

ADMINISTRATIVE ORDER NO. 95

Amended By

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Pursuant to the authority granted to the City Administrator in BMCC Section 2-300, the following PROCEDURE is hereby established:

"City of Billings Purchasing Card Procedure."

Dated this 31st day of January, 2006.



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Christina F. Volek
Interim City Administrator



CITY OF BILLINGS – PURCHASING CARD PROCEDURES

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1. PROGRAM OVERVIEW

1.1 Purpose

The purpose of these procedures is to establish procedures under which departments may contract for, and shall control the use of purchasing cards that will be assigned to and utilized by selected City employees to purchase goods and services, on behalf of the City or when authorized per this directive. This directive is intended to accomplish the following:

- To ensure that procurement of goods and services with purchasing cards is accomplished in accordance with the *City's Purchasing Policy & Procedures* established by the City Administrator.
- To ensure appropriate internal controls are established within each department procuring with purchasing cards so that they are used only for authorized purposes.

1.2 Program Benefits

- Streamline the process for small dollar orders and payments.
- Enable employees to be more efficient and focus on their daily projects.
- Reduce paperwork and processing time in the departments as well as in the Finance Division.
- Provide cost savings through consolidated payments (one monthly payment).

1.3 Scope

These procedures will be applicable to those City departments who have selected employees to use purchasing cards to purchase goods, services, or for specific expenditures incurred under conditions approved under this procedure. The decision of when a purchasing card is issued to and what limits or restrictions will be placed is decided by the department head or his/her designee only.

The primary responsibility for determining the appropriateness and validity of expenditures lies with the employee incurring the expenses and the approver of the expenditures.

Employees are expected to be conservative in their spending; managers are expected to be diligent in their review.

All travel must be approved prior to purchasing on the card by filling out a Travel and Training Requisition Form. All reasonable and approved expenses for Airfare, Hotel, and Rental Car (excludes restaurants and gas) can be charged to your purchasing card if you have one.

2. PURCHASING CARD PROCEDURES

2.1. General Procedures

The general Purchasing Card Procedures program requires the following:

- Cardholders may not approve their own expenditures.
- City funds must be treated with discretion and prudence. No employee may use a purchasing card to enhance their standard of living or to augment their compensation.
- Training and travel expenses must still be described accurately and completely on the Travel Expense Report, and approved, prior to charging on the purchasing card.
- The expense approver must ensure that expenditures are in compliance with and are documented as required by these procedures.
- Receipts should be obtained for all expenditures.
- Photocopies of invoices will only be acceptable under special circumstances.
- The employee's purchasing card should be used for business expenditures below \$2,500.
- Personal credit cards and cash should **only** be used when the purchasing card is not accepted.

2.2. Use of Card

Purchases below \$2,500 should be purchased on your card. Examples of purchases are listed in Section 2.5.

2.3. Purchasing Card Limits

- The single purchase transaction limit is \$2,500. The total monthly card spending limits will all be set at \$10,000.
- Department heads may establish lower limits for their employees.
- A cardholder's limits may be raised with the approval of the Department Head.

2.4. Issuance of Purchasing Card

- The City of Billings and financial institution issue the purchasing card.
- The purchasing card will include the name of the individual and the City of Billings.
- The Program Administrator (Purchasing Agent) will request the card on behalf of the new cardholder.
- The cardholder must sign the Purchasing Card Agreement Form (Attachment A) prior to receiving the purchasing card and return it to the Purchasing Card Program Administrator.
- Cardholders must participate in training when the card is issued.
- Cardholders must sign and activate the back of the card upon issuance.

2.5. Allowable Purchases

Purchases below \$2,500 can be purchased on your card. Examples of purchases:

- Business-related
- Small tools (purchase or rental)
- Small services
- Subscriptions, seminars, dues
- Computer hardware components
- Copy services
- Electrical supplies
- Safety supplies
- Building maintenance supplies
- Office supplies
- Janitorial services
- Computer software
- Office furniture
- Air, Hotel, Car rental

2.6. Prohibited Purchases

- Personal uses
- Capital purchases
- Fleet/Inventory Items
- Restaurants
- Travel Expenses (gas, restaurants)
- Cash advances
- Fuel
- Construction, Renovation or Installation Services
- Medical services
- Professional or consulting services
- Any purchases blocked through the Merchant Category Codes (MCC)

2.7. Purchasing Card Security

The City of Billings purchasing card should always be kept in a secure location. The only person authorized to use the purchasing card is the cardholder whose name appears on the card.

2.8. Lost, Stolen or Misplaced Cards

Immediately notify the financial institution and contact your Purchasing Card Program Administrator by the next business day.

2.9. Disputes

You can dispute an unauthorized charge posted on your statement. If you disagree with a posted charge, please notify the financial institution within sixty (60) days of the disputed charge.

If you cannot resolve the dispute with the supplier, the financial institution will place the questioned charge in the dispute process as soon as your follow-up letter is received.

2.10. Cardholder Termination

When an employee is terminated, retires, or resigns, he/she must return their purchasing card to their manager on the last day of employment. The manager is responsible to send the purchasing card to the purchasing card Program Administrator (Purchasing Agent). The Program Administrator will contact the financial institution to cancel the account.

3. PURCHASING CARD CONTROLS

3.1 Departmental Controls

Each department should have sufficient internal controls to regulate the purchasing card activities. The responsibility for appropriate use of cards lies with the approving department as well as the cardholder. The Department's internal controls should include:

- Approving new purchasing card application agreement forms
- Approving new purchasing card requests
- Reviewing all charges billed to the cardholder's card
- Obtaining the card when an employee terminates

3.2. Responsibility of Program Administrator

- Responsible for the day-to-day purchasing card program administration
- Determines appropriate spending codes and ranges
- Works with cardholders and site coordinators to reconcile errors, resolve billing disputes, block unauthorized use and manage card loss or theft
- Verify and maintain Monthly Statements and similar transaction information
- Provide on-site support to cardholders

3.3. Responsibility of Cardholders

- Complete a new account information record and forward it to the program administrator or site coordinator for approval.
- Sign a Card Holder Agreement Form to accept the purchasing card.

- Be vigilant about card security to prevent unauthorized charges.
- Obtain a receipt at point-of-purchase and verify its accuracy.
- Retain all receipts and charge slips.
- For phone order purchase – have vendor fax receipt directly to you.
- For internet purchases – print confirmation page.
- Keep a monthly transaction log of card purchases (if you choose to).
- Call the financial institution immediately if a card is lost or stolen.
- Notify financial institution Customer Service of any billing discrepancies that cannot be resolved with the supplier.
- Financial institution will place these charges in dispute.
- Reconcile and forward monthly purchasing card statement and all original receipts/charge slips to the Program Administrator within seven (7) calendar days of the statement close date, the 20th of every month.
- Contact Program Administrator for new account set-up.
- Notify the Program Administrator of name, address and any other contact or employment status changes.
- Follow City policies and procedures for purchasing card use.

3.4. Responsibility of Department Head or Designee

- Acknowledge the responsibilities of the use of the purchasing card.
- Routinely monitor purchasing card activity of cardholders.
- Ensure compliance with purchasing card policies and procedures.
- Review and approve monthly purchasing card statements and purchases. The purchasing card billing cycle runs from the 21st of one month to the 20th of the next month.
- Sign the Purchasing Card Statement Sign-Off Sheet (See Attachment C).
- In case of employee termination, ensure the collection of the purchasing card and return it to the Program Administrator.

3.5. Required Documentation

A charge receipt and/or invoice must support each purchase. The preferred documentation is listed:

- 1) Original receipt showing vendor name, transaction amount, date, itemized description of purchase
- 2) Facsimiles/copies of the original receipt (only under special circumstances)
- 3) A packing slip or other documentation received from the vendor
- 4) A screen-print or order confirmation e-mail, when making internet purchases

If a cardholder is unable to obtain the listed documentation, a completed Replacement Receipt Form (see Attachment B) will be completed stating the vendor name, date of purchase, item description and reason why you were unable to provide the receipt.

3.6. Random Audits

The purchasing card Program Administrator will complete a random audit on a monthly basis for departments within the City who have purchasing cards. The Finance Division will notify the Department Head of any misuse. The Corrective Action Policy will also be followed for any violations of the Purchasing Card Procedures.

3.7. Misuse of Card

Improper use of this card can be considered misappropriation of City funds. This may result in disciplinary action up to and including termination of employment and possible criminal prosecution.

ATTACHMENT A

AGREEMENT TO ACCEPT THE U.S. BANK ONE CARD PURCHASING CARD

The U.S. Bank One Card represents the City of Billings' trust in you. You are empowered as a responsible agent to safeguard City assets. Your signature below is verification that you have read the employee Purchasing Card Procedures and agree to comply with it and the following responsibilities. It also acknowledges that you have received the One Card # _____.

1. I understand the card is for City-approved purchases only and I agree not to charge personal purchases.
2. Improper use of this card can be considered misappropriation of City funds. This may result in disciplinary action up to and including termination of employment.
3. If the card is lost or stolen, I will immediately notify U.S. Bank at (800) 344-5696. I will confirm the telephone call by mail or facsimile with a copy of the notification to the Program Administrator.
4. I agree to surrender the card immediately upon termination of employment, whether for retirement, voluntary or involuntary reasons.
5. The card is issued in my name. I will not allow any other person to use the card. I am considered responsible for any and all charges against the card.
6. All charges will be billed directly to and paid directly by the City. The bank cannot accept any monies from me directly; therefore any personal charges billed to the City could be considered misappropriation of City funds.
7. As the card is City property, I understand that I may be periodically required to comply with internal control procedures designed to protect City assets. This may include being asked to produce the card to validate its existence and account number. I may also be asked to produce receipts and statements to audit its use.
8. I will receive a Monthly Reconciliation Statement (MRS), which will report all activity during the statement period. Since I am responsible for all charges (but not for payment) on the card, I will resolve any discrepancies by either contacting the supplier or the bank.
9. The charges made against my card are automatically assigned to the account code assigned to the card as specified by management. This default code cannot be changed without Program Administrator and management involvement. This default account code must be changed, once the transaction is posted, to the correct account allocation/s.
10. I understand the One Card is not necessarily provided to all employees. Assignment is based on my need to purchase materials for the business and/or to provide for business travel. My card may be revoked based on change of assignment or location. I understand that the card is not an entitlement nor reflective of title or position.

Employee Signature

Approving Manager Signature

Employee Printed Name

Date

Approving Manager Printed Name

Date

ATTACHMENT B

PURCHASING CARD – REPLACEMENT RECEIPT FORM

ORDER DATE	VENDOR NAME	QTY.	DESCRIPTION	CHARGE AMOUNT

REASON FOR NO RECEIPT:

Cardholder Name

Date

Cardholder Signature

ATTACHMENT C

PURCHASING CARD MONTHLY STATEMENT SIGN-OFF SHEET

_____ **Department**

Card Holder Name	Card Number	Amount

Card/s Administrator Name

Date

Card Administrator Signature

Department Head/Designee Name

Department Head/Designee Signature

Date