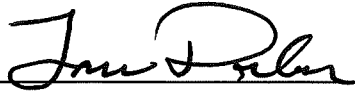


# SANDY CITY OPERATIONS MANUAL

Chapter: Administrative Services	Number: 4.2.1	Page: 1 of 4
Section: Purchasing Management	Issue Date: September 7, 2004	
Subject: Credit, Vendor, and Purchasing Cards	Date Revised: December 6, 2016	
Mayor Signature: Tom Dolan		CAO Signature: Byron D. Jorgenson

## POLICY STATEMENT

This policy outlines how Sandy City employees may obtain and use credit cards, vendor, and purchasing cards on the City's behalf.

Credit cards are given to city employees to allow employees to (1) make purchases which are impractical through Sandy City's traditional purchasing process (see purchasing ordinance) and (2) to allow employees to conduct business with vendors requiring the use of a vendor credit card.

Purchasing cards are issued to city employees to establish a more efficient and cost effective method of paying for small dollar transactions. Purchasing cards are not intended to avoid or bypass the Purchasing Ordinance. They are intended to eliminate the use of small dollar purchase orders and petty cash.

## AUTHORIZATION

The Chief Administrative Officer, Finance & IT Director, City Treasurer, City Purchasing Agent, and respective Department Directors have the authority to carry out this policy.

## RESPONSIBILITY

Department Directors have the responsibility of overseeing the use of credit cards and purchasing cards within their department. The city treasurer is the traditional credit card program administrator and the city purchasing agent is the vendor credit card and purchasing card program administrator. All employees who use either a city traditional credit card, a vendor credit card or purchasing card have responsibility for following the terms of this policy.

## DEFINITIONS

Traditional Credit Cards - Credit cards widely accepted by vendors for a variety of purchases (i.e., MasterCard, Visa, etc.)

Vendor Credit Cards - Credit cards which may only be used with one vendor or a limited group of vendors (i.e., Costco credit cards, Home Depot credit cards, Lowe's credit cards, etc.)

Purchasing Cards (P-Cards) – Credit cards that function similar to traditional credit cards but with the flexibility to set different spending and transaction limits for each card holder – both per transaction and per month. Purchases may also be restricted to certain types of vendors based on merchant category codes.

Card(s) – When used alone this term refers to all of the cards defined above.

## **PROCEDURES**

### **Obtaining a City Credit Card**

Approval of credit cards will be made based upon documented need and justification of use. Department heads should consider the following before approving an employee to have a city credit card:

- The number of cards in the department
- The position of the person requesting the card
- The work location of the individual requesting the card
- The need to make purchases as part of city business

### **Traditional Credit Cards**

Traditional credit cards are only to be obtained through the City Treasurer. Approval to obtain a traditional credit card must be received from the department head and Chief Administrative Officer. After this approval is received, the credit card must be obtained through the City Treasurer.

### **Vendor Credit Cards**

Vendor credit cards are only to be obtained through the City Purchasing Agent. Approval must be received from the department head and then forwarded to the City Purchasing Agent.

Individuals approved to have a city credit card must sign a credit card agreement statement that outlines the approved uses of the card and the responsibilities of the cardholder.

### **Purchasing Cards**

Purchasing cards are approved by the Purchasing Agent based upon documented need. Department heads must submit a request to the Purchasing Agent that includes a suggested transaction limit, monthly credit limit, and any specific merchant categories desired. Increases to an employee's transaction or monthly spending limits must be approved by a department head and the Finance Director.

### **User Responsibilities**

Employees who use traditional, vendor or city purchasing cards have the following responsibilities:

- Employees who use city cards of any kind are responsible for all purchases made on their credit card.
- Employees are responsible for making sure they do not get charged sales tax as part of their transaction at the time of purchase when using a vendor credit card or purchasing card.
- No individuals shall approve their own purchases made on a city credit card.
- Card users are required to submit a monthly reconciliation, with attached original receipts, to Accounts Payable within ten (10) days from the receipt of their statement.
- Original receipts must be turned in to Accounts Payable with reconciliations for all card transactions. Copies of receipts are not acceptable. However, receipt copies may be kept by employees and/or their department.
- Vendor credit card users must create a purchase order either prior to making a purchase or within the same day as making a purchase using their vendor credit card. Vendor credit card users also must turn in their original receipts to accounts payable as soon as possible following the purchase.

- All finance charges and late fees accrued on either a traditional or vendor credit card will be the responsibility of the department who carries the card.
- If a credit card is lost or stolen, employees are responsible for immediately reporting the lost card to their department, the credit card company, and the City Treasurer
- If a vendor or purchasing card is lost or stolen, employees will immediately notify the Purchasing Agent.
- Purchasing card holders may not allow another person to use their card.
- Employees are responsible for contacting vendors to obtain any missing receipts.
- The purchasing card may only be used at the time of purchase. A purchase already invoiced and submitted to Accounts Payable shall not be paid by the purchasing card.
- Employees who continuously fail to fulfill their user responsibilities may have their card privileges revoked.
- Employees must surrender their card immediately upon termination of employment or upon request of the department head.

### **Card Use**

Cards are to be used by city employees for authorized city business only. City credit and purchasing cards may be used to make purchases for city business according to the following guidelines:

#### Appropriate Uses

- As a cost effective and efficient method of paying for small dollar transactions
- Purchases not requiring a purchase order
- Travel and travel-related expenses
  - When business and personal travel expenses are commingled (e.g. when a family member accompanies an employee and airline tickets are purchased together, or when a rental car is used for both business and personal travel days), it is required that a personal credit card be used. In such cases, the City will reimburse the employee for business expenses in a timely manner.
- Food not reasonably put on an account with a vendor (luncheons, etc.)
- Professional memberships which will not accept a purchase order
- Other uses as approved by department director

#### Inappropriate Uses

- Personal purchases
- Cash advances
- Cash or gift card refunds
- Purchases that can practically be completed with a purchase order
- Purchases above the credit card purchase limit, or otherwise not according to the Sandy City purchasing ordinance
- Paying for a purchase already invoiced and submitted to Accounts Payable.

### **Personal Use of Cards**

Employees may not accrue personal benefits as a result of using a city credit or purchasing card. Furthermore, it is inappropriate to use a city credit card or purchasing card for personal purchases, to obtain

a cash advance, or in other types of monetary lending. Vendor credit cards and membership cards for Sandy City shall also not be used to obtain additional personal membership benefits.

**Credit Card Purchase Limit**

The Sandy City purchasing ordinance states that purchases over a certain value require that the purchaser receive at least three verbal bids. Credit card or purchasing card purchases may not be used for any purchases above this same value, unless a purchase order has been created. This is not a purchase limit for single items, but rather for an entire project or a full scope of services. Employees may not split up a purchase between credit cards or purchasing card or make multiple smaller purchases to remain under the purchase limit. Those found abusing the City's purchasing ordinance may have their credit card or purchasing card privileges revoked and face potential disciplinary action.

**Application to Obtain a Sandy City Credit Card**

Name: \_\_\_\_\_ Position: \_\_\_\_\_

Department: \_\_\_\_\_ Primary Work Location: \_\_\_\_\_

Card Type: Traditional Credit Card

Need/Purpose Statement: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Credit Card Agreement Statement**

As an employee of Sandy City, I wish to use a credit card belonging to Sandy City as part of my responsibilities to the City. I have read the complete Sandy City credit card policy and understand its contents. I agree to abide by the Sandy City credit card policy while using a credit card issued to me as a Sandy City employee.

**Specific Policy Items:**

I agree that Sandy City credit cards may not be used for purchases above the required amount to obtain three verbal bids per the Sandy City procurement ordinance, currently \$2,000 or greater.

I understand that Sandy City should not be charged sales tax on any purchases made using a vendor credit card. The Sandy City tax exempt number is *12258062-002-STC*.

I know that the credit card is not to be used for personal purchases or cash advances.

I understand that with a traditional credit card, my statement must be reconciled within 10 days from the receipt of the statement and turned in with original receipts to Accounts Payable in a timely manner after having been received to avoid finance charges.

I am responsible for all purchases made on my credit card. I also understand that my department is responsible for all interest and finance charges that accrue as a result of my credit card.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Department Director: \_\_\_\_\_ Date: \_\_\_\_\_

CAO (if applying for traditional credit card): \_\_\_\_\_

Date: \_\_\_\_\_

**Agreement to Accept the Visa® Purchasing Card**

Your new Visa® Purchasing Card represents the City's 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 policies and procedures and agree to comply with them as well as the following responsibilities. It also acknowledges that you have received the US Bank Visa® Purchasing Card # \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ .

1. I understand that 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 US Bank by telephone and notify the Purchasing Agent.
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, and **the removal of sales tax at the time of purchase. I am responsible for contacting the vendors to obtain any missing receipts.**
6. All charges will be billed directly to and paid directly by Sandy City. The bank cannot accept any monies from me directly; therefore, any personal charges billed to the City could be considered misappropriation of funds.
7. Your Purchasing Card can only be used at the time of purchase. A purchase already invoiced or submitted to Accounts Payable shall not be paid with the Purchasing Card.
8. 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 will also be asked to produce receipts and statements to audit its use.
9. I will receive a Monthly Reconciliation Statement, which will report all activity during the statement period, and **will promptly reconcile and submit to Accounts Payable within ten (10) days.** Since I am responsible for all charges, I will resolve any discrepancies by either contacting the supplier or the bank.
10. The charges made against my card are automatically assigned to the cost center assigned to the card as specified by management. This code cannot be changed without management involvement. When changed, the new accounting code will not affect any charges made prior to the change.
11. I understand the US Bank Purchasing Card is not necessarily provided to all employees. Assignment is based on my need to purchase goods. 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.
12. I understand that my credit limit may be suspended or my card can be immediately revoked at any time for noncompliance with this agreement.

**Monthly Limit:** \_\_\_\_\_

**Transaction Limit:** \_\_\_\_\_

\_\_\_\_\_  
Employee Printed Name

\_\_\_\_\_  
Approving Manager Printed Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature