



CITY OF
MUKILTEO

Finance Department

11930 Cyrus Way, Mukilteo WA 98275

**Purchasing Card
Policy
and
Procedures**

2019

PURPOSE

To establish the policies and procedures regarding the use of purchasing cards to procure goods or services for business related purposes.

STATUTORY AUTHORITY

These procedures are supplemental to the municipal purchasing statutes as outlined by the following:

RCW 43.09.285 Local governments – Use of credit cards.
RCW 9A.56.280 Credit Cards – Definitions
WAC 236-48-250 Use of Credit Cards
WAC 236-48-251 Distribution
WAC 236-48-252 Credits Limits
WAC 236-48-253 Payments
Purchasing Procedures – City of Mukilteo
Travel Policies and Procedures – City of Mukilteo
Meals with Meetings Policy and Procedures – City of Mukilteo
Light Refreshments Policy and Procedures – City of Mukilteo

DEFINITIONS

APPROVING DIRECTOR: The department head or designee who designates cardholders and recommends purchasing card transaction and monthly limits within the department.

CARDHOLDER: The employee who is issued the purchasing card.

CARDHOLDER MONTHLY SPENDING LIMIT: This limit is the maximum monthly dollar amount authorized for a cardholder's account.

CARDHOLDER PER-TRANSACTION LIMIT: This limit restricts the amount of any single purchase made by a cardholder. It can be comprised of single or multiple items purchased at one time from a single vendor.

CITY: Means the City of Mukilteo, a city of the State of Washington.

DISPUTE: A disagreement between the cardholder and a purchasing card vendor or merchant regarding items appearing on the cardholder's monthly statement.

MERCHANT CATEGORY CODE (MCC): A standard code used to categorize each merchant according to the type of business the merchant is engaged in and the type of goods and services provided.

PURCHASING CARD: A credit card account established on behalf of a cardholder. The purchasing card may be used when making purchases on behalf of the City.

PURCHASING CARD PROGRAM ADMINISTRATOR: The finance director (or a designee) in finance will be the purchasing card program administrator (administrator). The administrator will work with the purchasing card vendor to establish the program requirements, provide the primary contact for the city and monitor employee compliance. The administrator will be responsible for arranging training and assistance to cardholders and approving directors/managers.

PURCHASING CARD VENDOR: The company which provides the purchasing cards, establishes the accounts and provides billing services.

PROCEDURES

Eligibility: Designated regular city employees are eligible to receive a purchasing card if authorized by their approving director/manager.

Establishment of Card Limits: Each card issued will have limits established by the approving director/manager. These limits will be based on the cardholder's purchasing responsibilities as determined by the approving director/manager. These limits also require the approval of the city administrator or designee.

Employee Responsibility: Employees who are issued a purchasing card are accountable and responsible for the card in their name.

- Purchasing cards are to be used for city business only and not personal use. An agreement between the employee and the city must be completed before the purchasing card will be issued.
- Purchasing cards will not be used for personal expenses, cash advances, tuition, and/or other reimbursable personal expenses, such as gas for a personal vehicle while traveling on city business, or personal cellular phone bills.
- The use of the purchasing card does not relieve the cardholder from complying with other city and departmental policies and procedures. All purchasing card purchases must comply with the purchasing, travel, meals with meetings, and light refreshments policies and procedures, and any other applicable city policies.
- The purchasing card may not be used as a substitute for contracts.
- The purchasing card is not intended to replace effective procurement planning which can result in quantity discounts, reduced number of trips and more efficient use of city resources.
- The only time a purchasing card number should be entered in a web browser to purchase items is when the card number is encrypted. This can only be verified when transacting business on a secured server. At the bottom line (status bar) of the web browser, the padlock should be "locked". If the padlock is not "locked", the transaction information is not secure. Alternate choices would be to print the order form and fax the information to the vendor, or call the vendor's toll-free sales line.
- The only person entitled to use the purchasing card is the person whose name

appears on the face of the card. Purchasing cards should be treated with extreme care in the same manner as the cardholder's own personal credit card. The cardholder must report a lost or stolen card immediately to the purchasing card administrator.

- If for any reason disallowed charges are not repaid by the cardholder before the statement is due, the city shall retain a prior lien against and a right to withhold any and all funds payable to the employee up to the amount of the disallowed charges and applicable finance/penalty charges. Such action must be pre-approved by the city administrator.
- The cardholder must retain all receipts and reconcile their on-line purchasing card statement within the timelines set by the purchasing card program administrator. The cardholder is financially responsible for unauthorized purchases and purchases not supported by receipts. The statement must be reconciled, approved by appropriate supervisor, and submitted to the purchasing card administrator along with all receipts and a complete description of each product/service that was purchased if the information is not already provided on the receipt.
- Finance charges incurred due to cardholder's failure in submitting completed and approved reconciliation in a timely manner will be cardholder's personal obligation and can be subject to payroll deductions.
- Dispute resolution for any merchandise returns and billing errors are the cardholder's responsibility. All verifiable charges must be paid upon invoicing.

In the event the cardholder does not recognize a charge that has been posted to the billing statement, or the charge is disputed with the supplier and cannot be resolved, the cardholder must notify the purchasing card program administrator. The cardholder will be responsible for documenting the dispute according to the financial institution's requirements. If the cardholder will be absent from the city for an extended period of time (i.e. vacation), the cardholder is responsible for assigning and training an individual within their department/division to handle account reconciliation responsibilities and meet established deadlines.

- The purchasing card program administrator shall maintain a current list of purchasing cardholders.

Modification of card limit and/or revocation. The approving director, city administrator and/or purchasing card program administrator may restrict purchasing privileges temporarily or permanently at any time including but not limited to the following circumstances:

- If the card is used in a manner which is inconsistent with City policy;
- The employee changes responsibility, scope of assignment, or transfers to another department;

- The employee resigns or is otherwise separated from city employment;
- If the monthly purchasing card statement is not properly reconciled or received by the purchasing program administrator according to the established schedule;
- If finance charges are incurred as a result of an employee's negligence;
- If the card is lost or stolen as a result of cardholder's negligence.



City of Mukilteo
**EMPLOYEE PURCHASING CARD
 AGREEMENT**

I understand that the City of Mukilteo has authorized issuance of a purchasing card in my name for approved business related expenses. In accepting this card, I agree to the following terms and conditions:

- The card may only be used for payment of authorized expenses on behalf of the City of Mukilteo.
- The card may not be used to obtain cash advances or other expenses that are not allowed as established by City or department purchasing policies and procedures.
- The card may not be used for personal use. I understand if I use the card for personal use, such use may result in disciplinary action up to and including termination of my employment with the City of Mukilteo and I may be held personally and financially responsible for unauthorized purchases.
- The card may not be utilized as a substitute for professional service agreements, public works contracts, and/or human services contracts.
- When using the purchasing card for travel expenses I am governed by the City of Mukilteo’s travel policies.
- My purchasing card limits are established by the purchasing card program administrator and the approving director/manager.
- Whenever a purchase is made, I will retain all receipts, packing slips and shipping documents.
- It is my responsibility to reconcile, or arrange for the reconciliation, of my purchasing card statement. It is my responsibility to have the statement approved and/or signed by my supervisor. The purchasing card administrator in the finance department must receive the reconciliation, appropriate approvals, and all receipts by the established due dates.
- The City may revoke the purchasing card if, (1) the purchasing card is used in a manner which is inconsistent with any City or department policies and procedures and/or the requirements of this agreement, (2) I transfer to another department, resign, or otherwise terminate City employment, (3) I fail to timely submit reconciled purchasing card statement and receipts to the purchasing card administrator by the established due dates, (4) finance charges are incurred as a result of my negligence, and (5) at the sole discretion of the City, the City’s employee purchasing card program is modified or discontinued.
- In the event that my card is lost or stolen or if I detect or suspect fraudulent card activity, I will immediately report the same to the purchasing card administrator. The City will not hold me financially responsible for any timely reported fraudulent activity that is determined / confirmed to be fraudulent by the card company, PROVIDED that I had no knowledge, involvement or part whatsoever perpetrating or concealing said fraudulent activity, and PROVIDED FURTHER that I cooperate fully with any and all investigation on said fraudulent activity.

I HAVE READ AND UNDERSTAND THE ABOVE CONDITIONS AND REFERENCED POLICIES AND PROCEDURES AND CERTIFY THAT I WILL COMPLY WITH CITY POLICIES AND PROCEDURES.

 Employee Name (Please Print)

 Employee Signature / Date

 Department Director Name (Please Print)

 Department Director Signature / Date

Monthly spending limit requested: \$ _____ Per Transaction limit requested: \$ _____