



# CITY OF FITCHBURG

## Procurement Department

### PROCUREMENT CARD POLICY

#### I. PURPOSE AND SCOPE

- The City of Fitchburg has established a Procurement Card program to promote purchasing efficiency.
- The City of Fitchburg has contracted with Bank of America to provide credit cards, called Procurement Cards, with the primary purpose being provision of a single credit account for purchases where necessary.
- The purpose of these policies and procedures is to establish guidelines to govern the issuance and use of Procurement Cards.

#### II. APPLICABILITY

- This policy applies to all City Departments and personnel.

#### III. DEFINITIONS

- Procurement Card: A credit card that is issued to designated departments/employees to facilitate the purchase of goods and services.
- Program Administrator: Performed by the Chief Procurement Officer with daily transaction processing provided by the Buyer. The City Auditor shall have oversight of the program to the extent of meeting Department of Revenue requirements.
- Cardholder: For the purposes of this Policy, a Cardholder is any employee having a card issued in their name or in the name of their respective department, or an employee who has requested and borrowed a Procurement Card from the Procurement Department.
- Vendor: A company or other business from which a Cardholder is purchasing goods and/or services under the procurement provisions of this procedure. A vendor can be a physical entity, an online entity, or a service provider.
- Central Bill: Monthly statement for the City sent directly to the Program Administrator for payment, includes a compilation of all charges made by Cardholders during the billing cycle.

#### IV. POLICY

- The City of Fitchburg will allow the issuance and use of Procurement Cards to designated departments and/or employees at the discretion of, and subject to approval by the Program Administrator.
- Cards are to be used for City of Fitchburg business only.
- Procurement Card use is restricted to purchases where no other method of purchasing is available.
- In no circumstance may a Procurement Card be used to purchase alcoholic beverages.
- In no circumstance may a Procurement Card be used for cash advances or for cash-back on a transaction.

- In no circumstance may a Procurement Card be used to purchase items or services for the personal use of the Cardholder or any other person.
- The Program Administrator and/or the City of Fitchburg reserve the right to suspend or cancel any Procurement Card without warning at any time.
- Use of Procurement Cards shall be governed by all applicable rules, regulations and policies of the City, and laws of the Commonwealth of MA including MGL Chapter 30B (The Uniform Procurement Act).
- All credit card purchases require an approved purchase order prior to the card being used. In the case of extreme emergency, purchase order must follow the transaction within one (1) business day.
- Procurement Card shall not be used for the purchase of supplies or services consumed on a regular basis (e.g., utilities, seasonal supplies, etc.) unless the Program Administrator grants prior approval.
- Recurring transactions require an approved purchase order prior to the transaction, which will be used to encumber the funds on an annual basis and pay the monthly invoice.
- The Chief Procurement Officer and City Auditor reserve the right to conduct random audits of the Procurement Card program to ensure compliance with any City or Department of Revenue policies.

## **V. PROCEDURES**

### ▪ Payment of Central Bill

The City will receive a Central Bill which encompasses all transactions made within the billing cycle. The Central Bill is processed for payment by the Buyer. Individual cardholders or card users shall not process individual charges for credit card purchases.

### ▪ Physical Location of Cards

For the purposes of security and control, physical credit cards will be located in the Procurement Department and may be signed out when needed. Credit cards shall be returned to the Procurement Department within one (1) business day of use.

Exceptions to this policy may be made for public safety and/or emergency responses purposes.

### ▪ Issuance of a Procurement Card

Parameters for use of a card are established by the Program Administrator.

Use or access to a Procurement Card may be temporarily or permanently suspended by the Program Administrator at any time, without notice.

Fraudulent or other misuse will be reported for the purposes of potential disciplinary action.

Parameters of all Procurement Cards shall be established and maintained by the Program Administrator.

Program Administrator will set blocking codes to prevent unintentional or intentional use of the Procurement Card for restricted goods or services.

## **VI. CARDHOLDER RESPONSIBILITIES**

- For department cards, the department head will be responsible for its use. Under no circumstance may the staff member signing out the card give or lend the Procurement Card to another person or department. Use of a card is restricted to the staff member signing out the card only.
- Cardholder shall make all efforts to safeguard against use by unauthorized individuals.
- Cardholder shall investigate all methods of purchasing and paying for a service or item, including acceptance of a purchase order, prior to requesting a Procurement Card. Staff will perform a thorough investigation prior to charging any item, including direct contact with vendor's accounting department.
- At the time of a transaction, the Cardholder must advise the vendor of the City's tax exempt status and give the vendor the tax exempt card provided. The City does not pay sales tax on purchases. Should sales tax appear on a receipt, it will be the department's responsibility to have the charge reversed.
- At the time of transaction, whether the purchase is made in person, online, or by phone, the Cardholder must obtain an original, detailed transaction receipt that is marked by the vendor as "paid". The receipt should include the following information: vendor's name, date of transaction, description of each item purchased, unit cost and extension, the Cardholder name and the signature of the department head.
- Food or restaurant receipts must be itemized and detailed with reason for the purchase. Restaurant receipts must include a detailed slip of the food served, along with the signed transaction receipt. A tip on a restaurant meal that is served or delivered may not exceed fifteen percent (15%). Alcoholic beverages shall not to be charged to the Procurement Card.

### ☐ Receipts for all transactions

A Cardholder must turn in receipts to the Buyer within one (1) business day. Receipt must be signed by the Department Head of the Cardholder and include the purchase order number.

### ☐ Lost or stolen cards

Lost or stolen cards must be reported to the Program Administrator immediately. The Cardholder will not be personally held liable for charges incurred from a lost or stolen card.

## **VII. BUYER RESPONSIBILITIES**

- The Buyer shall review Procurement Card transactions, and shall have the authority to reclassify the general ledger account to be charged for a particular transaction.
- The Buyer is responsible for receipts for all Procurement Card transactions and shall forward receipts to the City Auditor with the corresponding Central Bill.
- City Auditor will review and approve transactions prior to final processing and posting. Receipts for any given month will be submitted to the City Auditor no more than seven (7) days after the billing closing date imposed by the bank.

#### **VIII. VENDOR RELATIONS**

- Cardholder is responsible for ensuring receipt of goods and services purchased with Procurement Card. A signature on the associated receipt shall confirm the goods and/or services have been received.
- Cardholder is responsible to provide adequate receipt and supporting documentation to the Buyer regarding all charges made on the Procurement Card they hold.
- Cardholder is responsible to remedy any transaction with erroneous charges, disputed items, returns, or sales tax charged in error.
- Cardholder will handle dispute claims against a vendor. Cardholder must notify the Program Administrator if a resolution cannot be reached within 48 hours of a disputed purchase. When a Cardholder cannot reach a resolution with a vendor, the Program Administrator will decide if there are grounds for a formal dispute request to be filed to temporarily remove the charge from the account. Every effort shall be made between the parties to reach a satisfactory result.

#### **VIV. CARDHOLDER AGREEMENT**

- Signed Cardholder Agreement is required to request a Procurement Card, and the request is subject solely to the discretion of the Program Administrator.
- Failure to sign and submit Cardholder Agreement will be grounds for rejection of privileges.
- The City Auditor shall be the final authority on acceptability of charges to the Procurement Card. Should the City Auditor reject a charge, the Cardholder shall be responsible for payment of the rejected charge.