



CITY OF TURLOCK

PROCUREMENT CARD

Policies and Procedures Manual

Updated June 2014



 TABLE OF CONTENTS

	Page
General Information	
Overview of Program	3
Procurement Card Controls	3
Card Restrictions	4
Consequences for Failure to Comply with Program and Procedure	6
The Card	
Obtaining a Procurement Card	6
Changes to Cardholder Information	6
Cancellation of Card	6
Lost or Stolen Cards	7
Responsibilities	
Cardholder's Responsibilities	7
Monthly Statement Reconciliation	7
Approving Official Responsibilities	8
Record Keeper Responsibilities	9
Accounts Payable Responsibilities	9
Finance Department Responsibilities	9
Purchasing Responsibilities	9
Department Director Responsibilities	9
Using the Card	
How to Make Purchases with the Card	9
Sales Receipt Requirements	10
Out of State Purchases	10
Problem Using Card (Declined)	10
Lost Statement and/or Receipts	11
Disputed Transactions	11
Post Purchase Records Maintenance	12
Contacts	
Key Contacts	12
Exhibits	
Request for Procurement Card	A
Cardholder Participation Agreement/Training Verification	B
Lost Receipt	C
Out of State Sales Tax Report	D
Purchasing System Overview	E

OVERVIEW OF PROGRAM

The City Council of the City of Turlock has authorized a Procurement Card program that provides an easy and expeditious method for the City's departments to make low dollar amount purchases. Individuals to receive procurement cards are selected and approved by their Department Director and are issued individual procurement cards in their name ("Cardholder"). Cardholder purchases are reviewed and authorized by the Approving Official ("AO") within their department. Purchases made with the procurement card are billed to the City of Turlock on a monthly basis and the City pays the balance in full each month.

Procurement cards will be renewed automatically to existing Cardholders unless the individual Cardholder's privileges have been terminated.

The City of Turlock utilizes the State of California Procurement Card Contract (CalCard). The procurement card is a "Visa" card issued by U.S. Bank.

The following dates should be adhered to by all Cardholders and AO's:

Billing Cycle	Approximate Date Statement received	Deadline for Cardholders to submit Statements & receipts to AO	Deadline for AO to submit Statements & receipts to contact person for AO	Record Keeper for AO to hand deliver Monthly Demand to Accounts Payable
23 rd - 22 nd of next month	29 th of each month	Within four (4) working days of receipt	Within four (4) working days of receipt	By 9:00 a.m. on 3 rd Monday of month

PROCUREMENT CARD CONTROLS

Procurement card usage is controlled through the implementation of purchasing limits. All procurement cards are subject to the following limits:

- Individual transaction limit,
- Total purchases per billing cycle limit, and
- Department-wide billing cycle total purchase limit

The "department-wide" limit is currently a product of the number of cardholders within the department times their individual billing cycle limit. The City has not chosen to implement a reduced level of department-wide billing cycle purchasing at this time.

The above limits will vary by individual and by department and are generally determined by the Department Director with input from the Finance Department and City Manager. In general, the limits are as follows:

- Individual transaction limit, \$500 and
- Total purchases per billing cycle limit, \$2,000.

There are specific users for whom the individual and/or billing cycle limit is different. These situations have been approved based on the department's and/or City's needs.

Exceeding any of the above limits will cause a transaction to be declined by the merchant. If due to the circumstances within a department, any of the above limits need to be changed, a written request will be submitted to the Finance Department who will review the request and recommend approval or denial.

In addition to transactional dollar amount limits, there are restrictions on where the cards can be used. These "prohibited merchant" restrictions generally fall within the types of prohibited purchases noted in the "Card Restrictions" section below. If for some reason there is a business reason to use a procurement card at a prohibited merchant type, contact the Program Coordinator for assistance in getting the prohibition lifted.

IMPORTANT

Cardholders ARE NOT to circumvent procedural controls to make purchases greater than their limits. At no time should Cardholders instruct merchants to split purchases into multiple transactions by issuing multiple credit card receipts (all dated the same day or within one day of each other) to circumvent the established single transaction limit. In addition, multiple cards ARE NOT to be used for the same purchase as a method of circumventing controls in place. Monthly transaction statements are audited on a regular basis by the AO and the Finance Department.

CARD RESTRICTIONS

When making purchases using a procurement card, Cardholders also need to adhere to the City's Purchasing Policy regarding the purchasing dollar thresholds requiring quotes or bids. Purchases up to \$500 do not typically require a quote or bid. Purchases in excess of \$500 may require this additional documentation. Please refer to the City's Purchasing Policy or consult with the Purchasing Coordinator for further requirements and guidance. As noted below, if the purchase is related to a travel expense, an approved "Travel Request" form must be on file with the Travel Coordinator.

Procurement cards **SHALL NOT** be used for the transactions listed below. Individual departments may impose additional restrictions should they choose to do so.

- Personal use. If the procurement card is accidentally used for a non-work related purchase, the Cardholder is to notify their supervisor and immediately provide payment to the City as reimbursement for the purchase. The repayment is to be hand-delivered to the Program Coordinator so that the transaction can be properly recorded.
- Cash advances.
- Fixed assets must be purchased with a purchase order. Fixed assets are defined as tangible property with an individual unit cost in excess of \$5,000 and an anticipated useful life of greater than one (1) year. See below for computer related exceptions. See Program Coordinator if you have questions regarding whether your intended purchase would be a fixed asset.
- Travel, lodging and meals will only be allowed when conducting official City business and on a situational basis with advance approval of the Department Director.

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- Professional and/or Technical Services (i.e. architectural, engineering, legal, janitorial, repairs, maintenance, labor, towing, computer related, consultants, instructors, etc.). This list is not intended to be all inclusive but to give examples of what professional and/or technical services are.
 - Purchases of items carried in the City's Central Stores unless the item is out of stock or needed on an emergency basis. Examples of items found in the City's Central Stores include janitorial paper, cleaning supplies, Leave of Absence Claim Forms, and safety supplies (vest, safety glasses, ear plugs and gloves). Emergency basis is defined as the need for goods necessary for the continuance of critical daily operations or when an emergency condition exists involving public health, welfare or safety. In all cases, a written explanation must be provided as to why the item(s) was necessary and why the Cardholder could not wait. The quantity ordered on the procurement card must only be enough to cover the nature of the emergency. Use of the procurement card does not eliminate the requisitioning process for goods ordered off City contracts, or for inventory purposes.
 - Communications equipment such as pagers, cellular phones, radios, etc., unless pre-approved by Department Director.
 - Contract items through non-contracted vendor(s) unless the item(s) are less expensive via these other vendor(s) and our current contract is unable to price match. A written explanation of why the item was purchased off-contract must be attached to the receipt/invoice. The explanation is to include Department Director written approval.
 - Machinery requiring a maintenance contract.
 - Computer hardware and software by any department except Information Technology, unless written pre-approval is obtained from the IT Department Manager. The written pre-approval must be attached to the receipt/invoice. Computer hardware and software includes CPU's, monitors, printers, modems, laptops, tablets, subscription renewals, etc. Computer hardware and software does not include supplies such as toner, cables and other ancillary items which are subject to wear and tear and need periodic replacement. The Purchasing Policy requirements for quotes and bids applies to these purchases.
 - Maintenance agreements by any department, including Information Technology.
 - Fuels and lubricants, as the City has fuel cards available for purchasing fuel at a discount. The only exception is if the employee is on an approved travel and does not have access to a fuel card.
 - Alcoholic beverages.
 - Out of country purchases.
 - Internet purchases are allowed for valid business purposes. Any purchase conducted via the Internet must follow the City's Purchasing Policy and not violate of any of the restrictions listed above. Print out the transaction receipt provided by the vendor and attach any other documentation required by the City's Purchasing Policy. The transaction receipt should specifically identify what is being purchased and the cost of each item. For purchases from out-of-state vendors, be sure to review for sales tax and if it is not charged, complete the "Out-of-State" purchase form so the City can account for any sales tax needing to be paid.
 - Pay Pal transactions are allowed for valid business purposes, but only as a last resort method of payment. Only one Pay Pal account is permitted per department. The payment must be tied to a single credit card for the department. The setting up of a Pay Pal account must be approved in writing by the Department Director. These purchases have the same requirements regarding following the City's Purchase Policy, transaction receipts, and sales tax for out-of-state purchases as noted above for Internet purchases.

CONSEQUENCES FOR FAILURE TO COMPLY WITH PROGRAM POLICIES & PROCEDURES

Cardholder and/or Department card privileges may be revoked by the Finance Department for the following reasons:

- Failure to comply with the Procurement Card Program Policies and Procedures defined in this document including misuse and/or inappropriate use of procurement card. This includes repeated personal use of the procurement card.
- Excessive instances of lost procurement card, receipts and/or invoices.

Excessive instances of tardiness in turning in monthly reconciliations will be dealt with on a situational basis. Consequences for failure to comply with deadlines could include revoking card privileges.

OBTAINING A PROCUREMENT CARD

- The Department Director will send an e-mail with the appropriate information (per purchase limit and monthly limit, as well as AO) to the Program Coordinator in the Finance Department.
- Once the card is received in Finance (approximately two (2) weeks from the date of request), it will be sent to the Purchasing Coordinator and a mandatory orientation session will be scheduled for the Cardholder to attend prior to the card being issued to the Cardholder.
- Cardholder and their AO will sign the Procurement Card Acknowledgement Form acknowledging their understanding of the policy. (Exhibit B).
- Cardholder will sign the card.
- The Purchasing Division contact person or his/her designee will activate the card by following the instructions on the front of the card.
- If a procurement card needs to be replaced because it is worn out or defective, a signed memo or e-mail from the AO must be submitted to the Finance Department along with the old card.

CHANGES TO CARDHOLDER INFORMATION

- The AO should report any changes to the Cardholder's name, address or Department/Division immediately to the Program Coordinator, by a signed memo or email. If needed, the Program Coordinator will request a new procurement card.
- If the Cardholder is being transferred to another department, the AO must inform the Program Coordinator of the transfer. If the Cardholder requires a card in the new department, the new AO must send a signed memo or e-mail to the Program Coordinator. If the Cardholder no longer needs a card, the AO must send a signed memo or e-mail to the Program Coordinator to cancel the card. The procurement card should be hand-delivered to the Program Coordinator so it can be destroyed.

CANCELLATION OF CARD

- When a Cardholder's card is to be cancelled, the Department Director should send a signed memo or e-mail to the Program Coordinator to have the card cancelled.
- The AO is responsible for calling U. S. Bank customer service to verify that any current charges to the Cardholders account have been authorized.

- The AO should then hand-carry the card to the Program Coordinator. Do not send card through the interoffice mail.
- Each authorized employee is issued an individual card. Use by another employee is prohibited.

LOST OR STOLEN CARDS

The Cardholder must immediately notify (in this order):

1. U. S. Bank at 1-800-344-5696 (24 hour a day, 7 day a week Customer Service).
 - The Cardholder should verify the charges US Bank has outstanding for the card, matching the charges to the receipts the Cardholder has on hand.
 - Request a new procurement card if fraudulent activity has occurred.
2. If the card is stolen, contact the police department in the jurisdiction where the theft occurred to report the theft. Request a copy of the police report so that it can be submitted to the Program Coordinator for the City's file.
3. Cardholder's AO.
4. Program Coordinator in Finance with the following information:
 - Cardholder's complete name
 - Procurement card number
 - Date the bank was notified and date reported to police (if applicable)
 - Purchases made on the day the card was lost or stolen
5. The Program Coordinator will contact U.S. Bank to verify cancellation of the lost or stolen card.

CARDHOLDER'S RESPONSIBILITIES

- Comply with City Procurement Card Program Policy and Procedures.
- Maintain security of procurement card and card number.
- Following the City's Purchasing Policy with regard to purchase thresholds requiring quotes or bids.
- Perform monthly reconciliation process as described below.

MONTHLY STATEMENT RECONCILIATION

After the close of each billing cycle (approximately the 22nd of each month), each cardholder will receive a Statement of Account ("Statement"). The Statement will itemize each transaction charged to the procurement card account. Upon receipt of the Statement, complete the following:

1. Verify the charges on the Statement and match them to the original receipts/invoices.
2. If there is an invalid charge on the statement, follow the procedure listed under "Disputed Transactions" below. The Cardholders must respond to verbal and written requests from their AO, U.S. Bank Customer Service representatives, and the Program Coordinator until the matter is resolved.
3. If you do not have proper documentation for your purchase, include a completed Lost Receipt Form (Exhibit C) directed to the AO with your Statement explaining the circumstances. Reference lost receipt items by placing a notation next to them on the Statement.
4. Indicate on the Statement the proper general ledger account number and description of item(s) purchased for each transaction on the lines provided on the Statement.

5. Attach all original receipts to the Statement in the order they are listed on the Statement. Include any back-up information such as quotes and/or bids.
6. The Cardholder will approve the Statement and all charges itemized with all attached documentation by signing and dating where indicated on the Statement.
7. If you will be unavailable to sign your Statement because of leave or travel, forward all sales receipts and credit vouchers to your AO. The AO will sign and forward your Statement to the proper individual.
8. Forward the signed Statement along with all original receipts to the AO within four (4) working days of receipt of the Statement.
9. Cardholder statements are paid in full, including disputed items, each month to avoid late fees and penalties. It is the Cardholder's responsibility to secure a reversal of the charges (credit) from the Bank.

APPROVING OFFICIAL RESPONSIBILITIES

Approving Officials are to complete Procurement Card Training prior to becoming an AO. The AO must be the Cardholder's supervisor or higher manager within the Department. The AO should have the knowledge and authority to approve Cardholder transactions.

Each AO will receive a "Corporate Account Activity Statement" which will contain transaction information for each individual Cardholder under the AO's responsibility who has made purchases during the billing cycle. Upon receipt of the Corporate Statement along with the individual Cardholder's Statement(s) and supporting documentation, the AO is responsible for the following:

1. Reconcile the Statements and documentation received from each Cardholder to the AO's Corporate Account Activity Statement.
2. Review charges made by Cardholders to insure purchases are appropriate, proper documentation (original invoices/receipts) is included, and that prohibited items were not purchased.
3. Insure that quotes and/or bids were obtained if the purchase was over \$500.00.
4. Review the general ledger account number for each transaction on the Cardholder's Statement to insure the expense is charged to the appropriate account number and compare it to the receipt to verify the same general ledger account number is documented on the receipt.
5. Verify the total on the Cardholder's Statement agrees with the AO's Corporate Account Activity Statement.
6. Review, approve, sign and date the Cardholder's Statement on the back page.
7. Forward the Corporate Account Activity Statement along with all Cardholder's Statements and documentation to the department's contact person responsible for summarizing all charges for the AO, within four (4) working days of receipt from Cardholder.
8. Insure that Statements for Cardholders on leave or travel are processed in a timely manner.
9. Secure procurement cards from personnel no longer authorized to use them, verify receipts for current transactions posted to the account through U.S. Bank Customer Service, and advise the Program Coordinator, with a signed memo or e-mail, to cancel the card.
10. Insure departmental compliance with the Procurement Card Policies and Procedures.
11. Report any changes in personnel or Cardholder's to the Program Coordinator.

RECORD KEEPER RESPONSIBILITIES (Individual Summarizing All Charges)

1. Once the record keeper receives all Statements with original receipts from the AO, the record keeper will summarize all the charges on the "Accounts Payable Bank Card Monthly Demand" form and match the totals of all Statements to the Corporate Account Activity Statement.
2. Once this has been done, they will have the AO sign and date the Monthly Demand form and hand carry the form to Accounts Payable by 9:00 am on the 3rd Monday of the month.

ACCOUNTS PAYABLE RESPONSIBILITIES

1. Make payment to the bank within the due date on the Corporate Account Activity Statement, in accordance with the Master Services Agreement. Include remittance invoice with payment.

FINANCE DEPARTMENT RESPONSIBILITIES

1. Responsible for the coordination of the Procurement Card Program.
2. Issue cards, update and maintain Cardholder information.
3. Review Cardholder and AO statements and documentation to verify compliance with Policies and Procedures.
4. Analyze card usage and evaluate program.

PURCHASING DIVISION RESPONSIBILITIES

1. Insure the Cardholder has participated in the orientation prior to card being issued to cardholder.
2. Insure the AO has received training once the individual becomes an AO.
3. Be available to provide assistance to Cardholders with regard to the City's Purchasing Policy to ensure the appropriate quotes and/or bids are obtained.

DEPARTMENT DIRECTOR RESPONSIBILITIES

1. Request a procurement card for an employee.
2. Designate AO's.
3. Determine maximum daily and 30-day office dollar limit for Cardholders.

HOW TO MAKE PURCHASES WITH THE CARD

Cardholder may utilize the Procurement Card to secure goods by either:

- Direct pick up at merchant's location.
- Telephone, fax, Internet, or mail requests to merchant, with goods shipped to the City.

Cardholder will instruct the merchant to ship the goods to their physical location. In addition the shipping information should contain the Cardholder's name and department so that when the merchandise is delivered, the receiver can determine to whom it belongs. Instruct the merchant **not** to list the card number on any shipping forms or labels. Ask the merchant to use a carrier with the capability of tracking the shipment. If goods are shipped to the City's Central Stores (Shipping and Receiving at

701 S. Walnut Rd.), cardholder must contact Shipping and Receiving to inform them of the order and the anticipated delivery date.

Goods delivered to Central Stores without the above information cannot be identified as a card purchase. The goods will be returned to the merchant.

Cardholder will follow up on all undelivered orders placed via telephone, fax, Internet, or mail.

SALES RECEIPT REQUIREMENTS

The Cardholder must obtain an original itemized receipt (description of goods purchased, quantity, amount, tax, shipping charges (if applicable), and total). If the merchant's receipt is not itemized, the Cardholder must write in the required information.

- With phone, fax, or mail orders, the Cardholder must advise the merchant that an itemized receipt must be provided with the shipment or faxed to the Cardholder.
- With Internet orders, cardholder must print out screens with itemized detailed information of purchase.

Upon receipt of the invoice, the Cardholder is responsible for recording the general ledger account number on the receipt/invoice as a reference.

The Cardholder retains the original receipt/invoice for attachment to the monthly bank statement.

OUT OF STATE PURCHASES

When making purchases from merchants that are located outside of the State of California or are internet purchases, verify whether the merchant has charged California sales tax (also known as "Use Tax"), as out-of-state/internet merchants are not required to charge California sales tax. The City of Turlock is required to pay California sales tax on all goods purchased. This does NOT include services, maintenance agreements, seminars, memberships, and shipping. Handling is taxable, so if handling is not broken out separately, then Shipping and Handling is taxable. If this is a sizeable amount, then the vendor should be contacted and asked to separate these costs.

Complete an "Out of State Sales Tax Report" (Exhibit E) and send it to Accounts Payable within 1 (one) week of receiving the procurement card statement. Attach a copy of the receipt/invoice demonstrating that no California sales tax was paid to the merchant.

PROBLEM USING CARD (Declined)

Contact US Bank Customer Services at 1-800-344-5696 to inquire as to why the decline occurred. Typical decline reasons include:

- Card not activated
- Charge greater than single transaction limit
- Card has reached the 30-day limit
- Merchant code is blocked

If this occurs, contact the Program Coordinator.

LOST STATEMENT AND/OR RECEIPTS

If the statement is lost, a duplicate must be requested from U.S. Bank immediately upon discovery of the lost statement.

If any receipts/invoices are lost, the Cardholder must contact the merchant immediately to obtain a duplicate receipt. If the Cardholder is unsuccessful, a Lost Receipt Form (Exhibit D) must be completed identifying the item(s) purchased, quantity, and unit price of the item(s). The Lost Receipt Form should be signed by the cardholder and the AO. Excessive instances of lost receipts will result in the loss of card privileges. The cardholder must note on the duplicate receipt the reason why the original receipt is unavailable.

DISPUTED TRANSACTIONS

1. Attempt to resolve the dispute with the merchant.
2. If you are unable to resolve the item with the merchant, contact US Bank at 1-800-344-5696 to dispute the transaction. US Bank will direct the Cardholder on how to proceed. Once you have completed your conversation with US Bank, provide Finance with written documentation (can be in the form of an e-mail to the Program Coordinator) detailing your conversation with US Bank. If US Bank requests that you fill out any forms or provide them additional documentation, please provide Finance with a copy of this information.
3. In the event the Cardholder does not recognize a transaction description/amount, they should request a copy of the sales receipt from U.S. Bank by completing the Cardholder Statement of Questioned Item Form and checking the box "Requests for Copy." A copy of the receipt should be received within 30 days of the faxed request. Be sure to follow up with U.S. Bank until the matter is resolved.
4. In the event the merchant's processing bank cannot provide the copy within the Visa allotted time frames, the Cardholder's account will be credited until such time as a valid draft is received. If U.S. Bank provides the copy and the Cardholder determines that a valid dispute exists, a new Cardholder's Statement of Questioned Item Form should be sent to U.S. Bank immediately. In either instance, the Statement should follow the proper channels to ensure timely payment.
5. Maintain an accounting of expected credits for disputed items and follow-up with the Bank should they not appear on subsequent statements. Chargeback (or credit) receipts should be kept by the Cardholder until the Credit transaction shows up on their monthly statement of account, at which time they should be attached to that monthly statement of account.
6. If an unknown credit appears on the statement, the cardholder should contact the merchant to resolve the matter. The City of Turlock is not allowed to take unknown credits from merchants.
7. All items which are disputed will not be deleted by Finance from the Cardholder's statement of account until the appropriate credit has been processed by the merchant. It is the Cardholder's responsibility to follow up on all questionable or disputed items.

POST PURCHASE RECORDS MAINTENANCE

Each department is responsible for the maintenance of the purchase records during the fiscal year. They are to be filed by month with the summary sheet on top followed by the Corporate Account Activity Statement and each cardholder's statement with sequentially attached backup. At year end when all records are complete, they are to be forwarded to the Program Coordinator in Finance for compliance to the Records Retention Schedule.

KEY CONTACTS**City of Turlock** (Updated 1/21/16)

Primary Agency Program Coordinator:	Anna Nicholas, 668-5542, ext. 1312
Secondary Agency Program Coordinator:	Nadine Silva, 668-5542, ext. 1305
Primary Billing Office Contact:	Anna Nicholas, 668-5542, ext. 1312
Secondary Billing Office Contact:	Nadine Silva, 668-5542, ext. 1305
Dispute Office Contact:	Julie Burke, 668-5542, ext. 1317
Purchasing Division Contact:	Betty Gonzalez, 668-5599, ext. 4406
Accounts Payable Contact:	Tania Hernandez, 668-5542, ext. 1303
Record Keeper:	Different for each department, see your AO

U.S. Bank

Customer Service
P. O. Box 6346
Fargo, ND 58105
1-800-344-5696
(701) 461-3466 - FAX