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RESOLUTION NO. 2013-R028

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CULVER CITY, CALIFORNIA, ADOPTING COUNCIL POLICY STATEMENT NO. 4209 AS AMENDED TO MODIFY THE PROCEDURES RELATING TO PURCHASING CARDS AND RESCINDING RESOLUTION NO. 2007-R071.

WHEREAS, at the City Council meeting of December 9, 1996, the City Council, by Resolution No. 96-R121, approved and adopted Council Policy Statement No. 4209 relating to Purchasing Cards; and

WHEREAS, at the City Council meetings of March 25, 2002, November 7, 2005 and December 10, 2007, the City Council, by Resolution Nos. 2002-R028, 2005-R073 and 2007-R071, respectively, approved and adopted amendments to Council Policy Statement No. 4209 relating to Purchasing Cards; and

WHEREAS, the City Council desires to modify the procedures related to Purchasing Cards as set forth in Council Policy Statement No. 4209.

NOW, THEREFORE, the City Council of the City of Culver City, California, DOES HEREBY RESOLVE, as follows:

SECTION 1. The City Council hereby amends City Council Policy Statement No. 4209, modifying the procedures related to Purchasing Cards, which amended policy is attached hereto as Exhibit "A" and incorporated herein by reference.

SECTION 2. Resolution No. 2007-R071 is hereby rescinded.

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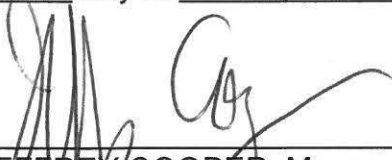
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SECTION 3. The effective date of the amended Council Policy Statement

No. 4209 is the date of adoption of this Resolution.

APPROVED and ADOPTED this 13th day of May, 2013.




JEFFREY COOPER, Mayor
City of Culver City, California

ATTEST:

APPROVED AS TO FORM:



MARTIN COLE
City Clerk



CAROL A. SCHWAB
City Attorney

A13-00240

**CITY OF CULVER CITY
COUNCIL POLICY STATEMENT**

General Subject: **Purchasing and Procurement**

Policy Number **4209**

Specific Subject: **Purchasing Cards**

Date Issued: 05/13/2013

Effective Date: 05/13/2013

Resolution No.: 2013-R028

PURPOSE:

To provide general guidelines and procedures for the issuance and use of a City Purchasing Card.

POLICY:

The City of Culver City has established a Purchasing Card (PCard) program intended to reduce total transaction costs by streamlining business processes **for certain types of purchases**, and thereby increasing operational efficiency.

A clear and well-defined PCard Policy facilitates the effective management of the PCard program, which provides the following benefits:

- **Faster delivery of certain low value items resulting in fewer warrant requests, Purchase Orders and usage of petty cash.**
- Oversight of purchases by Department Heads and Division Managers.
- Built in controls (e.g. the ability to control specific categories of purchases using Merchant Category Codes), as well as single transaction and monthly credit limits per Card.
- Purchasing staff can analyze monthly reports to identify repetitive purchases for possible consolidation into volume pricing agreements and/or contracts.
- Reduces the number of warrants and Purchase Orders that are generated, thereby reducing staff time and lowers transactional expenses.

BACKGROUND:

To promote operational efficiency, the Purchasing Division of the Finance Department oversees the City's PCard program. The City participates in the CAL-Card program offered through a Master Services Agreement between the state Department of General Services and US Bank.

A number of unique controls have been developed for the CAL-Card program that do not typically exist for traditional credit cards. These controls ensure that the card can be used only for specific purchases and within specific dollar limits. In addition, verification of all purchases is required by each cardholder, with approval performed by the appropriate Department Head or their designee (herein referred to as an Approving Official) before the statement is submitted to Accounting for review and posting to the General Ledger. **The cardholder is responsible for all use of the card and for compliance with this policy.**

DEFINITIONS:

AccessOnline – Online access to the City’s Purchasing Card program. Program Administrators can change limits, run reports, manage card restrictions and issue new cards. Each user gets a unique username and password to access their p-card activity to review purchases and assign account codes.

Approving Official – The Approving Official is the Department Head or designee. The Approving Official is a critical checkpoint for internal control purposes. The Approving Official reviews the monthly Activity Statements and all purchases to verify they are necessary and for official City purposes only.

Activity Statement – Monthly statement of transactions that identifies the transaction date, merchant name and location, transaction total, Org/Object code to charge the transaction to, and the business purpose for the transaction. Activity Statements are completed online through AccessOnline, printed, signed by the appropriate officials, and submitted to Accounting for review and posting to the General Ledger.

CAL-Card – State-wide purchasing card program offered through a Master Services Agreement between the state Department of General Services and US Bank. Participation in this program offers controls unique to government agencies, such as the ability to place restrictions on purchases based on Merchant Category Codes.

Cardholder – The City employee whose name is on the Purchasing Card. The cardholder is authorized to make purchases of commodities in accordance with this policy on behalf of their department. The cardholder should be familiar with city procurement policies and procedures. The cardholder reconciles his/her monthly Activity Statement and forwards it along with all receipts to the Approving Official.

Purchasing Card - A City issued and controlled credit card administered by the City’s Purchasing Division.

Purchasing Card Bank - The bank that issues the purchasing card. The current Purchasing Card Bank is US Bank.

Purchasing Card Coordinator – A staff member assigned by each Department Head who is responsible for assuring that all approvals, documentation/ receipts and statements are consolidated and forwarded to Accounting by the due date each month.

Statement of Activity – See Activity Statement.

PROCEDURES:

Initial Request for a PCard

Requests for staff to participate in the PCard program shall be submitted by the Department Head to the City Manager or designee, by completing an *Initial Application for CAL-Card Purchasing Card* form (see Attachment 2). When completing the *Application*, the applicant will be classified as either an Executive User or a Departmental User. Executive Users will be limited to those positions classified as Executive Management and may include other users as approved by the City Manager. Executive Users will have the following limits:

Executive Users (City Manager and Department Heads)

- Single Purchase Limit: Not to exceed \$5,000
- 30-day Limit: Not to exceed \$20,000

All other Cardholders will be considered Departmental Users with the following limits:

Departmental Users (City Staff other than City Manager and Department Heads)

- Single Purchase Limit: Not to exceed \$500
- 30-day Limit: Not to exceed \$15,000

Both the Department Head and the City Manager or designee, must sign the *Application*. The approved *Application* will then be sent to the Purchasing Division Manager who will submit the request to the Bank. The Cardholder will receive a unique PCard with their name and the City seal embossed on it.

Issuance of a PCard

Once PCard will be received by the Purchasing Division Manager, it will be forwarded on to the appropriate Purchasing Card Coordinator (Coordinator). The Coordinator is responsible for ensuring that the Cardholder receives their PCard and the related materials. It is mandatory that Cardholders read this Policy and sign a *City Purchasing Card Agreement* (See Attachment 3) prior to using the card. The original signed *Agreement* shall be returned to the Purchasing Division Manager for final approval. The original *Agreement* will be placed in the employee's personnel file and the Purchasing Division will retain a copy. It is recommended that the employee and/or department also keep a copy of the *Agreement* for his/her records.

Activating and Using the PCard

Before using the card, the Cardholder must activate the new card by following the instructions on the front of the card. The Cardholder should also register on AccessOnline so they can start using the functionality available through online access to their PCard account. Instructions for registering on AccessOnline are included as Attachment 4 to this Policy.

The PCard is intended for low value purchases (generally under \$500.00 for the total order including sales tax and shipping) that meet the requirements for approved purchases per the *Allowable and Non-Allowable Chart* (see Attachment 1). The PCard may also be used as a business expense/travel card for staff members who have a business need for travel (generally management staff).

The card has been designed to avoid confusing it with personal credit cards and must not be used for personal purchases. The named cardholder is the only person allowed to use the card.

The following conditions must be met when using the PCard:

1. Cardholders must ensure that there are sufficient funds in their budget prior to making any purchases.
2. Each single purchase may be comprised of multiple items, but the total, including tax and shipping, cannot exceed the single purchase dollar limit on the PCard; or exceed the cumulative maximum expenditure limit for the month. If either of these limits is exceeded, the transaction will be declined at the time of attempted purchase by the Bank.
3. Purchases must not be split to circumvent single purchase limit restrictions. Doing so may result in disciplinary action and/or loss of card use.
4. Cardholders must obtain a detailed, itemized receipt for all purchases, including sales tax where applicable. For all purchases, the itemized detail receipt is required, rather than the receipt showing only the total.
5. Sales tax must be paid for all taxable purchases. In the event that the receipt shows that tax was not charged, then the Cardholder should flag the line item on the Monthly Activity Statement, so the Accounting Division can charge your budget for the appropriate use tax and remit the use tax to the state, as required by law.
6. In addition to these general procedures, Cardholders must follow their respective department's procedures when making a purchase. Neither the Purchasing Division nor the Accounting Division will be responsible for monitoring compliance with individual department procedures.

When placing a telephone, fax or mail order, the Cardholder shall:

- Provide the merchant with the name, card number and expiration date.
- Instruct the merchant where to deliver the item, if applicable.
- Request that a packing slip or receipt be sent with each order that includes the Cardholder name, line item price(s), tax and shipping costs, if applicable.
- Include receipt document with the Activity Statement for reconciliation purposes.

When making a purchase in person, the Cardholder shall keep a copy of the sales receipt to submit with the Activity Statement. Before signing the sales receipt, verify that the dollar amount is correct and that sales tax has been included. If a sales receipt only shows a total amount without a specified sales tax, the employee will be required to tag the item because the City is legally required to pay sales and use tax. If sales tax is NOT paid as a part of the invoice, the Accounting Division will be required to remit the sales and use tax payment to the State Board of Equalization. This amount will be charged against your budget.

Cardholders must comply with this policy when using the PCard, as well as City's General Purchasing Policy (Administrative Policy 2011-AP001). The Purchasing Card is NOT to be used to circumvent the City's Purchasing Policy. The Purchasing Division Manager should be contacted with any questions concerning purchasing-related policies and procedures. Budget or Accounting questions should be forwarded to those respective areas.

Card Restrictions

The PCard shall NOT be used for the following (See Attachment 1 for additional details):

- A purchase, including tax and shipping, which exceeds that Cardholder's single purchase limit or monthly limit;
- The purchase of items available in the City's Central Stores Warehouse;
- The purchase of items that have been identified as requiring special approval (e.g. educational reimbursement expenses);
- Computer hardware (including tablets), software, and accessories , unless prior authorization has been received from the CIO and Purchasing Division Manager;
- Purchase of personal items;
- Purchase of services;
- Chemicals or other hazardous materials;
- Purchase of items for resale;
- On-line auction purchases (e.g., eBay, etc.);
- Cash advances through bank tellers or teller machines;

- Any product or service normally considered as an inappropriate use of City funds;
- Cash or Gift Cards; and
- **Categories of certain goods and services as provided in Attachment 1, "Allowable and Non –Allowable Chart".**

Emergency Purchases:

In the event of an emergency where a purchase needs to be made that is **either restricted or beyond the dollar limit set by this policy**, the card holder must obtain approval from the City Manager or designee/or Department Head prior to making the purchase. The City Manager or designee/or Department Head will send a request to allow **the purchase** or temporarily increase the dollar limit for a particular card holder to the **Purchasing Division Manager**.

Requesting a Temporary Credit Limit Increase

A temporary credit increase may be granted by submitting a request via email to the Purchasing Division Manager. A temporary increase for a one-time purchase may be granted for any "Allowable" purchase. The Purchasing Division Manager reserves the right to reject a temporary credit increase request and require the submittal of a requisition when it is in the best interest of the City.

Submittal of Activity Statements

At the close of each billing cycle (typically the 25th of each month, unless the 25th falls on a weekend), each cardholder or designated Purchasing Card Coordinator will log on to AccessOnline to complete their Activity Statement and submit it to their Approving Official for review and approval (See Attachment 5 for more detail). If the Cardholder has purchased an item on or close to the date the billing cycle closes, the purchase may not be listed until the following billing cycle. The Cardholder must keep their receipt(s) until the close of the next billing cycle and submit the receipt with the Activity Statement that includes the charge.

The Statement will itemize each transaction that was charged to the Cardholder's PCard account. Upon logging in to AccessOnline, the Cardholder is to follow the *Purchasing Card: Online Account Management Procedures* included as Attachment 5.

If the Cardholder has returned an item to the merchant, the Cardholder is to include the credit voucher or credit receipt with the Activity Statement on which the credit appears.

If the Cardholder does not have a receipt or packing slip for a purchase, they are to make reasonable efforts to obtain a duplicate copy from the vendor. If this is not possible, the cardholder must submit a signed memo directed to the Accounting Division, with a CC to the Purchasing Division Manager, identifying the purchase date, merchant name and location, amount charged, and the business use for the item

purchased. The memo shall also explain why the receipt is not available with the signature of Cardholder indicating that Cardholder attests that the memo is a true statement and a signature by the Department Head or designee indicating approval of the purchase.

If the Cardholder will not be available to sign the Activity Statement because of leave or travel, the Cardholder is to forward, in advance of due date, all signed and approved charge receipts and credit vouchers to the appropriate Department Head or designee. The Department Head or designee will approve, sign and forward the Activity Statement to the Accounting Division. If the cardholder is absent, the department is responsible for forwarding the approved monthly statement to the Accounting Division. Any discrepancies would be handled in the department when the employee returns, not later than the next Purchasing Card billing cycle.

Disputed Transactions

It is the Cardholder's responsibility to try to resolve disputed items with the merchant. The Cardholder must also notify the Bank, the Purchasing Manager and the Accounting Division when an item is in dispute. To dispute a charge, the cardholder or Purchasing Card Coordinator must log on to AccessOnline, locate the charge in question through the Transaction Management module, select the checkbox to the left of the charge and click "Dispute." This will start the process with the bank. The cardholder will most likely be required to complete a set of forms with the bank. These forms shall be filled out and returned as soon as possible.

If the Cardholder has questions regarding the procedure for disputing a transaction through AccessOnline, the Purchasing Manager should be contacted for assistance.

Cancellation of PCard

Should the Cardholder terminate employment with the City, the Cardholder must submit a completed Activity Statement and Purchasing Card to the appropriate Department Head or designee. The Department Head or designee will be responsible for forwarding the PCard to the Purchasing Division Manager for card cancellation.

The Human Resources Department will maintain a checklist for all items that need to be returned to the City and a supervisor shall collect all these items prior to the employee leaving the department or the City.

If the employee fails to turn in the PCard and receipts, the final paycheck may be held until the issue is resolved to the City's satisfaction.

Lost or Stolen Cards

If the card is lost or stolen, or if there are fraudulent charges, the Cardholder is responsible for immediately notifying the Purchasing Card Bank, his/her Department

Head or designee and the Purchasing Division Manager. If appropriate, the Police Department should be notified, depending on the situation (e.g. robbery, burglary, etc.).

The Cardholder is to provide the following information to the appropriate Department Head or designee and Purchasing Division Manager: complete name, card number, date reported to the bank, if (and when) the police were notified, and any purchases made on the day the card was lost or stolen. A new card will be issued by the Bank within fifteen (15) business days from the time the card was reported lost or stolen. A new account number will be assigned to the Cardholder's new card.

The Cardholder is responsible for any fraudulent and unresolved charges.

Changes to Cardholder Information

Changes to a Cardholder's name should be immediately reported by memo to the Purchasing Division Manager through the Department Head or designee. The Cardholder will turn in his/her obsolete card once a revised card is received and all required paperwork for the new card is signed, including Cardholder Purchasing Card Agreement.

If a Cardholder transfers to another department within the City, the Cardholder must immediately return his/her card to the Purchasing Manager for cancellation. In the event that the new department requires the employee to be issued a Purchasing Card, the procedure for obtaining a new card must be followed.

General Responsibilities

Department:

In addition to the responsibilities already assigned by this Policy, Department Heads, with the concurrence of the City Manager, are responsible for the number of PCard users in each department. The Purchasing Division will maintain a list of authorized PCard users.

Each Department Head may assign one or more **Purchasing Card Coordinator(s)** to be responsible for assisting the Department Head by assuring that all statements, approvals and receipts are submitted to Accounting by the due date each month.

Purchasing:

In addition to the responsibilities already assigned by this Policy, PCard procedures shall be updated as needed by the Purchasing Division and the most recent procedures will be forwarded to the respective users along with training, as appropriate.

Accounting:

In addition to the responsibilities already assigned by this Policy, the Accounting Division is responsible for:

- Reviewing supporting documentation and requesting additional documentation, if needed, to demonstrate compliance with the PCard Guidelines.
- Notifying the appropriate Department Head and Purchasing Manager of possible violations of P-Card Guidelines as soon as is reasonably practicable (including but not limited to late submittals, missing or insufficient backup and documentation, any detected misuse of P-Card etc.).
- Making sure account numbers for each transaction on cardholder's statement are completed and recorded in the City's General Ledger in a timely manner.
- Working with P-Card users and Purchasing Manager to maintain a list of disputed items and ensuring that the City is appropriately credited upon resolution.
- Reviewing submittals and guidelines to ensure that proper treatment for sales and use tax is applied and all required reporting is met.
- Identifying, correcting, resolving and reporting issues pertaining to P-Card.

ATTACHMENTS:

Attachment 1 – Allowable and Non-Allowable Purchases Chart

Attachment 2 – Initial Application for CALCard Purchasing Card

Attachment 3 – Cardholder Purchasing Card Agreement

Attachment 4 – AccessOnline Registration Letter

Attachment 5 – Purchasing Card: Online Account Management Procedures

ATTACHMENT 1

**CITY OF CULVER CITY
ALLOWABLE AND NON-ALLOWABLE PURCHASES CHART**

PURCHASE TYPE	DESCRIPTION	
BUSINESS MEALS	<p>Only City Council, City Manager, Assistant City Manager and Department Heads are authorized to use credit cards to purchase meals for official business meetings. All other staff may use credit cards for meals when on approved authorized travel. Also, complete and submit the Transaction Log (Attachment 5), indicating the names and affiliations for all members of the party whose meals are paid for using the Purchasing Card, and then state the business purpose for the expense. You must include an itemized receipt showing food and beverage items purchased, rather than the receipt showing only the total. Alcohol and personal entertainment are not authorized to be charged to a city credit card.</p>	ALLOWABLE *
BUSINESS TRAVEL	<p>The Purchasing Card may be used for all travel related purchases including airline tickets, hotel accommodations, car rentals, business meals, etc. if it complies with this P-card Policy and the Travel Section of the City's General Purchasing Procedures and Policies.</p> <p>EXCEPTION: The employee should use his or her own credit card for any personal expenses, such as personal phone calls, video rentals, etc.</p>	ALLOWABLE *
GENERAL SUPPLIES	<p>General departmental supplies, including office supplies, fax/computer supplies, first aid supplies, and miscellaneous departmental expenses.</p>	ALLOWABLE
INTERNET PURCHASES	<p>Use secure sites only. Do not send card number via email except internally. (No on-line auction purchases allowed such as eBay.)</p>	ALLOWABLE
MAINTENANCE/REPAIRS SUPPLIES	<p>Maintenance and repair supplies, including maintenance tools and equipment. However, a record of all purchases will be kept in the cardholders Departmental personnel file.</p>	ALLOWABLE

PURCHASE TYPE	DESCRIPTION	
SEMINARS, ETC. (USING DEPT. BUDGET)	Seminars, training, books etc. that have been budgeted for within the department, and that are <u>NOT funded through the City's Education Reimbursement/Professional Development Program.</u>	ALLOWABLE
CAPITAL EXPENDITURES		NON-ALLOWABLE
CHEMICALS and HAZARDOUS MATERIALS	Any chemical purchase that required the City to keep on file a Material Safety Data Sheet (MSDS) should not be purchased with the Purchase Card.	NON-ALLOWABLE
CLUB DUES AND CONTRIBUTIONS		NON-ALLOWABLE
COMPUTER	Hardware, peripherals, software, services and rentals except Information Technology designated personnel.	NON-ALLOWABLE
CONSULTANT FEES		NON-ALLOWABLE
CONTRACT SERVICES	Any service contracts that require insurance and/or bonds (includes all Personal /Professional Contract Services).	NON-ALLOWABLE
EDUCATION REIMBURSEMENT AND PROFESSIONAL DEVELOPMENT	The Purchasing Card may NOT be used to purchase goods or services when Education Reimbursement/Professional Development Program funds will be charged. A special form requiring your supervisor's and the department director's written approval is required. The approved form is submitted to Human Resources for processing.	NON-ALLOWABLE
ON-LINE AUCTIONS	On-Line auction purchases are not allowed (such as eBay).	NON-ALLOWABLE
LEASES		NON-ALLOWABLE

PURCHASE TYPE	DESCRIPTION	
ON-SITE SERVICES	Any Professional Service, maintenance or repairs performed on City property.	NON-ALLOWABLE
UNIFORMS	Uniform rental and/or cleaning. Linen services.	NON-ALLOWABLE
UTILITIES	Telephone*, power, gas, water	NON-ALLOWABLE

*Allowable with Department Director approval