industry code (SIC) restrictions per card

#### IV. Responsibilities

##### A. Cardholder

1. Read and understand this procedure.
2. Comply with all purchasing policies and procedures.
3. Keep your P-Card number confidential; keep your card secure.
4. Comply with the per-transaction and overall monthly limits.
5. Never "split" the cost of a single item (whether good or service) into multiple payments in order to circumvent the per transaction limit.
6. Purchase only business-related items permitted by City policies. Do NOT purchase any good or service listed under the "Prohibited Transactions" section of this policy.
7. If you inadvertently use your P-Card rather than your personal credit card for a personal purchase, you must notify your supervisor immediately and submit a written explanation of how and why this occurred.
8. Inform the vendor that your purchase is exempt from Virginia sales tax. If the vendor will not grant a sales tax exemption, note the vendor's refusal on your receipt.
9. Collect and retain all documentation of the transaction, e.g. original sales receipts, charge slips, packing lists, etc.
10. Review and reconcile original receipts with the P-Card statement monthly and report any errors.

##### B. Department Director

1. Review and certify that all charges on the cardholder's statement are correct and were made for official purposes.
2. Ensure that purchases are reasonable, appropriate and cost effective.
3. Ensure that no prohibited items have been purchased.
4. Ensure that all proper documentation is attached to the monthly statement reconciliation, including detailed, original receipts.

V. Request for and Issuance of Purchasing Cards

- A. Requests for new cardholders or for changes to a current cardholder's profile shall be made by submitting a Purchasing Card Request/Change Form (Appendix A.) to the Program Administrator.
- B. The cardholder must sign a Purchasing Card Cardholder Agreement (Appendix B.) and adhere to the policies and procedures that govern its use.
- C. The Program Administrator will contact the Card Issuer to request a card. The card should be received by the cardholder within 7-10 days of receipt of the request.

VI. Suspension or Revocation of Purchasing Cards

- A. The Program Administrator may suspend or terminate cardholder privileges for repeated problems including but not limited to, improper or unauthorized use, improper record keeping, and untimely payment submission.
- B. The City Manager may suspend or revoke any purchasing card with or without cause.

VII. Termination or Transfer of Cardholder

- A. Upon notice of a cardholder terminating their current employment, the cardholder's Department Director shall collect the P-Card and any outstanding original invoices.
- B. A memorandum, along with the P-Card, cut in half, must be sent to the Program Administrator indicating that the card should be canceled.
- C. The cardholder and the department will be held responsible for all charges made on the P-Card until it has been canceled and returned.
- D. The Program Administrator shall ensure the P-Card is canceled.
- E. If an employee transfers to another Department, their P-Card may be transferred upon the submission of a Request/Change Form requesting the change and authorized by the respective Department Director.

VIII. Lost or Stolen Cards

- A. If a P-Card is lost or stolen, the cardholder must immediately contact the Card Issuer at 1-800-397-1253.
- B. The cardholder will then immediately notify their Department Director or Supervisor, and Program Administrator by telephone or email.
- C. The cardholder must follow up with a written notification to the Program Administrator with a detailed explanation.
- D. The Program Administrator will contact the P-Card Issuer to obtain a replacement card (approximately 7-10 business days).
- E. **The cardholder is liable for all unauthorized use of the card until the P-Card Issuer is notified.**

IX. Payment and Reconciliation

- A. The cardholder is responsible for all charges on his or her monthly statement, including resolution of charges in error. After final review is completed by the cardholder, all necessary original receipts and packing slips are attached to the statement. Failure to provide proper documentation may result in the cardholder reimbursing the City for that particular charge.

- B. The statement with the original documentation is forwarded to the person in their department responsible to entering invoices into HTE for payment within 10 days of the statement billing date.
- C. The Department Director reviews and approves the payment request which is then forwarded to Finance for payment.

X. Disputes

A dispute occurs when a cardholder questions a transaction that has been charged to their account. If a dispute arises ....

- A. The cardholder immediately contacts the merchant that placed the item on the statement for problem resolution.
- B. If no satisfaction received from the merchant then the cardholder should contact BB&T.
- C. BB&T will request a copy of the charge from the vendor and place the transaction in a dispute status. The City is not required to pay any transaction amount in dispute.
- D. When BB&T receives the requested copy, the copy and dispute form letter will be mailed to the City for review.
- E. If the City still disputes the transaction after reviewing the copy of the charge, the cardholder needs to immediately contact BB&T to verify whether or not the Bank needs additional information and to give authorization for the Bank to proceed with the chargeback.
- F. Once BB&T receives notification from the agency to proceed with the chargeback, a provisional credit will be issued to the account. At this time BB&T will consider the item resolved, unless additional information is received from the merchant.

XI. Discipline

Failure to comply with this procedure may result in disciplinary action as outlined in the City's Comprehensive Employee Management System. In addition to any administrative and disciplinary action that may be taken, the employee may be required to reimburse the City for the total amount of any improper charges through payroll deduction or direct payment.

XII. Audits

Audits of the purchasing card system may be conducted at any time. Department Directors will review purchasing card activity in their departments on at least an annual basis.

|             |                        |
|-------------|------------------------|
| Prepared by | Celeste Broadstreet    |
| Approved by | J Brannon Godfrey, Jr. |
| Date        | February 14, 2008      |
| Updated     | January 25, 2012       |