

# **CITY OF LEE'S SUMMIT**



## **PURCHASING CARD (P-CARD) POLICY AND PROCEDURES MANUAL**

**July 1, 2008**

**P-CARD PROGRAM IS ADMINISTERED BY THE PURCHASING DIVISION**

**PURCHASING CARD PROGRAM  
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## **CITY OF LEE'S SUMMIT PURCHASING CARD PROGRAM**

### **1. PROGRAM OVERVIEW**

#### **1.1 INTRODUCTION**

The city of Lee's Summit Purchasing Card Program, hereinafter referred to as P-card Program, is designed to improve the efficiency in processing small dollar purchases from any vendor who accepts the Visa Purchasing Card. This program shall allow the cardholder to purchase approved commodities and services directly from the vendor. Each P-card will be issued to an individual who will be responsible for all purchases made with the card. The city of Lee's Summit is clearly identified on the card as the "corporate" buyer of goods and services. Purchases are exempt from sales tax.

#### **1.2 PURPOSE**

The purpose of these P-card Program policies and procedures is to accomplish the following:

- Provide employees with instructions on the proper use of the P-card.
- Reduce the cost of high volume, low dollar amount transactions. This program helps reduce the use of check requests, petty cash, and small dollar purchase orders.
- Provide an efficient method of purchasing and paying for commodities and services. (Any service involving prevailing wage can not be paid with a P-card. Contact Finance Dept. Accountant Heidi Keith, at 969-1107)
- Reduce field crew travel time involving purchases.
- Reduce paperwork.
- Develop reasonable and enforceable policies, procedures and audit controls. The program is NOT intended to avoid or bypass appropriate purchasing or payment procedures, but to compliment the existing processes.
- Increase the number of vendors immediately accessible to the city of Lee's Summit.
- Improve management reporting on low dollar amount transactions.
- Expedite the payment to vendors on small dollar purchases.
- Provide for disciplinary action if the P-cards are misused.

***NOTE: The policies and procedures provided herein are minimal standards for departments. Department Directors/Division Managers and the P-card Program Administrator may establish additional controls.***

#### **1.3 SUMMARY OF PROGRAM**

The city of Lee's Summit has contracted with UMB Bank for a Visa Purchasing Card Program. All cards are issued at the request of the Department Director/Division Manager. Department Directors/Division Managers and the P-card Program Administrator (Purchasing Division) will determine the cardholder's authorized expenditure limits within the established dollar limits of the P-card program. Cardholders are responsible for the security, usage and statement reconciliation of their P-card. Card usage will be monitored, and cards may be suspended or rescinded at any time.

### **2. ROLES AND RESPONSIBILITIES**

#### **2.1 Cardholder**

- Hold and secure P-card.
- Use purchase log to record all transactions.
- Order/receive materials and services.
- Make certain sales tax is NOT charged.
- Indicate to vendors they MUST NOT invoice the city because it might result in a duplicate payment.

- Request merchants to give detailed descriptions of goods and services, not just “misc”.
- Collect and receive sales receipts.
- Handle disputed items. If unable to resolve, contact the P-card Program Administrator (Purchasing Division).
- Fill out the P-card Dispute form (located on the Intranet under online Forms, Purchasing Forms or under P-card Manual) and send to the P-card Program Administrator (Purchasing Division).
- Match receipts and P-card transaction log with monthly card activity statement.
- Review monthly statements for validity of all transactions.
- Process all billing statements within 10 days of closing date or by the date assigned by the Accounts Payable Supervisor.
- Submits receipts, along with signed P-card transaction log to the Department/Division Administrator.
- Make sure that no one else is allowed to use the card to make purchases.
- Notify UMB Bank immediately at 1-800-821-5184 and also notify the Department Administrator and or Department Director/Division Manager of lost or stolen cards.
- Comply with all purchasing and P-card policies and procedures.
- Return P-card to Department Administrator or Director/Division Manager upon separation from employment with the city or transferred to another city department.

## **2.2 DEPARTMENT/DIVISION-ADMINISTRATOR**

- Timely collection of all monthly activity statements for the department or division(s) to be processed for account verification to Accounts Payable.
- Review monthly statement of each cardholder to ensure inclusion of necessary receipts.
- Check to make certain sales tax is charged only when appropriate.
- Ensure availability of funds in proper account codes.
- Verify appropriateness of account codes.
- Process all cardholder activity statements, forwarding statements and supporting receipts to Accounts Payable Division within 10 days of statement closing date.
- Handle disputed items that cardholder is unable to resolve.
- Notify the P-card Program Administrator (Purchasing Division) of terminated or transferred employees and return cancelled cards to the P-card Program Administrator.
- Notify the Program Administrator of lost or stolen cards.
- Arrange cardholder training for cardholders with the P-card Program Administrator (Purchasing Division).
- Comply with all purchasing and P-card policies and procedures.

## **2.3 DEPARTMENT-DIRECTOR/DIVISION MANAGER**

- Request purchasing cards for designated employees.
- Set departmental spending limits within established guidelines.
- Designate representatives responsible for authorizing charges.
- Evaluate the need to cancel or reissue cards when employees transfer within the city.
- Review each cardholder’s monthly statement and purchase log. Sign P-card transaction logs and forward to Department Administrator within 10 days of statement closing date or date assigned by Accounts Payable Supervisor.
- Comply with all purchasing and P-card policies and procedures.

## **2.4 P-CARD PROGRAM ADMINISTRATOR (Purchasing Division)**

- Notify Accounts Payable Supervisor of change of cardholder status and of any penalties.
- Coordinate program policy issues.
- Create and maintain cardholder hierarchy for control and reporting purposes.
- Create dollar transaction limits for cardholders and oversee any necessary and required modifications.
- Process properly authorized card requests and card strategy changes.
- Assign merchant codes to particular card strategies and change when in the city's best interests.
- Block merchant/commodity codes when appropriate.
- Administer training program for all cardholders.

- Coordinate issuance and cancellation of cards.
- Maintain policy and cardholder guides/manuals.
- Evaluate P-card feedback from suppliers and from departments.
- Coordinate and maintain internal controls.
- Audit monthly reports for compliance to P-card program policies and procedures.
- Participate in resolving billing disputes.
- Monitor use of cards and selection of vendors.
- Participate in ongoing program reviews.
- Provide cardholders all relative information regarding card-use policy and procedures.
- Handle disputed items that cardholder is unable to resolve.
- Serve as contact when P-card issues arise.
- Create strategies and establish dollar limits. (Strategies can be requested from UMB Bank based on levels of employees, department personnel, laborer, etc.)

## **2.5 Finance Department, Accounts Payable Division**

- Receive periodically electronic transaction log and original receipts and signed transaction log from Department Administrators for balancing with city's summary statement.
- Notify P-card Program Administrator (Purchasing Division) when transaction log are not received in a timely manner.
- Balance transaction log with cardholder's activity reports for the same time period.
- Journal entries as required.
- File and store statements, receipts, etc.
- Audit transaction logs for proper documentation.
- Monitor missing documentation and notify the P-card Program Administrator.
- Notify the P-card Program Administrator of any violations or discrepancies.
- Provide training for all cardholders on reconciliation.
- Audit as required.
- Coordinate payment to Bank.
- Process into Financial system.

## **2.6 UMB BANK RESPONSIBILITIES**

UMB Bank is the issuer of the city of Lee's Summit P-card. Their responsibilities will include all activities related to the underwriting, promotion, issuance and servicing of the card.

UMB Bank utilizes First Date Resources in Omaha, Nebraska to support all the data processing services necessary to support authorization, posting, settlement, billing, mailing, and card embossing. The on-line account maintenance tool, UMB Commercial Card, is a proprietary product of UMB .

For reporting and automated cost allocation functionality, UMB offers Visa Information Management. Visa Information Management provides over 80 standard management reports as well as a file extract tool for ad-hoc reporting.

UMB Bank will process reported lost, stolen, canceled or reassigned cards as reported to them by the city of Lee's Summit P-card Program Administrator. They will assist in processing errors and disputes with suppliers as necessary. UMB Bank will routinely produce and transmit reports and/or transaction files to the city of Lee's Summit.

UMB Bank usually pays merchants within three (3) days of your business transaction, once the transaction has been posted by the vendor. The transactions charged to your P-card are billed directly to the city by UMB Bank, even though the name of the cardholder is on the card

UMB Bank Customer Service Center can be reached at 888-494-5141.

## **3. OBTAINING A CARD AND ORDERING PROCESS**

### **3.1 REQUESTING YOUR PURCHASING CARD**

To secure a P-card, person must be an permanent employee of the city of Lee's Summit and have delegation of authority or, in other words, be authorized to purchase goods, materials and services on behalf of the city.

Complete the P-card Cardholder Action Request form (form located on the Intranet, under Online Forms, Purchasing Forms or under P-card Manual) The Department Director/Division Manager will determine the dollar amount and types of commodities and services employee will be authorized to purchase. This form will be sent to the Purchasing Division, who will then process and forward the request to UMB Bank. Upon receipt of the card from the bank, employee will be scheduled for training. **Once training is completed,** cardholder will sign the city of Lee's Summit Purchasing Card Cardholder Agreement (Intranet, Online Forms, Purchasing Forms), then receive and sign their P-card.

Cardholder shall keep the card in a secure place. Although the card is in their name, it is the property of the city of Lee's Summit and is only to be used for city purchases as defined in this manual.

The P-card Program Administrator (Purchasing Division) will receive a variety of reports providing information on cardholders and their purchases. This information will be passed on to the Department Directors/Division Managers and Department/Division Administrators as necessary to maintain the integrity of the program. Please remember such data is proprietary and should not be disclosed outside the city of Lee's Summit. Card usage will be monitored and cards may be suspended or rescinded at any time. Remember, as a cardholder, the employee is committing city funds each time the P-card is used. This is a responsibility that cannot be taken lightly.

#### Obtaining A P-card

- Department Directors/Division Managers will determine and authorize which employees will be issued a P-card and notify the P-card Program Administrator (Purchasing Division).
- Program Administrator orders the P-card from the bank.
- Program Administrator trains employee on P-card use. The Accounts Payable Supervisor trains employee on P-card reconciliation.
- Prior to receiving a P-card, employees must read all instructions and guidelines carefully. Employee's signature on the cardholder agreement indicates that you understand the intent of the program and agree to adhere to the established guidelines.
- The P-card Program Administrator will issue the P-card once employee has signed the cardholder agreement form and after completion training program.

### **3.2 LIMITATIONS ON USE OF P-CARD**

Cardholder Use Only: Only the employee whose name is embossed on the card may use the P-card. No other individual is authorized to use the card.

City Purchases Only: The P-card is to be used for city authorized purchases only. The P-card cannot be used for any personal use and any such use shall require immediate reimbursement and shall result in disciplinary action which may include dismissal. It is understood that exceptions can occur and these will be judged on a case-by-case basis.

### **3.3 DOLLAR LIMITATIONS**

The Department Director/Division Manager approving the assignment of a purchasing card shall set single purchase limits, as well as monthly limits. ***Requests for spending limit changes must be approved by the Department Director/Division Manager and by the P-card Program Administrator.***

Multiple items may be purchased but in no event can a purchase exceed the maximum purchase limits as established by the Department Director/Division Manager. Payment for purchases must not be split to stay within the single purchase limit. Deliberately splitting a purchase to circumvent these procedures may result in suspension or revocation of your P-card.

All items purchased over the counter must be immediately available – no backordering is allowed. Your P-card should not be charged until the merchandise or service is received.

All items purchased via telephone, FAX transaction, or Internet order must be delivered in a single delivery. If an item is not immediately available, the purchase should not be charged against your P-card until the item has been shipped to you.

Any rebates, coupons received by the cardholder must be turned in to the P-card Program Administrator (Purchasing Division).

- Department Directors/Division Managers and the P-card Program Administrator will determine the cardholder's authorized expenditure limits within the established dollar limits of the P-card program.
- No individual transaction, including shipping and handling, may exceed the cardholder's authorized expenditure limits.
- Purchases must be for the use and benefit of the city of Lee's Summit. **NO PERSONAL PURCHASES ARE ALLOWED. All purchases for commodities and services that are not prevailing wage for which city agreements or contracts are in place must be made from the contract suppliers.** (A list of contracts/agreements is available on the Intranet under Main Menu, Purchasing Contracts.)

### 3.4 ALLOWABLE PURCHASES ON P-CARD

The following is a list of most common allowable usage of the P-card.

- Building/landscaping materials
- Catering and food for business use itemized receipts must indicate what the food was used for and who attended the meeting or function
- Miscellaneous maintenance and repair requirements
- Office supplies
- Uniform and clothing purchases
- Education, such as local registration for classes, conference, seminars, etc.
- Subscriptions, books, videos
- Memberships
- P-Card can be used for meals related to local travel as approved by the supervisor and in accordance with published guidelines. (Local travel is considered no overnight stay or air travel.)

### 3.5 PLACING AN ORDER

When making a P-card purchase, be prepared to provide the following:

- Your name
- Your card number
- Card expiration date
- Tax exempt certificate form

Ask the vendor to provide a detailed itemized receipt/packing list that includes product description, price, sales tax (when applicable), and freight/delivery charges. (The charge slips and itemized receipts are required for the transaction log reconciliation.)

If goods and materials are ordered by phone, ask the vendor to include a detailed sales receipt in the package and explain that the city is a sales tax exempt organization. Save the P-card receipt and shipping documents for the transaction log.

**Cardholders must inform the vendor that the city is tax-exempt before the order is processed. Check your receipt before leaving the cashier area to ensure that tax has not been added to your purchase.**

### 3.6 TIPS FOR PURCHASING ON THE INTERNET

When purchasing a service or product online with a P-card, you should do the following:

- Always print off the confirmation of the order.
- Make sure that you are fully informed as to all of the charges associated with making a particular online purchase. Shipping and handling, plus other special or hidden fees can greatly increase the cost of your purchase. Note the expected delivery time and determine whether or not the vendor's delivery schedule fits your needs.
- **Read the online vendor's refund/return and customer privacy policies.** Learn the terms of business practiced by a particular online vendor. Beware of online merchants who do not prominently display refund/return or privacy policies.
- Look for addresses that start with "https:" Never enter your credit card number on a web page that does not have "https:" at the beginning of the web page address. The "https:" in the URL (web address) means that information you fill out in an ordering form will be transmitted over an encrypted, secure connection to the vendor.
- Look for the security alert and the lock icon when making online purchases. Using Internet Explorer, you will get a pop up "security alert" when you connect with a secure server. The message will read something like "You are about to view pages over a secure connection." If you continue by clicking "OK" on the pop-up window, you will be connected to a secure server. At this point, you should see a lock icon in the bottom-right portion of your web browser window. The security alert and the lock icon are signs that you have in fact connected with a website using an encrypted, secure connection.
- Guard your personal information. Don't provide any non-essential information online.
- Find out where a company is physically located so that you can check on its reliability through other verifying sources, such as the Better Business Bureau. Most reputable companies will offer an alternate means (retail outlets, mail orders, phone orders, etc.) of purchasing their products or services. Beware of online retailers that fail to list detailed contact information. A good way to discover the location of a website's ownership is to use the "WHO IS Lookup" feature at Network Solutions. Type in the web domain of the company in question at <http://www.networksolutions.com/egi-bin.whois.whois>.
- Never reuse the same passwords for multiple e-commerce accounts. If your web browser asks you if you want to "remember" your password so that you don't have to enter it in future visits to an online store, decline the offer.
- Before you punch the "Order Now" or "Place Order" button, do a **"Print Screen" of the items you are purchasing.** Make sure quantities, unit prices and totals are shown. This can serve as a receipt should the order confirmation not be itemized.
- Know that unsolicited e-mail violates computer etiquette and is often used by con artists. Offers you receive through junk e-mail are often typed in all capital letters and are designed to appeal to people who are easily fooled by flashy messages and exaggerated claims.
- Unless you are familiar with the online business, do not respond to unsolicited e-mail messages offering services or products through online credit card sales.
- Look for seals or other symbols that identify a particular vendor as being a member of an online reliability, privacy, or secure site protection group. Organizations that sponsor these types of seals include BBBonline ([www.bbonline.org](http://www.bbonline.org)), ePublicEye.com, Secure Assure ([www.secureassure.org](http://www.secureassure.org)), Versign ([www.versign.com](http://www.versign.com)), and TRUSTe ([www.truste.com](http://www.truste.com)). Verify that the vendor is in fact a member of the seal program by visiting the site that issues the seal and looking up the vendor's name and /or Web address.

### 3.7 DECLINED TRANSACTIONS (PURCHASES)

When attempting to use the card to make a purchase and the card transaction is declined contact the P-card Program Administrator as soon as possible for an explanation for the decline and action to resolve the situation. For those transactions that exceed the singular occurrence, daily or monthly spending limit amount the Program Administrator may approve to complete the purchase. If the amount is substantially above the cardholder's limit the Program Administrator will contact the Department Head for authorization to proceed with the purchase. Typically P-cards transactions are declined for the following:

- Cardholder failure to activate the card.
- Cardholder has exceeded spend or transaction limits.
- Vendor/supplier is classified under a Merchant Category Code (MCC) that is blocked from use by the City.
- Vendor/supplier has asked for the billing address and or other information provided by the cardholder that does not exactly match that on file with the bank.



- On telephone or internet orders the Vendor or Cardholder has incorrectly entered the card number, expiration date or security CVV number.
- The transmission between the Vendor/supplier and the bank is not working.

#### **4. RECEIVING AND RETURN PROCESS**

##### **4.1 RECEIVING MATERIALS**

When you make a purchase at a store, you will receive the goods and obtain the itemized receipt at the time of purchase. Goods ordered by phone, fax, mail, or Internet will be received in the mail or by freight carrier.

Every purchase must be documented with a receipt which will typically be a standard store receipt. If you are having a purchase shipped to you, request an invoice (marked paid) in addition to the packing slip in order to have an adequate receipt that includes total costs. Under certain circumstances, such as magazine subscriptions, membership applications and conference registrations, copies of the order forms will be acceptable as receipts. If ordering on the Internet, print a copy of the final confirmation before you leave the website.

You should keep the charge slip attached to the receipt for each transaction. Keep all receipts for use in reconciliation of your transaction log with your P-card Transaction Log / Statement. All receipts must contain the following information.

- Date the purchase was made
- Vendor identification (name)
- Itemized description of items purchased, including quantity
- Per item cost
- Total cost
- Cardholder identification (card account number or your name)

##### **4.2 RETURNS, CREDITS, REJECTED MERCHANDISE**

The cardholder is responsible for making all arrangements associated with P-card returns. Cardholders are expected to follow up until the appropriate credit is issued against their P-card. To arrange a return:

- Notify supplier you are returning items that were purchased with the P-card. (Many suppliers will not accept returns without prior return authorization.)
- Ask the supplier to credit your P-card for the return. **Never accept cash for a P-card return.**
- Ask supplier for a credit receipt. A credit receipt will need to be turned in with your transaction log.
- Follow supplier's packaging and labeling instructions.
- Complete appropriate documentation of shipment.

#### **5. P-CARD ADMINISTRATION**

##### **5.1 TAX EXEMPT INFORMATION**

All purchases made with this card are Sales Tax Exempt under 12490857.

- Tax exempt certificate form is located on the Intranet under online Forms located under Purchasing Division Forms and also located under Policies, Purchasing Division, P-card Policy and Procedures Manual.
- **Cardholder must inform vendors that city is tax exempt before order is processed.**
- The city's tax-exempt information is printed on the face of the P-card.
- If the vendor requests a tax certificate as proof of tax exempt status, contact your Department/Division Administrator or the P-card Program Administrator with the vendor name, address, and fax number. A certificate will be faxed to them in a short time after the request is made, or the cardholder can carry a copy of the tax exempt certificate form and give to the vendor.

- Before leaving the cashier area, cardholder should review the receipt to verify they have been charged the correct prices and that sales tax was not charged. If the receipt is not correct, the cardholder is responsible for correcting the transaction including the recovery of overcharges and incorrectly charged sales tax. If this doesn't occur in the same billing cycle, cardholder must note so on the receipt.
- Some vendors may require that sales tax exempt purchases be processed at their customer service desk.

## 5.2 CARD SECURITY AND FRAUD COUNTERMEASURES

The cardholder is responsible for the security of their P-card and the transactions made against it. Carefully guard it and use it responsibly. To prevent unauthorized use:

- Safeguard cards and card numbers. Do not post card numbers at your desk or write it in any place that is easily accessible to others. Never put a card number on a postcard or on the outside of an envelope
- Prohibit others from using your P-card. No other person is authorized to use the card. The **ONLY** person entitled to use the P-card is the **CARDHOLDER** whose name appears on the face of the card. **DO NOT LEND YOUR CARD** to another person for use.
- Sign P-card with your name.
- Card is not for personal use.
- Use of the card not in accordance with these established guidelines may result in personal liability.
- Do not sign any blank receipts.
- Never give your card number over the telephone, unless dealing with a company you know is legitimate.
- Never provide your card number over the internet to business posing as a bank/financial institution, a representative/agent of UMB requesting to update your card or personal information. Historically, these requests are SCAMS to obtain your card information. Forward such emails/telephone calls to the P-card Program Administrator.
- Should you receive a telephone call regarding your card from an unverified source please follow the following steps:
  - 1) Listen to the call and do not answer questions regarding card information i.e. card number, three digit CVV, etc.
  - 2) Hang up and call UMB Fraud at (888) 387-2447. The representative will verify that you were called and proceed to assist you.
  - 3) Post the foregoing telephone number where you can easily retrieve it when necessary.

The following information is printed on the back of each P-card:

Authorized user of this card is responsible for the protection and proper use of this card. This card is the property of UMB Bank USA, n.a. and must be surrendered upon demand. Use of this card constitutes acceptance of and is governed by the terms and conditions of the Cardholder Agreement as amended from time to time. Unauthorized or inappropriate use may constitute a criminal offense.

## 5.3 LOST OR STOLEN CARD REPORTING

### **IMMEDIATELY REPORT LOST OR STOLEN CARDS USING THE FOLLOWING PROCEDURE.**

The city of Lee's Summit is liable for all charges incurred before the card is reported lost or stolen to UMB Bank.

- **Immediately call UMB Bank at 800-821-5184, ext. 2412.** Record the name of the person you spoke to, and the time and date the loss/theft is reported.
- Inform your Department Administrator Of lost or stolen P-card. The Department Administrator is to notify the P-card Program Administrator (Purchasing Division).

### Reporting Lost or Stolen Card

- Your department/division is responsible and liable for all charges made on your card. Unlike personal credit cards, which have a limited liability if lost or stolen, unless you

follow the proper procedures in reporting lost or stolen cards; the city is liable for all purchases made with your card.

- There is no personal liability on the card unless the cardholder violates the terms of card use set forth herein or as specified in the Cardholder's Agreement.
- Lost or stolen cards, notify UMB Bank immediately at 1-800-821-5184 and notify the Department Director/Division Manager and or Department Administrator.

#### **5.4 CHANGES TO CARDHOLDER INFORMATION**

Notify your Department Administrator or Department Director/Division Manager to advise of name changes. The Department Administrator or Department Director/Division Manager should then forward the information to the P-card Program Administrator (Purchasing Division), who will then make the appropriate changes to the account.

#### **5.5 CANCELING A P-CARD**

To cancel a card, the Department Administrator or Department Director/Division Manager needs to e-mail the cancellation request to the P-card Program Administrator, cut the card in half. The P-card Program Administrator (Purchasing Division) will cancel the account with UMB Bank.

#### **5.6 CARDHOLDER TRANSFER**

P-cards will be cancelled upon the transfer of a cardholder to a new department. The P-card may be reissued at the discretion of the new Department Director/Division Manager.

### **6. RESTRICTIONS, VIOLATIONS AND PENALTIES**

Certain places of business and commodities are considered unauthorized for using the P-card. If a business accepts VISA but your transaction is rejected it is because the item you are attempting to purchase or the place of business has a restricted code setup within the city's P-card program. Contact the P-card Program Administrator (Purchasing Division) at 816-969-1080 to discuss the restriction.

#### **6.1 EXAMPLES OF UNAUTHORIZED PURCHASES**

- Alcoholic beverages
- Ammunition
- Cash advances, cash refunds, cash in addition to purchase, cash in lieu of credit for the return or exchange of a purchase.
- Various computer hardware or software items (Cardholder to check with the ITS Department HELP DESK at 816-969-1234 prior to using a P-card for these types of items)
- Controlled substances
- Donations of any kind
- Gasoline (can only be purchased with a P-card in the event of an emergency)
- Lease or rental payments (other than car rental while on City business)
- Meal relating to overnight travel (these are covered by your per diem expenses)
- Personal or non-business purchases i.e. phone calls
- "Split" Purchases – occur when single purchases costing more than the cardholder's single, purchasing limit is split into multiple P-card transactions to circumvent the limit.
- Telephone charges and installation including cell phone charges
- Utility payments
- Any service involving prevailing wage can not be paid with a P-card. Contract Finance Department, Accountant Heidi Keith at 816-969-1107 to determine if service is prevailing wage or not.
- Consulting and professional services
- Weapons

#### **6.2 EXCLUSIONS BY MERCHANT CATEGORY CODE (MCC)**

MCC is a numeric 4-digit code VISA assigns to each vendor to identify the vendor's primary product or service. Specific MCC's are excluded from use on all city of Lee's Summit P-cards. These exclusions will cause a transaction to be declined at vendors registered with these codes such as. 1) access to cash such as banks, ATMs, casinos and lotteries; 2) utilities such as cable or telephone services; 3) personal service providers such as barber and beauty studios, health spas, and carpet cleaners; and 4) amusement and entertainment vendors, such as theaters, bowling alleys and arcades.

Exceptions to these restrictions: If a vendor accepts VISA but your transaction is rejected, and you believe the purchase should be allowed, call the P-card Program Administrator (Purchasing Division) at 816-969-1080 to check the vendor's MCC code. Some vendors have codes that don't necessarily make sense, e.g. a plumbing parts and supply wholesale/retail vendor may register as a "contractor".

### **6.3 OTHER VIOLATIONS**

It is the responsibility of the ordering department to ensure all "extra" charges such as freight, handling, set-up, delivery, etc., are considered before a purchasing card transaction is made. A vendor's willingness to honor a purchasing card transaction exceeding the cardholder's single transaction limit does not authorize the cardholder to make such purchases.

Purchases from vendors that create conflicts of interest, such as companies owned by the city employee or relatives, or where the employee has or will gain or benefit directly or indirectly from the purchase is strictly prohibited.

A Lost Receipt Form (located on the Intranet under online Forms, Purchasing Forms or under P-card Manual) is available in case of a lost receipt. However, excessive use of affidavits in lieu of actual receipts, or not submitting your monthly statements in a timely manner, may be cause for revocation of your P-card.

### **6.4 PENALTIES**

City of Lees Summit P-cardholders are responsible and accountable to the city for all purchases made with the purchasing card and they must adhere to all city of Lees Summit policies regarding its use. All purchasing card purchases shall be for official business of the city. Any City employee who fails to use the purchasing card properly or abuses the use of the purchasing card shall be subject to cardholder penalties listed herein and may be subject to personnel disciplinary action, up to and including termination of employment. The city will seek restitution for any inappropriate purchases made with the card. All cases of misuse or abuse of the P-card must be documented by the Department Administrator or the Department Director/Division Manager and forwarded to the P-card Program Administrator (Purchasing Division) in writing for action.

### **6.5 CARDHOLDER VIOLATIONS**

When policy violations by a particular **cardholder** are identified during the Department Administrator or Department Director/Division Manager review of the monthly transactions, the following process shall be followed:

- Notify P-card Program Administrator (Purchasing Division) and Accounts Payable Division of any penalties.
- If a single abuse occurs by a particular Cardholder, provide the information to P-card Program Administrator (Purchasing Division) who will after determination issue a written warning letter to the Cardholder.
- In the second instance of abuse, the card shall be suspended for at least three (3) billing cycles.
- If problems continue after the card is reinstated; the card shall be canceled up to one year.
- A Department Director/Division Manager can recommend skipping all of the foregoing steps if the incident is severe enough and suspend the card permanently.
- When warnings are issued by the P-card Program Administrator (Purchasing Division), the Cardholder, Department Director/Division Manager and Accounts Payable Division will be notified.

## 6.6 DEPARTMENT VIOLATIONS

Departments are responsible to ensure that all P-card accounting documents are submitted to the Accounts Payable Division. Those departments that fail to provide do so in a timely matter shall have the following penalties imposed on those occurrences:

- When the transaction log is not forwarded to the Accounts Payable Division within 10 days of receipt or date assigned by Accounts Payable Supervisor.
- Repeated Cardholder abuse and/or departmental abuse.
- Consistently failing to provide proper documentation.
- Failure to provide proper signatures.

Departmental penalties are as follows:

- First occurrence, a warning will be issued to the Department Director/Division Manager to provide the documentation as required.
- Second occurrence, Department Director/Division Manager will be contacted and cards for the entire department may be suspended for at least two (2) billing cycles.
- Third occurrence, the cards for the entire department may be suspended for at least one (1) year.

## 7. DOCUMENTATION AND RECONCILIATION

Record keeping is essential to ensure the success of the program. Standard payment policies require retention of receipts and other documentation.

When making a purchase via the Internet, the vendor will provide you with a confirmation or e-mail with details of your order. If not provided by the vendor via e-mail or fax, PRINT SCREEN before exiting the website. This should be used as your receipt. All receipts are to be entered on the transaction log and attached in the order in which they are listed on the log.

### 7.1 ITEMIZED RECEIPTS AND DOCUMENTATION

Cardholders must retain sales slips, cash register receipts, void receipts, order forms packing slips and receiving documents etc. for cardholder transaction log/statement. (excel log)

### 7.2 MISSING DOCUMENTATION

If for some reason the Cardholder does not have documentation of the transaction to send with the transaction log, the Cardholder must use the Lost Receipt Form (located on the Intranet under online Forms, Purchasing Forms or under P-card Manual) which will provide all pertinent information regarding that purchase. Continued incidents of missing documentation may result in the cancellation of the employee's P-card.

### 7.3 STATEMENT RECONCILIATION

Transactions charged to your account must be reconciled and submitted to Department Administrator. The Accounts Payable Supervisor will electronically forward your monthly statement / transaction log to you or a department representative approximately the 17<sup>th</sup> of each month. The Accounts Payable Supervisor will indicate the date on which the signed paper transaction logs, itemized receipts, and electronic logs need to be returned to Accounts Payable.

**If no date is indicated, the logs are due back to Accounts Payable within 10 days of the closing date on the transaction log.** The Department Administrators, Department Directors/Division Managers will review monthly statements considering the following:

- Review for correct signatures. (Signatures of cardholders will be on file in the department.) Transaction tickets signed in a name that is different from the cardholder's should be followed up. Use of the card by someone other than the cardholder is prohibited.
- Review for correct general ledger account number coding.

- Review the description field has been completed.
- Itemized receipts are attached documenting the detail of items purchased. In cases where a signed copy of the transaction ticket is provided, that ticket should also be attached.
- Determine that purchases are only for items that are for the use of the city.
- Determine that the Transaction Log is signed by the cardholder and an authorized signature.
- Review the statement for possible split transactions. Investigate transactions to determine if the cardholder was attempting to circumvent their established limits.
- Review the transaction logs for single transactions that are over the authorized limit of the cardholder. Investigate circumstances to determine if any transactions should be charged back to the cardholder.
- Review the statement for transactions that were processed by vendors that are not authorized for the cardholder.
- Determine that amounts are reasonable for items purchased and contract pricing was given when applicable.
- Determine that the use of substitute receipts is not excessive and signed by the employee and Department Director/Division Manager.
- Determine that the City's tax exemption was honored. If a receipt is discovered to have tax, make sure a credit is being processed and note on the receipt.
- Ensure that errors and disputes from the prior month have been corrected and included on the monthly transaction log.
- Ensure that the paper logs have been forwarded to Accounts Payable and the completed electronic log has been forwarded to the Accounts Payable Supervisor by the due date.

NOTE: If you have a receipt or credit that does not appear on your monthly cardholder's statement, please hold it until you receive your next monthly statement. It will happen that a purchase will not show up on your activity report for the month the transaction is made due to the fact that the vendor may process the transaction several days after the actual purchase. Advise your Department/Division administrator if the charge is not recorded the following month.

**IF YOU KNOW THAT YOU WILL BE ON VACATION OR OFF-SHIFT AROUND THE TIME THE STATEMENTS WILL BE DUE, LEAVE YOUR LOGS AND RECEIPTS WITH YOUR DEPARTMENT ADMINISTRATOR BEFORE YOU LEAVE SO THAT YOUR STATEMENT CAN BE PROCESSED IN A TIMELY MANNER.**

#### **7.4 ERRORS & DISPUTES**

When charges on your transaction log appear to be incorrect:

- Cardholder is to immediately try to resolve the dispute with the vendor. It is desirable that disputed items be resolved immediately and should appear on the next billing cycle.
- If Cardholder is unable to resolve the dispute with the vendor, immediately notify the Department Administrator.
- If you are still unable to reach an acceptable solution, contact the P-card Program Administrator. (Purchasing Division) Provide names and dates of persons contacted, copies of correspondence, and other documentation associated with your attempts to resolve the dispute.
- Cardholder is to fill out the Cardholder Dispute Form (located on the Intranet under online Forms, Purchasing Forms, or under P-Card Manual.)
- Send Dispute Form to the P-card Program Administrator. (Purchasing Division)
- **Must note disputed items on the transaction log, including reason and action taken.**
- **Contact the Accounts Payable Supervisor for account coding for the disputed item.**

**NOTE: DO NOT HOLD THE RECONCILIATION UNTIL DISPUTE IS RESOLVED. ALL ITEMS ON THE TRANSACTION LOG ARE TO BE PAID BEFORE THE STATEMENT DUE DATE.**

# **P-CARD FORMS**

**July 1, 2008**





# CITY OF LEE'S SUMMIT PURCHASING CARD (P-Card) CARDHOLDER AGREEMENT

NAME OF CARDHOLDER \_\_\_\_\_ DEPARTMENT \_\_\_\_\_

CARDHOLDER BUSINESS PHONE NO. \_\_\_\_\_

Cardholder agrees to accept responsibility for the protection and proper use of the P-card in accordance with the terms and conditions below: Only the employee that has signed this agreement is authorized to use the P-card assigned to them.

1. Cardholder agrees to provide the supporting receipts from the vendor and/or a Transaction Log for each transaction as designated by the P-card Program Administrator. Failure to report or document any purchase may be deemed an improper use of the city P-card.
2. If the card is lost or stolen, Cardholder shall immediately call UMB Bank at 800-821-5184, ext. 2412 and also notify the Cardholder's Department Administrator.
3. The city shall be responsible for all charges, including fees and interest, incurred from the proper use of the P- card. All purchases will be charged directly to the Cardholder's departmental budget.
4. **THE CARDHOLDER MAY NOT MAKE PERSONAL PURCHASES ON THE CARD.** Any such personal use shall require immediate reimbursement. Cardholder understands that he/she shall be personally liable for any improper use of the P-card and agrees to pay to the issuer of the card for such use unless P-card has been immediately report as lost or stolen. Cardholder understands that his/her improper use of the P-card may be caused for disciplinary action by the city, including termination, and that improper use of the P-card may subject Cardholder to criminal prosecution. Cardholder understands that the city may withhold amounts attributable to improper use by Cardholder from any paycheck which may be payable to Cardholder.
5. Cardholder understands that should his/her employment with the City terminate for any reason, the procurement card must be returned to the Department Director/Division Manager or P-card Program Administrator. Cardholder understands the city may withhold his/her final paycheck until the P-card is returned. Cardholder also understands the city may withdraw authorization to use the P-card and require the return of the P-card at any time for any reason.
6. Cardholder understands that use of the P-card is for the purchase of commodity and services is subject to individual card limitations on expenditures for use in official city business. All purchases must comply with city accounting and purchasing policies and procedures including all policies the Cardholder's department implements for the use of the P-card.
7. The following items may not be purchased with the P-card; however, this list is not all inclusive:

Alcoholic beverages

Ammunition

Cash advances, cash refunds, cash in lieu of credit for the return or exchange of a purchase.

Computer hardware or software items, various types (check with ITS Dept.)

Controlled substances

Donations of any kind

Gasoline (can only be purchased with a P-card in the event of an emergency)

Lease or rental payments (other than car rental while on City business)

Meal relating to overnight travel (these are covered by your per diem expenses)

**Continue**  
**P-Card Cardholder Agreement**

- Personal or non-business purchases i.e. phone calls
- Services requiring Prevailing Wage labor rates.
- Split Purchases (when single purchases cost more than the cardholder's single purchasing limit then split into multiple P-card transactions to circumvent the limit.
- Telephone charges and installation including cell phone charges
- Utility payments
- Consulting and professional services
- Weapons

If in doubt that a purchase is authorized under this agreement through the use of the P- card, Cardholder understands that he/she should seek prior approval from the P-card Program Administrator. Such approval presumes the proper use of the P-card.

8. Cardholder acknowledges by his/her signature to this agreement, that he/she has received training in the proper use of the P-card; has received, read and understands the City's *P-Card Manual*; and has read and understands this agreement.

Cardholder Signature: \_\_\_\_\_

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

*Completed by Department Director/Division Manager*

**Limit per Purchase: \$** \_\_\_\_\_ (not to exceed)

**Monthly Credit Limit:** \_\_\_\_\_ (not to exceed without authorization)

**Dept. Director/Div. Manager Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

# P-Card Lost Receipt Form

**COMPLETE AND ATTACH THIS FORM TO YOUR P CARD REPORT**

Cardholder Name (Please print) \_\_\_\_\_ Dept: \_\_\_\_\_

Last 6 digits of card# \_\_\_\_\_

Vendor Name \_\_\_\_\_

Vendor Address \_\_\_\_\_

|                         |              |
|-------------------------|--------------|
| Item(s) purchased _____ | Amount _____ |
| _____                   | Amount _____ |
| _____                   | Amount _____ |
| _____                   | Amount _____ |
| _____                   | Amount _____ |
| _____                   | Amount _____ |
| _____                   | Amount _____ |

Total Purchase \_\_\_\_\_

Freight/Handling \_\_\_\_\_

Tax \_\_\_\_\_

Total Paid (Must agree with Visa Statement) \_\_\_\_\_

Reason original itemized receipt is not available:

I certify that the amount shown above were expended for City of Lee's Summit business purposes and have not nor will not be submitted for reimbursement to the City or any other organization for this transaction. The original itemized receipt is not in my possession for the reasons stated above. I acknowledge that repeat lack of documentation may result in revocation of the P-Card.

Cardholder signature: \_\_\_\_\_ Date \_\_\_\_\_

Dept. Director/Div. Manager: \_\_\_\_\_ Date: \_\_\_\_\_  
*(If Division Manager is submitting this form the approving authority must be one level above them.)*

**CITY OF LEE'S SUMMIT**  
**P-Card**  
**Cardholder Dispute Form**

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|                    |                           |
|--------------------|---------------------------|
| ACCOUNT NO.: _____ | MERCHANT NAME: _____      |
| CARDHOLDER: _____  | ADDRESS: _____            |
| DEPARTMENT: _____  | TRANSACTION AMOUNT: _____ |
| _____              | TRANSACTION DATE: _____   |
| _____              | REFERENCE NO.: _____      |

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PLEASE INDICATE BELOW THE REASON FOR YOUR DISPUTE.

Description of the item(s) disputed:

\_\_\_\_\_

I am disputing this charge because: \_\_\_\_\_

After contacting the vendor, the following was / was not resolved:

\_\_\_\_\_

---

\_\_\_ I did not make, nor authorize, the above transaction. I have not ordered this merchandise by phone, internet, mail, or received any goods or services. (Must state if your P-card has been in your presence at all time. \_\_\_ Yes \_\_\_ No If no state where your P-card is? \_\_\_  
\_\_\_\_\_.

\_\_\_ The amount authorized and the amount billed are different. (Must attach a copy of the charge that was authorized.)

\_\_\_ I was previously charged for this transaction. The date of the previous charge is \_\_\_\_\_.

\_\_\_ I do not recognize this charge. (Must check with merchant and obtain copy of the sales receipt.)

\_\_\_ I have been charged for this merchandise that I did not receive. (Must attach explanation of attempts to resolve the disputes with the merchant, along with the merchant's response.)

\_\_\_ My account has been charged for the above transaction, but I have since contacted the merchant and canceled the order. Shipment will be refuse if merchandise is still sent. (Must attach cancellation documentation.)

\_\_\_ My account has been charged for the above transaction, but the merchandise has since been returned. (Must attach a copy of your shipping document.)

\_\_\_ I have received a credit voucher for the above listed charge, but it has not yet appeared on my account. The date on the voucher is between 30 and 90 days old. (Must attach a copy of the credit voucher.)

\_\_\_ Other: \_\_\_\_\_

**Send this form and documentation to: Purchasing Division, P-Card Program Administrator**

# State of Missouri

## EXEMPTION FROM MISSOURI SALES AND USE TAX ON PURCHASES

Issued to:

CITY OF LEES SUMMIT  
220 SE GREEN STREET  
LEE'S SUMMIT MO 64063

Missouri Tax ID  
Number: 12490857

Effective Date:  
07/11/2002

Your application for sales/use tax exempt status has been approved pursuant to Section 144.030.1, RSMo. This letter is issued as documentation of your exempt status.

Purchases by your Agency are not subject to sales or use tax if within the conduct of your Agency's exempt functions and activities. When purchasing with this exemption, furnish all sellers or vendors a copy of this letter. This exemption may not be used by individuals making personal purchases.

A contractor may purchase and pay for construction materials exempt from sales tax when fulfilling a contract with your Agency only if your Agency issues a project exemption certificate and the contractor makes purchases in compliance with the provisions of Section 144.062, RSMo.

Sales by your Agency are subject to all applicable state and local sales taxes. If you engage in the business of selling tangible personal property or taxable services at retail, you must obtain a Missouri Retail Sales Tax License and collect and remit sales tax.

This is a continuing exemption subject to legislative changes and review by the Director of Revenue. If your Agency ceases to qualify as an exempt entity, this exemption will cease to be valid. This exemption is not assignable or transferable. It is an exemption from sales and use taxes only and is not an exemption from real or personal property tax.

Any alteration to this exemption letter renders it invalid.

If you have any questions regarding the use of this letter, please contact the Taxation Bureau, P.O. Box 3300, Jefferson City, MO 65105-3300, phone 573-751-2836.

(014850)

City of Lee's Summit Purchasing Card Transaction Log / Statement

Month: Feb , Year 2007/2008

Statement Date: 03/15/08

Cardholder must reconcile with the purchasing log, secure Supervisor / Dept. representative approval and return to Accts. Payable within two business days of receipt of statement. Original sales documents for all items listed on the monthly statement MUST be attached to the statement.

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_ Purchase audit \_\_\_\_\_

APPROVED BY: \_\_\_\_\_ Date: \_\_\_\_\_ Acct. audit \_\_\_\_\_

| <u>Account Number</u> | <u>rdholder Na</u> | <u>Tran Date</u> | <u>Post Date</u> | <u>Merchant Name</u>    | <u>City</u>  | <u>State</u> | <u>Trant Type</u> | <u>Amount</u> | <u>Account No.</u> | <u>Description</u> |
|-----------------------|--------------------|------------------|------------------|-------------------------|--------------|--------------|-------------------|---------------|--------------------|--------------------|
| xxxxxxxx              | DAVISON,           | 03/05/2008       | 03/06/2008       | HYVEE FOOD&DRUG1380S66  | LEE'S SUMMIT | MO           | RETURN            | -0.53         |                    |                    |
| xxxxxxxx              | DAVISON,           | 03/05/2008       | 03/06/2008       | HYVEE FOOD&DRUG1380S66  | LEE'S SUMMIT | MO           | SALE              | 7.41          |                    |                    |
| xxxxxxxx              | DAVISON,           | 03/14/2008       | 03/14/2008       | CUSTOM SPECIALTIES, LLC | 913-4691323  | KS           | SALE              | 569.35        |                    |                    |
| xxxxxxxx              | DAVISON,           | 03/14/2008       | 03/14/2008       | CUSTOM SPECIALTIES, LLC | 913-4691323  | KS           | SALE              | 130.45        |                    |                    |