

CITY OF ROCKLIN

Administrative Policy for APPROPRIATE USE AND CONTROL OF CITY-ISSUED PURCHASE CARDS

1. PURPOSE OF POLICY:

- a. To provide guidelines for requesting, issuance and appropriate use of City-issued purchase cards.
- b. To allow for an alternative method of paying for goods provided to the City in accordance with the City's Municipal Code relating to Purchasing (Ord. 912 § 1 (part), 2006 – as amended from time to time) with an overall objective to reduce processing time and the number of checks issued to vendors.

Detailed instructions regarding the Purchase Card Program are outlined in the Policy and Procedures Manual, which may be obtained from the Finance & Budget Department.

2. DEFINITIONS:

- a. "Purchase Card" refers to any credit card issued by a banking institution to the City as part of the purchasing card program.
- b. "Program Administrator" refers to the City of Rocklin employee(s) designated to be responsible for the City's overall purchase card program administration.
- c. "Approving Official" refers to the City of Rocklin employee(s) within each department designated to review and make final approvals on Cardholder transactions. The Department Head may also review and approve all department transactions.
- d. "Cardholder" refers to the City of Rocklin regular full-time employee issued and authorized to use a purchase card.
- e. "Billing Official" refers to the City of Rocklin Finance and Budget Department employee(s) designated to be responsible for final reconciliation and payment of the Managing Account statement.
- f. "Managing Account" refers to the account that controls all of the funding between the banking institution and the City of Rocklin. All cardholder transactions pass through the managing account.
- g. "Designated Card Custodian" refers to the department employee identified and responsible for keeping track of department and employee issued purchase cards, cardholder receipts and purchase authorizations, and accounting for and processing authorized transactions.
- h. "Department Purchase Card" refers to a general purchase card issued in a Department's name for limited-term use by regular full-time employees.

3. POLICY:

a. Issuance of Purchase Cards:

- i. The Finance and Budget Department is designated by the City Manager and has the authority to issue City purchase cards for general department use and to the following regular full-time City employees upon request by Department Heads:
 - 1) City Manager
 - 2) City Attorney
 - 3) Department Heads (including Police & Fire Chiefs)
 - 4) Division Heads (including Battalion Chiefs, Captains, Lieutenants)
 - 5) Department/Division Regular Full-time Employees

- ii. General Department purchase cards will be securely stored by a designated card custodian.
 - iii. Prior to card issuance, employees receiving City purchase cards are required to sign and submit the "Cardholder Agreement", (Policy and Procedures Manual – form Exhibit 1).
 - iv. The Department Head is designated by the City Manager and has the authority to set purchase card limits up to \$5,000. Purchase card limits over \$5,000 must be approved by the City Manager. The limits include, but are not limited to, monthly card limits and single transaction limits.
 - v. Changes to purchase card limits are made by request (Policy and Procedures Manual - form Exhibit 2) and approval of the Department Head (City Manager when over \$5,000).
 - vi. Purchase cards include the City of Rocklin name and logo. Cards are issued as general department cards and in individual Cardholder's names.
 - vii. The City of Rocklin reserves the right in its sole discretion to refuse to issue to and/or withdraw authorization to use a City-issued purchase card from any Cardholder. Use of the purchase card for any purpose after its surrender is prohibited.
 - viii. Department Heads are designated by the City Manager with responsibility for immediately retrieving any card they have issued to a Cardholder for any reason including:
 - 1) inappropriate use of the purchase card;
 - 2) separation from City.
 - ix. All cards surrendered to the City shall be forwarded to the Program Administrator.
- b. Use of Purchase Cards:
- i. Purchase cards shall be used in compliance with the City's purchasing procedures (Ord. 912 § 1 (part), 2006).
 - 1) Purchase cards shall not be used to circumvent established competitive purchasing procedures.
 - ii. Purchase cards shall be used for City-business only. Purchase of items for personal, non-City business is strictly prohibited. Use of purchase cards by non-exempt employees shall only be during regularly designated work hours.
 - iii. Purchase cards shall only be used by the Cardholder whose name appears on the card, with department authorization for general department cards, and in strict compliance with the Cardholder Agreement. General department cards require City I.D. presentation for use.
 - iv. Purchases may not be split between two or more Cardholders to circumvent individual card limits.
 - v. Inappropriate use of the City purchase cards may result in suspension of Cardholder privileges or result in disciplinary actions up to and including termination of City employment.
- c. Responsibilities:
- i. **Cardholder Responsibilities--**
 - 1) Each Cardholder is responsible for safeguarding their purchase card when carried on their person.
 - 2) If the purchase card is lost or stolen, the cardholder is responsible for reporting the loss immediately to:
 - a) The issuing bank; and
 - b) The City of Rocklin – Approving Official **AND** Program Administrator.
 - 3) Each Cardholder is responsible for using the purchase card for official City business only and in compliance with the City of Rocklin Municipal Code (Ord. 912 § 1 (part), 2006).
 - 4) Each Cardholder or Designated Card Custodian is responsible for initial transaction approval, obtaining and maintaining all receipts for card purchases, reconciling the monthly card statement and forwarding the statement package to the Billing Official within the timeframes as designated by the Finance and Budget Department.
 - a) Continued failure to provide appropriate receipts for charges will result in the loss of card privileges.
 - 5) Each Cardholder is responsible for reporting and resolution of disputed card transactions.

ii. Designated Card Custodian Responsibilities –

- 1) Each Designated Card Custodian is responsible for safely storing and monitoring department and employee-issued purchase cards, keeping track of transaction receipts and purchase authorizations, and accounting for and processing transactions for submittal to the Finance and Budget Department.

iii. Approving Official Responsibilities -

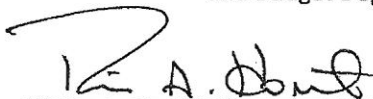
- 1) Each Approving Official is responsible for final transaction approval confirming that:
 - a) The purchases are appropriate;
 - b) The purchases are consistent with this policy and with the City of Rocklin Municipal Code (Ord. 912 § 1 (part), 2006); and
 - c) The purchases are being charged to the correct fund/division/object codes (and project codes-where applicable).
- 2) If the Approving Official finds that another approval is required for a transaction, he/she is responsible for forwarding the transaction to the appropriate Approving Official.

iv. Billing Official Responsibilities -

- 1) The Billing Official or designee(s) is responsible for receiving and reconciling Cardholder statements and ensuring prompt payment (subject to deadlines as designated by the issuing bank and the Finance and Budget Department).

v. Program Administrator Responsibilities -

- 1) The Program Administrator or designee(s) is responsible for providing general program management including:
 - a) Account set-up, maintenance, and cancellation;
 - b) Development and delivery of program training and materials;
 - c) Development and delivery of internal policy and procedures;
 - d) Serving as primary contact for Cardholders and Billing Officials and liaison between Cardholders, Billing Officials and the issuing bank;
 - e) Auditing receipt retention and program compliance;
 - f) Notifying the Cardholder's manager of non-compliance issues and assisting with compliance enforcement; and
- 2) The Program Administrator is responsible for analyzing and monitoring the issuing bank reports on statements, payment performance and delinquencies and reporting this information to the Finance and Budget Department and City Manager.



Ricky A. Horst, City Manager

April 9, 2012
Date

EXHIBIT 1

City of Rocklin Purchase Cardholder Agreement

Employee _____ Department _____

The above named employee (Cardholder) of the City of Rocklin has been issued a City purchase card or is the Designated Card Custodian for the general department purchase card(s). The Cardholder has been provided with a copy of the City's purchase card use policy and procedures, and hereby agrees to comply with all terms and conditions set forth therein, including but not limited to:

1. **Use of Purchase cards.** City-issued purchase cards are for official City use only. Any use not in compliance with the established policy is considered an inappropriate use.
2. **Timely, Accurate and Supported Payments.** The monthly statement shall be reconciled on a timely basis (as defined by the policy/procedures). Adequate supporting documentation (receipts, on-line order confirmation payment forms, written documentation of confirmation of phone orders – faxed confirmation forms) shall be retained for each card transaction and attached to the Cardholder statement.
3. **Disputed Charges.** The Cardholder shall contact the merchant first, then the card issuing bank and the City of Rocklin Program Administrator immediately of any disputed charges.
4. **Lost or Stolen Cards.** The Cardholder shall immediately notify the card issuing bank first (phone #1-800-344-5696) then the City of Rocklin Program Administrator of a lost or stolen card.
5. **Fraudulent Charges.** The Cardholder shall immediately notify the card issuing bank first (phone #1-800-344-5696) then the City of Rocklin Program Administrator of any suspected fraudulent charges.
6. **Surrender Upon Request or Separation.** The City of Rocklin reserves the right in its sole discretion to refuse to issue to and/or withdraw authorization to use a City-issued purchase card from any Cardholder. The Cardholder shall immediately surrender the card upon retirement, termination or upon request of the Department Head. Use of the purchase card for any purpose after its surrender is prohibited.
7. **Credit Card Limit.** The credit limit of this card is \$ _____.
8. **Other Restrictions.**

9. **Disciplinary Action.** Violation of any portion of this agreement constitutes grounds for disciplinary action up to and including termination.

Cardholder/Designated Card Custodian Signature

Date

RETURN OF CITY CREDIT/PURCHASE CARD

I HEREBY SURRENDER the purchase card issued to me by the City of Rocklin. I declare that all outstanding charges on the purchase card are for official City business and will be paid through established procedures.

Cardholder Signature

Date

Department Head

Date