



## PROCUREMENT CARD POLICY

### **1.0 SUBJECT**

Certain employees of the City of Traverse City staff need a city-issued procurement card to purchase goods and services required to conduct the official business of Traverse City. Examples of purchase transactions that typically require a procurement card to complete are training registrations, hotel reservations, and goods from Internet-based merchants. A city-sponsored procurement card alleviates the need for an employee to utilize his/her personal credit line to conduct city business and provides clear tracking and control of all associated city business purchases.

### **2.0 PURPOSE**

Establish a policy to define, authorize and regulate the use of procurement cards. To establish procedures for utilizing a procurement card for appropriate expenditures in the conduct of official city business. To assign the responsibility to protection, custody and proper use of a procurement card.

### **3.0 AUTHORITY**

The City of Traverse City, City Commission

### **4.0 DEFINITIONS**

- 4.1 Procurement Card – A procurement card represents a line of credit issued to users as a system of payment. It allows the cardholder to pay for goods and services on a line of credit, based on the holder's promise to pay off that line of credit balance at a future date.
- 4.2 City business-related purchase – Any good or service that is procured to carry out the business of City of Traverse City. Typical examples include registrations related to professional conferences or training seminars, and purchases from Internet-based retailers that will not invoice and accept a check after purchase for payment.
- 4.3 “Employee” shall refer to the City Manager, City Attorney and all Department Heads, and employees authorized by department heads.

## **5.0 SCOPE OF PERMISSIBLE USE**

- 5.1 For the City's convenience, an approved employee of City of Traverse City, may use a procurement card for the purchase of goods and services for the official business of City of Traverse City. The approved employee to whom a procurement card is issued is responsible for its safe-keeping and appropriate usage, which is defined below.
- 5.2 Procurement cards may not be used for cash advances, personal goods and services, entertainment, alcohol, tobacco products, or travel not related to City business; and no cash refunds shall be allowed.
- 5.3 Cardholders are responsible and accountable for adherence to the established per purchase and monthly limits set for their card.

## **5.0 RESPONSIBILITY**

The City Manager is responsible for approving the issuance of the procurement cards for all departments. The City Treasurer is responsible for accounting all card activity; and the City Treasurer and City Clerk are responsible for monitoring, and overviewing of the card activity.

## **6.0 POLICY**

- 7.1 All Department Heads are eligible to receive a business procurements card with a spending limit of up to \$5,000 unless a higher limit has been approved in writing by the City Manager.
- 7.2 The cardholder must be an authorized employee of the City of Traverse City.
- 7.3 Department Heads are responsible for the safe-keeping, monitoring, accounting, and retrieval of all procurement cards issued to their department. Department Head shall immediately notify the Treasurer/Finance Director if a card is lost or stolen. The Treasurer/Finance Director will immediately report the missing card to the issuing procurement card company to cancel the card and take all additional steps as prudent to protect the financial interests of City of Traverse City.
- 7.4 The procurement card may only be used by a City of Traverse City Department Head, or an employee the department head has authorized within their department for the purchase of goods or services required to carry out the official business of City of Traverse City. The authorized employee is accountable to their Department Head for the appropriate use, safe-keeping, accounting and return of the issued card to the Department Head following its approved use.
- 7.5 To manage inherent risk associated with procurement card use, the City Manager shall regularly review the procurement cards in circulation and the necessity for each card. The City Manager may remove authorization for any Procurement card deemed unnecessary or duplicative. The City Manager shall weigh the business needs for the procurement card, frequency of use, and the availability of other procurement mechanisms.
- 7.6 Upon termination of employment with the City, the procurement card will be returned to the Treasurer/Finance Director for deactivation and destruction.

## **8.0 PROCEDURE**

- 8.1 The cardholder shall be responsible for notifying the vendor or merchant that the City is a tax-exempt entity for the goods or services purchased in the State of Michigan when possible. An approved letter from City of Traverse City should be provided if documentation for tax and audit purposes is required.
- 8.2 The cardholder shall be required to obtain a detailed receipt for over the counter purchases. When ordering over the phone, the cardholder shall request that a purchase receipt be emailed, faxed, or post mailed with the item purchased to the ordering cardholder's attention. When ordering via the internet, a printed copy of completed order form showing the order acknowledgment from the vendor, shall serve as the purchase receipt.
- 8.3 The cardholder must provide the vendor or merchant with the appropriate shipping information. All goods must be shipped to an official City of Traverse City business address.
- 8.4 The cardholder is responsible for contacting the vendor or merchant when merchandise purchased with the procurement card is not acceptable (incorrect, damaged, defective, etc.) and arranging a return credit or an exchange.
- 8.5 Should a charge not correlate with a purchase, or if there is any fraudulent activity on the card account, the cardholder shall be responsible for immediately reporting the issue to the Treasurer/Finance Director.
- 8.6 Procurement card purchases should be made in accordance with City of Traverse City Purchasing Policy.
- 8.7 When the card is used for travel and/or meals for city business, the employee must comply with the City of Traverse City Travel Policy.
- 8.8 All procurement activity will be available to view and monitor on the procurement card portal.
- 8.9 Within five business days of making the charge, the Department Head/card holder shall log in to the procurement card portal, upload the original receipts, detailing each good or service purchased, cost, date of purchase and account from which the purchase shall be paid. The purchase documentation must contain the name, address, and contact information of the business providing the goods or service. Any employee that has made a charge shall provide any additional substantiating information or documentation as required by the City Manager, the City Treasurer or the City Clerk.
- 8.9a Failure to meet the five (5) day deadline that causes payments to be untimely or that results in the accruing of late fees may result in a card holder's loss of procurement card privileges.
- 8.10 The City Treasurer and City Clerk shall review and approve all procurement card purchases before payment is posted.
- 8.11 The balance due on all procurement card statements shall be paid before the due date in order to avoid interest accrual or late fees. The City will not carry a balance on any procurement card and will pay each monthly statement in full in order to avoid interest.

- 8.12 In the event an employee accidentally makes a personal purchase with a City of Traverse City Procurement Card, he/she shall immediately report the mistake to the City Manager, provide receipt documentation, and reimburse the City as soon as possible for the full amount of the purchase.
- 8.13 **Unauthorized or Improper Use** Any employee who fails to comply with this policy or engages in an unauthorized or improper use of a City procurement card will be subject to disciplinary action up to and including termination.

#### **9.0 ACKNOWLEDGEMENT AND AUTHORIZATION FORM**

An employee to whom a card is assigned is responsible for the procurement card's protection, custody and proper usage, and for compliance with this policy. The employee shall sign an acknowledgment and authorization form (Exhibit A)

#### **10.0 REVISION HISTORY: None**

#### **11.0 CITY MANAGER AND CITY ATTORNEY REVIEW**

The City Manager has determined that this policy as submitted to the City Commission contains the necessary substance in order to carry out the purpose of the policy. The City Attorney has determined that this policy as submitted complies with all applicable laws, rules and regulations.

EXHIBIT A

CITY OF TRAVERSE CITY  
CITY ADMINISTRATION  
400 Boardman Ave, Traverse City, MI 49684  
231-922-4440

PROCUREMENT CARD POLICY ACKNOWLEDGEMENT & AUTHORIZATION

I, the undersigned City of Traverse City officer or employee, hereby do acknowledge that I have carefully read the City of Traverse City Procurement Card Policy, and that I agree to subscribe to, honor and abide by its terms and conditions. I am fully aware that violation of the Procurement Card Policy and its procedures shall result in discontinuance of procurement card purchasing privileges for the cardholder, and may also result in discipline, reimbursement to the City for unauthorized expenditures, including any interest charged on such purchases by the procurement card company.

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

Employee Signature: \_\_\_\_\_

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

City Manager Signature: \_\_\_\_\_

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