

POLICY NUMBER:
APM-1-07

ISSUED BY:

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SIGNATURE

CITY OF MIAMI



ADMINISTRATIVE POLICY PURCHASING CARD PROGRAM

DATE:

July 19, 2007

CREATED/

REVISED

Created

DATE(S)

7/09/07

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Purpose:

To establish guidelines and procedures for the use of the City of Miami Purchasing Card (P-Card). The P-Card program is designed to empower City employees to procure for City of Miami related business goods or services not under contract directly from vendors while at the same time reducing the time and effort normally associated with ordering and paying for these types of purchases.

The Policy is as Follows:

I. INTRODUCTION

The P-Card simplifies the procurement and disbursement process by enabling the cardholder to go directly to a merchant that accepts the purchasing card and procure the goods and/or services needed.

At the point of sale, the merchant simply swipes the P-Card and the information is verified immediately by the financial institution and its' software systems to make sure the purchase is under the preset limits assigned to the cardholder. After the transaction is made, the cardholder will obtain the receipt/invoice from the merchant for reconciliation purposes.

The transaction will post in the financial institution's web-based software system two to three days after it has been processed by the merchant (some merchants may not process your credit card the same day an order is placed. Therefore, the time lapse between "Transaction Date" and "Post Date" may differ by merchant.) This system will allow the cardholder, City department directors, and the P-Card Administrator to monitor on a day-to-day basis the transactions made by the cardholder.

II. AUTHORIZATION LIMITS

The authorization criteria used to verify purchases for goods and/or services with the P-Card may be set not only when the cardholder receives the card for

the first time, but periodically by their department director as needed and will include, but is not limited to:

1. \$2,500 maximum per transaction
2. \$10,000 maximum per day
3. \$20,000 maximum per month
4. Approved Merchant Category Codes (MCCs)
5. Number of transactions allowed per day
6. Number of transactions allowed per month

Should the cardholder attempt to make a purchase that is not within the preset limits on their card, the credit card will be "declined" and the cardholder will not be able to complete the transaction. The cardholder will need to contact the P-Card Administrator to determine the cause of the decline.

III. ROLES AND RESPONSIBILITIES WITHIN THE P-CARD PROGRAM

The following are the responsibilities of the employees and City departments involved in the City of Miami P-Card Program.

A. Cardholder

1. Hold and secure the P-Card as well as the account number on the card.
2. Verify with their Department's Procurement Liaison or Purchasing Department if a particular good/service is under contract before using the P-Card.
3. Order goods and/or services not under contract as needed by the department.
4. Compare all charges made to the P-Card with the purchase receipts and/or invoices at hand.
5. Receive and inspect all ordered materials for discrepancies and/or proper rendering of services. Resolve with vendor any mistakes in goods or quantity ordered and/or unsatisfactory services.

6. Save all sales receipts and packing slips for end of month reconciliation.
7. Reconcile in the financial institution's web-based software system all P-Card charges incurred during a billing cycle and sign off on end of month reconciliation documents.
8. Repetitive purchases for the same goods/services do not exceed \$2,500 during the fiscal year. At the point similar repetitive purchases exceeds \$2,500, a P-Card cannot be used and a requisition must be submitted to the Purchasing Department for an informal or formal competitive process to be ensued.

B. Cardholder's Approver(s): Immediate Supervisor, Assistant Director and/or Department Director

1. Monitor on a daily or weekly basis cardholder activity via the financial institution's web-based software system.
2. Approve/deny purchase requests from cardholders.
3. **Department Director only** - Approve or deny request from employees to receive a P-Card.
4. **Department Director only** - Set Card spending limits within the established guidelines.
5. Collect cards from cardholders who end their employment with the City of Miami or transfer to a different city department and request cancellation of the cards from the P-Card Administrator. Forward cancelled card to the P-Card Administrator.
6. Verify that funds are available in the proper account to pay for the purchases.
7. Approve in the financial institution's web-based software system cardholder(s) P-Card transactions incurred during a billing cycle and sign off on cardholder(s) end of month reconciliation documents.

C. Purchasing Card Administrator

1. Monitor on a day-to-day basis transactions attempted/made by individual cardholders.

2. Coordinate issuance and cancellation of cards.
3. Provide training to new cardholders and their supervisors.
4. Coordinate program policy issues.
5. Participate in ongoing program reviews.
6. Analyze transaction trends to identify goods or services that should be procured using the informal or formal bid process.
7. Review all P-Card reconciliation documents submitted each month.
8. Participate in resolving billing charges.
9. Maintain Policy and Cardholder guides/manuals.

D. Purchasing Department

1. Pursue supplier discount opportunities.
2. Evaluate P-Card feedback from suppliers.
3. Coordinate minority business reporting.
4. Establish and monitor benchmarking objectives.
5. Coordinate and maintain internal controls.
6. Target new cardholders and expand use of the P-Card.
7. Perform physical audits of card possession by cardholders.

E. Finance Department

1. File and store P-Card statements, invoices, and supporting documentation.
2. Administer 1099 reporting.
3. Conduct periodic operational and compliance audits.

IV. ASSIGNMENT AND CONTROL OF THE P-CARD

A. Obtaining a P-Card

The steps below indicate how a City of Miami employee can obtain a P-Card.

1. Instructions to the Cardholder

- a. Download and complete a City of Miami P-Card Application from the Department of Purchasing intranet webpage.
- b. Under "Employee Information," write all the requested information (The Date of Birth and only the last four numbers of the employee's social security number is for verification/security purposes **only**. Should the cardholder need to contact the financial institution before or after regular business hours, the financial institution customer service representative will ask the cardholder for these two pieces of information to verify their identity).
- c. Leave the Financial Information section blank as it will be completed by your Department Director.
- d. Sign the application, print the name of your "approver" (if different from your Director), and submit it to your Department Director.

2. Instructions to the Department Director

- a. Under the Financial Information section, fill in the purchasing limits you would like the cardholder to have, but it can only be those limits stipulated in Section II, Authorization Limits, or lower.
- b. Print your name and sign the application.
- c. Submit it to the P-Card Administrator.

B. Mandated P-Card Training

1. The potential employee cardholder(s) and approver(s) will be required to attend one of the P-Card training sessions where they

will be trained on the proper use of the P-Card based on the P-Card policies and procedures, the financial institution's web-based software system, and the reconciliation process.

2. A copy of the P-Card Policies and Procedure manual will be given at the training session. At the end of the training session, the cardholder will sign the P-Card Agreement and receive their P-Card.

C. Lost and Stolen P-Cards or Card Numbers

If a P-Card is lost, stolen, or used fraudulently, then the cardholder must immediately notify the appropriate contact:

1. If the incident occurs **during normal business hours**, call the P-Card Administrator at 305-416-1958.
2. If the incident occurs **after normal business hours**, call the financial institution (telephone contact number to be provided during the training session).
3. Following this call, on the next business day, the cardholder shall notify the P-Card Administrator of the incident. The P-Card Administrator will proceed with making the necessary arrangements to issue a new card to the employee.

D. Termination and Transfer of Cardholder

Employees whose employment is terminated with the City of Miami or transferred to another department will not be allowed to keep the P-Card. Before leaving the department, the cardholder must complete a P-Card Maintenance Form to request the cancellation of their P-Card account and submit it to their P-Card approver along with the P-Card. The approver will need to sign the form and physically bring it along with the P-Card to the P-Card Administrator to cancel the card.

E. Pending Charges

Should the cardholder be terminated from the City or leave the Department before the end of the credit card billing cycle, the cardholder's approver will be responsible for reconciling at the end of the billing cycle any charges that have posted to the ex-cardholder's account. Before the employee leaves the Department, the approver should ensure that all receipts and backup documentation related to the pending charges are obtained from the cardholder so that these

may be submitted to the P-Card Administrator at the end of the billing cycle.

V. CARDHOLDER USE OF THE P-CARD

A. Issuance of P-Card

The P-Card will only be issued to City of Miami permanent employees (not part-time/not temporary) and it is to be strictly used for City related business. The P-Card cannot be used for personal purchases. No family members, friends, or co-workers are allowed to use the P-Card, other than the cardholder. The disciplinary actions for fraudulent, improper, and abusive purchases may include, but is not limited to:

1. Informal Admonishment.
2. Formal reprimand inserted in the personnel file.
3. Suspension of P-Card privileges for the entire department.
4. Cancellation of the cardholder's account.
5. Termination of employment and referral to appropriate law enforcement agency.

The P-Card is considered a municipal corporate charge card and will not affect the cardholder's credit. However, it is the responsibility of the cardholder to use the card within the stated guidelines mentioned herein as well as the P-Card Agreement. Misuse of the City of Miami's P-Card is considered misuse of the City's public funds.

B. Suspension/Permanent Revocation of P-Card Privileges

Cardholders and respective approver/managers will be notified when an improper attempt or purchase has been made with the P-Card. Upon the third notification, depending on the severity of the infraction, cardholders will be called in for remedial training. Should the cardholder continue to misuse the card post remedial training, card privileges will be permanently suspended.

Severe infractions with the P-Card will result in an immediate cancellation of the cardholder's P-Card and the cardholder may be responsible for reimbursing the City the full purchase price of the transaction(s). Moreover, Labor Relations will be notified of cardholders who misuse City funds with the P-Card.

C. Unacceptable Uses of the P-Card

Unacceptable uses of the P-Card include, but are not limited to:

1. Contracting out for goods/services available on current City contracts unless a valid justification is provided.
2. Contracting out for goods/services valued over \$2,500 per transaction or within a multitude of transactions for the same items or products requiring competitive informal quotes or formal solicitations.
3. Splitting purchase transactions to circumvent an informal/formal competitive process or other requirements.
4. Travel (See Travel section below for allowable travel transactions) – Car Rental, Taxi Cabs, Tolls, Parking Lots/Garages.
5. Fuel – Unleaded Gasoline or Petroleum.
6. Medical Services – Dentist, Chiropractors, Hospitals, Veterinary, etc.
7. Cash Advances – ATMs, Wire Transfers, Convenience Checks, etc.
8. Miscellaneous Services – Tailors, Laundry/Dry Cleaning, Barber /Beauty Shops, Beauty/Cosmetic Supply, Costumes, Shoe Repair, etc.
9. Entertainment – Movie Theatres, Video Rental Stores, Amusement Parks, Bowling Alleys, Tourist Attractions/Exhibitions, Restaurants, Bars, Nightclubs, etc.
10. Miscellaneous Service Providers – Timeshares, Sport/Recreational Camps, Trailer Parks/Camp Sites, Funeral Services/Crematories, Tax Preparation Services, etc.
11. Professional Services – Attorneys, Architects, Accounts/Auditors, Consultants.
12. Specialty Retail Stores – Beer, Wine/Liquor, Duty-Free Stores, Glassware/Crystal Stores, Religious Good Stores, Hearing Aids, Orthopedic Goods, Cigar Stores/Stands, etc.

13. Medium Risk Industries – Commercial Clothing/Footwear, Precious Stones & Metals, Department Stores, Men/Women/Boys/Girls/Infants and Family Clothing Stores, Sports Apparel Stores, Shoe Stores, Stamp & Coin Stores, Health & Beauty Spas, etc.
14. High Risk Industries – Fur Shops, Antique/Pawn Shops, Antique Reproductions, Jewelry Stores, Dating & Escort Services, Massage Parlors, Betting/Track/Casino/Lotto, Recreation, etc.

VI. TRAVEL

Prepayment of hotel rooms and airfare is allowed with the P-Card. Cardholders are encouraged to shop for the lowest price and request for local government employee discounts whenever possible. Prepayment of hotel rooms and airfare reservations may be made directly with the hotel and airline or through a third-party online travel website (i.e. Travelocity, Orbitz, Expedia...etc). Cardholders must always ensure that they are paying for the **full** and **total** amount of the entire hotel stay and not the daily rate for a one night stay.

No incidental charges (i.e., room service, internet service, movies, etc.) may be charged on the P-Card. Employees are to present their own personal credit card at the time of check-in to the hotel for incidental charges and separate the charges by requesting a separate hotel statement. The City will reimburse the City employee only for allowable incidental charges, such as meals and parking. Payment of car rental is also not allowed with the P-Card. Should the employee need to rent a car, they should do so with their own personal credit card. Upon their return, employees may request reimbursement for these and other acceptable charges incurred while on a City-related business trip.

Since the City of Miami Sales and Use Tax-Exempt Certificate is only valid within the State of Florida, for hotel and flight reservations, some out-of-state merchants may not honor this certificate. However, cardholders are still encouraged to attempt to obtain tax exemption status for hotel and/or airline reservations that are not located in the State of Florida.

Note: See also APM 1-77 *Travel on City Business*.

VII. PAYMENT OF SERVICES

All vendors/suppliers that will be paid with a P-Card for services to be performed on City property, not under any City of Miami contract and not exceeding \$2,500, must provide the cardholder with a Certificate of Insurance. This Certificate of Insurance must display the required insurance coverage limits stipulated on the document titled: "Insurance Requirements for P-Card Service Related Purchases". Said document is available on the Department of Purchasing intranet website.

Once the vendor/supplier provides the Certificate of Insurance, the vendor/supplier may perform the service on City property and be paid with the P-Card. A copy of the Certificate of Insurance, meeting all insurance requirements, must be submitted with your monthly P-Card Reconciliation documents to the P-Card Administrator.

Any questions about the City's insurance requirements should be directed to the Risk Management Department, Property and Casualty Coordinator.

VIII. UNDERSTANDING THE MERCHANT CATEGORY CODE (MCC)

Merchant Category Code or (MCC) is a classification code assigned by the credit card company (i.e. Visa, MasterCard, American Express, etc.) to merchants and used to identify the line of business in which the given merchant operates. MCC's will be used by the City for procurement/fiscal control purposes in which the type of procurement and expenditures activities will be regulated by restricting or granting access to a cardholder to the listed classification codes for goods/services. This will also provide the City with a security feature to prevent fraudulent use of the P-Card. Cardholders attempting to use the card with a merchant whose MCC is not "available" under the cardholder's profile, will not be allowed to complete the transaction.

A. Unblocking/Opening a Merchant's MCC

Cardholders attempting to make a legitimate purchase for a good/service with their P-Card from a vendor whose MCC is blocked, will need to send an e-mail to the P-Card Administrator with the following:

1. Detailed description of the good(s)/service(s) to be purchased
2. Transaction amount

3. Merchant's name

The P-Card Administrator will determine if the cardholder is attempting to make a legitimate purchase and then may or may not proceed with unblocking the merchant's MCC. The cardholder will be notified and be given a one (1) to four (4) hour time frame to complete the transaction.

IX. MAKING PURCHASES WITH YOUR P-CARD

As mentioned earlier, quotes are no longer a requirement for purchases under \$2,500 with the P-Card. However, purchases should be made using "best value" and cardholders are encouraged to first seek out local, City of Miami and minority vendors/suppliers, whenever possible. Best value means that the cardholder will be responsible for obtaining the lowest price as long as the requirements of the Department for the goods or services are met.

A. Sales Taxes

The City of Miami is exempt from all sales taxes. Therefore, the cardholder must instruct the vendor not to charge sales taxes on the goods/services that are being purchased. If the vendor asks for a Tax Exempt Certificate number, this number is displayed in the upper right hand corner in front of the card. If a sales tax is charged, the cardholder must contact the vendor and request a credit to the account equal to the amount of the sales tax.

B. Purchases Made at a Store

1. At the point of sale, present the credit card to the merchant so that it can be charged.
2. Inform the merchant not to charge sales tax and point to the Tax Exempt Certificate number listed on the card.
3. Obtain a copy of the original sales receipt and keep it in a safe place for the weekly and end of the month reconciliation process.

C. Purchases Made Over-the-Phone

When placing a telephone order, the Cardholder must confirm that the vendor will make charges to the P-Card. Also, the cardholder should ask the vendor to send an order confirmation number/receipt via fax or e-mail and to include a packing slip with the shipment. These documents will serve as the cardholder's purchase receipts.

D. Purchases Made Online (Internet, Web, Business to Business (B2B))

When placing an online or internet order, many websites give customers the option of printing out an order confirmation at the end of the purchasing process. The cardholder must ensure that this option is selected as it will provide the cardholder with the required sales receipt for the weekly and end of the month reconciliation process. When the shipment arrives, the cardholder must also keep a copy of the shipment's packing slip.

E. Secondary Approvals

Written secondary approvals (via e-mail or a memo) must be obtained prior to making a P-Card transaction for non-contractual items in the categories of:

1. Computer hardware/software (*Approval from Information Technology*)
2. City issued phones/accessories (*Approval from Information Technology*)
3. Graphical Reproductions (*Approval from GSA Graphics*)
4. Vehicle parts/accessories (*Approval from GSA Fleet*)
5. Radio parts/accessories (*Approval from GSA Communications*)

A copy of this written secondary approval must be submitted with the end of month reconciliation documents. Cardholders who fail to obtain/submit this required documentation will be required to return the items purchased and obtain a full refund of the purchase price.

F. Past Due Invoices

Payment of invoices that are past due cannot be paid with the P-Card. Goods and/or services acquired from a vendor should be conducted via the issuance of a Purchase Order or a P-Card. The payment terms listed in the purchase order or the payment standards set forth by the City with the financial institution shall govern. Cardholders who persistently pay past due invoices with their P-Card shall be considered

to be concealing "unauthorized purchases" and will have their card privileges revoked.

X. RECONCILING P-CARD TRANSACTIONS

An online or web-based software system will be provided by the financial institution selected to partner with the City of Miami to facilitate the P-Card Program. At a very minimum, the web-based software system will allow the City of Miami P-Card holders to review their P-Card account activity on a day-to-day basis, reconcile charges/credits, dispute charges, run transaction reports, view/download/print account statement, etc. All cardholders and respective approvers/managers will be trained on how to log-in into the system and use the different features.

A. Instructions to Cardholders and Approvers:

1. All cardholders are encouraged to review their P-Card charges in the web-based software system on a weekly basis. The weekly review basically entails for the cardholder to perform the following:
 - a) Using the merchant's receipt, verify that the correct amount was charged to the account.
 - b) Assign the appropriate account code to the transaction.
 - c) Make the necessary notes explaining/justifying the transaction.
 - d) Mark the transaction as "reviewed."
2. When the billing cycle has closed, all cardholders will be notified by the P-Card Administrator when they are required to submit to their approvers the following documents:
 - a) Commercial Card Statement (must be signed by cardholder)
 - b) Transaction Detail with Account Codes and Notes report (must be signed by cardholder)
 - c) All supporting documentation: invoices/receipts/packing slips.
3. The cardholder's approver must approve online all of their transactions for the billing cycle and sign off on the hard copy

Commercial Card Statement and Transaction Detail with Account Codes and Notes Report. The approver must then submit the reconciliation packet to the P-Card Administrator.

4. All cardholders and approvers within five (5) business days must prepare, review, approve, and submit the P-Card reconciliation package to the P-Card Administrator. A cardholder's card will be temporarily suspended if the end of month reconciliation packet is not received by the P-Card Administrator before the specified deadline.

B. Incomplete Reconciliation

1. A cardholder's end of the month P-Card reconciliation will be considered incomplete and returned to the cardholder if:
 - a) Any of the required documents are missing (Commercial Card Statement, Transaction Detail with Account Codes and Notes report, receipts/invoice.)
 - b) There are no signatures on the Commercial Card Statement and Transaction Detail with Account Codes and Notes report.
 - c) Transactions for the billing cycle are not reviewed and approved online.
 - d) Receipts/Invoices are not clear/legible.
2. Cardholders and Approvers will be given three (3) to four (4) business days to correct the problem. Should the requested correction not be made on time, the cardholder's card will be suspended until the correction is made.

C. Missing Documentation

If for some reason the Cardholder does not have documentation of the transaction to send with their reconciliation documents, he/she must attach a detailed description of the purchase, which must include: merchant's name, date of transaction, transaction total, and all items/services purchased along with a signed certification statement that "the purchase was made in accordance with the City's P-Card

Policies and Procedures and that the purchase was required for City operations". Failure to promptly provide such certification may result in disciplinary actions and the employee may be required to pay the City for the undocumented expense(s). Continued incidents of missing documentation will result in the cancellation of the employee's P-Card.

XI. DISPUTES PROCESS

A. Erroneous Charges

In the event that a cardholder notices an erroneous charge in their account, then the cardholder must first attempt to contact the merchant and resolve the matter with the merchant.

If after contacting the merchant, the cardholder is not able to resolve the problem, then the cardholder needs to send a dispute notification to the financial institution via the web-based software system within 60 days of the disputed charge posting to the credit card account in the following manner:

1. Log in to the financial institution web-based software system.
2. Click on the transaction you wish to dispute.
3. In the Transaction Detail screen, select Dispute.
4. Complete the requested information.
5. Depending on the "Dispute Reason" selected, the online system will provide the necessary forms to mail or fax to the financial institution.
6. After the dispute is submitted online, a small yellow box will appear next to the transaction. This indicates that the dispute has been electronically submitted to financial institution. When the yellow box turns red, then this means that the dispute is being worked on by the financial institution.

Note: If the financial institution does not receive sufficient information detailing the reason for the dispute, the dispute may not be resolved correctly.

B. The Dispute Review

1. Once a dispute notification is received by the financial institution dispute department it will be reviewed within 48 hours. Most disputes are resolved within 60 days, but due to regulated time frames from the P-Card institutions (i.e. Visa MasterCard, American Express, etc.) it can take up to 175 days in extenuating circumstances.
2. Some disputes may require for a sales draft to be submitted to the financial institution prior to charging back a merchant. A merchant must be allowed 30 days to furnish the sales draft to the financial institution. If the financial institution charges the merchant back for the disputed charge, the merchant normally will have 45 days to contest it. If the merchant fails to respond to the chargeback within the 45 day period, then the chargeback and dispute are resolved and a chargeback credit would be posted to that individual account.
3. If the merchant contests the chargeback, the financial institution will forward the merchant's rebuttal on to the cardholder for review. If the cardholder would like to continue disputing the charge, the financial institution requires for the cardholder to respond in writing regarding the merchant's rebuttal. The cardholder would still have all other regular dispute rights.
4. Once a chargeback is submitted, the financial institution cannot reverse it. It is now up to the merchant to contest and if the merchant does not contest the chargeback, the financial institution will proceed with posting the chargeback credit to the cardholder's account. For this reason, it is very important that the cardholder
5. Initially communicate with the merchant and be certain the charge is not valid before sending the dispute notification.
6. If the dispute is regarding sales tax, remember that it is the cardholder's responsibility to make sure the City of Miami Sales and Use Tax-Exempt Certificate number is given to the merchant at the point of sale. If the merchant is not made aware not to

charge sales tax, then the merchant will proceed with charging the sales tax and the financial institution would have no dispute rights. If the cardholder signs the receipt, which includes sales tax, the City or better yet, the cardholder, will have no dispute rights. In the event that the City of Miami Sales and Use Tax-Exempt Certificate number was given, and the cardholder was still charged the sales tax, then the dispute letter just need to include that information.

7. During the time the financial institution is investigating the disputed charge (requesting sales draft or chargeback) the charge will remain in dispute. Placing a charge in dispute does not remove it from the outstanding balance; it simply keeps the disputed amount from accruing finance charges. As long as the charge is in dispute, payment is not due for the disputed charge. Some disputes may require a progressive letter with additional information, or documentation from the cardholder throughout the dispute process.