

# City of Lawrence, Kansas



## Purchasing Card Guidelines

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## OVERVIEW

The City of Lawrence currently contracts with UMB Bank for a Visa Purchasing Card Program. Purchasing cards allow employees to “charge” small dollar items or services (less than \$1000, including all delivery, any applicable taxes, shipping and/or special handling charges) to their card instead of using a purchase order. Because purchase orders are avoided, items may be ordered and received quicker, and administrative costs associated with purchasing are reduced. The City of Lawrence has established a \$1000 maximum limit on credit card purchases to coincide with the lower limit placed on purchase orders. These limits have been established in order to provide the desired degree of accountability for the expenditure of public funds.

This manual provides the guidelines for using City of Lawrence Purchasing Cards and, in some instances, is supplemented by department guidelines. Please read the instructions carefully. Your signature on the cardholder agreement indicates that you understand the intent of the program and agree to adhere to the established guidelines. You will be issued your Purchasing Card after receipt of the signed agreement by the Purchasing Card Program Administrator.

Purchasing cards are issued at the request of individual departments. To be eligible to receive a card, you must have the authority to purchase goods, materials, and services on behalf of the City. Card usage is monitored by individual departments and by the finance department. Cards may be rescinded at any time.

Keeping complete and accurate records is vital to the successful use of purchasing cards. Retention of receipts and other purchase documentation is required. **As with any purchase, you must retain sales slips, cash register receipts, invoices, order forms and receiving documents.**

Purchasing cards are not intended to avoid or bypass appropriate purchasing or payment procedures. Rather, the purchasing card program complements the existing policies, procedures, and processes. Therefore, individual transactions, including any associated charges, must be less than \$1000 (according to the City’s Purchasing Policy, any purchase of \$1000 or more requires the use of a purchase order and the approval of the Purchasing Agent). Each department has the discretion to set lower limits. In addition, each card has been assigned a dollar limit for billing cycles (maximum \$5,000) and a limit on the number of transactions per day (maximum 5). **Splitting Transactions, dividing one purchase into two or more transactions, is strictly prohibited.** Some employees, depending on their position, may be allowed larger limits with special permission from the City Manager.

Purchases must be for the use and benefit of the City. **ABSOLUTELY NO PERSONAL PURCHASES ARE ALLOWED.** You are responsible for the security of your card and all transactions made against it. The card is issued in your name and any purchases made with the card will be your responsibility. **Use of the card not in accordance with guidelines established could result in personal liability, termination of employment, and/or criminal charges being filed against you.**

Vendors are paid by the bank within 72 hours of your purchase transaction. Please indicate to vendors not to invoice the City because it could result in duplicated payment. **Receipts must list items purchased and must be itemized.** Be sure to remind the vendor of the City's tax-exempt status, if applicable, when making a purchase. The information regarding the exemption is printed on a separate card given at the time the purchasing card is issued. A copy of the tax exempt card or a copy of the Tax Exempt statement can be obtained through Accounts Payable.

## **REQUESTING YOUR PURCHASING CARD**

To be eligible to receive a purchasing card, you must have delegation of authority, and be authorized to purchase goods, materials, and services on behalf of the City. Your department coordinator can provide you with the purchasing card request form, the City of Lawrence Purchasing Card Cardholder Agreement form and the guidelines; which are all located on the City Intranet. These forms must all be completed and signed by the employee and supervisor before forwarding to the Purchasing Card Program Administrator. The Purchasing Card Program Administrator will then forward the necessary forms to the bank. After receipt of the card from the bank, the Purchasing Card Program Administrator will contact you or your department coordinator to advise the card has arrived.

## **RESPONSIBILITIES**

### Cardholder

At the time of issuance, the Purchasing Card Program Administrator or your department coordinator will advise you of all restrictions that apply to your card, such as the number of transactions allowed per day, maximum dollar transaction amount, maximum dollar amount per period, and type of purchases allowed.

As a cardholder you are expected to:

- Adhere to all responsibilities agreed to in the Purchasing Card Cardholder Agreement
- Retain, for reconciliation by Accounts Payable, all charge slips, cash register receipts, invoices and packing lists associated with card purchases
- For telephone or catalog orders, make sure complete shipping address and instructions are given along with your name (e.g., name, department name, complete street address, floor/room number, city, state, zip code)
- Immediately notify the Department Coordinator of changes in Cardholder status
- Notify the bank and Department Coordinator of the lost or stolen card

Cardholders and their department coordinator will receive a variety of information regarding purchases. Please remember such data is proprietary and should not be disclosed outside of the City of Lawrence. Card usage will be monitored and cards may

be rescinded at any time. Cardholders are committing City funds each time they use their purchasing cards. Do not take this responsibility lightly.

#### Department Coordinators

- Continually assess cardholder's eligibility for Department card use
- Review and approve cardholder's monthly purchases
- Forward approved purchases and receipts to Accounts Payable
- Recommend limits for all Cardholders in the department
- Request purchasing cards for designated employees
- Collect cards from Cardholders who end employment
- Request to issue or cancel cards
- Notify the Purchasing Card Program Administrator of terminated, lost or stolen cards
- Upon employee termination, ensure the card has been collected and returned to Finance
- Review receipts for tax
- Make sure all receipts are accounted for and legible

#### Supervisors

- Review Transactions for:
  - Proper Purchase
  - Charged Tax
  - All Receipts are obtained
  - Split Purchases
- Review City Fund Numbers used to insure they are correct
- Turn the approved, signed statements and receipts to Accounts Payable within 7 days of the entry due date
- Upon employee termination, ensure the card has been collected and returned to Finance

#### Finance - Purchasing Card Program Administrator

- Maintains a record of Cardholders' names, account numbers, card issuance dates, etc., which is to be kept secured at all times
- Coordinates the program and responds to purchasing card related questions and policy issues
- Coordinates new card requests and card cancellations with the bank
- Provides orientation sessions for Cardholders as needed
- Notifies Department Coordinators of change that require re-issuance of a purchasing card
- Regularly audits new accounts and periodically audits existing accounts on a random or as-needed basis
- Distributes purchasing cards
- Retain a photocopy of the front of the card issued.

## Finance – Accounts Payable

- Processes approved statements in a timely manner
- Reconciles monthly statements and retains documentation
- Files approved statements
- Coordinates 1099 reporting
- Develops and maintains the Preferred Supplier Listing
- Helps Cardholder resolve billing disputes when cardholder's attempts are unsuccessful
- Develops and maintains data furnished by UMB Bank for standard and ad hoc reporting
- Periodically reviews reports for compliance with program requirements
- Handles disputed items
- Resolves errors and disputes, coordinates returns, and verifies that appropriate credits are issued.

## **TAX EXEMPT INFORMATION**

- Purchases made with the card, except those purchases relating to water production, are tax-exempt.
- The City is not exempt from hotel excise taxes.
- The City is not tax exempt from out of state purchases when we pick up the item or product from another state.
- **Cardholders are responsible for making sure taxes are not charged to their purchase (if applicable).**
- Cardholders must inform vendors that the City is exempt before an order is processed. Some vendors may require sales tax exempt purchases to be processed in a different manner than normal purchases.
- In the event sales tax has been charged, the cardholder is responsible for contacting the vendor to obtain a refund of sales tax. Sales tax refunds must be credited back to the purchasing card.
- The front of each card reads as follows:

CITY OF LAWRENCE, KANSAS  
FOR OFFICIAL USE ONLY  
SALES TAX EXEMPT UNDER K.S.A. 79-3606
- The City's Tax ID number is KS519CECFV
- Vendors may also require a Tax Exemption Certificate. To obtain such a certificate, contact Accounts Payable.

## **CARD SECURITY**

You are responsible for the Purchasing Card entrusted to you. Carefully guard it and use it responsibly.

**Any use of the card not in accordance with guidelines established could result in personal liability, termination of employment, and/or criminal charges being filed against you.**

To prevent unauthorized use of your Purchasing Card:

- Safeguard card and card numbers
- Prohibit others from using your Purchasing Card

## **REPORTING A LOST OR STOLEN CARD**

Immediately report a lost or stolen card using the following procedure.

- **Immediately call the bank at 1-888-494-5141 or 816-843-2458.** Record the name of the person you spoke to, the time and date you reported the card missing, and the reference number provided by the bank.
- Inform your department coordinator and complete FORM TO REPORT A LOST OR STOLEN PURCHASING CARD (located on the intranet). Send the original form to the bank at the address listed on the form, forward a copy to the Purchasing Card Program Administrator, give a copy to the Department Coordinator, Senior Accounts Payable Clerk, and keep one copy for your records.
- Departments are responsible for any charges, fees, etc. incurred in relation to a lost or stolen credit card. Individual departments may elect to hold cardholders responsible for all or part of these charges or fees.

## **CHANGES TO CARDHOLDER INFORMATION**

The Department Coordinator should complete the purchasing card cardholder account action request (located on the intranet) to advise the bank of name, address, cost code, and employment status changes, as well as other changes in cardholder information. Send the completed form to the Purchasing Card Program Administrator.

## **CANCELLING A CARD**

To cancel a card, the department coordinator should notify the Purchasing Card Program Administrator, cut the card in half and forward it to the Card Administrator.

## **CARD RENEWAL**

Every year, renewal cards will be sent to the Purchasing Card Program Administrator for distribution. Department Coordinators or employees will be notified by the Finance Department when the card is available for pickup. Old cards should be destroyed. Renewal dates will be determined by UMB.

## **WHAT CAN BE PURCHASED**

Most small dollar value items (under \$1000) can be purchased using the card, including, but not limited to:

- Books, videotapes, and subscriptions
- Memberships
- Seminars
- Maintenance supplies and tools
- Incidental and miscellaneous purchases
- Office Supplies
- Emergency Purchases
- Term and Supply Contract items

## **REWARDS POINTS**

Some vendors offer rewards points on purchases made at their establishment. The City's phone number, 832-3000, should be provided to the vendor to ensure the City will receive the points for that purchase. Periodically rewards cards are sent to Finance to distribute to departments. It is against the City policy and is unethical for employees to receive points or rewards cards as the result of City purchases.

## **WHAT CANNOT BE PURCHASED**

**Your card may not be used to circumvent or avoid appropriate purchasing procedures.** Specifically, do not use your card:

- To secure items not approved for purchase in compliance with purchasing procedures and department procedures
- For personal purchases

Unless specifically requested and approved, all cards also have the following limitations:

- Transaction limit of no more than \$999.99
- 5 transactions per day maximum
- Dollar per month limit of up to \$5,000
- No cash advances or cash for returns
- No liquor store purchases
- No airline purchases
- No automobile rental or other transportation
- No hotel/motel
- no restaurant purchases

## **PLACING AN ORDER**

When making a purchase with your purchasing card, be prepared to provide the following:

- Your Name
- Your Card Number
- Card Expiration Date
- Mailing Address (PO Box 708, Lawrence, KS 66044)
- 3 digit security code on back of the card

Ask the vendor to provide a detailed receipt/packing list that includes product description, price, sales tax (tax exempt), and freight charges, if applicable. Charge slips and receipts are required for monthly statement reconciliation.

If goods and materials are ordered by telephone, ask the vendor to include a detailed receipt in the package and explain we are a tax-exempt organization. Save the purchasing card receipt and shipping documents.

**Cardholders must inform vendors that the City is tax exempt, if applicable, before the order is processed.**

## **RECEIVING MATERIALS**

The cardholder should verify that all ordered materials are received. The cardholder should also follow up with the supplier to resolve delivery problems, discrepancies, back orders, and damaged goods. Retain receipt and packing/shipping documentation for monthly statement reconciliation.

## **INTERNET PURCHASES**

On-line purchasing. It is recommended for employees intending to purchase equipment or supplies on line to:

- Confirm the online seller's physical address and phone number in case there are questions or problems. Be wary if the seller's only contact information is a post office box. The owner of the website can be found by using the "WHOIS website. Type in the web domain of the company in question at <http://www.whois.net/>
- Keep records in Outlook of your on-line transactions including the product description and price. Save the online receipt, and copies of every email you send or receive from the seller.
- **Do not email financial information. Email is not a secure method of transmitting financial information such as credit card numbers. Companies typically need the name on the credit card, the card type (Visa, Master Charge, etc), the billing address and zip code, and some vendors will ask for the three-digit number on the back of the card. Do not respond**

### **to unsolicited emails.**

- Ensure the security of the web site. The web address on the page that asks for the credit card number is secure if the web URL begins with "https:" instead of "http." An indication of a secured site is also a yellow or golden closed lock or an unbroken key at the bottom of the browser window. Type the web site addresses rather than clicking on a link.
- Many web merchants allow a phone in option. Employees may order online by giving credit card information over the phone.
- Read the refund/return and privacy policy before ordering.
- An internet purchase over \$1000 using a purchasing card may be necessary if the vendor does not take purchase orders. Three quotes are required and special permission must be obtained by the City Manager through email. Contact the purchasing card coordinator if you plan to make this purchase.

### **IF YOUR CARD IS REJECTED**

If your card is rejected, contact the Purchasing Card Program Administrator in the Finance Department as soon as possible.

Possible reasons the card may be rejected:

- Cardholder is not authorized for that particular merchant code
- Over daily transaction limit-5 transactions
- Over monthly limit-\$5,000 per billing cycle
- Out of the country business
- Out of the country bank
- Wrong expiration date entered
- Incorrect billing address and/or zip code

### **RETURNS, CREDITS, REJECTED MERCHANDISE**

The Cardholder is responsible for making all arrangements associated with purchasing card returns. Cardholders are expected to follow up until the appropriate credit(s) is issued against the purchasing card. To arrange a return:

- Notify supplier you are returning items that were purchased with your purchasing card (Many suppliers will not accept returns without prior return authorization)
- **Ask the supplier to credit your purchasing card for the return. NEVER ACCEPT CASH FOR A PURCHASING CARD RETURN.**
- Follow supplier's packing and labeling instructions
- Complete appropriate documentation of shipment

## **RECORD KEEPING**

Retain all itemized purchasing card receipts, cash register receipts, packing slips, etc. to send to Accounts Payable. If a receipt is lost, it is the responsibility of the cardholder to contact the vendor to obtain a duplicate copy. Make sure all receipts are legible and dark enough for scanning. Follow any detailed procedures as set forth by your department.

## **RECEIPTS**

When compiling receipts, packing slips, etc, please make sure that they are all legible. Please follow these rules when preparing receipts to turn into Accounts Payable:

- Do not tape over the print on the receipt
- Do not staple receipts to the paper
- Make sure all staples are removed
- Make sure all receipts are taped down to 8 ½ x 11 sheet of paper
- Make sure no print on the receipt is covered by a cash register receipt or other notes
- If the ink on the receipt has been rubbed off, a new receipt must be obtained. Missing ink on the receipt voids the receipt
- Ink on the receipt must be dark enough for scanning
- Do not fold a receipt to fit on an 8 ½ x 11 sheet of paper. If the receipt can be cut into several to be taped on a piece of paper, that is acceptable
- Multiple receipts may be taped on the same sheet of paper as long as no information is covered up
- A copy of a credit receipt must be obtained for reconciliation
- When taping receipts to an 8 ½ x 11 sheet of paper, only use one side of the paper. Do not tape receipts to both sides

## **ACCOUNT RECONCILIATION**

At the end of each billing cycle, Accounts Payable downloads the individual statements into the VEGI program on the Intranet and electronically sends notification to the cardholders that their transactions are ready for approval. The cardholder or designated employee in each department approve the transactions and send the receipts and transaction statement to their supervisor for approval. The City Manager's purchases and the City Auditor's purchases must be approved by the Mayor and the Mayor's purchases must be approved by the Vice Mayor. All approved transaction statements and receipts must then be forwarded to Accounts Payable for payment. Transaction statements and receipts must be signed and sent to Accounts Payable within 7 days after the entry deadline.

## **PURCHASING CARD CYCLES**

### **Cycle 7**

City Clerk  
Human Resources

### **Cycle 14**

City Manager  
Finance

Legal  
Municipal Court  
Parks & Recreation  
Police  
Utilities

Fire and Medical  
Information Systems  
Planning and Development Services  
Public Works

A calendar of monthly cycle closing dates is located on the intranet.

## **ERRORS & DISPUTES**

When charges appear to be incorrect:

- Notify the Department Coordinator.
- Attempt to resolve the dispute with the supplier. If unsuccessful, contact the bank's Customer Service Center within 60 days of the disputed item's statement date.
- If you are still unable to reach an acceptable solution, contact Accounts Payable. Provide names and dates of the persons contacted, copies of correspondence, and other documentation associated with your attempts to resolve the dispute.
- Complete the dispute form located on the intranet and forward a copy to the Bank address listed on the form, the Senior Accounts Payable Clerk, Purchasing Card Administrator, the Department Coordinator, and Employee Supervisor.
- When the monthly VISA statement is ready for employee approval, approve the disputed transaction. The credit for the dispute will appear on a future VISA statement once the dispute has been resolved.
- Attach a memo to the VISA statement explaining the dispute of the charge.

## **MONITORING PURCHASES & PAYMENTS**

The Purchasing Card Administrator and Senior Accounts Payable Clerk frequently monitor all purchases and payments processed for possible misuse of the purchasing card, as well as incorrect payment processing. Upon findings of possible misuse, the employee's department will be contacted for additional information.

If the provided information remains in question, the City Manager's Office, Department Head, and Department Coordinator will be notified and further action may be recommended.

## **COMMERCIAL CARD CENTER**

[www.commercialcardcenter.com](http://www.commercialcardcenter.com)

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