

**RESOLUTION NO. 2011-002**

**A RESOLUTION OF THE CITY OF BINGEN  
ADOPTING ADMINISTRATIVE POLICY AND PROCEDURE  
FOR PURCHASING CARDS**

WHEREAS, RCW 43.09.2855 authorizes local governments to use credit cards for official government purchases and acquisitions and requires the legislative body to adopt a system for (a) the distribution of credit cards; (b) the authorization and control of the use of credit card funds; (c) the credit limits available on the credit cards; (d) payment of the bills; and (e) any other rules necessary to implement or administer the system;

WHEREAS, the City of Bingen has determined there is a need for the use of credit cards; and

**THE CITY COUNCIL OF THE CITY OF BINGEN, WASHINGTON DO  
RESOLVE AS FOLLOWS:**

The City of Bingen adopts the Administrative Policy and Procedure – Purchasing Cards as attached, including “Agreement to Accept U.S. Bank One Card” and the “Purchasing Card Transaction Log” forms.

ADOPTED by the City Council of the City of Bingen, Washington, and APPROVED by its Mayor, at a regularly scheduled open public meeting thereof this 6<sup>th</sup> day of September, 2011.

  
\_\_\_\_\_  
Mayor

Attest:

  
\_\_\_\_\_  
City Clerk – Treasurer

Approved as to Form:

  
\_\_\_\_\_  
Attorney

# CITY OF BINGEN

## Administrative Policy and Procedure Purchasing Cards

### 1.0 General

- 1.1 This document sets for the City of Bingen's policy and procedure by which the City will conduct the Purchasing Card Program.
- 1.2 Any questions or comments shall be directed to the City Administrator.
- 1.3 This procedure is divided into the following sections:

- Section 1 – General
- Section 2 – Departments Affected
- Section 3 – Policy
- Section 4 – Responsibilities
- Section 5 – Procedures

### 2.0 Departments Affected

This policy shall apply to all City departments and council members.

### 3.0 Policy

- 3.1 It is the policy of the City of Bingen to allow employees (employees, volunteer firefighters, mayor and council members) when determined appropriate to use Purchasing Cards for specific procurements. Purchasing Cards are designed to provide a convenience and efficient method of procuring low value goods and services. City users will be able to make these small purchases simply and easily when a need arises. Purchasing cards will reduce costs associated with processing requisitions, purchase orders and accounts payable, while creating good business relations with suppliers by speeding up payments to them.
- 3.2 Employee Eligibility
  - 3.2.1 Purchasing Cards will be issued to authorized employees as determined appropriate. Employees may include permanent City employees, volunteer firefighters, mayor and council members). The department head is responsible for authorizing his/her employees to use a Purchasing Card. Temporary/seasonal employees are not eligible to participate in the program.
  - 3.2.2 The employee whose name appears on the card is the only individual who may use the card.

3.2.3 An authorized employee will be required to sign and abide by a cardholder agreement.

### 3.3 Purchasing Card Use – General

3.3.1 The maximum transaction amount allowed is \$1,500 and the maximum monthly card limit is \$5,000.

3.3.2 A department head may establish lower limits for department employees.

3.3.3 Use of the Purchasing Card does not relieve the cardholder from complying with City and departmental policies and procedures. The Purchasing Card is not intended to replace effective procurement planning which can result in quantity discounts, reduced number of trips, and more efficient use of City resources.

3.3.4 The cardholder will be responsible to report a lost or stolen card by phoning the contracting bank and advising the City Administrator. The City Administrator will confirm the loss in writing to the bank. Only the City Administrator may authorize a replacement card.

### 3.4 The following conditions must be met when using the Purchasing Card:

3.4.1 Each single purchase may be comprised of multiple items, but the total but not exceed the maximum established transaction limit.

3.4.2 When a purchase exceeds the maximum established transaction limit, the normal procedure of using purchase orders must be following. Purchases must not be split to circumvent the transaction limit.

3.4.3 The least expensive item that meets the needs of the City shall be sought.

3.4.4 Cardholders must follow administrative control of funds procedures to ensure that sufficient budgeted funds are available for the purchase.

3.4.5 The cardholder must obtain an itemized receipt from the vendor and submit the receipt along with their reconciled account statement to the City Administrator for payment (see Section 5 – Procedures).

### 3.5 Card Restrictions

3.5.1 The following list covers purchases for which the Purchasing Cards are specifically prohibited:

- a. Cash advances or cash refunds
- b. Personal use of any kind or any non-City purpose
- c. Capital expenditures
- d. Office furniture (unless approved by the City Administrator)

- e. Telecommunications equipment, software or services (unless approved by the City Administrator)
- f. Fuel
- g. Computer hardware, software or peripherals (unless approved by the City Administrator)
- h. Work considered to be a public work
- i. Goods or services on City contracts unless payment by credit card was specifically contracted

3.5.2 The following list covers merchant categories from which the entire City account is restricted:

- a. Airlines
- b. Auto rentals
- c. Casinos, gaming
- d. Dating services
- e. Drinking places
- f. Furriers
- g. Government services
- h. Liquor stores
- i. Massage parlors

3.5.3 A department head may specify further prohibitions or restrictions for department heads.

### 3.6 Misuse of the Purchasing Card

3.6.1 If for any reason disallowed charges are not repaid by the cardholder before the card billing is due and payable, the City shall retain a prior lien against and a right to withhold any and all funds payable to the employee up to an amount of the disallowed charges and interest at the same rate as charged by the purchasing card contractor. Consequences for misuse of the Purchasing Card can include:

- a. Permanent revocation of Purchasing Card privileges
- b. Assignment of wages for repayment of discrepancies
- c. Notification to the Mayor to investigate the matter further
- d. Disciplinary action, up to and including discharge

### 3.7 Card Cancellation

3.7.1 A Purchasing Card may be canceled for any of the following reasons:

- a. The card is lost or stolen
- b. The employee transfers to another department
- c. The employee retires, resigns, or is otherwise terminated from City employment

- d. The authorizing department head requests cancellation for any reason
- e. The Mayor approves cancellation by recommendation of the City Administrator for cardholder misuse or abuse of card privileges.

#### **4.0 Responsibilities**

- 4.1 The department head is responsible for ensuring compliance of this policy within his/her department.
- 4.2 The City Administrator, in cooperation with the Mayor, is responsible for administering this policy.

#### **5.0 Procedures**

##### **5.1 General Information**

- 5.1.1 The unique Purchasing Card issued to a cardholder has their name and “City of Bingen” embossed on it. No other employees of the City, family members or anyone else may use the card. The Purchasing Card must not be used for personal purchases.
- 5.1.2 Purchasing Card limits (single purchase and monthly purchase limits) will be established by the Mayor in consultation with the City Administrator.
- 5.1.3 When a Purchasing Card is issued to a cardholder it has already been activated. The card must be signed in the presence of the City Administrator, exactly as purchase receipts will be signed.
- 5.1.4 Purchasing cards may be used at any merchant that accepts credit cards for payment (see Section 3.5 for card restrictions).

##### **5.2 Making a Purchase in Person**

- 5.2.1 Obtain an itemized receipt for each purchase. A vendor may provide a single receipt that includes the credit card transaction information as well as the itemized list of merchandise purchased. Some vendors may give two receipts – one for the credit card transaction and one for the merchandise. Retain all documents and submit them to City Hall with the reconciled transaction log. Receipts must give a description of each item purchased.
- 5.2.2 Merchants will require the sales draft to be signed. Verify that the dollar amount is correct and that sales tax has been added. All city purchases are taxable. However, Oregon or other out-of-state merchants may not add tax when purchasing with a Purchase Card. Verify that the merchant business name is on the receipt.

- 5.2.3 Make sure the merchant returns the card.
- 5.2.4 Safeguard the Purchasing Card. Do not allow anyone else to use the card. Keep the card in a safe place.
- 5.2.5 Retain all receipts for completing the transaction log.
- 5.2.6 If someone other than the cardholder is sent to pick up an item, that individual must sign the charge slip as follows: "Received by (name)".

### 5.3 Making a Telephone, Mail, Internet or Fax Order

- 5.3.1 When placing a telephone, mail, internet or fax order, provide your name, credit card number, expiration date on the card, and an address (City of Bingen, PO Box 607, Bingen WA 98605). Order forms that allow credit card payment will require a signature.
- 5.3.2 When the order arrives, retain the receipt document(s) and submit to City Hall with your transaction log. If receipt is provided by e-mail, print a copy of the receipt and submit to City Hall with your transaction log.
- 5.3.3 For subscription payments, attach the original subscription form or renewal form to the receipt.
- 5.3.4 Internet orders shall only be placed with reputable merchants who provide a secure ordering site. A secure site will show a padlock icon on your computer screen (sometimes lower right corner but usually at the top of the screen).

### 5.4 Procedures After Purchase

- 5.4.1 The cardholder is required to record each purchase in a Transaction Log to be provided by City Hall. The Transaction Log will include the following information:
  - Cardholder's name, department name and phone number
  - Month and year of the billing cycle being recorded
  - Date of transaction
  - Merchant name
  - Complete item(s) description: be specific. A description of "Misc. Parts" is not acceptable.
  - Total amount charges for each transaction
  - Total charges for the billing cycle
  - Budget code for each transaction, i.e. street, water, fire, park, etc.
- 5.4.2 The billing cycle will run from the \_\_\_ of the month through the \_\_\_ of the following month. At the close of each billing cycle, the Bank will mail

a statement to each cardholder. The statement will show all transactions posted to the cardholder's account during the billing cycle. Upon receipt of the statement, cardholder's will be required to complete the following actions:

- a. Review the statement for accuracy. Compare each transaction to the transaction log.
- b. Attach all receipts to the Transaction Log (only those receipts show on the statement).
- c. Total the month's charges on the Transaction Log. The total should match the total on the statement.
- d. Sign the Transaction Log, obtain Supervisor's approval signature, and return to City Hall by the \_\_\_ of the month.
- e. If an item has been returned, attach the credit slip to the Transaction Log for the month in which the credit appears on the statement. It is the cardholder's responsibility to see that returns are properly credited. A return of goods purchased using a Purchased Card must always result in a credit issued towards the Purchasing Card account. If a merchant refuse to issue a credit, treat the situation as a dispute and following the instructions in Section 5.5 - Dispute Resolution Process.
- f. If a cardholder is not available to sign the Transaction Log due to leave or travel, forward the Transaction Log, sales receipts, credits, etc. to the supervisor prior to leave or travel so the log can be completed and returned to City Hall on time.

## 5.5 Dispute Resolution Process

- 5.5.1 If a charge shown on the cardholder's statement is incorrect, or the cardholder does not recognize a transaction, call the Bank's Customer Service Department at **800-344-5696** to help identify the transaction or to place the item in dispute.
- 5.5.2 The bank will then send the cardholder a letter, requesting information. The cardholder must return the required written information to the bank within 60 days of the date of the first statement on which the disputed charge occurred. Keep a copy of the letter to attach to the Transaction Log and a copy should be kept by the cardholder.
- 5.5.3 The bank will research the charge and make necessary adjustments to the account. The disputed item will be noted on the following month's statement for reconciliation purposes. The disputed item will be reflected in the outstanding balance but will not be part of the total amount due.

5.5.4 When a disputed item has been resolved, a line item credit will be added to the statement and reflected a note regarding the status of the credit. The outstanding balance will be adjusted by the credit amount to reflect the final settlement of the disputed item.

5.6 Lost or Stolen Card

5.6.1 Cardholder's shall immediately notify City Hall at 493-2122, their Supervisor and the bank if a Purchasing Card is stolen or lost. The police should be notified depending upon the situation, i.e. robbery, burglary, etc. The following telephone number may be used to notify the bank:

**24 HOURS, 7 DAYS A WEEK: 1-800-344-5696**

5.6.2 Cardholder's shall provide the following information to their Supervisor and to City Hall:

- Cardholder's name
- Cardholder's card number
- Date incident was reported to the police (if applicable)
- Date reported to bank
- Any purchased made on the day the card was discovered lost or stolen

The cardholder's missing card will be canceled and a new card issued by City Hall.

It is important the Cardholder's notify the Bank, their Supervisor, and City Hall of the loss or theft of a card immediately.

Adopted by the City of Bingen City Council on the 6<sup>th</sup> day of September, 2011.





**CITY OF BINGEN  
AGREEMENT TO ACCEPT  
U.S. BANK ONE CARD**

The U.S. Bank One Card represents the City of Bingen's trust in you. You are empowered as a responsible agent to safeguard City assets. Your signature below is verification that you have read the City of Bingen's Purchasing Card Policy and Procedures and agree to comply with it as well as the following responsibilities. It also acknowledges that you have received the One Card #XXXX-XXXX-XXXX-XXXX.

1. I understand the card is for City-approved purchases only and I agree not to charge personal purchases.
2. Improper use of this card can be considered misappropriation of City funds. This may result in disciplinary action up to and including termination of employment.
3. If the card is lost or stolen, I will immediately notify U.S. Bank by telephone. I will confirm the telephone call by mail or facsimile with a copy of the notification to the City Administrator.
4. I agree to surrender the card immediately upon termination of employment, whether for retirement, voluntary or involuntary reasons.
5. The card is issued in my name. I will not allow any other person to use the card. I am considered responsible for any and all charges against the card.
6. All charges will be billed directly to and paid directly by the City of Bingen. The bank cannot accept any monies from me directly; therefore any personal charges billed to the City of Bingen could be considered misappropriation of City funds.
7. As the card is City of Bingen property, I understand that I may be periodically required to comply with internal control procedures designed to protect City assets. This may include being asked to produce the card to validate its existence and account number. I may also be asked to produce receipts and statements to audit its use.
8. I will receive a Monthly Reconciliation Statement (MRS), which will report all activity during the statement period. Since I am responsible for all charges (but not for payment) on the card, I will resolve any discrepancies by either contacting the supplier or the bank.
9. The charges made against my card are automatically assigned to the cost center assigned to the card as specified by management. This code cannot be changed without management involvement. When changed, the new accounting code will not affect any charges made prior to the change but will affect future charges.
10. I understand the One Card is not necessarily provided to all employees. Assignment is based on my need to purchase materials for the business and/or to provide for business travel. My card may be revoked based on change of assignment or location. I understand that the card is not an entitlement nor reflective of title or position.

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Employee Signature

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Approving Supervisor Signature

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Employee Printed Name

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Date

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Approving Supervisor Printed Name

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Date

