

CITY OF OAK HARBOR

Procurement Card Procedures

I. Background Information

The City of Oak Harbor's Procurement Card (US Bank One Card) program has been established to provide a convenient, efficient means to purchase commodities from vendors and reduce costs associated with the purchasing process. The program is designed to empower employees to purchase items needed for City business and is considered an enhancement to the purchasing process and a delegation of the purchasing authority. The use of a US Bank One Card is a privilege that has been granted to the employees. Certain responsibilities are associated with this privilege.

The Finance Department is responsible for the management of the program and ensures that Departments follow all state and city laws, rules, and policies relating to the Purchasing function. Each department is responsible for the management of its cardholder's accounts. The US Bank One Card program is a Commercial Card Account and has a number of unique controls that do not exist in a traditional credit card environment. These controls ensure that the cards are used only for specific purchases and within specific monthly dollar limits. In addition, verification by each cardholder and by the Approving Manager is required before the bill is submitted to Finance for payment.

II. Authority for these policies.

City of Oak Harbor Municipal Code 3.74.010 authorizes the director of finance to implement credit cards system and develop guidelines and controls to ensure the proper usage of credit cards by the city employees.

RCW.43.09.2855 authorizes local governments to use credit cards (e.g., purchase card) for making purchases and acquisitions.

III. Definitions

Approving Manager - an employee, authorized by their department director, who is assigned the responsibility of approving transactions, setting transaction limits, and authorizing the issuance of new cards.

Billing period - the month during which transactions are posted. The COH's billing period ends on the 25th of each month. (If the 25th falls on a Saturday, the billing period ends on the Friday before. If the 25th falls on a Sunday, the billing period ends on the Monday.) At the end of the billing period, all transactions are transferred to the Central Bill and the individual card limits return to \$0.00.

Cardholder - a COH employee who is issued a US Bank One Card.

Central Bill - the COH's consolidated statement that lists all cardholder transactions.

COH - the City of Oak Harbor.

Disputed Item - a transaction appearing on the US Bank One Card statement that the cardholder or custodian did not authorize.

Finance - a division within the Finance Department that includes the following workgroups: Purchasing, Accounts Payable, Payroll, Accounts Receivable.

Monthly Dollar Limit - An authorization limit that is the dollar limit per month for a cardholder or managing account.

One Card Log – Paper-based listing of monthly purchases. The purpose of the log is to remind cardholders of transactions and assist in reconciliation.

Procurement Card (US Bank One Card) - a VISA credit card issued by US Bank.

Purchasing - a workgroup within the Finance division.

Reconciliation - the process of verifying, approving and settling transactions.

Requisition System - the City of Oak Harbor's Requisition System located on the City's EDENS system. Department requisitioner will have access to this system.

Single Purchase Limit - An authorization limit that is the dollar value of the maximum amount a cardholder can use for one transaction (may contain multiple items).

Transaction Approval Process (TAP) – it lets you to use U.S. Bank Access® Online to approve and audit transactions using the existing internal approval hierarchy and procedures.

Transaction - a purchase or charge to an account.

US Bank One Card Administrator - a Finance employee who administers the US Bank One Card program and serves as the liaison between the COH cardholders and US Bank.

US Bank One Card Custodian - a COH employee who is responsible for maintaining and securing a Group Card account.

US Bank One Card Statement - the individual cardholder's monthly statement that lists all transactions made during the billing period.

Violation - any misuse of a US Bank One Card whether specifically defined in these policies or not, may be considered a violation and may result in cancellation/revocation of the card.

The US Bank One Card is to be used only for City business transactions and must not be used for personal purchases. Failure to comply with this restriction will result in revocation of the cardholder's US Bank One Card.

IV. General Information

All US Bank One Cards issued will have the "City of Oak Harbor" embossed on the second line of the card as well as the City Logo on front of the card. The first line will reflect the cardholder's name.

It is not permitted to allow anyone other than the Cardholder to use a card to make purchases. Only the authorized cardholder is authorized to use this card for approved business purchases only.

Failure to comply with this restriction will result in revocation of the cardholder's US Bank One Card. The US Bank One Card does not replace requirements to comply with existing State or local procurement laws and regulations; it is designed to be an enhancement to the purchasing and payment processes. Except as indicated in Section 6 Unauthorized or Inappropriate US Bank One Card Use, the US Bank One Card may be used to purchase products not otherwise covered under contract. The monthly maximum credit limit on all cards is up to \$2,000 which is set by City ordinance, with the exception of the Purchasing Manager and the Finance Director whose maximum credit limits are \$5,000 and \$10,000 respectively.

Approval to participate in the US Bank One Card Program will be signed by the employee's department director or Approving Manager. This person will define the transaction limit (if any), the monthly maximum transaction limit, up to the maximum allowed by city ordinance, and product(s) authorized to purchase for each cardholder. The US Bank One Card Administrator will coordinate the acquisition and distribution of all US Bank One Cards.

Each time the US Bank One Card is used, the merchant will check via the VISA telecommunications network to verify the card's single purchase dollar limit and monthly transaction limit. When an approval code is received it will appear on the sales draft. The Cardholder will receive a US Bank One Card Statement of purchases after the billing period has ended.

The following condition must be met when using the US Bank One Card:

- Each purchase may be comprised of multiple items, but the total cannot exceed the transaction limit assigned to the US Bank One Card.
- Cardholders must comply with the City's purchasing policies and procedures (see the Purchasing Policy and Procedures) when using the US Bank One Card. If there are questions about the City's purchasing policies, please contact the Purchasing Coordinator.

Questions regarding the specific use of the US Bank One Card should be directed to the US Bank One Card Administrator.

V. Obtaining a New Procurement Card

The department director or manager must submit a written request to the administrator for a new card to be issued. Upon receipt of a written request, the administrator will set up cardholder account and submit completed setup to U.S. Bank to process. The Administrator will

notify the cardholders or custodian upon receipt of the card. Cardholders or custodians will be required to sign the Cardholder Agreement Form (see Attachment 1) before they pick up their new card. Web-based training is available to cardholders and it is required for the first time cardholder to take this training by going to <https://wbt.access.usbank.com>.

VI. Security & Protection

- It is each Cardholder's responsibility to safeguard his/her purchasing card and account number.
- The Cardholder must not allow anyone else to use his or her account number. A violation of this trust could result in the Cardholder having his/her card withdrawn and disciplinary action.

VII. Authorized Procurement Card Use

- Procurement Cards may be used at any vendor that accepts VISA credit cards (with the exception of the types of transactions stated in Section 7.0 Unauthorized and/or Inappropriate US Bank One Card Use.
- Cardholders must comply with the City's purchasing policies and procedures (see the Purchasing Policy and Procedures) when using the US Bank One Card. In order to keep purchasing centralized, only the Purchasing Coordinator is authorized to use the card for materials, equipment and supplies purchases. All other cardholders are urged to follow the strict guidelines set by the Purchasing Policy and Procedure, whereas such purchases are made through the Purchasing Coordinator via a purchase order. Excluding the Purchasing Coordinator, all others shall use the US Bank One card for travel costs (to include fuel purchases for city vehicles when travel is after hours), training and continuing education dues and subscriptions . Examples of appropriate card uses include:
 - Materials
 - Equipment
 - Supplies
 - Services
 - Travel costs

A. Making a Purchase:

The card may be used to purchase goods in person at the supplier site, over the phone, over secure internet sites, or by mail. For all US Bank One Card purchase transactions, the cardholder must obtain a vendor's register receipt, sales draft, packing slip, or email receipt which includes all the following information:

- Indication of the US Bank One Card number, expiration date and the Cardholder's name.
- Date and amount of purchase.
- Detailed list of items(s) purchased and the cost of each item.
- Vendor's name and other identification.

These receipts will be used to reconcile monthly US Bank One Card statements and will first be submitted to the US Bank One Card Requisitioner and then to Finance for auditing purposes.

Cardholders are responsible for receipt of goods and/or materials purchased with the US Bank One Card and to resolve delivery problems, discrepancies and/or damaged goods issues directly with the vendor.

VIII. Unauthorized or Inappropriate US Bank One Card Use

A. Unauthorized Purchases:

Cardholders must comply with the City's purchasing policies and procedures (see the Purchasing Policy and Procedures) when using the US Bank One Card. Examples of unauthorized use include:

- Personal purchases of any kind;
- Cash advances through banks or ATMs;
- Cash refunds;
- Employment Agencies (temporary help)
- Meals, except as provided in the City travel policy.
- Professional Services
- Purchases that violate established City standards or contractual agreements.

Establishing an account such as Paypal by using US Bank One Card is prohibited.

B. Inappropriate Use:

Any unusual activity from an outside source that occurs on a card must be immediately reported to the US Bank One Card Administrator for resolution. The City of Oak Harbor reserves the right to cancel any US Bank One Card at any time for violation of these policies. As this is a commercial card account, the City is liable for all transactions on the Procurement Cards. Unauthorized use by a cardholder may result in revocation of the card and/or other disciplinary action. Cardholders shall be personally responsible for any unauthorized expenditures and will be required to repay expenditures that are considered in violation of these policies within five working days.

Cardholders who violate this restriction will have their card revoked and may be subject to other disciplinary action.

IX. Returns and Exchanges

The cardholder is responsible for contacting the vendor when goods, equipment or services purchased with the Procurement Card are not acceptable (incorrect, damaged, defective, etc.) and for arranging a return for credit. The cardholder is responsible for ensuring that proper credit is posted for any returned items.

If merchandise is returned in person, the cardholder is responsible for obtaining a credit receipt from the merchant and retaining that receipt with other receipts to document the purchase and return.

Receiving cash or checks to resolve a credit is prohibited.

No exchanges are allowed – the item must be returned for credit and the replacement item purchased separately.

X. Dispute Process

Each cardholder or custodian is responsible for resolving any disputes directly with the vendor. To dispute any transactions, a cardholder or custodian can access to Transaction Management Website to complete the form. **The form has to be signed by the cardholder and fax or mail to US Bank within 21 days of the dispute date to be processed.**

Fax Number:

701-461-3463

Mailing Address:

U.S. Bank National Association, ND
C/O U.S. Bancorp Service Center, Inc.
P.O. Box 6344
Fargo, ND 58125-6344

XI. Reconciliation Process

A. Cardholders:

Approximately five business days after cycle date, cardholder will receive statement.

After cardholder reviews statement for accuracy, he/she signs and submits statement to manager for approval.

- Cardholders are responsible for submitting all receipts with their statements. If a cardholder has lost or misplaced a receipt, they are responsible for obtaining a copy of the receipt from the merchant. **The City will not pay for transactions that do not have proper receipts and a transaction log attached. The cardholder will be financially responsible for payment of all transactions that do not have proper documentation.**
- If the merchant cannot provide a duplicate receipt to take the place of receipts that have been lost, the cardholder will be required to pay for the items. If the receipt should re-appear after payment has been made to U.S. Bank Access Online, the Cardholder can submit a business expense reimbursement claim.
- In cases where receipts are not available for services that are directly billed to the credit card (i.e.: monthly subscription charges, courier services, etc.), proper documentation may be provided through the transaction log.

The Finance Department will review all instances of lost receipts and repeat occurrences may result in suspension of US Bank One Card.

B. Approving Managers:

Each employee that is issued a U.S. Bank One Card has an approving manager that oversees purchases made by the cardholder. Approving managers are Department Heads, or their designated representative. The City Administrator will be designated as approving manager for card purchases made by Department Heads. An approval manager has on line access to view and approve, reject and certify transactions sent by the cardholder.

The Approving manager shall be responsible for the following:

- Compare supporting document with the transaction list forwarded by the cardholder.
- Review all charges to ensure that they are allowable charges and within the cardholder's monthly limits.
- Review should be done by the approving manager within 10 working days after receiving statement from the cardholder.
- **It is the responsibility of the card holder to submit the authorized statement and appropriate receipts to Accounts Payable for payment in a timely manner. If payment is not received by US Bank One by the due date, late fees and penalties will be assessed. The card holder's department will be responsible for paying all late fees and penalties.**

C. Audit Reports:

All procurement card transactions are subject to periodic audits by the card administrator and internal auditor for compliance with the policies and procedures outlined in this document. Program administrator will run the transaction status approval report that enables the program administrator to monitor the compliance with applicable policies and legal requirements.

XII. Lost or Stolen US Bank One Cards

In the event of a lost or stolen US Bank One Card, immediately notify your Approving Manager, the US Bank One Card Administrator, and US Bank (if necessary). If appropriate, the Police Department should be notified depending on the situation, e.g. robbery, burglary, etc. The following telephone number may be used to contact the appropriate persons:

US Bank - 24 Hour Customer Service – (800)-344-5696

XIII. US Bank One Card Account Maintenance

Changes to a Cardholder's name, address or Department/Division, should be immediately reported in writing to the Card Administrator.

XIV. Termination of Employment

The cardholder must turn in his/her US Bank One Card to his/her Department at time of termination. The Approving Manager should report the termination of employment to the Card Administrator. The card should then be destroyed.

XV. Procurement Card Cancellation/Revocation

Notify the Card Manager immediately when a Procurement Card is to be canceled or revoked. The card must be returned to the administrator. The returned card must be destroyed by the administrator.

XVI. Key Contacts

The following resources are available to assist you, answer questions, or help solve any problems that may arise while using the Procurement card.

For customer service questions, contact, lost or stolen cards:

_ U.S. Bank Customer Service:
(800)-344-5696 available 24/7

XVII. Frequently Asked Questions

In what ways do I benefit from using the Procurement Card?

When you use the Procurement Card, you enjoy reduced paperwork, direct contact with suppliers, quick and efficient order processing, faster delivery, and more accurate orders. The issuance of a US Bank One Card to employees should be viewed as a privilege that the employee has earned.

How does the City benefit from the Procurement Card Program?

When employees use the Procurement Card, the City enjoys greater productivity as a result of reduced paperwork and savings from consolidated payments.

How can I differentiate the City of Oak Harbor Procurement Card from my personal credit card?

"The City of Oak Harbor" is imprinted on the face of each procurement card. If you keep your US Bank One Card in your wallet, it is recommended that you keep the US Bank One Card in a different compartment in your wallet from your personal credit cards so that it is not easily accessible.

What do I do if a purchase is denied?

Your purchase may have exceeded the card's limits or the purchase may be defined as an unauthorized purchase (see Section 8 - Unauthorized and/or Inappropriate US Bank One Card Use). Contact the Card Administrator or Customer Service.

May I use the US Bank One Card for personal purchases and then reimburse the City?

No. The US Bank One Card can only be used for payment of products or services, which are required to perform duties at the City of Oak Harbor. It is not to be used for personal purchases of any kind.

Will the use of the Procurement Card affect my credit report?

No. This account is for business purchases only. It must not be used for personal charges. Therefore, U.S. Bank does not report card activity to any credit bureau.

What do I do if I have lost my original receipt?

All attempts should be taken to contact the vendor to request a duplicate. When submitting the documentation, please note that the original was lost, thus a copy has been provided. If no copy is available and/or unsuccessful with vendor, contact US Bank to obtain a copy of the charge.

What do I do if I did not receive any documentation for my purchase?

All attempts should be taken to contact the vendor to request acceptable documentation. The vendor should either be able to provide an invoice, packing slip, or a written description of what merchandise was purchased as well as the dollar amount of the purchase.

What do I do if a transaction appears on my statement that I do not believe is mine?

You can use Access Online to dispute a transaction and request a copy of the sales draft to get more information about the disputed transaction. Print, sign and fax or mail the dispute form to the following address. **The form must be received within 21 days of the dispute date or will not be processed.**

Fax Number:

701-461-3463

Mailing Address:

U.S. Bank national Association, ND
C/O U.S. Bancorp Service Center, Inc.
P.O. Box 6344
Fargo, ND 58125-6344

Attachment – 1 Agreement to Accept the U.S. Bank One Card *

The U.S. Bank One Card represents our company’s trust in you. You are empowered as a responsible agent to safeguard company assets. Your signature below is verification that you have read the employee handbook and agree to comply with it as well as the following responsibilities. It also acknowledges that you have received the one card # _____.

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

Employee Signature

Approving Manager Signature

Employee Printed Name

Date

Approving Manager Printed Name

Date

• Before implementing, please review this agreement with your legal counsel or compliance department.
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 CPS3132 (01/05)