



**THE CITY OF SAN DIEGO**  
**OFFICE OF THE CITY COMPTROLLER**

**PROCUREMENT CARD PROGRAM**  
**POLICIES AND PROCEDURES**  
**MANUAL**



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**Introduction**

The City of San Diego's PROCUREMENT CARD PROGRAM is a streamlined, alternative method to make purchases using a VISA card (also known as the Procurement Card or P-Card). It simplifies the steps needed to acquire and pay for goods, offering quicker access to supplies and equipment. Because transactions are consolidated into a monthly invoice, staff time for payment processing is significantly reduced throughout the organization.

This manual describes the responsibilities of Program Administrators, Cardholders, Approvers and Departments; and enumerates the rules of the Procurement Card Program. The guidelines and procedures contained in this manual apply to all Cardholders and those who have direct or delegated responsibilities under the card program.

The City's PROCUREMENT CARD PROGRAM is administered through the Office of the City Comptroller. Under an agreement with US Bank, the State of California's Department of General Services provides the CAL-Card Program for California tax-funded agencies. Since 1996, the City of San Diego has an established MOU with the State's CAL-Card program.

The P-Card Policies and Procedures Manual, establishes minimum standards for the use of the City of San Diego Procurement Card. Each P-Card is issued to a single individual. Department Appointing Authorities will decide which employees should have P-Cards and be responsible for the proper use of all cards issued to his/her department. The Cardholders should be able to read and follow directions and perform departmental ordering on a frequent basis. The P-Card is not intended for employees that are not knowledgeable of procurement procedures or for Approvers that do not actually involve themselves in this type of transaction.

Established internal controls are necessary to ensure compliance with P-Card Policies and Procedures. Participation in this Program may be revoked if deemed misused.

This *PROCUREMENT CARD PROGRAM Policies and Procedures Manual* is updated as needed and posted on CityNet.

## P-Card Administrative Roles and Responsibilities

The Office of the City Comptroller administers the City's PROCUREMENT CARD (P-CARD) PROGRAM and serves as the contact for US Bank and the State of California CAL-Card Program.

P-Card Administrator responsibilities include:

- Continuously review the program to recommend and implement improvements.
- Ensure that cardholder single purchase limits and monthly purchase limits reflect actual spending rather than limits higher than actual needs.
- Maintain cardholder account lists
- Resolve questions and problems with cardholder accounts
- Provide ongoing training.
- Activate accounts for Cardholders and Approvers using the bank provided online system.
- Issuance and termination of cards.
- Review and approve P-Card transactions in SAP using the p-card Transaction & Use Tax Logs and bank statements.
- Monitor internal control reviews based on point system described in Chapter 5 which verifies compliance with program policies and procedures.
- Revoke or restrict p-card usage due to misuse.
- Provide reports to management.
- Update the *PROCUREMENT CARD PROGRAM Policies and Procedures Manual* as needed.

## Procurement Specialists

Procurement Specialists in Purchasing & Contracting Department are subject matter experts in guidelines and rules for making purchases. Procurement Specialists provide procurement support for Cardholders. Procurement Specialists are responsible for:

- Explaining procurement policies and procedures.
- Recommending effective procurement methods.
- Identifying vendors for various commodities.
- Providing information about existing contracts, including current pricing agreements.

## Participating Department/Division

Each department is responsible for proper use of the P-Card by their program participants. Sample *Departmental Instructions* are provided by P-Card Administrators to assist departments in establishing their program. Participating department responsibilities include:

- Manage the department/division's P-Card program.
- Assign personnel including Approvers, Cardholders, and Billing Officials.
- Define uses for card and designating corresponding limits.
- Maintain accurate records.
- Monitor budgets to ensure adequate funds for procurement card expenditures.
- Reconcile and approve monthly statements.
- Resolve transaction disputes.
- Process monthly payment in SAP timely.
- Identify cases of P-Card abuse and take corrective action.

The participating department/division is responsible for identifying a point of contact to serve as the primary liaison with P-Card Program Administrators to ensure success of the program. Frequently, this point of contact is a Billing Official, but any employee may be appointed by the department/division to perform the following duties:

- Maintain program records including lists of current Approvers and Cardholders.
- Conduct semi-annual inventory of cards.
- Disseminate P-Card information to appropriate personnel.
- Initiate submittal of *P-Card Participation Forms*.
- Maintain and distribute *Departmental Instructions*.

## **Cardholder**

The Cardholder is the individual to whom a card is issued. The card is embossed with the cardholder's name as well as the department/division they are representing. The p-card may only be used by the individual designated on the card. No other person is authorized to use the account. Authorized spending limits are available in Access Online (US Bank's website). These limits indicate how much can be purchased for goods and services within the Cardholder's designated authority, as requested by the department.

Cardholder responsibilities include:

- Make purchases within authorized spending limits and funds availability
- Maintain P-Card in a secure fashion and preventing unauthorized charges against the account;
- Obtain adequate documentation of all purchase transactions, including but not limited to receipts, packing lists, and invoices
- Reconcile all purchases in a timely manner every month after billing cycle runs
- Call the bank customer service number at 1-800-344-5696 immediately to report lost or stolen card
- Any billing discrepancies (i.e., disputes) must be posted within 60 days by disputing the transaction in Access Online and following the banks guidelines

- Obtain proper authorization prior to purchasing goods/services
- Complete *Procurement Card Participation Form* requesting termination upon leaving the department or City

## **Approver**

Approvers are responsible for oversight and monitoring of designated Cardholder's compliance with regulations and procedures. Each cardholder has an assigned approver to review cardholder transactions to ensure that P-Cards are being used only for their intended, official purposes and to ensure the validity of the transactions. Approver's responsibilities include:

- Attend mandatory training
- Ensure that cards issued under their authority are properly utilized for official City Business
- Ensure cardholder reconciles transactions in a timely manner every month
- Review cardholder's P-Card activity in a timely manner every month
- Ensure cardholder maintains adequate receipts/supporting documentation for each purchase.
- Ensure that cardholder complete a *Procurement Card Participation Form* to terminate card upon leaving the department or the City
- Notify the P-Card Administrator of questionable transactions or possible misuse of the purchase

## **Billing Official**

Billing Officials are responsible for managing the billing and payment processes of the P-Card Program. This person is usually the Department Invoice Administrator. Responsibilities of a billing official include:

- Attend mandatory training
- Reconcile Managing Account Statement (Master Invoice)
- Verify documentation provided by Cardholder for payment is complete
- Verify that charges have been approved
- Refer questionable spend to Program Administrator and Approver
- Process payment quickly to maximum Prompt Payment Rebate/incentive
- Monitor past due balances
- Beware of repetitive "Missing Receipt"
- Ensure payments have been posted
- Maintain accurate records (i.e. Keep copies of all documents pertaining to each purchase for 3 years)
- Work with P-Card Administrators to resolve payment issues
- Conduct a semi-annual internal inventory of P-Card accounts, ensuring all accounts are active and necessary

## **Office of Comptroller**

The Comptroller's Office is responsible for reviewing and posting the payment in SAP within 45 days of invoice date. The Comptroller's Office sends appropriate Use Tax to the State Board of Equalization as designated on the *Cardholder Transaction and Use Tax Log* and itemized in SAP.

## **US Bank**

US Bank issues all procurement cards to the P-Card Program Administrators for distribution. US Bank maintains Access<sup>®</sup> Online, a web-based application to review procurement card transaction information, generate reports, and provide access to authorized data.

US Bank issues a Statement of Account for the Cardholder. A statement is provided only if activity occurs during a billing cycle. The billing cycle begins on the 23<sup>rd</sup> of each month and ends on the 22<sup>nd</sup> of the following month. Statements are mailed by US Bank to Cardholders at the end of a billing cycle and are available on Access<sup>®</sup> Online for immediate retrieval.

### **Correct Procurement Method**

Cardholders are obligated to understand when it is permissible to use a p-card and when another method should be used. P-Card Program Administrators and Purchasing & Contracting Department Procurement Specialists are available to assist in this determination.

### **Rules for Procurement**

Rules for procurement methods are varied and complex. Procurement-related activities in the City of San Diego are governed by:

- City Charter
- Municipal Code
- Council Policy
- Administrative Regulations

A P-Card cannot be used if:

- Total cost exceeds \$5,000, per San Diego Municipal Code §22.3212(a)
- Total cost exceeds transaction limit set by department/division
- Multiples purchases of the same item are required to the extent a contract would be more cost-effective
- Commodity is prohibited for purchase with p-card (see Chapter 6).

### **Relevant Administrative Regulations**

The following Administrative Regulations contain rules relevant to understanding procurement methods and procedures when using of a p-card:

- A.R. 35.15, Citywide Blanket Purchase Order
- A.R. 90.30, Out-of-Town Travel Procedures
- A.R. 95.40, In-Town Reimbursable Expense
- A.R. 95.50, Procurement Cards (pending)
- A.R. 45.50, Prohibiting Private Use of City Labor, Equipment, Materials & Supplies
- A.R. 95.60, Conflict of Interest and Employee Conduct

## Definitions of Procurement Methods

Methods to procure items in the City of San Diego include:

<u>Procurement Method</u>	<u>Description</u>
Petty cash	Cash expenditure below \$200
Central Stores	Inventory maintained at Stores facilities
Itemized PO	Contract to pay vendor for specific product or services at set price; processed through SAP; also known as Standard PO.
Department PO	Contract between department and vendor for product or services at set price up to maximum expenditure amount; established through SAP to meet ongoing department needs
Pricing Agreement (PA)	Contract summary establishing set prices with vendor for commodity. Contact Procurement Specialist assigned to commodity as listed on CityNet/ Purchasing & Contracting/ Lists & Databases
Non-Contract	No Pricing Agreement or contract is in place with a vendor for the commodity. Option to pay via a one-time invoice payment (IP) with prior authorization from Purchasing & Contracting.

## Priority of Procurement Methods

The following list shows the order of priorities to use for method of procurement:

<u>Priority</u>	<u>Procurement Method</u>	<u>Procurement Action</u>	<u>Use Pcard?</u>
1)	Central Stores	Use <i>Stores Requisition</i> form.	No
2)	Itemized/Standard Department PO	Place order with vendor using established purchase order number.	No
3)	Pricing Agreement	Contact Procurement Specialist to see if a contract is in place with vendor for commodity.	No
4)	No Pricing Agreement	If no contract is in place, solicit quote(s) from vendor(s) as required by Administrative Regulations.	Yes

### Resource Requirements

Cardholder has internet access and permission to download monthly U.S. Bank statement.

Department Invoice Administrator – User mapped (assigned) to this role within a department will be designated with access to initiate an invoice payment via SAP.

### Request for Account Set-up

A *Procurement Card Participation Form* is used to set-up all initial accounts. The form is available in the Appendix at the end of the *Procurement Card Program Policies and Procedure Manual* and can also be found on the Office of the City Comptroller's CityNet site (navigate to through *Training*). Each form must be signed by the Appointing Authority and is then sent through City mail to the PROCUREMENT CARD PROGRAM, Mail Station 7A.

The *Procurement Card Participation Form* provides the P-Card Program Administrators with relevant contact information for each department/division participant and requested credit limits. This form is also required to provide data to US Bank. The Bank may take up to a week to establish an initial account.

### Department Agreement and Department Instructions

Each department/division head must sign a *Department Agreement* affirming that the policies and procedures of the PROCUREMENT CARD PROGRAM will be upheld. A copy of this completed form is retained in the PROCUREMENT CARD PROGRAM administration records.

Each Department/Division must implement *Departmental Instructions* establishing the specific internal procedures relevant to the PROCUREMENT CARD PROGRAM to be followed by employees. A sample copy of *Departmental Instructions* for P-Cards is available in the Appendix at the end of this Manual and can also be found on the Office of the City Comptroller's CityNet site (navigate to through *Training*). A copy of the *Departmental Instructions* is retained in the PROCUREMENT CARD PROGRAM administration records.

### Additions, Modifications and Deletions

- Submit a *Procurement Card Participation Form* to the P-Card Program Administrators in The Office of the City Comptroller. This request form is used to:
  - Add or delete a Cardholder
  - Add an Approver
  - Replace an Approver
  - Replace a Billing Official
  - Modify contact information for a Cardholder, Approver, or Billing Official
  - Modify transaction limits for an Approver or Cardholder

- The department/division Billing Official retains copies of all completed *Procurement Card Participation Forms* to use when conducting a semi-annual internal inventory of p-card accounts.

The maximum single transaction limit shall not exceed \$5,000 in accordance with San Diego Municipal Code §22.3212(a). Each department is responsible for setting the transaction limits commensurate with the individual Cardholder's responsibilities and purchasing activity. Setting procurement card limits higher than necessary increases the City's exposure to fraud, waste and abuse.

The monthly maximum limit is \$25,000. Limits over \$25,000 can be requested with justification, if a business need exists. The explanation of the business need is required on the form in the justification field and must be submitted to the Office of the City Comptroller for approval.

Annually, the P-Card Program Administrator will provide each Department/Division with a P-Card Utilization Report. The report will provide each Cardholder's name, card limits, and previous fiscal year transaction history by Department/Division. The purpose of this report is for departments to manage their P-Card purchase activity. For example, verifying that Cardholders are correct, ensuring that P-Card limits are appropriate relative to Cardholder activity, and canceling any inactive or unneeded cards. Departments/Divisions must respond to the P-Card Administrator within 30 days of receiving the report, verifying that all cards are needed and limits are set appropriately. Card cancellations and change requests are to be made on the Utilization Report or by using the *Procurement Card Participation Form*. Departments/divisions not responding to the P-Card Administrator will have cards temporarily suspended until verifications have been made.

The P-Card Program Administrator will analyze cardholder activity annually to determine that spending limits are consistent with usage. Where exceptions are noted, P-Card administration will work with the Departments/Divisions to set appropriate limits.

## Use of the P-Card

Departments/Divisions must ensure that all supplies and services acquired with the p-card are for official government purposes only. Cardholders are required to adhere to the rules and regulations of purchasing, the p-card program and their department. Regardless of competition requirements, it is expected that cardholders will exercise good stewardship of the City's resources and make no excessive or unnecessary purchases.

## Procurement Card Applicability

The P-Card may be used for in-store purchases, phone orders, mail/catalog and internet purchases. Cardholders must exercise discretion in selecting internet merchants that are reputable in order to minimize possibility of fraud. Prior to entering the p-card number onto an internet website, cardholders should ensure that the site is secure. To identify whether an internet website supports secure transmission, the URL identifying the current page will always begin with <https://> in lieu of the normal <http://>, and a secure symbol (solid key or closed yellow lock) will be displayed on your internet browser.

## Sources of Supply

Cardholders should not use the P-Card with vendors that have an existing and active contract with the City. They should contact Purchasing & Contracting if assistance is needed in determining whether there is a contract in place for the commodity they are trying to procure.

## Use as a Method of Payment

Cardholders are encouraged to utilize the P-Card for in-store purchases, phone orders, mail/catalog and internet purchases but are NOT to use the P-Card to pay invoices when there is an existing Purchase Order in place.

Departments must request a Purchase Order/Contract for repetitive purchases for similar items over a period of time with an aggregate cost exceeding \$5,000 from the same supplier in a single fiscal year.

## In-Store Purchase Procedure

To make an in-store purchase with a P-Card:

- 1) Vendor completes a sales document which includes:
  - Store name, phone, street address, and other relevant merchant information
  - Date of transaction
  - Itemized description of purchase
  - Total purchase amount, including tax and delivery charges, if applicable

- Procurement card account information
- 2) Transaction is authorized if amount and merchant category are approved
  - 3) Vendor presents sales document to Cardholder for review and signature
    - Cardholder confirms accuracy of itemization and dollar amounts, signs and dates sales receipt; if receipt isn't itemized, Cardholder lists items and obtains vendor's signature.
    - Cardholder retains original sales receipt for monthly *Statement of Account* reconciliation. (Receipts/invoices smaller than 4¼" x 5½" are secured onto letter-sized paper.)
  - 4) Cardholder documents all information in *Cardholder Transaction and Use Tax Log*

### **Phone or Internet Order Procedures**

To make a phone or internet purchase with a P-Card:

- 1) Cardholder solicits quotes to determine best pricing and select vendor
- 2) Cardholder confirms with vendor:
  - Item description and total cost
  - Immediate shipment of entire order; City policy prohibits back orders or partial shipments
- 3) Cardholder places order:
  - Provides vendor with Cardholder name, phone, account number, and card expiration date
  - Authorizes vendor to charge amount on date of shipment
- 4) Delivery Recipient signs invoice and indicates signature is for the Cardholder
- 5) Cardholder documents all information in *Cardholder Transaction and Use Tax Log*.

### **Cardholder Transaction and Use Tax Log**

This form serves as a register of all transactions and related activities on a P-Card. It is reviewed and signed by the Cardholder and Approver.

### **Missing Documentation**

Cardholder must try to obtain a copy of any missing receipts. If this is not possible, details of the purchase must be attached. The information will include a description of each item, the number of items purchased, unit cost, date of purchase, vendors name and why there is no supporting documentation. Continued incidents of missing documentation will result in the suspension of the employee's procurement card.

### **Split Transactions**

Splitting of transactions is breaking up a larger or higher value purchase so it "fits" under the single-purchase limit established for the Cardholder, such as by placing two or more separate orders for a good/service to avoid exceeding the single-purchase or competitive threshold. This practice is strictly prohibited and viewed as a serious infraction and will result in card suspension.

- Total cost exceeds \$5,000, per San Diego Municipal Code §22.3212(a); which also refers to cumulative purchases with one vendor throughout the fiscal year
- Using multiple cards with one vendor within a department/division
- Purchasing an item and having it rung up in two installments
- Splitting a list of varied items from one supplier into two or more lists each costing less than department allocated limits
- Buying the same item from one or more suppliers with a combined total exceeding \$5,000 or department allocated limits

## **Property Tags**

Items costing \$4,999 or less that may be susceptible to theft like a camera or cell phone should receive a blue tag that reads “Property of the City of San Diego.” The property tags can be obtained by contacting the Office of the City Comptroller, Fixed Assets Division.

## **Personal Liability**

Cardholders and Approvers shall ensure that purchases made with P-Cards are for City use only and are not used for personal or private purposes, either on City premises or elsewhere, by City employees or others, unless specifically authorized to do so by Council. Cardholders or Approvers who fail to comply with City policies & procedures governing procurement and the P-Card Program, may be subject to suspension or termination of P-Card account privileges.

In addition, a Cardholder or Approver who uses or allows others to use a P-Card in a manner that is an inappropriate use of public funds may be held personally liable and may be subject to disciplinary action including termination of employment and criminal prosecution in accordance to AR 95.60 and AR 45.50.

## **Declined Transactions**

If a procurement card is declined for a transaction, it’s generally for one of the following reasons:

- Vendor’s Merchant Category Classification is restricted for Cardholder
- Cardholder’s single or monthly transaction limit is exceeded
- Approver’s Monthly Office Limit is exceeded
- Vendor incorrectly entered account number or expiration date

Cardholder should call P-Card Program Administrators to get an explanation for a declined transaction. If phoning the customer service number on the back of the procurement card, the total dollar amount and date of transaction is necessary for research. A 24-hour wait may be required for a response.

**Dispute Process** – See Chapter 7

## Separation of Program Participant

Upon terminating City employment or transferring to a position outside the current department/division, a Cardholder and/or Approver must notify the Billing Official and the P-Card Program Administrator to deactivate the Cardholder account.

## Lost or Stolen Procurement Card – See Chapter 7

- Complete a *Procurement Card Participation Form* requesting deletion of Cardholder
- Notify the Approver, Billing Official and Procurement Card Program Administrators
- Scrutinize next statement for suspect transactions; report incorrect billing to US Bank
- If a procurement card is located after it's been reported lost/stolen, the card should be shredded and destroyed

## Required Training

Training is mandatory for all P-Card participants: Cardholder, Approver, and Billing Officials. Cards will not be furnished until training has been completed. P-Card Program Administrators conduct the training and, upon request can make a presentation to department/division group onsite.

Training includes:

- Purpose of Procurement Card Program
- Role of the Procurement Card Program Administrators and the Department/Division
- Functions of the Cardholder, Approver, and Billing Official
- Prohibitions (i.e., alcohol, services, hazardous materials, etc.)
- Transaction limits
- Reconciliation process at end of billing cycle
- Dispute resolution
- Reporting of lost/stolen cards.

## Refresher Training

All participants will be required to take a “refresher” training every two (2) years or as required by the Office of the City Comptroller in order to maintain P-Card privileges. Failure to complete training within thirty (30) days of notice will result in suspension of P-Card privileges until such time as the training has been successfully completed. Instructions for completion of the refresher training will be provided by the Office of the City Comptroller to the individuals holding the various p-card roles. If an Approver or Billing Official does not complete required training, a Cardholder’s privileges may be temporarily suspended until all training is completed.

## **P-Card Distribution**

The VISA cards are sent to the Procurement Card Program Administrators for distribution to individual Cardholders. Administrators activate the P-Cards and contact each Cardholder to schedule pick-up. A P-Card is never mailed directly to a Cardholder. No other person may pick up a procurement card on behalf of the named Cardholder.

## **Cardholder Agreement**

At the time of receipt of their P-Card, a Cardholder is required to sign a Cardholder Agreement. The form is available in the Appendix at the end of the *Procurement Card Program Policies and Procedure Manual* or on Office of the City Comptroller's CityNet site (under *Training* tab.)

By signing a *Cardholder Agreement* and initialing each paragraph, the Cardholder acknowledges a responsibility to:

- Use the P-Card **only** for official City business
- Follow procedures for phone and internet orders
- Review and reconcile the monthly statement promptly each month
- Safeguard the card and immediately notify US Bank, the Approver, and P-Card Program Administrators if the card is lost or stolen.

The Cardholder Agreement provides the Cardholder with a record of their card number, Approver, Billing Official, and transaction limits.

P-Card Program Administrators will provide a completed *Cardholder Agreement* for employee signature upon receipt of the new card. By signing this form the Cardholder acknowledges:

1. Receipt and understanding of the regulations for use and protection of the card
2. Understanding of responsibilities for handling billing disputes and reconciling statements
3. Understanding and acceptance of consequences of P-Card violations

## **Merchant Return Policies**

A Cardholder must be knowledgeable about return policies or vendor re-stocking charges prior to placing an order. Whenever merchandise is returned, the Cardholder requests the vendor to apply a credit to the P-Card account.

A Cardholder obtains a credit sales voucher from the vendor to include in the monthly statement reconciliation. A credit sales voucher can also be faxed directly to a Cardholder.

Any action involving merchandise return, exchange, or credit should be recorded on the *Cardholder Transaction and Use Tax Log*. A Cardholder informs the Billing Official of all credits and merchandise exchanges in order to ensure proper accounting for month-end

reconciliations. The CA Use Tax section should be completed the same on the purchase and the credit.

### **P-Card Internal Control Reviews**

To ensure continued success of the P-Card Program, periodic reviews will be conducted. Adequate documentation must be maintained by the Billing Official to support the transactions. Cardholders must forward all supporting documentation to the Billing Official who has been assigned the responsibility of paying the bill and record retention. The reviews will be done on a point system that is based on the following criteria:

- 6 month spend
- Number of total transactions
- Number of Approvers to Cardholders
- Number of transactions per Approver

The Office of the City Comptroller's Internal Controls Section will perform an internal controls review which may include but is not limited to status of program participants, review bookkeeping, examine transactions and supporting documentation, verify proper P-Card usage, review payment history and assess reconciliation methods. Deficiencies in proper internal controls will be presented and discussed with Department Management with recommendation for appropriate corrective action. Random reviews may be conducted at anytime.

## Compliance

A P-Card is a payment method; compliance is required with all applicable regulations. Procurement Card Program Administrators and Procurement Specialists are available to assist Cardholders in understanding applicable rules.

If a Cardholder makes a prohibited, unauthorized, or unnecessary purchase, the Approver immediately takes corrective steps as prescribed by citywide and departmental P-Card policies and procedures. Supervisory, managerial personnel and Procurement Card Program Administrators are to be notified immediately. Corrective action may include revocation of the p-card, employee repayment for purchases, and other appropriate forms of discipline.

## Individual Responsibility for P-Card

A P-Card is issued to a single individual who is responsible to ensure the card is used only by the named Cardholder for official City of San Diego business. A P-Card cannot be used to circumvent established rules or threshold limits.

## Procurement Card Usage:

- Intended to be used for low-cost (not to exceed, \$5,000), non-sequential supplies/goods in accordance with established purchasing policies. Each department/division is responsible for setting the single and monthly transaction limits and for the proper use of the P-Card for their program participants.
- Maximum limit for a single purchase is \$5,000, in accordance with San Diego Municipal Code §22.3212(a).
- May be used for travel related expenses in accordance with approved travel expenditures and with existing procedures for travel.
- Should be used in lieu of petty cash, purchase orders or purchase requisitions when the dollar amount for a single item or group of items is under \$200 or revised limit.
- Verify that the amount on the sales draft/receipt corresponds to the items purchased. Ensure that the merchant provides an itemized receipt, which includes a description of the goods and/or services purchased, the quantity, price per item, sales, tax, total, shipping charges (if applicable), date of request or purchase, name of authorized person placing the order (for phone, internet, or fax purchase), and signature of Cardholder (on credit card receipt only).
- Purchasing gift cards via a P-Card is permissible if the department has a Recognitions & Rewards Program previously established and on file with the Labor Relations Office, (LRO.) Otherwise, a “pre-approval” from LRO is required.
- Invoices or packing slips, and credit card slips for each P-Card transaction must be retained and submitted to the approver with the monthly statement & *Cardholder Transaction Use Tax Log*.
- Monthly statements must be approved and signed Cardholder and Approver.

## **P-Cards Shall NOT be Used For:**

- Purchase of furniture, which includes file cabinets or keyboards that attach to furniture
- Service or maintenance expenses (done on City property), including but not limited to janitorial, landscape, plumbing, or facility maintenance costs
- Items or services under contract
- Payment of construction work, including but not limited to repair, improvements (including painting), or demolition
- Materials for CIP projects
- Computer hardware/software <http://citynet.sannet.gov/it/services/ciso/itassetmgmt.shtml>
- Consultant expenses, including but not limited to design/engineering, medical, legal, or financial
- Bars, taverns, nightclubs, cocktail lounges, alcoholic beverage package stores, beer, wine, or liquor
- Gas or oil for personal, leased, or City-owned vehicles
- Purchases from any source in which the purchaser has a direct or indirect financial interest that has a potential conflict of interest as defined by City Policy
- Cash refunds. Merchandise returns or other adjustments must be applied back to the same card
- Waste clean-up or disposal of hazardous materials, including supplies containing hazardous substances, regardless of type or size of job
- Capitalized equipment with cost of \$5,000 or more, including tax, shipping, and handling
- Rental or lease of land or buildings, including rental of meeting space
- Commodities which require structured contracting procedures such as formal bidding, negotiated bids or proposal solicitations
- Items available from Central Stores, unless the warehouse is out of stock and an emergency situation exists. Out of stock status and emergency situation must be documented and verifiable
- Purchases to acknowledge personal events in employee's lives, such as birthdays, weddings, the birth or adoption of a child, death of a family member, illnesses, etc
- Employee parking, traffic, or toll citations
- Loan to other employees, friends, or relatives

## **Enforcement of Corrective Action**

If a Cardholder makes a prohibited, unauthorized, or unnecessary purchase, the Approver immediately takes corrective steps as prescribed by citywide and departmental policies and procedures. Supervisory, managerial personnel and Procurement Card Program Administrators are notified immediately. Corrective action may include revocation of the P-Card, employee

repayment for purchases, and other appropriate forms of discipline. Repeated or intentional misuse results in immediate cancellation of a p-card and possible disciplinary action.

The Office of the City Comptroller has the right to suspend or revoke P-Cards for violations at anytime; departments may appeal in writing within thirty days.

**Violators:**

- First occurrence - card suspended for 30-days and Cardholder & Approver must retake P-Card training.
- Second occurrence - card suspended for entire department/division for 30-days. Conditional reinstatement will be considered upon receipt of written request from Department Director.
- Third occurrence – permanent revocation of the P-Card.

A description of violations and appropriate corrective measures is listed in the Appendix (Procurement Card Program Corrective Actions for Violations).

### **Report Lost or Stolen Card to US Bank Immediately**

If a P-Card is lost or stolen, a Cardholder notifies US Bank immediately by phoning 1-800-344-5696. This number is also located on the back of each card.

### **Information for US Bank**

US Bank requires the following information when a card is lost or stolen:

- Cardholder's complete name and procurement card VISA account number
- Circumstances surrounding the incident and date when theft or loss was reported to police
- List of purchases made by Cardholder on day the card was lost or stolen

US Bank sends an affidavit to the Cardholder to complete and return to:

US Bank IMPAC Government Services, Fraud Investigations  
PO Box 6355  
Fargo, ND 58125  
Phone (866) 540-9904; Fax (866) 636-1618

To replace the lost/stolen card, US Bank will issue a new card with a new account number shortly after loss is reported. To facilitate reconciliation, purchases made prior to the lost/stolen date will be billed under this new account number.

### **Follow-up Obligations When Card is Lost/Stolen**

The Cardholder is also responsible to conduct follow-up activities after reporting a lost/stolen procurement card:

- Notify Approver and P-Card Program Administrators immediately after notifying US Bank
- Within three days, prepare a written report regarding circumstances of loss/theft and sent to Approver and P-Card Program Administrators
- Scrutinize next statement for suspect transactions; report incorrect billing to US Bank

If a P-Card is located after it's been reported lost/stolen, the card is to be shredded by department immediately.

Documentation regarding lost/stolen cards is retained by the department/division for three years.

## Record Retention

Expenditure of public funds requires proper authorization, documentation, and retention of records for audit purposes. Complete and accurate written documentation of all transactions is essential to resolve problems and reconcile monthly statements. Department/divisions must retain relevant documents for three years (or seven years for grant-funded expenditures).

## Cardholder Transaction and Use Tax Log

Each Cardholder maintains a Cardholder Transaction and Use Tax Log. This form serves as a register of all transactions and related events, including purchases, use tax, returns, quote solicitations, and dispute discussions.

The Cardholder attaches this completed form to the monthly statement. It is reviewed and signed by the Approver during reconciliation. The Billing Official attaches all Cardholder Transaction and Use Tax Logs to the Request for Direct Payment.

## Use Tax

Use Tax is imposed on goods purchased in another state and used in the taxing state; it's intended to make up for the loss of sales tax. California's use tax rate is 7.75%.

Even though goods are purchased out-of-state, tax is still due to the state of California. If the vendor has a California tax permit, the vendor may collect California sales tax at the time of purchase. Cardholder inquires if this method is available and verifies the tax is itemized on the receipt.

By law, if a seller does not collect California Sales Tax, the buyer must remit Use Tax. A Cardholder lists such purchases on the *Cardholder Transaction and Use Tax Log*. The Office of the City Comptroller will submit payment of Use Taxes to the State Board of Equalization.

## Billing Cycle

The City of San Diego's billing period for the P-Card ends on the 22<sup>nd</sup> of each month. On the day after a billing cycle closes, US Bank issues statements and invoices. US Bank will not issue a statement unless a transaction was posted during the billing cycle.

## Cardholder Reconciliation

Access<sup>®</sup> Online allows a Cardholder to view their statement online and begin the reconciliation process immediately. Hardcopy statements are also sent in US Mail. Within three days, a Cardholder reconciles the statement with their *Cardholder Transaction and Use Tax Log* and original transaction documents (sales receipts, invoices, etc.). Cardholder will:

- Access the U.S. Bank website to download the monthly activity statement. This statement is generated by the bank on the 22<sup>nd</sup> of each month, except when the 22<sup>nd</sup> falls on a weekend. The statement is then generated on the following Monday and is available for viewing and download on the next day.
- Download and print the monthly activity statement. This task should be completed within three days of statement generation. In the event that no card activity exists, no further action is necessary.
- Reconcile the statement against their Cardholder Transaction and Use Tax Log and original transaction documents (sales receipts, invoices, etc.). During this reconciliation process, Cardholder will identify any disputable charges and will also review transactions and amounts for accuracy. See dispute process to address transaction disputes.
- Sign and date both the activity statement and the transaction and use tax log once the statement and transaction and use log reconcile.
- Submit the signed activity statement and transaction and use tax log along with original sales receipts, vouchers, and all other supporting documentation in compliance with documentation standards to their designated Approver for review and approval.

The designated Approver then reviews the reconciliation performed by the Cardholder for completeness, accuracy, authorization and appropriateness. If questionable transactions exist, management is notified and appropriate action is taken. Once the review has been completed, the Approver will sign the activity statement and the Cardholder transaction and use tax log. Approver then forwards all documentation to the Department Invoice Administrator (Billing Official).

The Department Invoice Administrator (Billing Official) then verifies invoice information, accounting information, and supporting documentation for completeness prior to obtaining management approval to pay the invoice. An invoice document is then initiated in SAP using the

information provided on the invoice (Invoice date, invoice #, invoice amount, etc.). The invoice and supporting documentation is entered into SAP. After all documentation has been attached to the invoice payment (IP), the document is “saved as complete” to initiate the approval process.

The P-Card Program Administrator reviews the IP to ensure that the payment request is accurate, supporting documentation has been attached, appropriate authorization to pay has been granted, and that all purchases complied with City purchasing policies. For invoices which fail this review, the payment request is returned to the Department Invoice Administrator (Billing Official) for further action.

Once all corrections have been made by the Department Invoice Administrator, the invoice is posted by the Office of the Comptroller, which moves the IP to the payment queue. The invoice is paid upon reaching payment terms, (e.g. net 20)

## Disputes

If merchandise purchased with a P-Card is found to be defective or incomplete, or the Cardholder sees an unidentifiable item on their statement, the Cardholder is responsible to obtain replacement, correction, or credit as soon as possible. Merchandise returned to a vendor by mail must be sent by certified mail; the certified mail receipt and credit card receipt are retained as documentation. If a dispute is not reported within 60 days, the department assumes responsibility for charges.

### Initiating a Dispute Case

After attempting to contact the merchant and verifying receipts, chose one of the following options to dispute a case:

- Dispute online through U.S. Bank Access Online
- Send a Cardholder Statement of Questioned item form via fax or mail
  - Must include a detailed letter explaining the reason for the dispute and transaction information. Send the form to:

Dispute Department

PO Box 6335

Fargo, ND 58125-6335

Fax: 866-229-9625

Attention: Dispute Department

### Dispute Process – Using Access Online

- Log in to Access Online
- Click on Transaction Management
- Identify the purchase in question using the search options. Click on the date hyperlink of this transaction
- Click the **Dispute** button
- Select a dispute reason
- Select the radio button for the appropriate dispute reason
- Click “select”
- Fill in any additional required or optional information
- Click **Continue**
- Print and fax a copy of the dispute form to U.S. Bank (number provided).
- Print and send copy of form with any other required information (e.g., receipt) to Billing Official.

### Cardholder Statement of Questioned Item Form

If a *Statement of Account* contains an error or posts charges for goods not received, US Bank requires a *Cardholder Statement of Questioned Item* form. The Cardholder follows these procedures:

- Line out disputed item on statement and appropriately correct “Total Amount Due.”
- Complete and sign *Cardholder Statement of Questioned Item* form and attach back-up documentation.
- Send original *Cardholder Statement of Questioned Item* form with documentation to US Bank within 60 days from date the disputed transaction appeared on the statement.
- Promptly notify department/division Billing Official and P-Card Program Administrators of all disputes.
- Forward copies of *Cardholder Statement of Questioned Item* form and back-up documentation to Approver with statement during monthly reconciliation process.

### **Possible Dispute Scenarios**

The *Cardholder Statement of Questioned Item* form lists resolutions for various dispute scenarios:

**Unauthorized Mail/Phone Order.** If Cardholder doesn’t recognize a posted charge, this fact is stated. The charge cannot be reversed if the vendor provides a sales receipt signed by the Cardholder or imprinted with Cardholder's card.

**Duplicate Processing.** If a single transaction is billed more than once (amounts are the same), Cardholder provides transaction details of original billing.

**Merchandise Not Received.** When payment through other means was made for goods, documentation such as a cancelled check or zero-balance invoice is included. If order was cancelled prior to delivery, cancellation date is provided. If delivery has not occurred, that fact is indicated. Vendor cannot submit a transaction for payment prior to delivery.

**Merchandise Returned.** When merchandise was returned but credit is not yet posted to account, Cardholder includes copy of statement listing transaction, certified postal receipt for return, and written note with date of and reason for return. A vendor cannot refuse to accept return of unopened, unused, or defective merchandise when purchased with a VISA card (with some exceptions, such as customized orders and perishable items).

**Credit Not Received.** When Cardholder received credit voucher or written acknowledgement of refund from vendor, but credit is not yet posted to account, Cardholder includes copy of statement listing transaction, voucher (or acknowledgement), and written note stating expected credit amount.

**Alteration of Amount.** When transaction amount is different from original charge, Cardholder includes copy of statement listing transaction, copy of sales receipt, and written note stating difference requested as credit.

**Inadequate Description or Unrecognized Charge.** When Cardholder doesn’t recognize transaction description, copy of sales receipt is requested from US Bank (with reason for

request). US Bank orders receipt from processing bank. If this cannot be provided within 30 days, Cardholder's account is credited until copy is provided. If Cardholder receives sales receipt and still disputes charge, a new *Cardholder Statement of Questioned Item* form describing dispute is sent to US Bank immediately.

**Copy Request.** When copy of sales receipt is required, Cardholder includes a copy of statement with the transaction highlighted and a written note stating request.

**Not As Described.** When goods received are different from goods ordered, Cardholder includes sales receipt for specific purchase. If merchandise was returned, proof of return is included.

**Cardholder Dispute or Other Dispute Reasons.** If none of above categories applies, Cardholder includes a copy of statement with full transaction details.

**Abuse.** Intentional, wrongful, or improper use of resources. Abuse can be a form of wastefulness as it entails the exploitation of “loopholes” to the limits of the law, primarily for personal advantage.

**Adequate Documentation.** Cardholders must retain receipts for all purchases made on the P-Card. The receipt should include vendor name, transaction amount, date, and an itemized list of items purchased. Copies or facsimiles of the original receipt may be acceptable if the original is not available. A screen-print or order confirmation email is required when making internet purchases, or a copy of an order-form that was mailed to a vendor to request an item. The screen print/order confirmation must include the shipping date and be signed as received.

Certain allowable food purchases require the following additional adequate documentation: If food is purchased for a group event, documentation should include a Meeting and Promotional Expense Report substantiating that the event was an official City event.

**Approver.** Person with authority over one or more assigned Cardholders; is a Cardholder's supervisor or above rank. Approver who is also a Cardholder cannot approve own purchase.

**Billing Official.** Individual responsible for final step of department's payment process, prior to submittal to The Office of the City Comptroller.

**CAL-Card.** The official registered name of the State of California's Procurement Card Program; the City of San Diego is a participating agency in this program.

**Cardholder.** Employee to whom a p-card has been issued.

**Cardholder Agreement.** Signed document affirming an individual's acceptance of a procurement card and agreement to comply with all rules.

**Cardholder Transaction and Use Tax Log.** Detailed register documenting each card-related transaction and instance requiring Use Tax payment.

**Department Agreement.** Document signed by Department Director to verify full understanding of PROCUREMENT CARD PROGRAM responsibilities and affirm policies and procedures will be properly carried out within the department.

**Departmental Instructions.** Outlines internal policies and procedures for departments; supplements *PROCUREMENT CARD PROGRAM Policies and Procedures Manual*.

**Dispute.** Billing error, such as: incorrect amount charged for goods received; charge for goods not bought by Cardholder; credit listed as charge; defective or incorrect goods, etc.

**Fraud.** False representation of a matter of fact that is intended to deceive another. A fraudulent act may be illegal, unethical, improper, or dishonest and may include, but is not necessarily limited to:

- Embezzlement

- Misappropriation
- Alteration or falsification of documents
- False claims
- Theft of any asset

**Managing Account:** An account that controls all the funding between U.S. Bank and the City of San Diego departments/divisions. All Cardholder transactions pass through a managing account to ensure that appropriate funds are available for each transaction. The managing account performs a crucial function for billing and payment processing.

**Master Invoice:** See Managing Account

**Merchant Category Code.** Code identifying vendor by a major commodity. A p-card is electronically coded to prevent usage for specified businesses and categories.

**Monthly Cardholder Limit.** Each Cardholder is assigned a monthly dollar limit for purchases; amount is set by individual department management within citywide guidelines.

**Monthly Office Limit.** Cumulative monthly total for an Approver's account of all assigned Cardholders; usually sum total of assigned Cardholder Monthly Dollar Limits.

**Program Administrators.** Office of the City Comptroller employees designated by the Comptroller to manage citywide operation of the Procurement Card Program as first point of contact for the State of California DGS and US Bank.

**Purchasing Agreement (PA).** Contract summary establishing set prices with vendor for commodity.

**Purchase Order (PO).** Contract with vendor for product or services at set price; established in SAP once all supporting documentation has been verified by Purchasing & Contracting.

**Request for Invoice Payment (IP).** Document to request payment for goods and services not obtained on a purchase order.

**Single Transaction Limit.** Dollar limit for one transaction (purchase total including taxes, shipping, and handling). Department may establish single transaction limit below, but not above, \$5,000 in accordance with Municipal Code §22.3212(a).

**Single Use Card.** One time use account is an electronic, credit card-based payment solution that acts like a check. It provides a single 16-digit virtual account number for each payment. And like a check, the credit limit on each Single-Use Account is set to the specific payment amount.

**Split Orders/Transactions.** Transaction splitting is the practice of committing multiple P-Card transactions to circumvent the Cardholder's onetime transaction limit, bypass the City's competitive bidding requirements, or avoid the card's monthly card limit. No single purchase

shall exceed \$4,999. The practice of splitting a large order into two or more orders, as well as purchasing the same items from two or more vendors may be considered an attempt to evade the limitations of the P-Card and could lead to the loss of an individual's P-Card privileges. Orders that exceed \$4,999 may not be purchased by splitting the charge across multiple days or among several p-cards within the department to exceed the single transaction limit.

**Statement of Account.** Monthly detail of transactions for each Cardholder from US Bank.

**Transferability of Card.** Each P-Card is embossed with one Cardholder name; no one else is authorized to use the card. When leaving department, Cardholder returns card to Approver for termination and shredding.

**US Bank.** Financial service provider for CAL-Card Program contracted by State of California Department of General Services.

**Use Tax.** State tax imposed on goods purchased in another state for use in the taxing state; it's intended to make up for the loss of sales tax. By law, if a seller does not collect California Sales Tax, the buyer must remit Use Tax. California's Use Tax rate is 7.75%. Use Tax is recorded by the Cardholder on the *Cardholder Transaction and Use Tax Log*.

**Violations, Fraud, Waste, and Abuse.** Violations are defined as and include non-compliance with policy or procedure or actions as severe as misuse.

**Waste.** Expenditure or allocation of resources in excess of need that is often extravagant or careless.

# **APPENDIX**

**Procurement Card Participation Form**

**Cardholder Transaction and Use Log**

**Department Agreement**

**Cardholder Agreement**

**Cardholder Statement of Questioned Item (CSQI)**

**Statement of Account**

**Sample Departmental Instructions**

**Corrective Actions for Violations**

# PROCUREMENT CARD PARTICIPATION FORM

Submit completed form to:  
Procurement Card Program Administrator  
Office of the City Comptroller, MS 7A

<b>Type of request:</b>	<input type="checkbox"/> <b>Cardholder</b> (Complete Sections 1&2)	<input type="checkbox"/> <b>Approver</b> (Complete Sections 1&3)	<input type="checkbox"/> <b>Billing Official</b> (Complete Sections 1&4)
<b>Type of transaction:</b>	<input type="checkbox"/> <b>Add</b>	<input type="checkbox"/> <b>Modify</b>	<input type="checkbox"/> <b>Delete</b>

## Section 1: Employee Information

Department Name/Division:		City Email:
Name [print]:	U.S. Mail Address [including Zip Code]:	
Signature:	Phone (including area code):	Fax (including area code):

## Section 2: Cardholder request

<b>Cardholder Transaction Limits:</b>		
Single Transaction Limit: \$	Monthly Credit Limit: \$	Approver Name:**

\*\*If Approver is new to the P-Card Program, complete another form requesting to add Approver.

## Section 3: Approver request

Names of Cardholders assigned to this Approver:
Name of Approver being replaced (if applicable):

## Section 4: Billing Official request

Names of Cardholders assigned to this Billing Official:
Name of Billing Official being replaced (if applicable):

### APPOINTING AUTHORITY AUTHORIZATION

Name [print]:	Title:
Signature:	Phone:

### COMPTROLLER USE ONLY

Received by:	Date:	Updated by:	Date:
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# CARDHOLDER TRANSACTION AND USE TAX LOG

CARDHOLDER NAME: \_\_\_\_\_ DEPARTMENT/DIVISION: \_\_\_\_\_ BILLING CYCLE END DATE: \_\_\_\_\_

Date	Vendor Name	Description of Item	State <small>(where purchased)</small>	*Was Sales and Use Tax Collected?	Shipping Cost <small>(Leave blank if a CA purchase)</small>	Total Price <small>(includes sales tax &amp; shipping) This total should reflect your bank statement.</small>	ACCOUNTING:								
							G/L Acct	Total Price	Cost Center	Fund	Internal Order				
1				Yes/ No/ NA											
2				Yes/ No/ NA											
3				Yes/ No/ NA											
4				Yes/ No/ NA											
5				Yes/ No/ NA											
6				Yes/ No/ NA											
7				Yes/ No/ NA											
8				Yes/ No/ NA											
9				Yes/ No/ NA											
10				Yes/ No/ NA											
11				Yes/ No/ NA											
12				Yes/ No/ NA											
13				Yes/ No/ NA											
14				Yes/ No/ NA											
TOTALS															
							GRAND TOTAL:								

\* Please check receipts to confirm payment of Sales and Use Tax. Sales and Use Tax is typically not collected for services, travel, dining, training, etc. These items should be marked N/A.

I affirm that this worksheet shows all transactions on the attached *Statement of Account* with applicable Use Tax for each transaction. CARDHOLDER SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

APPROVER SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

## PROCUREMENT CARD PROGRAM DEPARTMENT AGREEMENT

On behalf of this department, I confirm my agreement with terms and conditions detailed in the City of San Diego *Procurement Card Policies and Procedures Manual*. I have established Department/Division Instructions in accordance with these policies.

- A P-Card may only be used by the designated Cardholder for official City business.
- Only approved commodities or merchant categories are authorized for purchase; no purchase may exceed coded dollar limits. Violations may result in corrective action.
- Designated department staff will review statements immediately upon receipt and forward verification of charges to Approvers. The department Billing Official will submit the invoice via SAP to Comptroller's Office by the 5<sup>th</sup> of each month in which p-card activity takes place.
- The department will observe all City regulations regarding procurement.

The City Comptroller has the unconditional right to cancel the P-Card(s) issued to individuals within the department at any time.

Department/Division Name: \_\_\_\_\_

Billing Official Name: \_\_\_\_\_

Billing Official Phone: \_\_\_\_\_ Dept/Div No.: \_\_\_\_\_

Director Signature: \_\_\_\_\_

Department Director Name: \_\_\_\_\_ Date: \_\_\_\_\_

# CARDHOLDER AGREEMENT

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

Dept/Div #: \_\_\_\_\_ Phone: \_\_\_\_\_ Zip Code: \_\_\_\_\_

I certify I have received and read the City of San Diego *Procurement Card Program Policies and Procedures Manual* and my Department/Division Instructions.

I have received Procurement Card No. \_\_\_\_\_

My assigned Approver is: \_\_\_\_\_

My assigned Billing Official is: \_\_\_\_\_

I understand my transactions are limited as indicated below:

Single Purchase Limit: \$ \_\_\_\_\_ 30-Day Limit: \$ \_\_\_\_\_

**Official City Business:** I understand my card may be used only for official City business. I will not use this card to make unauthorized or personal purchases. Any purchase in excess of the card dollar limits or outside of approved commodity or merchant categories is prohibited, as is use of this card by anyone other than the Cardholder. I understand unauthorized use of this card may result in disciplinary action up to and including termination and I may be responsible for payment of unauthorized charges.

\_\_\_\_\_ [initial]

**Card Usage:** When using the P-Card, I will strictly follow procedures outlined in *Procurement Card Program Policies and Procedures Manual* and my Department/Division Instructions.

\_\_\_\_\_ [initial]

**Monthly Reconciliation:** I will maintain a *Cardholder Transaction Log* of all card activities. I will review my monthly Statement of Account immediately upon receipt and forward verification of charges to my Approver. I will immediately seek to resolve disputed charges with the vendor, notify my Approver and Billing Official, and complete a *Cardholder Statement of Questioned Item* form per current procedures.

\_\_\_\_\_ [initial]

**Notification:** I am responsible for this card's safekeeping at all times. I will immediately notify US Bank, the Agency Program Coordinator, and my Approver if my card is lost or stolen, or if I believe the card has been used in a fraudulent manner.

\_\_\_\_\_ [initial]

I understand the City has the unconditional right to cancel this card at any time. If the City cancels my card or, prior to my separation from City service, I will immediately cut my card in half and return it to my Approver.

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

# SAMPLE CARDHOLDER STATEMENT OF QUESTIONED ITEM

## CARDHOLDER STATEMENT OF QUESTIONED ITEM

### Purchasing GPP

(Please print or type in black ink)

CARDHOLDER NAME (please print or type)	ACCOUNT NUMBER
CARDHOLDER SIGNATURE	DATE (AREA CODE) TELEPHONE NUMBER

The transaction in question as shown on Statement of Account:

Transaction Date	Reference Number	Merchant	Amount	Statement Date

Please read carefully each of the following situations and check the one most appropriate to your particular dispute. If you have any questions, please contact us at (800) 227-6736. We will be more than happy to advise you in this matter.

1. UNAUTHORIZED MAIL OR PHONE ORDER  
 I have not authorized this charge to my account. I have not ordered merchandise by phone or mail, or received any goods or services
2. DUPLICATE PROCESSING Ñ THE DATE OF THE FIRST TRANSACTION WAS \_\_\_\_\_  
 The transaction listed above represents a multiple billing to my account. I only authorized one charge from this merchant for this amount. My card was in my possession at all times.
3. MERCHANDISE OR SERVICE NOT RECEIVED IN THE AMOUNT OF \_\_\_\_\_  
 My account has been charged for the above transaction, but I have not received the merchandise or service. I have contacted the merchant but the matter was not resolved. (Please provide a separate statement detailing the merchant contract, and the expected date to receive the merchandise).
4. MERCHANDISE RETURNED IN THE AMOUNT OF \_\_\_\_\_  
 My account has been charged for the above listed transaction, but the merchandise has since been returned.  
 \*Enclosed is a copy of my postal or UPS receipt.\*
5. CREDIT NOT RECEIVED  
 I have received a credit voucher for the above listed charge, but it has not yet appeared on my account. A copy of the credit voucher is enclosed. (Please provide a copy of this voucher with this correspondence).
6. ALTERATION OF AMOUNT  
 The amount of this charge has been altered since the time of purchase. Enclosed is a copy of my sales draft showing the amount for which I signed. The difference of amount is \_\_\_\_\_.
7. INADEQUATE DESCRIPTION/UNRECOGNIZED CHARGE  
 I do not recognize this charge. Please supply a copy of the sales draft for my review. I understand that when a valid copy is sent to me, a Statement of Questioned Item Form must be provided and will include the copy of the sales draft if a further dispute exists. If a copy of the sales draft cannot be obtained, a credit will appear in my account.
8. COPY REQUEST  
 I recognize this charge, but need a copy of the sales draft for my records. (Payment cannot be withheld.)
9. SERVICES NOT RECEIVED  
 I have been billed for this transaction, however, the merchant was unable to provide the services.  
 Paid for by another means. My card number was used to secure this purchase, however final payment was made by check, cash, another credit card, or purchase order. (Enclosed is my receipt, canceled check (front and back), copy of credit card statement, or applicable documentation demonstrating that payment was made by other means).
10. NOT AS DESCRIBED  
 (Cardholder must specify what goods, services, or other things of value were received). The item(s) specified do not conform to what was agreed upon with the merchant. (The cardholder must have attempted to return the merchandise and state so in their complaint). \_\_\_\_\_
11. If none of the above reason apply-please describe the situation: \_\_\_\_\_

(Note: Provide a complete description of the problem, attempted resolution and outstanding issues. Use a separate sheet of paper, if necessary, and sign your description statement).

**Send To:**

U.S. Bank Government Services, P.O. Box 6346, Fargo, ND 58125-6346

Fax: (701) 461-3466.



# SAMPLE STATEMENT



U.S. BANCORP SERVICE CENTER  
P. O. Box 6343  
Fargo, ND 58125-6343

5358X32

ACME CORPORATION

MEMO STATEMENT

ACCOUNT NUMBER 4798264031684756

STATEMENT DATE 03-26-07

TOTAL ACTIVITY \$ 144.00

AMOUNT DUE \$0.00

DO NOT REMIT

CHRISTINE MANON  
2222 S 7TH ST  
EP-MN-TT2C  
MINNEAPOLIS MN 55454-1305

107

4798264031684756 00000000

**NEW ACCOUNT ACTIVITY**

POST DATE	TRAN DATE	TRANSACTION DESCRIPTION	REFERENCE NUMBER	MCC	AMOUNT
03-19	03-17	UAT JOHNSONS PRINTING BOSTON MA	74 79626 7078019111111179	2741	27.00
03-19	03-17	UAT OFFICE FURNITURE TO GO ST LOUIS MO	74 79626 7078019111111186	5021	45.00
03-25	03-15	JOHNSONS PRINTING BOSTON MA	74 79626 7085019111111179	2741	27.00
03-25	03-19	OFFICE FURNITURE TO GO ST LOUIS MO	74 79626 7085019111111187	5021	45.00

Default Accounting Code: 55555 102300NLJ2743

CUSTOMER SERVICE CALL  <b>1-800-344-5696</b>	<b>ACCOUNT NUMBER</b> 4798-2640-3168-4756		<b>ACCOUNT SUMMARY</b>	
	STATEMENT DATE 03-26-07	DISPUTED AMOUNT \$ .00	PREVIOUS BALANCE \$0.00	PURCHASES & OTHER CHARGES \$144.00
SEND BILLING INQUIRIES TO:  C/O U.S. BANCORP SERVICE CENTER, INC U.S. BANK NATIONAL ASSOCIATION ND P.O. BOX 6344 FARGO, ND 58125-6344	AMOUNT DUE \$ 0.00  DO NOT REMIT		CASH ADVANCES \$0.00	CASH ADVANCE FEE \$0.00
			CREDITS \$0.00	<b>TOTAL ACTIVITY</b> \$144.00

## DEPARTMENTAL INSTRUCTIONS

Subject: PROCUREMENT CARDS	Number: xx.xx	Effective Date: Month xx, 20xx	Page: 1 of 9
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### 1. PURPOSE

To define \_\_\_\_\_ Department's policies and procedures on the use of Procurement Cards.

### 2. BACKGROUND

The City of San Diego's Procurement Card Program's objectives are:

- 2.1 Simplify the purchasing process.
- 2.2 Expedite ordering and delivery of goods.
- 2.3 Reduce paperwork required to issue requisitions and process payments.
- 2.4 Consolidate payment transactions. All P-Card purchases will be consolidated each month into one invoice for payment by Comptroller's Office, significantly reducing the number of payment transactions.

### 3. AUTHORITY

- 3.1 City of San Diego *Procurement Card Policies and Procedures Manual*.
- 3.2 \_\_\_\_\_ Department Director

### 4. POLICY

- 4.1 The Procurement Card Program is intended to provide an alternative and efficient means for making necessary department purchases. This program is meant to supplement purchasing methods already in place, and is not intended as an overall replacement or means to circumvent current purchasing methods.
- 4.2 Before buying with the procurement card, the Cardholder will ensure the following:
  - a. The item is not available from existing department/division supply inventory.
  - b. The item is not readily available from Central Stores.
  - c. The item is not available on an existing City contract.

## DEPARTMENTAL INSTRUCTIONS

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d. The method of purchase used is the most economical means of acquiring the item.

Exceptions to the above priority sources (a, b, c) are permitted only if cost or delivery time is excessive. Justifications for these exceptions must be attached to the *Cardholder Transaction and Use Tax Log*.

- 4.3 Cardholders are responsible to ensure items intended for purchase have been budgeted, or appropriate funding is available for an unbudgeted expenditure.
- 4.4 Use of the p-card is prohibited for cash advances, gas stations, professional and non-professional services on City premises and any other purchases prohibited by City regulations. The purchase of hazardous materials and/or supplies that contain hazardous materials must be in strict compliance with A.R. 75.65.
- 4.5 Transaction and monthly limits are set by the department/division (see Section 5.2) for budgetary and control purposes. These limits are based on budgeted expenditures and projected use. Purchases may not be split into multiple transactions in order to stay within the single purchase limit.
- 4.6 In support of the City's philosophy to encourage small and emerging businesses, Cardholders will refer to the City of San Diego's lists of certified contractors whenever possible in making small dollar purchases.
- 4.7 It is the policy of the City of San Diego (SD Municipal Code §22.0517) to purchase and use recycled products whenever possible to the extent that such use does not negatively impact health, safety, or operational efficiency. Purchase of products which cannot be recycled or reused is strongly discouraged.
- 4.8 In order to assure budgetary control, the sum total of all monthly limits for all procurement cards requested will be encumbered by the Comptroller's Office at the beginning of each fiscal year or at the inception of the department's Procurement Card Program.

### 5. PROCEDURE

#### 5.1 Training:

Before a procurement card is issued, the prospective Cardholder and the designated Approver must receive training from The Office of the City

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Comptroller's P-Card Program Administrators and specified detailed training from the Department/Division regarding internal policies and procedures. These policies will cover dollar and transaction limits, prohibited items, budgetary control procedures, and the monthly statement reconciliation process.

Training includes information about the purpose of the procurement card, how the program works, general Cardholder liability and responsibility, roles of the participants, citywide prohibited purchases, policies and procedures for reporting lost/stolen cards, and the process for requesting new cards and/or changes to Cardholder status.

- 5.2 A point of contact will be designated by the appropriate Deputy Director to perform the following responsibilities:
- a. Oversee the department management and operation of the Procurement Card Program, per citywide requirements and department management direction.
  - b. Establish transaction and monthly card limits (that do not exceed program limits) for each assigned card based on authorized budgeted expenditures, previous needs, and anticipated use.
  - c. Request set-up of and changes to department Approvers, Billing Officials, and Cardholders through the Procurement Card Program administrators.
  - d. Provide department/division specific training to Approvers, Billing Officials, and Cardholders.
  - e. Maintain copies of the *Procurement Card Participation Forms* and *Cardholder Agreement* forms for Approvers, Billing Officials, and Cardholders in the department/division.
  - f. Assist in resolution of disputes not resolved at the Cardholder level.
  - g. Request one-time exemptions to established spending and/or transaction limits by notifying the Procurement Card Program administrators in advance of the transaction.
  - h. Assist the P-Card Program Administrators in documenting and researching local program elements; forward recommendations for change to the Procurement Card Program administrators.

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- i. Document program-related cost or time savings at the department/divisional level.
  - j. Perform a semi-annual inventory of cards in use.
  - k. Receive and review Cardholder written reports of lost/stolen cards and process in accordance with procedures outlined in the *Procurement Card Program Policies and Procedures Manual*.
- 5.3 The department/division will designate Approver(s). An Approver must be a Cardholder's supervisor or higher level manager. Duties of an Approver include:
- a. Assure cards are promptly signed by the Cardholder and appropriately secured; paperwork is submitted as required and in a timely manner; and program records are properly maintained.
  - b. Ensure Cardholders submit timely and accurate statements for review and certification, including a detailed and complete *Cardholder Transaction and Use Tax Log*.
  - c. Review and certify assigned Cardholders' monthly statements to ensure purchases are made in accordance with City regulations and items purchased are appropriate per this Department Instruction.
  - d. Review each *Cardholder Transaction and Use Tax Log* to ensure all appropriate procedures are followed when ordering items, and items purchased are appropriate under designated department standards.
  - e. Verify each Cardholder tracks tax requirements for use tax on out-of-state purchases.
  - f. Promptly approve monthly reconciliation packet from Cardholder; sign *Statement of Account* and *Cardholder Transaction and Use Tax Log* for each Cardholder; and forward statements, receipts, and logs to designated Billing Official within three (3) working days of receipt for preparation of payment in SAP.
  - g. Complete a *Procurement Card Participation Form* for cancellation of a card when necessary due to termination or transfer of a Cardholder. Forward a copy to the Billing Official and ensure any subsequent statements are delivered to the responsible Approver.

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- h. Cut cancelled cards in half and return to Procurement Card Program administrators.
  - i. Maintain an updated list of all assigned Cardholders with monthly office and Cardholder credit limits.
  - j. Maintain a file of statements and reports received from U.S. Bank. (Retention period is three years from the date of each item or seven years for grant-funded expenditures.)
  - k. Assist in establishing and approving budgetary control limits for appropriate Cardholders.
  - l. Promptly report any apparent or evident misuse of a card to the Director and Deputy Director and initiate appropriate disciplinary measures.
- 5.4 Cardholders are designated by their respective Appointing Authority and must be experienced in City and department/division purchase requisition procedures. Ultimate responsibility for appropriate usage and security of the card resides with the Cardholder (see City of San Diego *Procurement Card Policies and Procedures Manual*). Cardholder responsibilities include:
- a. Understand and sign the *Cardholder Agreement* form as a condition of procurement card issuance.
  - b. Sign the card upon receipt.
  - c. Ensure all procurement card purchase requests are complete and receive both departmental and budgetary approval.
  - d. Ensure the p-card is used only for official City of San Diego business and not for personal purchases or as a means of identification for a personal check. Also prohibited are alcohol, cash advances, gas stations, professional or non-professional services on City premises, and any other purchases identified by City regulations.
  - e. Ensure the card is not used by anyone other than the assigned Cardholder.
  - f. Keep the card secure; report lost or stolen cards immediately to U.S. Bank (via their 24-hour toll free phone number 1-800-344-5696), then to the Approver and Procurement Card Program administrators. Within three days, follow up with a written report of the incident as well as details of the

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information given to U.S. Bank when the lost/stolen card was initially reported.

- g. Ensure use of the card is cost-effective and conforms to contractual requirements of all citywide and department/division rules.
- h. Use the *Cardholder Transaction and Use Tax Log* to maintain accurate and complete records of all procurement card transactions including the current and accurate balance of available funds, complete information on price quotes solicited, date of order/purchase, description of item, authorization number (either generated by a point of sale device or vendor's call to VISA), date of receipt, name and address of vendor, name of vendor contact, and total cost of purchase. Items costing \$4,999 or less that are susceptible to theft like cameras should receive blue tags that read "Property of the City of San Diego." The property tags can be obtained by contacting the Comptroller's Office, Mixed Asset Section.
- i. Retain all sales documents and receipts and destroy carbons. If a receipt or invoice is not itemized, the Cardholder must write in the items and, if possible, have the salesperson sign it. If a receipt is lost, a written explanation must be provided with transaction documentation: name and location of merchant, transaction date, a full and itemized description of all purchases including tax and other charges, and amount for each item. This replacement receipt is used in place of the original receipt when reconciling the monthly statement. Receipts/invoices smaller than 4¼" x 5½" must be taped to a letter-sized sheet of paper to ensure they are not lost in transit.
- j. Reconcile the statement and resolve any disputed charges within three working days after receiving it.
- k. Maintain records of use tax during the statement period on the *Cardholder Transaction and Use Tax Log*.
- l. Forward the signed and dated *Statement of Account*, with receipts, and *Cardholder Transaction and Use Tax Log* pages to the Approver. After Approver's review and signatures, this reconciliation packet is forwarded to the Billing Official for processing.

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- m. Properly document and follow up on all receiving information to ensure outlay items are tagged.
- n. Ensure phone and internet ordering procedures are followed and proper documentation is made (see Section 5.6).
- o. Obtain replacement, correction, or credit for defective merchandise.
- p. Return card and all documents to Approver upon termination or transfer.
- q. Report to U.S. Bank any improper or disputed charges by filling out the *Cardholder Statement of Questionable Items (CSQI)* within 60 days of statement date; send original *CSQI* and any supporting documentation to U.S. Bank and include a copy with monthly reconciliation packet.

The Cardholder may be required to provide personal information for identification purposes when reporting a lost/stolen card directly to U.S. Bank, but should never give personal information to a merchant when using the card.

### 5.5 The Billing Official for the department/division is responsible to:

- a. Ensure all appropriate paperwork is submitted, including statement, *Cardholder Transaction and Use Tax Log* and original receipts.
- b. Ensure each item purchased includes accounting information and has been reviewed by the appropriate budget analyst.
- c. Reconcile the invoice amount with the receipts and *Cardholder Transaction and Use Tax Log* and verify appropriate forms are attached.
- d. Maintain all records for procurement cards including copies of *Cardholder Transaction and Use Tax Log*, receipts, statements, and *Cardholder Statement of Questioned Item (CSQI)* forms in a central, easily accessible file for a period of not less than three years.
- e. Use the *Cardholder Transaction and Use Tax Log* as backup to make requests for property tags through the Comptroller's Office fixed assets section for outlay items (those items costing \$750 or more and having a service life of three years or longer).

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- 5.6 When the card is used for phone or internet orders, procedures included in the *Procurement Card Policies and Procedures Manual* must be followed to ensure security of the card and accuracy of the order:
- a. A complete and accurate description of the item must be given when ordering so the Cardholder has confidence the proper item is being purchased before the transaction is complete.
  - b. The *Cardholder Transaction and Use Tax Log* must be completed to include the date and time of transaction, name and address of vendor, name of vendor representative, description of item, date of receipt and total transaction amount, including shipping charge (if applicable).
  - c. At no time should a phone or internet order be concluded before the total cost of the charge (including tax and shipping) is calculated by the merchant and verified/approved by the Cardholder.
  - d. If the order is with an out-of-state vendor, the Cardholder must inquire if the merchant has a California tax permit and, if so, request the merchant to assess California sales tax and itemize the tax on the receipt. If the merchant is not authorized to collect California sales tax, the Cardholder must note the transaction details on the *Cardholder Transaction and Use Tax Log*.
  - e. The Cardholder must specifically state to the merchant that the order is to be sent in one shipment, no partial shipments are allowed, and the charge is not to be billed until the items are sent. Furthermore, any charge incurred before receipt of the merchandise will be disputed.
  - f. P-Card purchases must only be made for items in stock only. Back ordered items must be purchased through standard Purchase Requisition procedures.
  - g. Any merchant who deliberately charges for an item not sent must be reported immediately to the P-Card Program Administrators who will pursue action with VISA to have the merchant's VISA privileges revoked.
  - h. The Cardholder must direct the merchant to clearly state the following information on shipping documents: name, department, building, floor, and address of Cardholder; phone number of Cardholder; and the words "Procurement Card Purchase – Do Not Process for Further Payment."

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- i. If someone other than the Cardholder picks up or returns an order, that employee must sign the invoice/VISA charge slip for the Cardholder. (For example, the signature would read "John Doe for Mary Smith.")
  
- 5.7 In addition to the prohibited items noted in Section 4.4 above, the department may determine a need to designate additional control of categories or items.
  
- 5.8 Equipment Outlay items (those items costing \$750 or more and having a service life of three years or longer) must be noted as such by the Cardholder on the *Cardholder Transaction Log*. This information will be used to request property tags through the Comptroller's Office fixed assets section.

\_\_\_\_\_  
Director

Distribution:        P-Card Program Cardholders  
                          P-Card Program Approvers  
                          P-Card Program Billing Officials

## PROCUREMENT CARD PROGRAM CORRECTIVE ACTIONS FOR VIOLATIONS

<u>VIOLATION</u>	<u>CORRECTIVE ACTION</u>
1) Card use for personal business (fraud).	Cancellation of card; no reinstatement; appropriate disciplinary action by department.
2) Card use by another person.	Thirty days suspension of card; cancellation of card for egregious violation; appropriate disciplinary action by department.
3) Split transactions (circumventing designated limits by purchasing item in two or more transactions).	Thirty days suspension of card; cancellation of card for egregious violation; appropriate disciplinary action by department.
4) Card use for prohibited purchase of unauthorized items (including services and controlled substances).	Thirty days suspension of card; cancellation of card for egregious violation; appropriate disciplinary action by department.
5) Noncompliance with procurement regulations and procedures (including not using established purchase order or inventory).	Strengthen internal controls; suspension or cancellation of card for egregious violation; appropriate disciplinary action by department.
6) Failure to maintain Cardholder Transaction and Use Tax Log and submit pages with monthly reconciliation process.	Strengthen internal controls; provide copy of missing documentation; repeated offenses may result in suspension of card.
7) Incomplete receipts in monthly reconciliation packet.	Strengthen internal controls; provide copy of receipt; repeated offenses may result in suspension of card.
8) Failure to sign Statement of Account (Cardholder or Approver).	Strengthen internal controls; provide corrected copy of Statement of Account; repeated offenses may result in suspension of card.
9) Failure to perform monthly reconciliation process in a timely manner.	Strengthen internal controls; repeated offenses may result in suspension of card.
10) Failure to complete required training.	Suspension of card until training completed.

### COMBINATION OF VIOLATIONS

If more than one violation occurs, City Comptroller may impose thirty days suspension of card for each violation or cancellation of card for egregious violations; department administers employee discipline.

### REPEAT VIOLATION

If a violation recurs for which the card was previously suspended, City Comptroller may impose permanent cancellation of Cardholder account; department administers employee discipline.

### APPEAL BY DEPARTMENT

Within thirty days of notification, department may appeal procurement card cancellation or suspension to the City Comptroller. Requests must be in writing. Cancellation or suspension of card will be implemented and enforced until resolution of appeal is determined.