

**Volume**

**2**

CITY OF NORTH MIAMI BEACH

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Procurement Management Division

# Procurement Card Policy & Procedures

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## **INTRODUCTION**

The City of North Miami Beach Procurement Card Program is designed to improve efficiency, timeliness and internal control in processing small dollar, non-reoccurring purchased from vendors that accept the Visa credit card. Many of our suppliers, currently being paid by petty cash and blanket purchase orders will accept the Visa credit card.

This program will allow cardholder to purchase approved commodities and services directly from our vendors. Each procurement card is issued to a named individual and the City of North Miami Beach is clearly shown on the card as the governmental buyer of goods and services.

The Procurement & Contracts Services Division will monitor the performance of the program. All questions or concerns should be directed to:

Procurement Related: Chief Procurement Officer  
Accounting Related: Finance Director

## **Purpose**

The purpose of these policies and procedures is to accomplish the following:

- To provide an efficient method of purchasing and paying for goods and services not exceeding \$1000 per purchase unless otherwise approved.
- To reduce the use of petty cash and blanket purchase orders.
- To ensure Procurement card purchases are in accordance with the City's ordinances, policies and procedures.
- To reduce the time spent by the Accounts Payable clerk processing low dollar transactions.
- To ensure that the City bears no legal liability from inappropriate use of procurement cards.
- To provide for disciplinary action if the procurement cards are misused.

The policies and procedures herein are minimum standards for Departments and Directors may establish additional controls if necessary.

## **Methodology**

The Procurement Card system simplifies the procurement / disbursement process. Procurement responsibility is delegated to the ordering department enabling an authorized cardholder to place an order directly with the vendor.

When a purchase authorization is requested by the supplier at the point-of-sale, the Visa Procurement Card system validates the transaction against preset limits established by the employee's department. All transactions are approved or declined (electronically) based on the procurement card authorization criteria established. The authorization criteria may be adjusted periodically as needed and may include, but is not limited to, the following:

- Number of transactions allowed per day
- Number of transactions allowed per month
- Single purchase limit
- Monthly spending limit
- Approved merchant category codes

The authorization process occurs through the electronic system that supports the procurement card processing services under the City of North Miami Beach Agreement with Bank of America N.A.

## **Responsibility**

The following is a summation of the responsibilities of the individuals and organizations involved in the procurement card system:

### **Cardholder:**

- Hold and secure procurement card
- Collect and save sales receipts
- Match and attach receipts with monthly card statement
- Review monthly statements for validity of all transactions
- Review monthly charges with supervisor
- Identify disputed charges

### **Department Representative:** Individual(s) designated by Department Head

- Review monthly statement with cardholder
- Sign the monthly statement authorizing charges
- Verify the appropriateness of cost center codes (i.e., fund/agency organization assigned to charges)
- Handle disputed items

## **PROCUREMENT CARD POLICIES & PROCEDURES**

- Forward statement and supporting receipts to Finance Department

### **Department Head:**

- Request Procurement Cards for designated employees
- Set department spending limits within established guidelines
- Designate representatives responsible for authorizing charges
- Collect cards from cardholders who end employment
- Evaluate the need to cancel or reissue cards when employees transfer

### **Procurement Card Administrator:**

- Maintain cardholder list
- Coordinate issuance and cancellations of cards
- Coordinate program policy issues
- Participate in ongoing program reviews
- Participate in resolving billing disputes
- Coordinate and maintain internal controls
- Maintain policy and cardholder guides / manuals
- Target new cardholders and expanded use of card
- Establish and monitor bench marking objectives
- Pursue supplier discount opportunities
- Evaluate Procurement Card feedback from suppliers

### **Finance Department:**

- Receive approved monthly statements from all cardholders' departments
- Receive consolidated statement from Procurement Card issuer
- Confirm that all charges are authorized by Department Representative(s)
- Notify Departments when approved monthly statements are not received
- Pay all monthly charges from consolidated statements
- File and store statements, receipts, etc.
- Administer 1099 reporting



## **ASSIGNMENT & CONTROL OF THE PROCUREMENT CARD**

### **Requests for and Issuance of Procurement Cards**

Procurement cards will be issued to individual employees who frequently purchase goods and services in single purchase amounts of \$1000 or less. Generally these will be the employees who, before the Procurement Card Program, often used petty cash, direct payments and blanket purchase orders.

The Procurement Card will have the employee's name, the City's name, the Department / Division's name, and expiration date. The Procurement Card issuing company will not have individual cardholder information, other than the cardholder's work address and Badge ID number. No credit records, etc., of the cardholder are maintained.

All requests for Procurement Cards must be made by the Department Head.

All requests for new cardholders or for changes to current cardholders will be made by submitting a request form to the Procurement Card Administrator.

When the Procurement Card Administrator receives a Procurement Card from an issuing card company, the cardholder will be required to personally take receipt of the card and sign a certification and receipt form. The cardholder will be given a copy of the Procurement Card Policies and Procedures guide.

The Procurement Card Administrator will notify the requesting department upon the issuance of all Procurement Cards.

### **Lost or Stolen Procurement Cards**

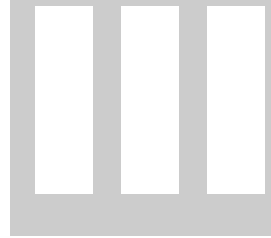
If a Procurement Card is lost or stolen, the cardholder or department representative must immediately notify the Procurement Card Company and the Procurement Card Administrator of the loss.

The cardholder will be responsible for reporting all information necessary to reduce the liability to the City for lost or stolen cards.

## **Termination or Transfer of Cardholder**

When an employee ends his or her employment or is transferred to another department, the Department Head must collect the Procurement Card, and then submit the destroyed card to the Procurement Card Administrator.

If the Department is unable to collect the Procurement Card when an employee terminates, the Department Head must immediately notify the Procurement Card Administrator. The Procurement Card Administrator will ensure that the card is canceled.



## LIMITATIONS ON USE OF PROCUREMENT CARDS

### Cardholder Use Only

The Procurement Card may be used only by the employee whose name is embossed on the card. No other person is authorized to use the card.

### City Purchases Only

The Procurement Card is to be used for City authorized purchases only.

**The Procurement Card cannot be used for any personal use and any such use will require immediate reimbursement and will result in disciplinary action.**

### Dollar Limitations

The Department Head approving the assignment of a Procurement Card will set two limits for each cardholder: a single purchase limit and a 30-day limit. The standard limits shall be \$1000 for a single purchase. Requests for spending limit changes must be initialed and authorized by the Department Head.

A purchase may be made of multiple items, but the invoice cannot exceed \$1000 or the cardholder's limit if less than \$1000. Payment for purchases shall not be split to stay within the single purchase limits and restrictions.

Department Heads must submit in writing to the Procurement Division any request with explanation for increased limits or temporary changes in restrictions.

### Prohibited Uses of Procurement Cards

The Procurement Card has been designed to prohibit purchases of certain commodities, services or vendors through the use of electronic controls. Circumstances in which procurement card is the only possible option of procurement, a written request must be sent via e-mail to the Chief Procurement Officer with a copy to the Department Head for approval. Upon consent, Chief Procurement Officer will coordinate with the Procurement Card Company to release card controls that apply with request. Controls will only be released for the allotted time



## PROCUREMENT CARD POLICIES & PROCEDURES

specified in written request. A copy of the written request and all receipts must be attached for payment to Finance.

### **Prohibited uses of the P-Card include the following transactions:**

- • Alcoholic Beverages
- Ammunition/Weapons
- Any additional goods/services, specifically restricted by the Chief Procurement Officer, as notified from time to time.
- Any items(s) for personal or non-City use
- Cash advances of any kind
- Cash Refunds – any refund must be in the form of a credit to the P-Card account
- Computers & Computer Printers (Exception for item approved by I.T. and Procurement Managed Division.)
- Construction Projects
- Consulting Services
- Eating Establishments/Restaurants (permitted with prior written approval of the City Manager)
- Entertainment/Performers (exception for Recreation/Cultural Arts programs and approved by Procurement Management Division)
- Fines and Late Fee Penalties
- Florida Sales tax
- Gasoline, Fuel, or Oil (exception for approved travel outside the County)
- Gifts and Donations (excludes official gifts by the Chief Procurement Officer and City Manager)
- Goods/services available on a current City contract, (with the exception of those items approved by the Procurement Management Division, i.e. Office Depot, Home Depot)
- Goods/Services specifically restricted by the Procurement Managed Division, the City Manager, or the City of North Miami Beach Code of Ordinances
- Independent Contractor Services
- Industries such as Antique/Pawn Shops, Antique Reproductions, Jewelry Stores, Dating & Escorting Services, Massage Parlors, Betting/Track/Casino, Lotto, Precious Stones & Metals, Stamp & Coin Stores, Health & Beauty Spas, etc.
- Insurance
- Interest and Finance Charges
- Legal Services
- Lobbying
- Maintenance Contracts
- Medical Services
- Miscellaneous Services such as Tailors, Laundry/Dry Cleaning, Barber/Beauty Shops, Shoe Repair, etc.
- Postage
- Purchases over \$1,000
- Specialty Retail Stores such as Duty-Free Stores, Glassware/Crystal Stores, Religious Good Stores, Hearing Aides, Orthopedic Goods, Cigar Stores, etc.

## **PROCUREMENT CARD POLICIES & PROCEDURES**

- Splitting purchase transaction to circumvent the Procurement or Payment process
- Vehicle repairs (with the exception of those repairs Public Works or Police Fleet and Procurement Management Division)

**When a cardholder is unsure of the legitimacy of a P-Card purchase they are to contact the P-Card Administrator or Chief Procurement Officer for clarification of use prior to the purchase.**

### **Telephone/On-Line Orders**

When placing a telephone order, the cardholder must confirm the exact amount that the vendor will charge the P-Card before the shipment is made. The cardholder must receive a delivery slip or receipt with the order to retain for matching with the monthly statement.

Purchases may be made on the Internet. You may use the packing slip, screen print receipt, or any other documentation from the vendor that shows the description of the item and price, to match with your statement as documentation. All items purchased by telephone or the Internet must be delivered by the vendor within the 30 day billing cycle and delivered in single shipments. No back ordering is permitted.

### **Emergency Operations**

As approved by the City Manager, during disaster preparation it is policy that the Procurement Card limits will be raised for Department Head & Assistant Department Heads with all limitation lifted. This will assist in food purchases, accommodations for Disaster Relief Crews, and other necessary items.

### **Other Conditions**

All items purchased by telephone/website must be delivered by the vendor within the 30-day billing cycle. The order should not be placed without this assurance.

All items purchased by telephone/website must be delivered to the requesting departments address and cardholders attention, otherwise products may be returned to sender if unable to identify ordering department.

## **PROCEDURES FOR MAKING AND PAYING FOR PURCHASES**

### **Documentation of Over-The-Counter Purchases**

When an over-the-counter purchase is made, the cardholder must obtain the customer's copy of the charge slip.

The charge slip will be retained either by the cardholder or by a Department Representative until forwarded to Finance Department with the monthly statements.

### **Missing Documentation**

If for some reason the cardholder does not have the documentation of the transaction to send with the statement, he/she must attempt to obtain a copy from the vendor prior to forwarding the statement to the Finance Department. If this is not possible then the cardholder and the Department Head must initial next to the item to verify a valid purchase.

### **Payment and Invoice Procedures**

The Procurement Card Company will mail an individual billing statement to the cardholder at their office and one consolidated statement for all cardholders to the Finance and Procurement Management Division. This Statement of Account will list all transactions processed during the previous 30 days. If no purchases were made on the Procurement Card during the billing cycle, no Statement of Account will be generated unless adjustments for previously billed transactions have been processed during that cycle.

The cardholder must review the statement and note any errors. Card charge slips / receipts for all items listed on the statement should be attached to the statement. A Direct Payment will be processed listing an account number and distribution of expenditure. The statement will then be reviewed and signed by the Department Representative designated by the Department Head. By signing the statement, the designated department representative is certifying that all charges are appropriate and authorized and

## PROCUREMENT CARD POLICIES & PROCEDURES

that all charges are proved by attached receipts. Once the department representative has reviewed and signed, all statements are forwarded to the Finance Department. **All statements shall be forwarded to the Finance Department within five working days after receipt.**

The Finance Department will ensure that the procurement card charges are paid timely and that the consolidated statement received is reconciled against the individual cardholder statements forwarded from the Departments. Department Heads will be notified when individual statements are not received in the allotted time. **Continued failure to meet the five day deadlines may result in the revocation of procurement cards at the discretion of the Procurement Card Administrator.**

### Disputes

If items purchased with the procurement card are defective, the cardholder must return the item(s) to the vendor for replacement or credit. If the service paid for with the procurement card is faulty, the vendor must be notified and asked to correct the situation or provide a credit. If the vendor refuses to replace or correct the faulty item or service, the purchase will be considered in dispute.

A disputed item must be explained with a note on the cardholder's Statement of Account before the statement is forwarded to the Finance Department for payment.

It is essential that the time frames and documentation requirements established by the Procurement card issuer be followed to protect the cardholder's rights in dispute. Dispute policies and procedures issued by the procurement card issuer will be provided at the time procurement cards are issued to cardholders.

### Review of Purchases by Departments

Because of their knowledge of the job responsibilities and requirements, department representatives are required to review each Procurement card expenditure (item purchased, amount and vendor) to ensure the goods or services were necessary and for official use.

When purchases are questioned, the Department Head or their designated Department Representative will be responsible for resolving the issue with the cardholder. If the Department Head cannot be satisfied that the purchase was necessary and for official use, the cardholder must provide either a credit voucher proving the item(s) were returned for credit or a personal check for the full amount of the purchase. Checks must be sent to the Finance Department with an explanation and account number.

Serious or repeated misuse of the Procurement card will result in the revocation of the card. Employees incorrectly using their Procurement card will be disciplined by the Department / Division Head as necessary.

To help the departments in their reviews, management reports may be provided by the procurement card company, contact the Procurement Card Administrator for further information.

**PROCUREMENT CARD POLICIES & PROCEDURES**

**CITY OF NORTH MIAMI BEACH  
PROCUREMENT CARD REQUEST**

I request for the City of North Miami Beach to issue a procurement card for:

Employee Name: \_\_\_\_\_

Employee Badge # Number: \_\_\_\_\_

Department/ Position: \_\_\_\_\_

This is the maximum limit that will be issued per card; limits can be adjusted downward to suit your need. Limits are subject to change at the direction of the General Services Director or City Manager's request.

Single Purchase Limit: Not to exceed \$1000.00 or (less) \$ \_\_\_\_\_

30 Day Limit: Not to exceed \$5,000.00 or (less) \$ \_\_\_\_\_

Profile Requested \_\_\_\_\_

Department Head Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Procurement Management Approval: \_\_\_\_\_ Date: \_\_\_\_\_

City Manager Approval: \_\_\_\_\_ Date: \_\_\_\_\_



**PROCUREMENT CARD POLICIES & PROCEDURES**

**Purchasing Card Agreement  
Card Holder**

I certify that I have received a City of North Miami Beach Purchasing Card to be utilized in the performance of my duties for the City. I agree to the following:

1. While making financial commitments on behalf of the City of North Miami Beach, I will strive to obtain fair and reasonable value on each purchase.
2. I acknowledge that I am the only person entitled to use the card and I am accountable for all charges made against the card.
3. I agree to use the Purchasing Card solely for allowable purchases directly related to the performance of my duties and I understand that I cannot use the Purchasing Card for personal use or for non-City business purposes. Should I use the Card for non-City business purposes, or in violation of established policies, I agree to reimburse the City for any costs associated with such misuses.
4. I acknowledge, agree, and authorize that should I fail to timely reimburse the City for any personal use or non-City business purpose purchase or charges on the City Purchasing Card, the City may deduct the amounts necessary to recover the costs of said purchases or charges from my salary or wages or accrued leave balances. I understand that such deductions shall continue from paycheck to paycheck until all amounts due are recovered by the City. If my employment with the City terminates before the aforementioned is repaid, any balance still owing may be taken out of my final paycheck. I further acknowledge and agree that this authorization is pursuant to and consistent with the provisions of Section 12.171, Florida Statutes.
5. I acknowledge that I have received the established Policies and Procedures for the Use of the Purchasing Card and will follow the policies and procedures. Failure to follow these policies and procedures may result in revocation of my privilege to use the Card and/ or disciplinary action up to and including termination of employment.
6. I acknowledge that I am responsible for reconciling the monthly Statement of Account and resolving any discrepancies by contacting the vendor and notifying the P-Card Administrator.
7. I agree to return the Card immediately upon request or upon termination of employment or transfer to another position, division or department.
8. If the Purchasing Card is lost or stolen, I agree to notify the Purchasing Card Administrator and the Purchasing Card Company immediately.

I certify that I have received the City Purchasing Card identified below and a copy of the City of North Miami Beach policies and procedures related to said Card; and I understand and agree to the terms set forth therein. I acknowledge that I have received the Purchasing Card training that allows me to use the Card. I agree that I will relinquish my Purchasing Card to the City of North Miami Beach when requested to do so. I also understand that failure to use the Purchasing Card in accordance with all rules and regulations may require relinquishing the Card, reimbursement to the City, deduction from my salary, wages or leave accrual balances and/ or disciplinary action up to and including termination of employment. I further understand that the City has zero tolerance for any purchases of a personal nature.

Note: Purchasing Card may only be assigned to full time employees.

\_\_\_\_\_  
Employee's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Employee's Name (Print)

\_\_\_\_\_  
Card Number (last four digits)

**PROCUREMENT CARD POLICIES & PROCEDURES**

**Purchasing Card  
Abuse Notification Form**

TO: \_\_\_\_\_

Department: \_\_\_\_\_

Purchasing Card No: \_\_\_\_\_

Date: \_\_\_\_\_

This notification is to inform you that you have violated the Policies and Procedures established for use of the Purchasing Card. Specifically, the violation was:

\_\_\_\_\_ Purchase over designated amount \$ \_\_\_\_\_

\_\_\_\_\_ Purchase of unauthorized or prohibited items/ services

\_\_\_\_\_ Multiple transactions to circumvent Purchasing procedures

\_\_\_\_\_ Failure to provide proper documentation, receipts, invoices, monthly statements, etc.

\_\_\_\_\_ Personal charges

\_\_\_\_\_ Allowing another person, other than the cardholder, to use the card

\_\_\_\_\_ Failure to report a lost or stolen card in a timely manner

\_\_\_\_\_ Repeated violations

\_\_\_\_\_ Other: \_\_\_\_\_

According to our records, this is your \_\_\_\_\_ violation. As you have been previously informed, misuse of the Purchasing Card will result in revocation of Purchasing Card privileges and may result in additional actions. I am referring all violations and discrepancies to your Department Director and to the City Manager for appropriate action, which may include reimbursement to the City, deduction from your salary, wages or leave accrual balances and/ or disciplinary action up to and including termination of employment.

If you have any questions on this matter, please contact me.

\_\_\_\_\_  
Purchasing Card Administrator      Date      Card Holder Signature      Date

\_\_\_\_\_  
Department Director Signature      Date

\_\_\_\_\_  
City Manager Signature      Date

**PROCUREMENT CARD POLICIES & PROCEDURES**

**Purchasing Card  
Reinstatement Request**

Request for the City of North Miami Beach to reinstate the procurement card for:

Employee Name: \_\_\_\_\_

Employee Badge # Number: \_\_\_\_\_

Department/ Position: \_\_\_\_\_

Date of Inactivation: \_\_\_\_\_

Reason for Inactivation / Suspension:

Department Head Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Procurement Management Approval: \_\_\_\_\_ Date: \_\_\_\_\_

City Manager Approval: \_\_\_\_\_ Date: \_\_\_\_\_