



MANAGEMENT POLICY

POLICY NUMBER:

211

SUBJECT:

PROCUREMENT CARD PROGRAM

EFFECTIVE DATE:

7/30/07
Revised:
12/18/2019

I. PURPOSE

This Management Policy is to establish an additional procurement/payment method that will enhance employee productivity and efficiency and reduce administrative costs, while maintaining the integrity of the City's fiscal and procurement policies and practices.

II. POLICY STATEMENT

- A. The Procurement Card Program is to be used by City departments to:
- Provide a preferred alternative procurement method to petty cash
 - Reduce the number of petty cash and travel advance transactions
 - Facilitate travel related transactions for employees who travel on City business
 - Expedite and streamline the payment of procurement activities.
- B. Mesa's Procurement Card Program empowers authorized City employees (Accountholders) to make purchases for materials and certain services within guidelines and established dollar limits. Also, with this empowerment comes the responsibility to ensure purchases are:
- Solely for City business and represent good value for price paid
 - Properly funded with correct Chart of Account information
 - Properly documented and transmitted to Accounts Payable for posting in a timely manner
- C. City employees can expedite purchases to meet their immediate work demands. Additional cost savings are achieved by reducing administrative time and costs that otherwise would be required to process petty cash transactions and Purchasing transactions.
- D. While the Procurement Card will be jointly issued in the name of the City of Mesa and the individual accountholder, or department name, use of the card will not affect the employee's personal credit worthiness or credit rating.

III. PROCEDURES

A. Procurement Card Eligibility

Department Directors may request full or benefited part-time employees within their respective departments to receive a Procurement Card. Non-

benefited and/or seasonal employees, temporary employees and contract employees are not eligible to be issued a Procurement Card.

Having a Procurement Card is a privilege; Department Directors or the Program Administrator may amend or revoke an employee's Procurement Card at any time for any reason.

When considering which employees should be assigned a Procurement Card, the following criteria are suggested:

- Will the employee's use of the Procurement Card enhance productivity?
- Has the employee demonstrated sound judgment when recommending purchases?
- Does the employee often travel on City business?

B. Accountholder Transaction Purchase Limits

The Program Administrator will establish standard categories with transactional and monthly limits based on common needs of users.

The per-transaction limit established for any card or category will not exceed \$5,000, unless authorized by the Department Director and Business Services Director, based on business needs.

The monthly limit established for any card or category will not exceed \$5,000, except as authorized by the Department Director and Business Services Director, based on business need.

Contract use and individual transaction overrides of transaction limits or Merchant Category Code (MCC) restrictions may be granted by the Program Administrator to meet a specific and appropriate business need.

Procurement Card purchases are not to be split to make purchases that exceed the authorized "per transaction" or maximum monthly limits.

C. Acceptable Procurement Card Uses

Procurement Cards may be used for purchases and/or authorized travel-related expenses, as outlined below, and that do not exceed the established dollar limits. Accountholders are encouraged to use Mesa merchants whenever possible. Acceptable purchases include:

- Materials and services not covered by City contracts
- Contract purchases of materials/services if Procurement Card payment is established/approved by the Purchasing division
- Gift cards, gift certificates, or other purchases for recognition/award programs such as STAR, the Clean Air Club, Community Spirit, etc.
 - If a gift card or gift certificate is purchased, report the value and the name of the recipient on the [Payroll Taxability](#)

[Reporting Form](#) and submit to [Payroll](#), as established on Payroll's SharePoint site and in the instructions on the Form.

- Food or beverage for City-sponsored functions
- Equipment parts and repairs not covered by City contracts
- Subscriptions to publications (i.e. newspapers)
- Memberships in organizations
- Training and seminars
- Fuel (Local for Fuel Accountholders Only) and Fuel for travel
- City-related travel reservations and expenses such as airfare, hotel accommodations and rental car reservations and expenses, meals and other pre-approved travel expenses

All travel expenses shall be in compliance with Management Policy 201, TRAVEL, including but not limited to allowable amounts for meals and incidentals. Employees who use a Procurement Card for their travel expenses are not eligible to request a travel advance. **Travelers may not “double-dip” by receiving a per diem and using their Procurement Card for meals.**

Employees who use a Procurement Card for travel-related expenses must be especially careful to charge only expenses related directly to the traveling employee and City business. If the traveler anticipates expenses for traveling companions who are not employees, or expenses for non-business, such as in-room movies, laundry service, personal telephone calls, non-business car rental or extra hotel days, the expenses must be separately charged to a personal account and should not appear on the Procurement Card statement.

If a group of employees are traveling together and wish to combine travel expenses onto one card, the card limits cannot be exceeded, and the Travel Expense Authorization statements must be processed as a group.

D. Prohibited Procurement Card Uses

Procurement Cards are not to be used for the following:

- Personal purchases
- Cash advances
- Non-City purposes
- Alcohol or tobacco products
- Purchase of items or services available on an established City contract unless established/authorized by the Purchasing division
- Products available from Materials & Supply inventory
- Products or services which require the purchase approval of another department
- Purchases in excess of the individual accountholder's or card account authorized limits

Except for department cards, Procurement Cards may not be shared. The only person entitled to use the card is the person whose name appears on the face of the card or designated as the authorized user for department cards.

E. Loss of Procurement Card Privileges

Failure to comply with the requirements of the Procurement Card guidelines may result in cancellation of Procurement Card privileges and/or disciplinary action, up to and including termination. Some examples of situations that may result in cancellation are:

- Use of Procurement Card for prohibited uses
- Multiple charges to the same vendor for a quantity and amount with a frequency that indicates deliberate loaning of the card to another employee for use
- Repeated lack of required documentation
- Repeated incidents of the monthly payment request being received by Finance after the due date
- Repeated errors in the monthly payment request

An Accountholder's management chain may retrieve the Procurement Card from the employee at any time, for any reason. The card is to be promptly forwarded to the Program Administrator, accompanied by a memo from the manager requesting the card be canceled.

Separating employees shall return their Procurement Card to their supervisor before leaving, along with any outstanding purchase receipts. It is the supervisor's responsibility to retrieve the Procurement Card from retiring, resigning or terminated employees and send it to the Program Administrator prior to the employee's final working day of employment.

F. Department Responsibility for Obligations

Departments are financially responsible for the purchases made by their staff members.

G. Accountholder Role and Responsibilities (detailed further in the PCard Program Guidelines and Procedures)

- Attend mandatory Accountholder training
- Sign the Procurement Card User Agreement form
- Safeguard their Procurement Card
- Use the Procurement Card only for authorized transactions
- Report any discrepancies in a timely manner
- Reconcile account in a timely manner
- Submit receipts and invoices in a timely manner
- Track expected credits to ensure receipt
- Immediately reimburse City for inadvertent personal use
- Immediately report a lost or stolen card or any fraudulent use

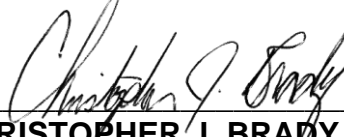
- H. Approver Role and Responsibilities (detailed further in the PCard Program Guidelines and Procedures)
 - Review and complete mandatory Approver training
 - Review accountholder transactions and supporting documentation prior to online approval
 - Confirm reimbursement to the City for inadvertent personal use has been processed before sign-off
 - Approve accountholder purchases within City and department policies
 - Ensure Accountholder conforms to established Procurement Card usage guidelines and policies
 - Track expected credits due accountholder to ensure receipt
 - Audit details of Accountholders receipts to ensure purchases are appropriate and for City use while complying with other City policies
 - Review and approve Accountholder's account reconciliation in the Works system for timely submission to Accounts Payable
- I. Department Director Role and Responsibilities (detailed further in the PCard Program Guidelines and Procedures)
 - Review and authorize applications for new Accountholders from their department and approve applicant's transaction authority
 - Designate Approvers with responsibility to review transactions for appropriate usage, confirm receipt documentation, and GL authorization and sign off
 - Review and authorize Change Request forms for Accountholders
 - Resolve any issues related to inappropriate use of their department staff's use of the Procurement Card
 - Review card usage of staff members as necessary
 - Review Approver designees as necessary
- J. Accounts Payable Role and Responsibilities
 - Review and process Corporate billing statements -and confirm the servicing bank is paid
 - Review and process approved Accountholder monthly statements
 - Contact the Accountholder regarding any discrepancies or missing information
 - Notify Purchasing of any payment requests and/or credits that have missing receipts, or incomplete/unclear documentation
 - Report repeated incidents of delays or errors to the Program Administrator
- K. Program Administrator and Program Manager Role and Responsibilities (detailed further in the PCard Program Guidelines and Procedures)

- Review and approve applications for new Accountholders in compliance with established policies, procedures and best interest of the City of Mesa
 - Conduct mandatory Accountholder and Approver training
 - Modify or revoke Accountholder privileges based on but not limited to; documented incidents of abuse, repeated late processing of statement/payment, disciplinary action, permanent or temporary changes in employment status or upon request by the Accountholder's Department Director
 - Audit Accountholder's monthly statements to ensure compliance with established policies for use of the Procurement Card
 - Ensure inappropriate use of Procurement Card or any program problems are properly addressed
 - Establish detailed program guidelines and procedures consistent with this policy and ensure proper controls
 - Prepare an annual report detailing the status of the program, its effectiveness and any recommendations for improvements
- L. Procurement Administrator Role and Responsibility
- The Procurement Administrator will designate the Program Manager and meet with him/her periodically to review the program's effectiveness and any changes as recommended.
- M. Business Services Director Role and Responsibility
- Review and authorize any increase(s) exceeding the individual per-transaction and/or aggregate monthly limits, as identified in the Accountholder Transaction Purchase Limits.

IV. OBTAINING A PROCUREMENT CARD

The applicant and his/her supervisor and will review this Management Policy as well as the Procurement Card Program Guidelines and Procedures and will submit a Procurement Card Application (available on Purchasing's SharePoint page).

ISSUED BY:



CHRISTOPHER J. BRADY
City Manager