



## City of Tamarac, Florida Administrative Policy

<b>Title: Procurement Card Procedures</b>	<b>Origination Date: December 16, 1998</b> <b>Revised: October 10, 2007</b> <b>Revised: May 12, 2009</b> <b>Next Scheduled Review: October 21, 2019</b>
<b>Originating Department: Financial Services / Purchasing</b>	<b>Supersedes:</b> All previous and existing memos or administrative policies in conflict
<b>Policy Number: 98-10R</b> <b>Effective Date: October 21, 2014</b>	<b>Page 1 of 14</b>

### I. Purpose:

To establish procedures for a Procurement Card (“Pro-card”) program.

### II. Policy:

These procedures apply to all City credit card transactions up to the City’s standard current Single Purchase Limit (SPL) of \$1,000.00, or the SPL specifically assigned to a Cardholder upon authorization by the Department Director, not to exceed \$5,000.00, as well as all administrative and processing functions associated with a Pro-card program.

### III. General:

The Pro-card program is designed to improve efficiency in processing small dollar purchases from any vendor that accepts the Visa credit card, and to streamline the electronic and on-line administration of the program using the technology currently offered by the City’s approved Procurement Card provider.

The Purchasing and Contracts Division (“Purchasing”) will administer the program. All program administration questions and issues should be directed to the Procurement Card Administrator, (“P.A.”), who shall be the Purchasing and Contracts Manager or designee.

### IV. Definitions:

Back-order: An order that cannot be fulfilled due to an out of stock condition.

Billing Cycle: Individual transactions are assigned based on a specific monthly calendar period.

Cardholder: An individual employee who has been assigned a pro-card by their department director.

Departmental Pro-card Representative: The Departmental Pro-card representative is appointed by the Department Director, and is responsible for coordination of activities for each Department, including collection of receipts from Cardholders, entering appropriate accounting data on-line, resolving credit issues, scanning receipts and transmitting all approved documentation to the Pro-card Coordinator for the processing of payment.

Merchant Category Code: A universal code designated by the financial and banking industry that specifically delineates a type or class of products or services.

Monthly Purchase Limit: The dollar limitation for the total monthly allowance assigned to an individual Pro-card.

Procurement Card or "Pro-card": A payment vehicle that may be used for purchases by an individual employee. A Procurement Card works very similar to a credit card, in terms of acceptance by merchants; however, Procurement Cards provide the ability for the administrator to restrict single purchase limitations as well as specifically designate the types of commodities and services that may be purchased with each individual card.

Pro-card Administrator (P.A.): The individual responsible for the overall administration of the Pro-card program. The Purchasing and Contracts Manager is the designated Pro-card administrator.

Pro-card Coordinator: The Pro-card Coordinator is responsible for the day-to-day administrative functions of the Pro-card program, including the coordination of departmental representatives and the dispute resolution process. The Pro-card Coordinator will be appointed by the Pro-card Administrator.

Receipt: A merchant's acknowledgement that payment has been made. Specifically, for purposes of this policy, the receipt is provided to the Cardholder when using a Pro-card for a purchase transaction.

Single Purchase Limit ("SPL"): The dollar limitation for a single purchase using the Pro-card.

"Splitting": The intentional processing of multiple transactions for one item or for a single order with the express intent of circumventing purchasing dollar thresholds.

Tax Exempt: When referenced in this policy, "tax exempt" refers to the fact that the City of Tamarac has been granted an exemption to the payment of State of Florida Sales Tax by the Florida Department of Revenue.

**V. Objectives:**

- A. To provide an efficient method of purchasing and paying for goods and/or services under the Cardholder's assigned Single Purchase Limit ("SPL") and within the Cardholder's approved monthly spending limit.

- B. To reduce the use of petty cash, purchase orders, blanket purchase orders and Field Purchase Orders (FPO's).
- C. To reduce staff time spent processing small dollar transactions.
- D. To ensure that the City bears no legal liability from inappropriate or unauthorized use of Procurement Cards.
- E. To provide for disciplinary action if the Procurement Cards are misused. The procedures provided herein are minimum standards for departments. Departments may establish more stringent controls if necessary.

**VI. Authorization:**

The Pro-card program simplifies the purchasing and payment process for small dollar purchases made by authorized City employees who have been assigned a Procurement Card. Procurement authority is delegated to the authorized Cardholder's Department Director or designee thus enabling the Cardholder to order directly from the vendor.

When a transaction authorization is requested by the vendor at the point of sale, the Pro-card system validates the transaction against established limits authorized by the employee's Department Director, and within the City's approved guidelines. The established limits may be adjusted periodically and may include, but are not limited to, the following:

- A. Single purchase limit (SPL) not to exceed the Cardholder's approved SPL between \$1,000.00 and a maximum SPL of \$5,000.00 as may be requested by a Department Director.
- B. Monthly credit limit not to exceed Cardholder's approved limit.
- C. Approved merchant category codes.
- D. Pre-approved lodging not to exceed \$2,500.00 per trip.
- E. Pre-approved airline travel not to exceed \$1,000.00 per trip.
- F. Declared Emergencies – at the discretion of the City Manager or designee, restrictions on single purchase, monthly limit and Merchant Category Groups may be lifted once an emergency situation has been declared.
- G. Special Circumstances – Under special circumstances, the Procurement Card Administrator may temporarily authorize users to utilize their Pro-card for a single purchase between \$1,000.00 and \$5,000.00. In such instances, the Department Director or designee must provide a written request and justification to the Procurement Card Administrator.

The Purchasing and Contracts Manager will be required to place orders on behalf of any department requiring the use of a Pro-card for non-emergency transactions for a single purchase over \$5,000.00.

- H. Cards used for payments only. Pro-cards may be issued to Accounts Payable representatives for the express use of payment of invoices. Accounts Payable cards shall be authorized to pay the full value of such invoices with the approval of the Director of Financial Services or designee

**VII. Responsibilities:**

The following is a summation of the responsibilities of the individuals and organizations involved in the Procurement Card system:

A. Cardholder

1. Holds and keeps Pro-card secure.  
Assigns proper account numbers to each transaction and ensures funds are available.
2. Orders materials and services.
3. Ensures no sales tax is charged by the merchant and that no back orders are authorized or accepted.
4. Collects and saves **all** sales receipts and/or invoices for each transaction during the month's billing cycle.
5. Provides a short, detailed written description for items purchased on each receipt, including information related to the purpose of the purchase and reference to any specific project for which the purchase was made. This information will assist reviewers and department directors in their review of the purchases to help them ensure that transactions comply with City policy. (e.g. instead of describing a purchase as "tools", it should be described as "hammer for use in toolkit for vehicle #444".)
6. Forwards all receipts/invoices to the Department Pro-card representative on or before the specific date as directed by the Accounting Division.
7. Complies with all applicable purchasing and procurement card policies and procedures.

B. Department Procurement Card Representative (Pro-card Representative)

1. Reviews monthly individual transactions with each Cardholder, if applicable, and processes the transactions to provide for payment through current electronic and procedural methods including the reallocation and/or verification of account numbers assigned to each transaction, as well as ensuring funds availability.
2. Ensures there has been **no sales tax** charged and that no items are back ordered.
3. Ensures that appropriate and sufficient item detail is entered into the City's on-line electronic procurement card system to identify the purpose of the purchase (e.g. instead of entering a description as merely "ice cream", it should be entered as "ice cream for summer employee recognition event".)

4. Assists Cardholders with reporting of disputed items and follows up with merchants and/or Pro-card provider to resolve dispute.
5. Pro-card Representatives must review each transaction and all receipts to determine that each receipt includes sufficient detail relating to the items purchased, dollar amounts charged as well as validating the accuracy of vendor information, to ensure the transactions were authorized and appropriate.
6. Pro-card Representatives shall notify the Department Director of any abuse or misuse of the program by a Cardholder, or the failure of a Cardholder to comply with applicable policies and procedures related to the Pro-card program.
7. Pro-card Representatives shall be responsible for scanning all Pro-card receipts/invoices into the City computer network prior to transmitting those receipts to Accounting. Receipts shall be scanned into appropriate folders by month and by name. In addition, if the receipt/invoice was generated for expenses incurred during a trip previously approved in accordance with the City of Tamarac Administrative Policy No. 95-01R, "Travel", a copy of the approved Travel Request Form shall be scanned into the appropriate folder as well.
8. Ensures all original - receipts/invoices are forwarded to the Purchasing & Contracts Division by the deadline established for each month.
9. Complies with all applicable purchasing and procurement card policies and procedures.

C. Department Director (or Designee)

1. Requests electronic individual account set-up by Pro-card Representative or P.A. to secure new procurement cards for designated employees, and determines the Cardholder's individual SPL, monthly limit and the need for access to merchants that are otherwise subject to prohibitions as defined in Section VIII B6, "Prohibited Uses of Procurement Cards" of this policy.
2. Retrieves and destroys cards, if possible, from Cardholders who end or transfer employment and notifies Pro-card Representative and/or P.A. to electronically close the Cardholder's account.
3. Sets Cardholder spending limits within established guidelines.
4. Provides written justifications to the Pro-card Administrator for temporary increases to a Cardholder's card purchase limit in the event of a requirement to use a Pro-card under special circumstances.
5. Designates Pro-card Representative.
6. Provides the final review and approval of Pro-card transactions prior to forwarding them for payment. Department Directors or their designee shall be responsible for signing each Department/Division Approval report that is submitted for payment.

7. Ensures compliance with all applicable Purchasing and Procurement Card policies and procedures within the department.

D. Procurement Card Administrator ("P.A.")

1. Coordinates Procurement Card Program Policy issues.
2. Coordinates and facilitates Cardholder training, whether training is for new cards or for continuing education, either in-house or through Procurement Card provider.
3. Prepares new training materials as needed, or disseminates materials issued by Procurement Card provider.
4. Assists with issuance and cancellation of cards.
5. Notifies Procurement Card provider of emergency situations in a timely manner and coordinates emergency procedures, including removal of purchase limits and Merchant Category Code restrictions until emergency has passed.
6. Participates in ongoing program reviews.
7. Monitors Accounts.
8. Conducts periodic spot audits of Cardholder transactions and reports findings to the Director of Financial Services as appropriate.
9. Complies with all applicable Purchasing and Procurement Card policies and procedures.

E. Accounting Division

1. Monitors Accounts.
2. Reviews approved monthly statements for each Cardholder and processes statements for payment by current methods.
3. Confirms that Department Director or designee has reviewed and authorized all charges.
4. Notifies Cardholders and/or Pro-card Representatives when statements and documentation have not been received by the deadline established for each month.
5. Pays all non-disputed charges.
6. Processes the A/P group of all Pro-card transactions.
7. Files, stores and archives all monthly account statements and related documentation.
8. Administers 1099 tax reporting.
9. Notifies P.A. of missing documents.
10. Notifies P.A. of all misuse.

11. Ensures that all transactions are properly loaded in the City's accounting system.
12. Conducts periodic operational and compliance audits as needed and reports findings to the Director of Financial Services and the Purchasing and Contracts Manager.

**VIII. Procedures:**

**A. Assignment and Control of the Procurement Card**

1. Requests for and issuance of Procurement Cards
  - a. Pro-cards will be issued to individual employees who frequently purchase goods/services in single purchase amounts of less than \$1,000.00, or as requested by the Department Director up to a maximum SPL of \$5,000.00.
  - b. The Procurement Card will be imprinted with the employee's name, the City's name, the City's tax exemption number, and the card expiration date. The Procurement Card provider does not keep individual Cardholder information on file other than the Cardholder's work address. No credit records, Social Security numbers or other personal information of any City employee will be maintained by the Procurement Card provider.
  - c. All requests for Pro-cards must be authorized by the Department Director.
  - d. When the P.A. receives a Procurement Card for a new Cardholder, the Cardholder will be required to participate in an individual training session before personally taking receipt of the card. The Cardholder must sign an Agreement acknowledging the completion of the training and understanding and acceptance of all City policies and procedures prior to receiving the card.
2. Lost or Stolen Procurement Cards
  - a. If a Pro-card is lost or stolen, the Cardholder or the Department Pro-card Representative must immediately notify the procurement card provider and the P.A.
  - b. The Cardholder will be responsible for reporting all information necessary to reduce the liability to the City for a lost or stolen card.
3. Termination or Transfer of Cardholder
  - a. When an employee ends City employment or is transferred to another Department, the Department Director or designee should collect and destroy the Pro-card. Upon collection of the Pro-card, the Department Pro-card Representative should notify the P.A. immediately.
  - b. If the Department Director or designee is unable to collect the Procurement Card when an employee terminates, the Department Director or Pro-card Representative should immediately notify the P.A., who will then electronically close the Cardholder's account.

B. Limitations on Use of Procurement Cards

1. Cardholder Use Only

A Procurement Card should not leave the possession of, nor be used by, anyone other than the employee, whose name is imprinted on the front of the card.

2. City Purchases Only

- a. The Procurement Card is to be used for City-authorized purchases only.
- b. Personal use of a Pro-card is strictly prohibited. Any such use will require immediate reimbursement by the employee to the City, and may result in disciplinary action up to and including termination of employment.

3. Dollar Limitations

- a. The Department Director will authorize credit limits for each Cardholder: a single purchase limit (SPL) and a monthly spending limit. The standard limits shall be \$1,000.00 for a single purchase and \$5,000.00 for a monthly spending limit. The maximum limit for pro-card holders with pre-approved travel lodging expenses shall be \$2,500.00 per trip. Upon the determination and authorization of the Department Director and approval of the P.A., an individual Cardholder may be authorized for an increased single purchase and monthly purchase maximum to be determined by the requirements of the Department. The SPL shall not exceed a maximum of \$5,000.00.
- b. Individual Cardholders may be authorized to make purchases from certain types of merchants or for certain types of items which are normally subject to the prohibitions of Section VIII B6, "Prohibited Uses of Procurement Cards" of this policy if their job duties require them to routinely make such purchases. Authorization for these types of purchases must be requested in writing by the Department Director, and approved by the P.A. in advance. Example: a Parks and Recreation Department employee responsible for an after school youth program is routinely required to purchase pizza or sandwiches from a restaurant for participants in the program. Although restaurants are listed as a prohibited use under normal circumstances, the City has established a special Cardholder profile that allows the use of the Pro-card for payment to restaurants for employees who must routinely make such purchases as required by their job duties.
- c. Any request to permanently change the dollar limit or profile of a Cardholder must be entered by the Department Director, and electronically forwarded to the P.A. for final review and approval. Upon approval by the P.A. appropriate changes will be made to Cardholder's profile to accommodate the request.
- d. The Department Director or designee may request temporary increases to a Cardholder's transaction limit when special circumstances warrant that the use of

a Pro-card is the most expedient method of acquisition. Such requests must be justified, and submitted in writing to the Purchasing & Contracts Manager for approval. Requests shall include the following information:

- i. The name of the Cardholder.
- ii. A justification of the special circumstances which necessitate the request.
- iii. The estimated dollar amount for the required transaction.
- iv. The date required for the expiration of the temporary profile. The Pro-card system will automatically return the Cardholder to their default profile on the date the temporary profile expires.

A copy of the written approval issued by the Purchasing & Contracts Manager must be included along with the transaction receipt and other documentation provided to the Accounting Division at the time that payment is being processed.

- e. Multiple items may be purchased from one vendor at one time, but the invoice cannot exceed the Cardholder's approved credit limit. Payment for purchases shall not be split to stay within the single purchase limit. "Splitting" a purchase that exceeds the Cardholder's assigned credit limit is strictly prohibited. Example: a Cardholder with a \$1,000.00 SPL is attempting to buy items from a single vendor that total \$1,050.00. The vendor "splits" the cost into two (2) transactions equaling \$525.00 each to try and avoid violating the City's policy.

#### 4. Other Conditions

- a. The City is a tax exempt entity; therefore, sales tax may not be charged by the vendor. If necessary, the Cardholder can provide the vendor with a copy of the City's tax exemption certificate, which may be obtained from Purchasing. It is recommended that a reduced copy of the City's tax-exemption certificate be created to fit inside a standard wallet or purse. The Cardholder may be held personally liable for the refund to the City of sales tax paid to a vendor in the event that the Cardholder fails to request exemption from sales tax during the transaction, and is unable to obtain a refund or credit from the merchant for sales tax paid.
- b. All items purchased via the Internet or by telephone must be delivered by the vendor in one shipment within the same 30-day billing cycle. If the vendor cannot guarantee shipment of all items within this time frame, the order must be cancelled.
- c. Cardholders should check with the vendor when ordering via the Internet or by phone to make sure shipping charges are included in the quoted price. If the price exceeds the Cardholder's single purchase limit when shipping is added, the order must be revised to bring the total costs, including shipping, within the limit, or the order must be cancelled. Alternatively, the Cardholder's Department Director may request a one-time increase to the cardholder's SPL, which must be approved by the P.A. prior to making the purchase.

- d. No item may be back-ordered at any time. If the items are not in stock when an order is placed, the order must be cancelled and re-issued when the item is no longer on back-order.

5. Travel

The Pro-card may be utilized for payment of lodging and travel expenses for an amount not to exceed \$2,500.00 per transaction for lodging, and \$1,000.00 per transaction for other travel expenses, for employees attending functions outside of the tri-county area (Broward, Miami-Dade and Palm Beach Counties), subject to the following limitations:

- a. All requests for travel shall be pre-approved by the City Manager in accordance with procedures outlined in the City of Tamarac Administrative Policy No. 95-01R, "Travel" as amended from time to time. All procedures contained in the Travel policy shall be followed by all employees.
- b. Lodging expense shall be limited to the cost of room, any local taxes not subject to the City's tax-exempt status, as well as parking expenses and internet access for purposes of conducting City business. Any other expenses related to lodging, such as foodservice or other incidentals shall be the sole responsibility of the employee, and not be charged on the Pro-card. Such expenses will be reimbursed as appropriate, in accordance with the City of Tamarac Administrative Policy No. 95-01R, "Travel".
- c. Car rental requests shall be specifically pre-approved by the Department Director and the City Manager.
- d. Cardholders may charge the Pro-card only for their own City-related travel expenses.
- e. The monthly maximum purchase limit of authorized for the individual Cardholder including travel shall still apply for ALL purchases.

6. Prohibited Uses of Procurement Cards

- a. Gasoline & oil products at the pump (charges for bulk fuel deliveries are allowed).
- b. Non-emergency vehicle repair.
- c. Travel expenses such as hotels, airline tickets or car rentals not previously approved in accordance with Travel Policy No. 95-01R.
- d. Items which are anticipated to have a cost in excess of the annual bid limit.
- e. Cash advances.
- f. Restaurants & bars, unless the Department Director or designee has specifically provided a written request to the P.A. for the Cardholder's Procurement Card profile to allow for such purchases.



*charges are authorized and confirmed by attached receipts.* Each individual manila Pro-card envelope containing all applicable receipts and approvals shall be forwarded to the Accounting Division, Accounts Payable Section for review.

- c. All reports and receipts should be forwarded to the Accounting Division, Accounts Payable Section between the fifth and the deadline date of each month as established by the Purchasing & Contracts Division.**

D. Disputes

1. If items purchased with the Procurement Card are defective, the Cardholder must return the item(s) to the vendor for replacement or credit. If the service paid for with a Pro-card is faulty, or if it appears that a charge was incorrectly posted to the Cardholder's account, the vendor must be notified and asked to correct the situation or provide a credit. If after contacting the vendor, the vendor refuses to correct the situation, the purchase will be considered in dispute.
2. A Cardholder may dispute a transaction directly through the City's electronic on-line Procurement Card Management System or contact their Pro-card Representatives, who in turn will contact the Pro-card Coordinator for assistance in disputing transactions. Once submitted, whether electronically or by other means, the Cardholder or Pro-Card Representative must follow-up with the merchant in an attempt to rectify the dispute. If the dispute cannot be corrected at the merchant level, the Cardholder or Pro-card Representative must notify the P.A. to request further assistance. Even if the vendor agrees to rectify the situation, the Cardholder or Department Pro-card Representative should still note the dispute or discrepancy on the Pro-card return envelope, prior to sending it to the Purchasing & Contracts Division.

E. Review of Purchases by Departments

The Pro-card Representative confirms the validity of all transactions by preparing the Cardholder's transactions for payment and sending the properly executed Department/Division Approval Report, supporting receipts, approved travel documentation and approvals for temporary profile changes to the Accounting Division prior to the deadline provided each month. All Pro-card purchases made by the designated Cardholders are ultimately the responsibility of the Department Director, who shall be notified by the Pro-card Representative or by the Purchasing & Contracts Division staff of any transactions that appear to be outside of the Cardholder's normal course of duty or the City's existing purchasing policies and procedures.

F. Misuse, Abuse and/or Violations

1. Participation in the City's Procurement Card Program is a privilege, and not a prerequisite of employment. Although the Pro-card is issued in the employee's name, it is City property and must be used with good judgment. Improper use of the Pro-card can be considered misappropriation of City funds, which may result in disciplinary action, up to and including termination. 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.

2. **Unauthorized Use:** If the Pro-card Representative, upon review of a Cardholder's statement, is not satisfied that the purchase was for City use, the Cardholder will be requested to provide either a credit voucher from the vendor proving the item(s) were returned, or must pay reimbursement to the City for the full amount of the purchase. Proof of vendor's credit or personal payment must be sent to Accounting, and proper written justification regarding why the Pro-card may have been used to purchase personal items must be provided to the Department Director, and the Pro-card Administrator
3. **Missing Documentation:** If the Cardholder does not have the proper receipts/invoices for all transactions to send to the Accounting Division with the monthly individual account statement, proper written documentation of the purchase, including merchant, description, amount and City account number, must be included with the Cardholder's statement. Continued incidents of missing documentation may result in the cancellation of the employee's Procurement Card and/or other disciplinary action. The determination concerning a Cardholder's lack of proper receipts/invoices will be made by the Purchasing & Contracts Division.
4. The Department Director or designee shall notify the P.A. if a Cardholder appears to be misusing the Pro-card, abusing the Pro-card program or violating the City's established policies and procedures.
5. Abuse and/or misuse includes but is not limited to the following:
  - a. Making purchases that exceed the Cardholder's approved SPL or monthly limit.
  - b. Purchases of unauthorized or prohibited items/services as itemized in Section VIII B6, "Prohibited Uses of Procurement Cards", unless specifically authorized by the approved Cardholder's Pro-card profile.
  - c. "Splitting" transactions to avoid the Cardholder's approved SPL.
  - d. Failure to maintain proper receipts and/or other required documentation.
  - e. Purchases of Capital Outlay items, unless pre-approved by the Purchasing and Contracts Manager.
  - f. Purchases from vendors which create a conflict of interest.
  - g. Charging personal items.
  - h. Allowing another person to use the Pro-card.
  - i. Failure to report a lost or stolen Pro-card in a timely manner.

