

City of Northfield, Minnesota	Policy Number:
	Adopted:
COUNCIL ADMINISTRATIVE POLICY	Revised:
Purchasing Card Policy	

## Purpose

The purpose of the City of Northfield Purchasing Card Program is to establish an efficient, cost-effective method for purchasing and paying for small dollar-value transactions. The Purchasing Card is a tool that reduces transaction costs, facilitates timely acquisition of materials and supplies, automates data flow for accounting purposes, and offers flexible control to help ensure proper usage. The Program is designed to replace most purchases and payments including petty cash, payment authorizations and purchase order requisitions.

## Policy

Employees who have been issued a Purchasing Card may initiate transactions by purchasing goods for the City of Northfield only. It is the employee's responsibility to make sure that goods have been received.

The City ~~does~~ restricts the use of the Purchasing Card for certain merchant categories and certain types of commodities and services which are described in this policy and may otherwise be established or modified by the City Finance Department.

The Purchasing Card Program is not intended to avoid or bypass appropriate approval requirements and/or payment procedures. Responsibility for a Purchasing Card should not be taken lightly. City of Northfield funds are being committed each time that a Purchasing Card is utilized. Therefore, cardholders are held accountable for all transactions made to their card(s).

## Obtaining a Purchasing Card

To obtain a Purchasing Card, you must first complete a Purchasing Card Application Form. Applications may be obtained by contacting the Finance Department.

Complete the application and have the prospective cardholder, the immediate supervisor, Department Director, Finance Director and City Administrator sign the application. Submit the application to the Finance Department for approval and processing.

## Authorizations & Limits

The Purchasing Card Program is to be used as the primary purchasing method for delegated small dollar purchases.

- Purchases shall not be made from non-contract suppliers when a State Contract Price supplier exists for similar commodities.
- It is the responsibility of each cardholder to verify that budgetary funds are available for all purchases made on the purchasing card.
- Monthly dollar limits and allowable merchant categories, commodities and services, are established by the Finance Department in consultation with the Department Director.
- \$5,000 is the limit for management cardholders.
- \$2,000 is the limit for all non-management cardholders.

## **Exceptions**

Notify the Finance Department if there is a short term need to increase daily limit. Exceptions to the authorizations and limits may be made if the requestor and their supervisor provide adequate justification and documentation to the Finance Department for review and consideration.

## **Personal Use of Purchasing Card**

Use of the Purchasing Card for personal use is strictly prohibited. If the Purchasing Card is inadvertently used for a personal purchase, call the Finance Director and your supervisor immediately. [The employee who made the purchase is personally liable for and must pay the City for the amount of purchase unless the amount of the purchase is cancelled or refunded to the City. In addition, the employee may be disciplined, up to and including discharge, for such use.](#)

## **Sharing Purchasing Card**

The only person entitled to use a Purchasing Card is the person whose name appears on the face of the card. Do not lend the Purchasing Card to another person. Providing the card to anyone other than the cardholder is prohibited.

## **Suppliers**

The Purchasing Card is a Visa Card product. Any supplier or merchant who accepts Visa Card can accept the Purchasing Card.

## **Guidelines for Sales Tax**

The City of Northfield is required to pay Minnesota State Sales Tax. It is the responsibility of the cardholder to know if the purchase is tax exempt. If uncertain, contact the Finance department for clarification.

## **Making a Purchase**

It is policy to seek competitive pricing and the best value within the parameters of quality and delivery. Accordingly, when making a Purchase Card purchase, it is recommended that the

Cardholder check as many sources as reasonable if a contract does not exist to ensure optimal price, quality and delivery.

Make sure complete shipping instructions are given when placing orders. Along with the cardholder name and credit card number, confirm with the merchant that the department name and delivery location must also appear on all shipping documents.

### **Receiving an Order**

When you receive an order:

- Verify that the supplier filled the order correctly. Check the contents of the package or verify that all the items you ordered were delivered.
- Make sure that the supplier charged you correctly. If there is an error, contact the supplier directly.
- Sign and date the packing slip or receipt. If the charge amount is not listed, write the total cost that you were quoted on the packing slip or receipt.
- Keep the packing slip, [original](#) sales receipt, or printed copy of online order acknowledgement from every delivery or purchase. You will need these receipts to attach to your monthly cardholder statement.

### **Refusal of Card or Account (Declined Transactions)**

If the card becomes defective and will not “read” at the point of sale, contact the Finance Department. Should you be declined at the point of sale for any reason, you may contact the Finance Department.

All reports of denied transactions must be reported within ten days; otherwise the transaction cannot be researched. Every effort will be made to determine why the transaction was declined.

### **Receipts for Memberships, Dues, Subscriptions & Phone or Faxed Orders**

For purchases in which a receipt is not normally given, [such as those above](#), use a copy of the completed application or order form as the receipt. If an application or order form is not used, request the company to issue a confirmation via fax to be used as your receipt. All documents should clearly indicate payment was made using the Purchasing Card.

### **Payment of Charges**

All transactions processed during a monthly billing cycle will be indicated on a monthly statement of account, similar to your personal credit card statement. Each cardholder will receive a copy of their statement of account at the end of the monthly billing cycle. The statement will be mailed to the Cardholder and then forwarded to the Department Manager for review and payment approval. During the cycle, cardholders are responsible for retaining the original copy of their transaction receipts.

Cardholders are to review each monthly statement of account for accuracy, including transactions and amounts. Original receipts must be taped to a blank 8½ x 11” sheet of paper. No staples should be used, except the one to hold the entire document together. Multiple receipts can be put on a single sheet of paper. The sheets should then be attached to the statement of account form on the front. Attach a completed expense voucher form, which must total the statement amount. The statement of account form and attached receipts should then be submitted for proper departmental signature(s) and forwarded to Finance within seven (7) calendar days from the date on the statement.

Keep a record (duplicate copies) of all receipts, statements and forms submitted for payment consistent with the City’s records retention schedule. Each cardholder is responsible for the record keeping and payment processing of charges made on their card. In the absence of the cardholder, the supervisor is responsible for processing payment. Each supervisor must know the location of and have access to all receipts for the cardholders under their supervision.

### **Incorrect Billing**

Do not remove or correct an item on the statement or delay processing payment because of credits or disputes. If you have a problem with a billing, try to reach a resolution with the merchant that provided the item. Your receipt will be the key document. The merchant should issue credit for a billing correction. This credit may appear on the next monthly statement.

If an agreement cannot be reached with the merchant, contact the Finance Department and contact the Card Services in writing at the address shown on the billing statement for the account, within sixty days of the date that the card company sent the first statement showing the charge. Notice to the card company must be in writing (a telephone call will not be sufficient) and include the following information: cardholder name and account number, the dollar amount of any suspected error, a description of the error, and an explanation, if possible, of why there is an error.

### **Lost Receipts**

If a receipt is lost, contact the credit card company. The credit card company will supply receipts.

### **Telephone Orders**

Orders may be made by telephone with an itemized receipt requested from the merchant. A telephone log should be used to document or record telephone Purchasing Card orders. The log should be held until the monthly billing statement is received and reconciled. The log should then be included with the expense voucher and forwarded to Finance for payment.

### **Lost or Stolen Cards**

Keep the Purchasing Card in a secure location. It needs to be accessible only to the cardholder. If the Purchasing Card is lost or stolen, notify Customer Service immediately at the 24-hour

telephone number (1-800-393-3526), and call the Finance Department. The card will be closed and monitored. A new card will be issued if necessary.

### **Cardholder Leaves City Employment**

The cardholder must turn the Purchasing Card into the Human Resource department during the exit interview. The Purchasing Card will be cancelled.

### **Returning Purchases**

If a purchased item is to be returned, follow the merchant's return procedures or, if this is not possible, contact the Finance department for shipping assistance.

### **Affect on Personal Credit Rating**

Use of the Purchasing Card will not have any impact on the cardholder's personal credit rating.

### **Unauthorized Transactions**

Cards may not be used for excluded categories of goods and services\* or purchases split to remain under the single transaction dollar amount. The Card Services provides the City of Northfield with detailed transaction reports of exceptions by cardholders.

\* Finance will provide a list of excluded categories at the time of application.

### **Loss of Privileges**

Failure to comply with the requirements of this policy will result in immediate revocation of Purchasing Card privileges if any of the following occur:

- Splitting of charges to avoid the single purchase dollar limit.
- Lending the card to another employee for use.
- Failure to submit charges for payment.
- The second time an inadvertent personal purchase occurs.
- The second time the monthly payment request is received by Finance seven (7) days after the monthly statement date.

### **Card Renewal**

New cards are issued for a three-year period. Upon expiration, they are automatically renewed except for cards with a default grant account.

### **Purchases Not Allowed**

Purchasing Card shall not be used for the following transactions:

Alcoholic Beverages

Holiday decorations

Any 1099 reportable services	Insurance premiums and bonds
Appliances	Jewelers
Automotive gasoline (personal)	Lease purchases
Bottled Water	Legal services
Capital Equipment (over \$2,500)	Medical Services
Cash Advances	
Consulting Services	Personal purchases
Contributions	Pictures, Artwork, Décor
Controlled Substances	Prescription drugs
Decorations for office	
Financial Institutions	
Flowers except sympathy*	Salaries and wages
	Temporary services
	Tobacco products
Gifts of any kind	
Greeting/ cards except sympathy*	

See Handbook policy 3.41 for guidance on purchase of flowers and greeting card for certain instances.

## **Hotel/Motel Charges**

No room charges such as games, movies, room service, telephone charges, Internet charges, valet parking, etc. are allowed.

## **Gasoline**

Automotive gasoline may be allowed on the purchasing card if a City vehicle or rental vehicle is being used. The cardholder must obtain permission from Finance prior to the trip and have the card opened to allow for gasoline purchases. Receipts for both the rental and gas purchases must be kept together and filed.

## **Food/Restaurant**

Employees can use their city issued purchasing card for restaurant and food purchases only for a City business necessity with proper itemized documentation. See 4.57 Travel & Training Expenses, Meals, page 5 of 7. ~~table below for allowed meal costs. Cost in excess of table below will need to be reimbursed to the City.~~

~~The table also lists the portion of the M&IE rate that is provided for incidental expenses (currently \$5 for all tiers). According to the GSA, The Federal Travel Regulation Chapter 300, Part 300-3, under Per Diem Allowance, describes incidental expenses as: [F]ees and tips given to porters, baggage carriers, hotel staff, and staff on ships.~~

## **Printing, copying/duplicating services**

This category is not allowed. The City Administrator or designee can only grant exception based on business necessity.

**Mandatory Reporting**

Under Minn. Stat. § 609.465, subd. 1, whenever a public employee or public officer of the City discovers evidence of theft, embezzlement, unlawful use of public funds or property, or misuse of public funds by a charter commission or any person authorized to expend public funds, the employee or officer shall promptly report to law enforcement and shall promptly report in writing to the state auditor a detailed description of the alleged incident or incidents.