



# **Procurement Card Policy for City Employees**

**City of Roswell, Georgia**

**Revised September 2022**

## I. Program Overview and Purpose

The purpose of the Procurement Card (P-Card) Program is to establish a faster, more cost-effective method for authorized employees to make purchases of supplies, materials, equipment, and services for City business use. The program streamlines payments by reducing the administrative burdens and costs associated with traditional methods of payment.

The City of Roswell P-Card Policy establishes minimum standards for use of the P-Card in order to ensure compliance with procurement policies and procedures. **The City of Roswell Purchasing Ordinance and all related policies and procedures apply to the use of the P-Card. The P-card serves as a means of payment, not as an alternative to the City's procurement policies and procedures.**

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In 2015, the Georgia General Assembly established penalties into the Official Code of Georgia Annotated (O.C.G.A. § 16-9-37) regarding the misuse of government p-cards.

(b) Any person who has been issued or entrusted with a financial transaction card by a government for specifically limited and specifically authorized purposes, provided such limitations and authorizations are in writing, and who uses the financial transaction card in a manner and for purposes not authorized shall be punished as provided in subsection (b) of Code Section 16-9-38.

Code Section 16-9-38 specifies that “a person subject to punishment under this subsection shall be guilty of a felony and shall be punished by a fine of not more than \$5,000.00 or imprisonment for not less than one year nor more than three years, or both.”

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Under this program, the JP Morgan Chase Mastercard P-Card is the only authorized card for use by city employees. P-Cards can only be used for official City of Roswell business and cards must be surrendered and accounts closed upon termination of employment for any reason or upon demand by the City of Roswell.

All cardholders will have access to the JP Morgan Chase website, SmartData (<https://smartdata.jpmorgan.com>), to monitor their respective transaction activity. Department Liaisons and Department Heads will also have access to SmartData to monitor the transaction activity of the cardholders for which they maintain responsibility. Monitoring of transactions is the only task that will take place in SmartData. All monthly reconciliation will take place in Munis and is explained in the Roles & Responsibilities section of this policy.

All City Departments will designate one or several P-card Liaisons to serve as the primary point of contact with the Finance Department. Departments should also ensure that a Backup Liaison is designated and trained. P-card Liaisons will also be responsible for the administration of the P-card Program within their respective department, including card administration, account maintenance and monthly billing statement reconciliation.

The Purchasing Card is honored by all merchants who accept Mastercard, and there are no annual, transaction, or reporting fees.

## **II. Use of Purchasing Card for Personal Purchases Prohibited**

Under no circumstances is a cardholder permitted to use the P-Card for personal purchases. Personal purchases are defined as the purchase of goods or services intended for non-work related use or for use other than official City business. Cardholders that unintentionally violate this rule shall notify the Department Liaison, complete the required documentation, and reimburse the City immediately. Unintentional violations of this rule shall be subject to the Progressive Discipline Guidelines noted later in this policy.

If a violation is determined to be intentional, the cardholder shall be subject to disciplinary action, up to and including termination from City employment and criminal prosecution.

Any person who knowingly, or through willful neglect, approves personal or fraudulent purchases shall be subject to the same disciplinary actions as the cardholder.

### III. Program Administration

#### A. Card Order Request

To be eligible for a P-Card, the applicant must be an employee of the City of Roswell. Department Heads approve P-cards for their employees based on the applicant's job responsibilities and their need to make purchases. ***The issuance of P-cards should be reserved for those employees whose job duties regularly require the purchase of goods and services. Employees who require only the occasional use of a P-card should coordinate purchases through their Department's P-card Liaison.***

To begin the application process the P-card Application is completed by the applicant or Department Liaison. The completed application is then forwarded to the P-card Coordination Team for review. The P-card Coordination Team then submits the application to the applicant, Department Head, Finance Director and City Administrator for final approval. The approved application is returned to the P-Card Coordination Team for processing and the card mailed to the P-card Coordination Team in 7 to 10 business days.

#### B. Card Issuance

The P-card Coordination Team notifies the cardholder and the cardholder's Department Liaison when the card is received. The P-card Coordination Team is responsible for scheduling an appointment with the cardholder to pick up the new Purchasing Card and sign the City of Roswell Cardholder Purchasing Card Agreement. The cardholder is responsible for familiarizing himself/herself with the P-Card Policy and attend training.

#### C. Card Profiles

Each card is assigned a single profile. The profile specifies the Single Transaction Limit (STL), the Credit Limit (CL), and the Merchant Category Codes (MCC) that are permitted on the card. The Finance Director may develop a series of predefined card profiles that Department Heads may request be assigned to a cardholder. Deviation from the predefined card profiles, if provided, requires the approval of the Finance Director and City Administrator. Card profile options will be noted on the P-card Application.

If it is determined that a cardholder's card limits are restricting purchases that are required to perform job responsibilities, the Department Head may request an increase or decrease of the cardholder's card limits. To request changes in a cardholder's credit limit and/or single transaction limit, a Cardholder Change Form must be completed and forwarded to the P-card Coordination Team. The P-card Coordination Team then submits the completed form to the cardholder, Department Head, Finance Director and City Administrator for approval. If approved, the form is processed by the P-card Coordination Team and is effective immediately.

#### D. Travel P-cards

The City offers a **Travel P-card** for use by City employees while traveling for official City business. The merchant category codes for the Travel P-card are predefined to allow travel-related expenses only. To apply, a Travel P-card Application should be completed and routed through the same approval process as the standard P-card. As with the standard P-card, the application, once approved, will be processed by

the P-card Coordination Team. The cardholder will be notified when the card is available for pickup and will be required to sign the City of Roswell Cardholder Purchasing Card Agreement and attend training. **City employees that have a standard P-card do not need a Travel P-card since the standard card may be used for travel expenses.**

The Travel P-card may be used for the following types of expenses:

1. Airline Fees (baggage, etc.)
2. Vehicle rental
3. Hotels
4. Other ground transportation (shuttle, passenger rail, taxi)
5. Parking

**The Travel P-card may NOT be used for meals (covered through per diem) or for advance reservations/expenses (registration, airfare, hotels, etc.). The Travel P-card is used to cover expenses while traveling.** For advance reservations/expenses, employees should coordinate with their Department Liaison to pay with a standard P-card.

Travel P-cards are issued in the name of the City employee and include the designation "Roswell GA Travel". Since most Travel P-card cardholders will utilize the card only a few times a year, the card will maintain a credit limit of \$0.00 most of the time. Once the date of the education/training event is approaching, the cardholder or Department Liaison must notify the P-card Coordination Team at [pcards@roswellgov.com](mailto:pcards@roswellgov.com) that the Travel P-card is needed and must reference the date range the card will be utilized. The P-card Coordination Team will increase the credit limit of the card, for the date range specified, to \$1,000 for single transactions with a \$2,000 monthly limit. **All policies and procedures outlined in this policy apply to the Travel P-card.** This includes, but is not limited to, monthly reconciliation procedures, documentation requirements, and disciplinary consequences for failing to follow City policies.

For additional information on the City's travel policy, employees should reference the "Policy and Procedures for Training and Related Travel," found in the Human Resources Policies and Procedures Manual.

#### **E. Lost or Stolen Cards**

Cardholder's are required to immediately report any lost or stolen P-card to JP Morgan Chase at 1-800-316-6056 (24 hours a day, 365 days a year). The City of Roswell is liable for all charges on the card until the lost or stolen card is reported to the Bank.

At the first opportunity during normal business hours the cardholder must promptly notify his/her Department Liaison (or the Backup Department Liaison should the Department Liaison be absent) about the lost or stolen card. The cardholder must also advise the Liaison if JP Morgan Chase informed the cardholder that a replacement card would be processed.

The Department Liaison or backup must promptly notify the P-card Coordination Team of the lost or stolen card and if JP Morgan Chase advised the cardholder that a replacement card would be processed. The P-card Coordination Team will be responsible for ordering a replacement card in such cases when JP

Morgan Chase did not process a replacement card at the time the cardholder reported the lost or stolen card.

The cardholder should notify all merchants who have the card number on file to flag their records that the card was lost or stolen.

#### **F. Card Cancellation**

The P-card and the signed Return Card Acknowledgement Receipt form must be returned to the Department Liaison when an employee is terminated from employment, submits their notice of separation from the City of Roswell, transfers to another department, or loses their purchasing card privileges for any other reason. Transfers within the same department may also require cancellation of the card if the cardholder's job responsibilities change and they no longer require the need of a P-card. Prior to the employee's last date of employment or transfer, the employee must sign and deliver all outstanding P-card receipts to their assigned P-card Liaison. The Department Liaison will submit the P-card and the signed Return Card Acknowledgement Receipt to the P-card Coordination Team. A copy of the signed form will be provided to the employee and a copy retained for the Department's file. The original will be kept in the employee's Purchasing Card file in the Finance Department.

## IV. Program Roles and Responsibilities

### A. Procurement Card Coordination Team

The City of Roswell has assigned a P-card Coordination Team who is responsible for the overall administration of the P-card program. The P-card Coordination Team is assigned the responsibility of reviewing and interpreting State law as it applies to the P-card function, prepare amendments to the P-card Policy as required and write and deliver workshops for City employees on the use, accounting, and responsibilities for the P-card.

P-card Coordination Team responsibilities include:

1. Maintain knowledge of City of Roswell Purchasing Card Policy and internal policies and procedures on use of the P-Card to effectively oversee the Purchasing Card program.
2. Serve as a resource for all P-Card users in issues of policy and procedure and in the day-to-day administration of the Program.
3. Act as the City of Roswell liaison with JP Morgan Chase.
4. Utilize approved third party software and train Department Liaisons to use the software, as appropriate.
5. Review department approved P-card applications for completeness of required information.
6. Submit P-Card application for approvals. Upon approval, input new user information and order new card.
7. Generate the Cardholder Purchasing Card Agreement for new cardholder's signature and for cardholders receiving renewal cards. Coordinate pick up of new and renewed P-cards with the Department Liaisons and the cardholders. Cardholders will be required to sign the Purchasing Card Agreement at the time a card is picked up.
8. Before releasing a P-card to a new cardholder, the P-card Coordination Team will ensure the P-card use training is completed by the cardholder.
9. Handle disputed charges/discrepancies not resolved by cardholder or Department Liaison.
10. Secure revoked P-cards along with signed Return Card Acknowledgement Receipt forms.
11. Review usage of P-card for appropriateness while performing monthly transaction reconciliations for individual departments.
12. Complete the monthly accounting process through the upload and editing of data into the City of Roswell financial system and reconcile against the JP Morgan Chase monthly Purchasing Card statement.
13. Review and adjust, if necessary, accounting codes for P-card transactions.
14. Prepare the month-end P-Card certification for approval by the Department Heads, Finance Director and the City Administrator.
15. Document P-card use exceptions and misuse on each Department's Monthly Review tracking log. At the completion of each cycle, the cardholder, Department Liaison, and Department Head will be notified of any violations.
16. Perform random audits, in conjunction with Accounting Division, of Departments' p-card program and purchases.
17. Maintain individual cardholder files.
18. Conduct ongoing policy and procedure training for all P-card users.
19. Ensure that revoked and expired P-cards are properly documented and destroyed.

20. Identifies p-cards with immaterial usage to determine if the p-cards are needed. P-cards with no activity for six months will be considered dormant and the account subject to closing.

## **B. Department Head**

Department Heads are responsible for ensuring the integrity of the P-card Program within their Department by upholding City policies and procedures. All Department Heads are responsible for overseeing P-card activity and must have a minimum understanding of the rules and regulations as contained in the City of Roswell Purchasing Policy and internal purchasing rules. While the Department Head holds the responsibility of oversight, administration of the day-to-day activity and usage of the P-card will be managed through designation of one or more Department Liaisons.

Department Head responsibilities include:

1. Maintain knowledge of City of Roswell P-card Policy and Procedures and internal policies and procedures in order to effectively oversee P-Card activity of the cardholders within their department.
2. Designate a Department Liaison(s) to manage the day-to-day activity and usage of the card. A back-up Liaison should also be designated and cross-trained.
3. Authorize P-Cards for employees in their department by signing the P-card Application received by the P-card Coordination Team.
4. Authorize changes in credit limits, within the guidelines contained in the P-card Policy, by signing the P-card Cardholder Change form received by the P-card Coordination Team.
5. Review and approve cardholders' monthly transaction activity as part of the monthly approval process.
6. Promptly report any erroneous use of the P-card to the P-card Coordination Team.
7. Ensure that appropriate disciplinary actions are taken for violation of Purchasing Card Program policies and procedures.
8. Ensure P-cards are collected from cardholders upon termination, resignation, transfer, or when purchasing privileges are lost due to disciplinary action and that upon relinquishing P-Cards, cardholders sign the Return Card Acknowledgement Receipt.

## **C. Department Liaison**

Department Liaisons are assigned the responsibility of managing the day-to-day P-Card activities and usage of the cardholders in their department. Secondary Department Liaisons should also be designated by each Department Head. The secondary Department Liaisons are designated as back up to the Department Liaison and have the same responsibility to manage the day-to-day P-Card usage and activities of the cardholders in their department in the Department Liaison's absence.

Department Liaison responsibilities include:

1. Maintain knowledge of City of Roswell P-card Policy and internal policies and procedures to effectively manage the day-to-day P-card activity and usage.
2. Monitor transactions and account activity as often as possible to ensure that all purchases are for legitimate City of Roswell business use. ***Transactions must be reviewed in a timely manner in order to identify fraud or misuse and is necessary to qualify for the liability protection included***



**with the JP Morgan Chase Mastercard Purchasing Card Program.**

3. Collect all invoices/packing slips/charge slips/cash register receipts and phone/mail/fax/internet order forms and confirmations from assigned cardholders.
4. Complete the monthly reconciliation process:
  - a. Receive notification from the P-card Coordination Team that cardholder statements are available in Munis.
  - b. Review and reconcile each assigned cardholders' invoices/receipts to their respective card statement in Munis.
  - c. Scan and attach all receipts and other related documentation to each cardholders' monthly statement in Munis.
  - d. Review all documentation to ensure:
    - i. Invoices/receipts are signed by the cardholder;
    - ii. Completed, signed, and approved Missing Receipt forms are included when a cardholder does not have an itemized receipt or invoice documenting the purchase;
    - iii. State Sales and Use Tax was not charged;
    - iv. Surcharge Fees are reasonable and avoided when possible;
    - v. Purchases were for legitimate City business use;
    - vi. Gratuity is reasonable and allowable based on policies such as the Use of Funds for Hospitality & Food Accounts and Policy and Procedures for Training and Related Travel.
    - vii. Completed, signed, and approved Misuse forms are included along with evidence of reimbursement for any purchase made for personal or other than City of Roswell business use.
  - e. After the cardholder statement has been reconciled and all receipts and documentation have been scanned and attached, click the "Approve" button in Munis to advance the approval process to the Department Head and/or Designee.
5. Identify transactions which were erroneously charged sales tax and work with cardholder to have vendor credit their account.
6. Attempt to resolve any disputes with a vendor that has not been resolved by cardholder.
7. Notify P-card Coordination Team within 5 days of any unresolved disputes, noting the reason for dispute and a brief statement of steps taken.
8. Promptly notify P-card Coordination Team of lost or stolen cards.
9. Collect P-card from cardholder and obtain cardholder's signature on the Return Card Acknowledgement form when cardholder is terminated, submits a notice of separation, is transferred to another department, transferred to another job within the department that does not require Purchasing Card privileges, or when cardholder loses P-Card privileges as a result of disciplinary action.
10. **Promptly notify P-card Coordination Team to cancel a cardholder's card for employment termination, resignation by separation notice, transfer to another department, transfer to another job within the department that does not require Purchasing Card privileges, or for any other loss of purchasing card privileges as determined by the Department Head. Forward cancelled P-Card along with the signed Return Card Acknowledgement form to the P-card Coordination Team.**
11. Review new Purchasing Card Application forms and Cardholder Change forms for completeness and forward to P-card Coordination Team for processing.

#### D. Cardholder

All cardholders are essentially purchasing agents for the City of Roswell. Accordingly, all cardholders must have a minimum understanding of City Purchasing Division rules and regulations as contained in the City of Roswell Purchasing Policy and internal purchasing rules. Cardholders must also be familiar with the **City of Roswell Human Resources Policies & Procedures Manual, Chapter II - Ethics and Conduct**, and provisions of O.C.G.A. §45-10-3 regarding public officers and employees code of ethics and conflicts of interest.

Cardholder responsibilities include:

1. Maintain knowledge of City of Roswell Purchasing Card Policy and internal policies and procedures.
2. Monitor transaction activity as often as possible through the JP Morgan Chase website, SmartData, to ensure fraudulent or other suspicious activity is recognized at the earliest possible time.
3. Maintain security of the card, the account number, expiration date, and security code at all times.
4. Ensure all purchases are allowable purchases according to City and internal purchasing card program policies and are only for legitimate business purposes. Misuse (inappropriate, unauthorized, or fraudulent use) of the card may subject the cardholder to disciplinary action, criminal prosecution, and/or termination of City of Roswell employment.
5. Ensure all purchases comply with the City Purchasing Ordinance which sets a no bid limit of \$2,500.00 and City of Roswell Purchasing Policy requirements concerning Competitive Bidding.
6. Adhere to the purchase limits and restrictions of the P-card and ensure that all purchases are within all other spending and vendor guidelines established by the City of Roswell.
7. Obtain "best value" for the City when making purchases with the P-card account.
8. Ensure that the P-card is only used by the approved cardholder. Use by anyone other than the approved cardholder is strictly prohibited. The P-card is not transferable between cardholders or department personnel.
9. Obtain all vendor invoices, packing slips, cash register receipts and charge slips and for phone/fax/internet/mail purchases, print or make a copy of the order form. **The cardholder must sign each receipt before submitting to Department Liaison to signify their approval of the transaction.**
  - i. If receipt/invoice has been lost and a duplicate cannot be obtained, complete and sign a Missing Receipt Affidavit in lieu of receipt and provide to Department Liaison for scanning into Munis.
  - ii. Use of the form more than three times in one fiscal year may result in suspension of card privileges.
10. Attempt to resolve a dispute or billing error directly with the vendor. If a cardholder cannot resolve the dispute or error with the vendor directly, then the cardholder shall contact their Department Liaison and Procurement Card Coordination Team. The cardholder must also ensure that an appropriate credit for the reported disputed item(s) or billing error appears on the JP Morgan Chase website in the current or subsequent P-Card cycle. If the credit is not in the current cycle, the information must be documented on the Department's Monthly Review tracking log. **Under no circumstances shall cash be accepted in lieu of a credit to the Purchasing Card account.**
11. Report a lost or stolen Purchasing Card immediately to JP Morgan Chase at 1-800-316-6056 (24

hours a day, 365 days a year). The Department Liaison must also be notified of the lost or stolen P-card at the first opportunity during business hours.

12. Return P-card and complete Return Card Acknowledgement Receipt form immediately when terminating employment, transferring to another Department, or upon request to forfeit card.

#### **E. City Administrator & Finance Director**

The City Administrator and Finance Director are responsible for establishing overall policies and procedures to ensure the integrity of the P-card Program throughout the City. Primary roles and responsibilities include:

1. Establishing card limits and allowable merchant category codes.
2. Providing final review of
  - a. P-card Applications
  - b. Requests for changes in card limits and merchant category codes
  - c. Monthly P-card Statement and Certification
  - d. P-card purchase requests exceeding \$2,500 or the “no bid limit” as defined in the Purchasing Ordinance
3. Reviewing P-card policy violations and determining disciplinary action based upon P-card Policy and Human Resources Policies and Procedures.

## **V. Use of the Card**

### **A. Cardholder Liability**

The P-card is a “corporate” charge card that will not affect the cardholder’s personal credit; however, it is the cardholder’s responsibility to ensure that the card is used within the guidelines of the P-card Policy and the City of Roswell Policies and Procedures.

The City of Roswell will not accept liability or financial responsibility for unauthorized use of Purchasing Cards, i.e. fraudulent use of account numbers, lost or stolen Purchasing Cards, and purchases made for personal use.

Failure to comply with program guidelines may result in permanent revocation of the card, notification of the situation to management, and further disciplinary measures that may include termination.

### **B. Purchasing Rules**

The P-card is only a method for making purchases. All purchases made with the P-card must be for official City of Roswell business. Only the employee whose name appears on the face of the P-card is authorized to initiate transactions with the card. Use of the card by any other person is considered misuse of the card, even if the purchase is for legitimate City of Roswell business. Use of the card for personal purchases is strictly prohibited and will result in disciplinary action, which may include termination of employment and criminal prosecution. All City of Roswell procurement rules apply when using the purchasing card.

#### **I. Purchases Under \$2,500**

The procurement of goods and services under \$2,500.00 may be made using the P-Card per the City of Roswell Purchasing Policy.

#### **II. Splitting Orders**

The splitting of orders to remain under the \$2,500.00 “no bid limit” or the single transaction/monthly credit limit is strictly prohibited. Likewise, purchasing similar items from several vendors or two or more cardholders in the same department purchasing similar items to remain under the no bid limit or p-card limit is also prohibited.

#### **III. Purchasing Thresholds**

Use of the P-card is authorized for purchases up to the “no bid limit” which shall coincide with the single transaction limit for all cards. Purchases over the “no bid limit” shall be authorized by the Finance Director and/or City Administrator and processed by the Finance Department.

Although each purchasing card is set with specific transaction limits, the cardholder is required to follow the policies established in City of Roswell Purchasing Policy, including the requirement for three (3) quotes on purchases of \$2,500.00-\$24,999.99.

#### **IV. City of Roswell or State of Georgia Contracts**

Purchases made using a City of Roswell or State of Georgia contract and exceeding \$2,500.00 shall be authorized by the Finance Director and/or City Administrator and processed by the Finance Department.

#### **V. Recycled Material**

Cardholders must adhere to the Purchasing Policy for promoting sustainability through the purchasing process.

#### **C. Allowable Purchases**

The P-card can be used for official purchases of supplies, materials, equipment, or services, where not otherwise prohibited or restricted. All purchases must be within assigned spending limits and follow the policies established in the City of Roswell Purchasing Policy and the P-Card Policy. The City Administrator, with the concurrence of the Finance Director, may approve purchases in exceptional circumstances that exceed the limits established in this Policy when deemed in the best interest of the City.

Allowable purchases include:

1. Supplies, materials, goods, and services up to the cardholder's approved Single Transaction Limit and/or approved cycle Credit Limit which are not otherwise excluded in the Prohibited Purchases section.
2. Memberships for professional organizations that support a City employee's assigned job duties. Employees must obtain prior approval from a supervisor and/or Department Head. Department Liaisons should ensure that membership charges are allocated to account number 523600 (Dues and Fees). Receipts must also reflect the start and end date of the membership.
3. Airline tickets, lodging, and vehicle rental with prior Department Director approval for City personnel traveling on official City business for which the per diem rate does not apply. Use of P-card for travel and training expenses must comply with the City of Roswell Policy and Procedures for Training and Related Travel. Department Liaisons should ensure that all training and travel charges are allocated to the appropriate account number (Travel = 523500; Education & Training = 523700).
4. Incidental computer replacement parts such as keyboards, mouse, and power strips.
5. Small recurring charges under certain guidelines
  - i. Made by agreement between the cardholder and the vendor in coordination with Accounts Payable Division and approved by the Department Head;
  - ii. Annual fee is broken down into a monthly charge and there is no monthly invoice or receipt to substantiate the monthly charge;
  - iii. The cumulative annual expenditure shall not exceed \$75,000 or the threshold for formal bids, whatever is greater.
  - iv. Small Recurring P-Card Expenditure form must be completed by cardholder. The form along with a copy of the agreement must accompany the monthly statement reconciliation in Munis when the first charge is made against the P-card. Subsequent charges during the agreement period will not require paperwork be submitted.

#### D. Prohibited Purchases

The following types of purchases are prohibited by City policy:

1. Personal purchases of any kind including those for the personal benefit of another individual.
2. Cash back with a purchase, cash advances including use of the card, card number or account number at ATMs, inside bank branches or at cash advance, quasi-cash and money transfer locations such as Western Union, Telecheck, etc.
3. Gift cards, without prior approval of a Department Head.
4. Stored value cards, calling cards, pre-paid cards, traveler's checks, money orders or similar products.
5. Gasoline, Diesel Fuel and Oil. (Fuel should be purchased from either the Dobbs location, the Fulton County Board of Education pumps at Hembree, or a retail establishment utilizing a City-approved Fuel Credit Card.)
6. Entertainment.
7. Alcoholic beverages.
8. Fax machines and copiers.
9. Firearms, ammunition, explosives.
10. Expenses for which per diem rate applies. (See City of Roswell Policy and Procedure for Training and Related Travel)
11. Unauthorized computer equipment including all printers, cell phones/PDA, tablet computers, computer memory, flash drives, external hard drives, or software of any kind.
12. Unauthorized purchases also include purchases generally considered legitimate that are disallowed or not approved by cardholder's supervisor.
13. Additional item(s) expressly prohibited by other City of Roswell policy and procedures.

#### E. Sales Tax Exemption

Purchases made in Georgia are exempt from Georgia Sales Tax. Cardholders should use the State of Georgia Sales and Use Tax Certificate of Exemption as documentation. Purchases made in other states are subject to that state's sales tax. Cardholders are responsible for ensuring that merchants do not charge tax. If taxes are charged, the cardholder must contact the merchant to obtain a credit to the account. Documentation of attempts to obtain credit for any State Sales Tax charged in error must be maintained with the documentation for the transaction where the tax was charged. Taxes cannot be disputed with JP Morgan Chase. **EXCEPTION: Purchases in restaurants only are not required to have sales tax removed due to the varying ability of restaurants to exempt sales tax. Cardholders may still attempt to have sales tax removed, however, if unsuccessful, the transaction will not be considered a policy violation.**

#### F. Surcharge Fees

Credit card surcharges or fees may be assessed by merchants to recover the cost of processing credit cards. These fees are typically a percent of the overall transaction amount. Cardholders should be mindful of these situations and avoid incurring these types of fees when other forms of payment are accepted, especially for transactions of a significant dollar amount. If a situation arises when the surcharge is (1) determined to be unavoidable or (2) pursuing other forms of payment would be uneconomical, the cardholder may proceed with incurring the surcharge. During the review process,

the Finance Department may request justification from the cardholder for such transactions. Additionally, the Finance Department may work with the cardholder or user department to identify future payment alternatives for these types of transactions when they are anticipated to be recurring in nature.

### **G. Gratuity**

Gratuity should be reasonable and allowable based on City policies such as the Use of Funds for Hospitality & Food Accounts and Policy and Procedures for Training and Related Travel.

### **H. Making Purchases**

Purchases may be made in person, by phone, fax, e-mail, Internet, or mail. If the purchase is made via the Internet, make sure it is a secure site. Look for “https” in the URL and check for the lock or key icon in the Security Status bar in the Address bar (do not enter confidential information if there is no lock or key icon on the Address bar). You should be confident that the site is using your information properly and in a secure manner before providing any information.

When making a purchase by fax, call the merchant and provide the card number over the phone instead of including it on the fax documentation. If the card number is provided over the telephone, the cardholder should be alert to others in the surrounding area that may hear the card information.

When making a purchase or placing an order using the P-card, remember the following:

- Provide the merchant with the Tax ID number and/or Sales and Use Tax Certificate of Exemption;
- Take advantage of any government discounts or price agreements, if applicable;
- Supply your cardholder name and expiration date of the card;
- Provide delivery instructions;
- Obtain receipts/invoices showing the details and pricing for each item ordered;
- Do not split orders or purchase the same item from several vendors to circumvent the \$2,500.00 no bid limit. (Cost of freight should be included in total purchase amount when considering the No Bid Limit.)

### **I. Documentation of Transactions**

The cardholder is responsible for ensuring that every transaction has valid supporting documentation. The nature of the goods or services received will determine what information the invoice or receipt must contain. However, all invoices should contain basic information about the transaction. These are:

1. Vendor or merchant name
2. Transaction date
3. Line item information
  - i. Quantity
  - ii. Description
  - iii. Unit Price
  - iv. Line Price (quantity x unit price)
4. Total invoice amount

5. Confirmation of receipt of goods or services
  - i. If the documentation is a cash register receipt, then the cardholder's signature must be on the receipt. The signed charge transaction slip must also be signed and attached to the cash register receipt.

#### **J. Missing Receipt/Invoice**

Should a receipt or invoice be lost or unobtainable from vendor, the cardholder must complete a Missing Receipt/Invoice Affidavit and forward to the Department Liaison. The Liaison will scan the document into Munis at the month end reconciliation process. Refer to the Progressive Discipline Guidelines found at the end of this policy for consequences of failing to obtain a receipt/invoice.

#### **K. Credits**

If a cardholder returns merchandise a credit should be issued to the cardholder's P-card and a credit receipt obtained. **Under no circumstances should a cardholder receive cash or a credit voucher.** The cardholder should contact the vendor first to obtain the credit and ensure the credit is applied. If the vendor refuses to issue a credit to the cardholder's account, the next step would be to file the appropriate form for disputed items. Cardholders should avoid merchants with restrictive merchandise return policies.

#### **L. Disputes**

A cardholder should attempt to first resolve a dispute or billing error directly with the vendor. If the vendor agrees to issue a credit, the cardholder must ensure that an appropriate credit for the reported disputed item(s) or billing error appears in SmartData on the current or subsequent P-Card statement cycle. The cardholder should also complete the required documentation and forward to the Department Liaison for scanning into Munis at the month end reconciliation.

If the cardholder cannot resolve the dispute with the vendor directly, then the cardholder should contact JP Morgan Chase at 1-888-297-0768. A dispute can be filed with JP Morgan Chase within 60 days of the transaction date. Cardholders should also complete the Disputed Item form and forward a copy to the Department Liaison and P-card Coordination Team.

Examples of transactions that should be disputed include:

- Unauthorized charges
- Differences between the amount authorized and the amount charged
- Duplicate charges
- Failure to receive goods
- Returned goods that were not credited
- Unrecognized charges

#### **M. Fraudulent Charges**

When a cardholder determines possible fraudulent charges on their card it must promptly be reported to JP Morgan Chase and the Department Liaison who in turn, promptly notifies the P-card Coordination



Team. The card is cancelled and a new card and number is issued to the cardholder. A provisional credit is usually applied to the account. The cardholder should return the compromised card to the P-card Coordination Team for proper disposal when the replacement card is received.

#### **N. Card Security**

Cardholders should always treat the City of Roswell Purchasing Card with at least the same level of care as one does their own personal credit cards. The card should be maintained in a secure location and the card account number should be carefully guarded. The only person entitled to use the card is the person whose name appears on the face of the card. The card may not be lent to another person for any reason. However, a cardholder may use his or her card to make purchases on behalf of the staff of City of Roswell.

#### **O. Dormant P-cards**

P-cards with no activity for six months will be considered dormant and the account subject to closing.

## VI. Documentation

### A. Program Documentation

At the close of the monthly billing cycle (last business day of the month), the monthly statement for all cardholders will be downloaded from SmartData and imported into Munis. Statements will progress through a predefined workflow approval process. Throughout the preceding month, cardholders should be forwarding signed vendor invoices/packing slips/cash register receipts/charge transaction slips to the Department Liaison. The Department Liaison will reconcile the submitted documents of assigned cardholders to the monthly statement in Munis. Additionally, Department Liaisons will scan all receipts and related documentation into Munis for each respective cardholder as well as reviewing, and if necessary, updating the account and transaction description. The Department Liaison approves the statements to confirm review and reconciliation.

### B. Statement Reconciliation

The P-card Coordination Team reviews each cardholder's monthly statement and related documents to substantiate the P-card statement charges. Additional reviews will be conducted by the Accounting Division to check for fraudulent charges and items that qualify as prepaid expenditures. Exceptions, discrepancies, and prohibited purchases are documented for each monthly billing cycle on each Department's P-card Monthly Review tracking log. At the completion of each cycle, the cardholder, Department Liaison, and Department Head will be notified of any violations.

### C. Timeline of Monthly Process

<b>P-card Coordination Team downloads statement from SmartData on 1<sup>st</sup> of Month or the following business day</b>	
<b>1 BUSINESS DAY</b>	<b>P-card Coordination Team imports statement into Munis and releases to workflow approval process.</b>
<b>5 BUSINESS DAYS</b>	<b>Department Liaisons complete monthly reconciliation process, including scanning all receipts in Munis, reconciling statements to receipts, allocating charges, completing other required documentation.</b>
<b>2 BUSINESS DAYS</b>	<b>Budget Division reviews and approves department submissions. P-card Coordination Team reviews and approves department submissions.</b>
<b>2 BUSINESS DAYS</b>	<b>P-card Coordination Team reviews and approves department submissions. Budget Division reviews and approves department submissions.</b>
<b>2 BUSINESS DAYS</b>	<b>Accounting Division reviews and approves department submissions.</b>

#### **D. Records Retention**

The Office of the Secretary of State maintains the official Records Retention Schedule for the State of Georgia. This information is available on their website at [www.sos.georgia.gov](http://www.sos.georgia.gov) by searching for Records Retention schedule.

- Documents related to transaction are account records and must be maintained according to the requirement of Accounts Payable Files.
- Documents related to the issuance of cards to employees are accounting records and must be maintained according to the requirements of Credit Card Administration Records.

## **VII. Program Compliance**

### **A. Merchant Category Code Authorizations**

Merchant Category Codes (MCC's) are assigned by a merchant's or vendor's merchant bank based on the type of goods or services that a merchant or vendor typically provides. Allowing or blocking certain MCC's, while not a fail-safe protection against unauthorized use of the card, does provide a measure of protection against unauthorized or prohibited purchases.

1. The City Administrator and Finance Director determine the City-authorized MCC groups that will be available to all cardholders. Transactions at non-authorized MCC's are denied at the point-of-sale.
2. The P-card Coordination Team will conduct periodic evaluations of authorized MCC's in order to maximize appropriate use of the P-card. These periodic evaluations will be submitted to the City Administrator and Finance Director.
3. Department Heads can request activation of additional MCC's for inclusion in a City-authorized group to meet the department's specific needs.

### **B. Internal Controls**

An internal control structure is established to ensure compliance with City Ordinance, City Purchasing Policy, City P-card Policy, and internal policy.

Internal controls include:

- Appropriate separation of duties between making transactions (cardholders), review and approval of transactions for payment (approving officials), and payment of monthly billing statement (accounts payable).
- Appropriate hierarchical review and approval of purchases by someone with supervisory authority over the cardholder and/or the authority to question purchases if needed.

### **C. Internal Audits**

#### **I. Monthly Reviews**

At the end of each billing cycle and reconciliation process, the P-card Coordination Team will review and log all exceptions and/or offenses. P-card exceptions that result in a violation will be documented each month and notifications will be sent to the cardholder, Department Liaison, and Department Head. The P-card Coordination Team will be responsible for enforcing the Progressive Discipline Guidelines.

#### **II. On-site Reviews**

The P-card Coordination Team may make random audits to ensure compliance with the City's Purchasing Card policies and procedures. The review will be based on selected transactions and a periodic visual review of the purchased item if applicable. Upon request, the Department Liaison will assist the P-card Coordination Team with the location of the purchased item.

The P-card Coordination Team may also make recommendations to the cardholder, Department Liaison, and/or Department Head to improve various components of the P-card process. Continuous deficiencies in administering components of the P-card Program may result in disciplinary action up to revocation of P-card eligibility.

#### **D. Disciplinary Action for Violations**

When a serious Purchasing Card exception or violation is discovered, the P-card Coordination Team will investigate the surrounding circumstances and provide findings to the Finance Director, Department Head, and Department Liaison. Disciplinary consequences will be based upon the Human Resources and P-card Policies and Procedures. The Finance Director, in coordination with Human Resources, will notify the Department Head and City Administrator of the recommended disciplinary actions.

**PURCHASING CARD - PROGRESSIVE DISCIPLINE GUIDELINES (Within A Fiscal Year)**

*(Department Head & Liaison Notified with each Offense)*

<b><i>Offense</i></b>	<b><i>1st Offense</i></b>	<b><i>2nd Offense</i></b>	<b><i>3rd Offense</i></b>
Missing/Invalid Receipts (includes paying sales tax, no signature on receipt)	Violation Form filed after 2 occurrences	Suspension of card for 1 month after 3 occurrences	Suspension of card for 3 months after 4 occurrences
Splitting purchase willfully	Revocation of card privileges for 6 months	*Termination	
Inappropriate/Unauthorized purchase (including unintentional personal use)	Violation Form filed and reimbursement	Suspension of card privileges for 6 months and reimbursement	Revocation of card privileges
Allowing use of card by another	Suspension of card privileges for 3 months	Revocation of card privileges	
Failure to provide documentation in a timely manner to Department Liaison	Violation Form filed	Suspension of card privileges for 3 months	Revocation of card privileges
Use of card for personal gain or other non-compliant or inappropriate card use	Revocation of card privileges at the discretion of the Director of Finance. *Termination and possible criminal prosecution at the discretion of the Department Head with consultation by the HR Director		

## **P-Card Glossary**

**Allocating** – The act of entering codes to identify what sector of the organization’s General Ledger (GL) will be charged for a transaction.

**Available Credit** - The maximum amount that can be spent with the card in the remaining billing cycle.

**Billing Cycle** – The monthly billing period begins on the 28th day of each month and ends the 27th day of each following month.

**Card ID** – The last four digits of the card account number.

**Card Profile** – The settings that control the funding, spending, and reconciliation process for a group of cards. Each card must belong to a single card profile.

**Cardholder** – A user who is assigned at least one card.

**Cardholder Agreement** – An agreement signed by the cardholder acknowledging receipt of the City of Roswell Purchasing Card and agreement to comply with the terms and conditions of the Agreement and the provisions of the P-Card Policy.

**Charge Slip** – Documentation provided by a vendor that reflects the authorization to charge the P-card. Charge slips are NOT substitutions for Receipts (see definition).

**Credit Limit** – The maximum spend or ceiling allowed on a card in one billing cycle.

**CVV** – The Category Verification Value (four digits) located on the back of a credit card.

**Merchant** – A vendor that accepts the Mastercard credit card.

**Merchant Category Code (MCC)** – Merchant Category Code assigned to a merchant by Mastercard which identifies the primary goods or services that are provided by the merchant.

**Purchase Date** – The date on which the goods or services were purchased.

**Reconciliation** – The process of reviewing and signing off payable documents. Sometimes this must be accomplished at several levels (i.e., cardholder, manager, and accountant).

**Receipt** – The purchase documentation provided by a vendor that includes a transaction date, itemized list of purchases, and total purchase amount. Receipts may be generated by a cash register or can include invoices or other types of documentation for online, telephone, or fax purchases. Documentation that reflects the P-card charge with only a total purchase amount is NOT a receipt.

**Single Transaction Limit** – The maximum amount that can be spent on a single transaction with the card.

Transaction – A charge, credit, correction or other activity associated with the card.

Vendor – A business with which you have conducted business using a card entered into the system. For all practical purposes this term is synonymous with the term merchant.

## **Department and User Forms**

The Department and User Forms on the following pages can be accessed at the City's Intranet Site.

### **Forms and Documents (P-Card Specific)**

#### **Department and User Forms**

1. P-Card Cardholder Application (Standard or Travel)
2. Cardholder Credit Limit Change Request
3. Missing Receipt/Invoice Affidavit
4. Purchasing Card Misuse Form
5. Small Recurring P-Card Expenditure

#### **Administrative Forms**

1. Cardholder Purchasing Card Agreement
2. Purchasing Card Replacement, Return and Destruction Form
3. Purchasing Card Renewal/Replacement Form