



The City of San Diego

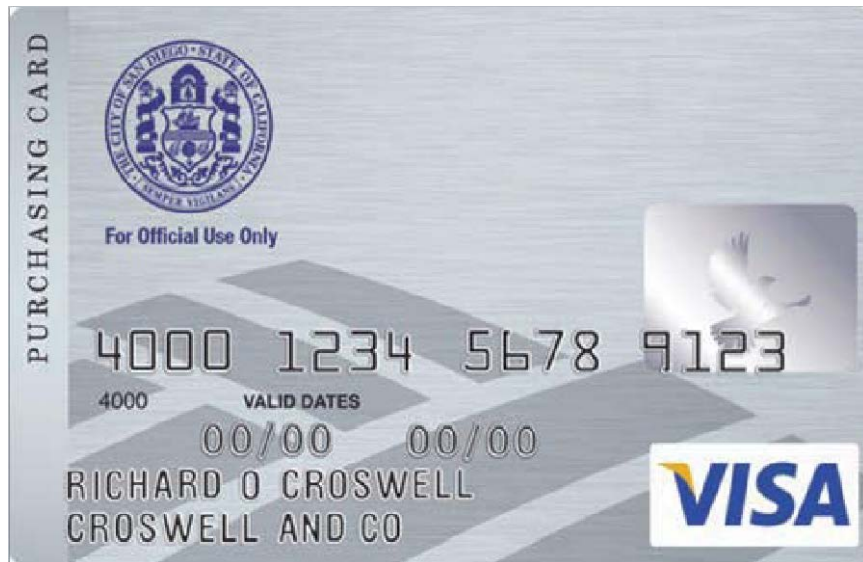
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Department of Finance

Procurement Card Program

POLICIES AND PROCEDURES MANUAL

December 2022



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SUMMARY | Program Overview

Introduction

The City of San Diego's Procurement Card (P-Card) Program is a streamlined, alternative method to make purchases using a VISA 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.

The Procurement Card Policies and Procedures Manual (Manual) describes the responsibilities of Program Administrators, Cardholders, Billing Officials and Approvers, and enumerates the rules of the P-Card Program. The guidelines and procedures contained in this Manual apply to all Cardholders and those who have direct or delegated responsibilities under this program. The City's P-Card Program is administered through the Department of Finance.

This Manual also establishes minimum standards for the use of the City of San Diego P-Card. Each P-Card is issued to a single individual. Department Appointing Authorities will decide which employees should have P-Cards, and will be responsible for the proper use of all cards issued to their department. The P-Card is not intended for employees who are not knowledgeable of procurement procedures or for Approvers that are not directly involved in the review of these transactions.

Established internal controls are necessary to ensure compliance with P-Card policies and procedures. Participation in this P-Card Program may be canceled if deemed misused.

This Manual is updated as needed and posted on the Department of Finance CityNet [webpage](#).

CHAPTER 1 | P-CARD PROGRAM

ROLES AND RESPONSIBILITIES

P-Card Administrator

The Department of Finance administers the City's P-Card Program with Bank of America (BoFA) as the service provider. The P-Card Administrator's responsibilities include:

- Continuous review of 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.
- Activate accounts for Cardholders, Billing Officials and Approvers using the bank provided online system.
- Issuance and termination of cards.
- Cancel or restrict P-Card usage due to misuse.
- Resolve questions and problems with Cardholder accounts.
- Provide ongoing training.
- Review allocations and post P-Card transactions to respective departments in SAP.
- Monitor internal control reviews described in Chapter 5 which verifies compliance with program policies and procedures.
- Provide reports to management.
- Reports appropriate Use Tax to the State Board of Equalization as designated by the Cardholder in Works®.
- Update the P-Card Program Policies and Procedures Manual as needed.

Procurement Professional

Procurement professionals in the Purchasing and Contracting Department are subject matter experts in guidelines and rules for City procurement and provide procurement support for Cardholders. Department Liaisons can be found [here](#). The procurement professional's responsibilities includes:

- 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 the proper use of the P-Card. Participating department responsibilities include:

- Manage the Department/Division's P-Card Program.
- Assign personnel including Cardholders, Billing Officials and Approvers.
- Define uses for P-Card and ensure purchases are justifiable based on established limits.
- Maintain accurate records.
- Monitor budgets to ensure adequate funds for P-Card expenditures.
- Approve monthly transactions.
- Identify cases of P-Card abuse and take corrective action.

Note: In an effort to maintain and strengthen P-Card internal controls, proper oversight of P-Card transactions must be performed and adequate time should be devoted to reviewing and approving Cardholder transactions. A detailed review of Citywide Cardholder approval activity and related feedback revealed that the average number of transactions per P-Card Approver is approximately 16 per month (excluding the Fleet Operations Department), with the average approval time of one to three minutes per transaction. Based on this benchmark, it is the responsibility of the Department director to ensure proper time is allocated for P-Card Approvers to review and approve their assigned Cardholder's transactions.

Cardholder

The Cardholder is the individual to whom a card is issued, and their name will be embossed on their card. The P-Card may only be used by the individual designated on the card and **no other person is authorized to use the account**. Authorized spending limits are available on the Works[®] BofA website. These limits indicate how much can be purchased for items within the Cardholder's designated authority, as requested by the Department. Cardholder responsibilities include:

- Obtain proper authorization prior to purchasing item(s).
- Attend mandatory training as required.
- Make purchases within authorized spending limits and funds availability.
- Ensure credit card and account number are secured at all times and prevent unauthorized charges against the account.
- Promptly report lost or stolen card.
- Obtain adequate documentation of all purchase transactions, including but not limited to receipts, packing lists, invoices and written approvals.

- Reconcile all purchases in a timely manner and allocate and save transactions in Works® after each monthly billing cycle.
- Dispute and allocate discrepancies within 60 days and follow bank guidelines for proper procedure.
- Resolve issues identified by Billing Official.
- Forward all supporting documentation to Billing Official for retention.
- Complete Procurement Card Participation Form requesting termination of account upon leaving the Department or City employment.
- Promptly return P-Card to Department Appointing Authority or P-Card Administrators for destruction.

Billing Official

Billing Officials are responsible for managing the billing, reconciling and signing off on Cardholder transactions, prior to final approval by Appointing Authority. The Billing Official responsibilities include:

- Attend mandatory training as required.
- Verify documentation provided by Cardholder for accuracy and completeness.
- Verify that charges are appropriate and have been approved for purchase.
- Refer questionable transactions to Cardholder for verification.
- Verify accounting and item detail.
- Verify sales tax collected.
- Allocate transactions as needed in absence of Cardholder.
- Monitor allocation of Cardholder charges for timely sign off.
- Beware of repetitive “Missing Receipt.”
- Maintain accurate records (Records should be kept for three (3) years)
- Work with P-Card Administrators to resolve any issues.

Approver

Approvers are responsible for oversight and monitoring of designated Cardholder’s compliance with P-Card policies and procedures. Each Cardholder has an assigned Approver to review transactions to ensure that P-Cards are being used only for their intended, official purposes and to ensure the appropriateness of the transaction. The Approver responsibilities include:

- Attend mandatory training as required.
- Ensure that cards issued under their authority are properly utilized for official City business and that the purchase is justifiable and within the Department’s established limits.
- Review and sign off Cardholder’s P-Card activity in a timely manner each month.

- Ensure that Cardholders 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 P-Card.

Bank of America

BofA issues all P-Cards to the P-Card Program Administrators for distribution. BofA maintains Works[®], a web-based application to review P-Card transaction information, generate reports and provides access to authorized account holders.

BofA issues a Statement of Account for the Cardholder. A statement is provided only if the activity occurs during a billing cycle. The billing cycle begins on the 23rd day of each month and ends on the 22nd day of the following month. Statements are available in Payment Center for immediate retrieval.

CHAPTER 2 | PROCUREMENT METHODS

Correct Procurement Methods

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 and Contracting Department procurement professionals should be contacted when needed to assist in this determination.

Rules for Procurement

Rules for procurement methods can vary depending on the type of commodity being procured. Procurement-related activities in the City of San Diego are governed by:

- City Charter;
- Municipal Code;
- Council Policy; and
- Administrative Regulations.

A P-Card cannot be used if:

- The total cost exceeds \$5,000.
- The total cost exceeds transaction limit set by Department/Division.
- Multiple purchases of the same item are required to the extent a contract would be more cost-effective.
- The commodity is prohibited for purchase with P-Card (see Chapter 6).
- The items are on contract.
- For procurement of services, unless prior expressed written consent is obtained from Purchasing and Contracting and/or Human Resources (HR).

Relevant Administrative Regulations

The following Administrative Regulations contain rules relevant to understanding procurement methods and procedures when using a P-Card:

- A.R. 35.15, Citywide Blanket Purchase Order (currently under review)
 - A.R. 90.30, Out-of-Town Travel Procedures
 - A.R. 95.40, In-Town Reimbursable Expense
 - A.R. 95.55, P-Card (P-Card) Procedures
 - A.R. 45.50, Prohibiting Private Use of City Labor, Equipment, Materials and Supplies
 - A.R. 95.60, Conflict of Interest and Employee Conduct
 - A.R. 95.91, Employee Rewards & Recognition Program
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Definitions of Procurement Methods

Methods to procure items in the City include:

Procurement Method	Description
Central Stores	The inventory is maintained at Central Stores facilities.
Itemized Purchase Order (PO)	Contract to pay the vendor for a specific product or service at a set price; processed in SAP. This process is also known as Standard PO.
Pricing Agreement (PA)	Contract summary establishing set prices with the vendor for a commodity. Contact Procurement Specialist assigned to the commodity as listed on the CityNet Purchasing and Contracting Lists and Databases page.
Non-Contract Invoice Payment (IP)	No pricing agreement or contract is in place with a vendor for the commodity. Option to pay via a one-time IP with prior authorization from the Purchasing and Contracting Department.
P-Card	The item is not under contract, is under \$5,000 and is a non-recurring purchase.
Petty Cash	The cash expenditure below \$200.

Priority of Procurement Methods

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

Priority	Procurement Method	Procurement Action	Use P-Card?
1	Central Stores	Use the Stores Requisition form.	No
2	Itemized PO	Place the order with the vendor using established PO number.	No
3	P-Card	If no contract is in place, solicit quote(s) from vendor(s), as required by Administrative Regulations.	Yes

CHAPTER 3 | ACCOUNT SET UP AND CHANGES TO EXISTING ACCOUNTS

Resource Requirements

The Cardholder must have internet access and permission to download monthly BofA statement.

Request for Account Set Up

The Procurement Card Participation Form is used to set up all accounts. A copy of the completed form is submitted to the P-Card Administrator at MS 7-A, and retained in the P-Card Program administration records. It is available in the Appendix at the end of this Manual, and can also be found on the Department of Finance CityNet [page](#).

The Procurement Card Participation Form provides the P-Card Program Administrators with relevant contact information for each Department/Division participant and is used to provide Cardholder data to BofA for account set up. The bank may take up to a week to establish a new account.

Cardholder and Department Agreement Instructions

Each Department/Division director must sign a Department Agreement affirming that the policies and procedures of the P-Card Program will be upheld. A copy of this completed form is submitted to the P-Card Administrator at MS 7-A and retained in the P-Card Program administration records. It is available in the Appendix at the end of this Manual and can also be found on the Department of Finance CityNet [page](#).

It is recommended that every Department/Division implement Departmental Instructions to establish specific internal procedures relevant to the P-Card Program to be followed by their employees.

Additions, Modifications and Deletions

- A Procurement Card Participation Form is required to:
 - Add or delete a Cardholder;
 - Replace an Approver for the group;
 - Replace a Billing Official for the group;
 - Modify contact information for a Cardholder, Approver or Billing Official; or
 - Modify transaction limits for an Approver or Cardholder

CHAPTER 4 | LIMITS

The Department of Finance will establish and set credit card limits based on an individual's purchasing spending patterns. New accounts will be set at the minimum tier level of \$2,000 and may be adjusted as needed to meet Department spending requirements for the Cardholder. The Department of Finance has established the following spending Tier Levels:

Monthly Limits:

Tier 1	\$2,000
Tier 2	\$5,000
Tier 3	\$10,000
Tier 4	\$25,000
Tier 5	\$50,000
Tier 6	\$125,000

Single Transaction Limits:

Tier 1	\$1,000
Tier 2	\$2,000
Tier 3	\$3,000
Tier 4	\$5,000

Note: The maximum single transaction limit shall not exceed \$5,000. Setting P-Card limits higher than necessary increases the City's exposure and risk to fraud, waste and abuse.

The P-Card Program Administrator will analyze Cardholder activity at the time a request is made to increase the limit. Where exceptions are noted, P-Card Administration will work with the Department's Appointing Authority to set appropriate limits. Department/Division must respond to P-Card Administrator Cardholder account requests within 30 days of receiving an inquiry. Department/Division not responding to the P-Card Administrator will have cards temporarily suspended until verifications have been made.

Reporting

The Department of Finance will work with departments to establish reports from data available within the Works® application. The application has established queries such as Cardholder name, card spending limits and previous fiscal year transaction history, to assist departments in managing their P-Card accounts and related purchase activity. This includes, but is not limited to, verifying their current Cardholder accounts, ensuring that P-Card limits are appropriate relative to Cardholder activity and canceling any inactive or unnecessary cards.

CHAPTER 5 | OPERATIONAL GUIDANCE AND PROCEDURES

Use of the P-Card

Department/Division must ensure that all goods 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. It is expected that Cardholders will exercise good stewardship of the City's resources and make no excessive or unnecessary purchases.

P-Card Applicability

The P-Card may be used for in-store, phone, mail/catalog and internet purchases. Cardholders must exercise discretion in selecting internet merchants that are reputable to minimize the possibility of fraud. Prior to entering the credit card number on an internet website, Cardholders should ensure that the site is secure. To determine if an internet website supports secure transmission, the URL identifying the current page will always begin with <https://> in lieu of the standard <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 (MRO Vendor). They should contact Purchasing and Contracting if assistance is needed to determine 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 use the P-Card for in-store, phone, mail/catalog and internet purchases, but are NOT to use the P-Card to pay invoices when there is an existing PO in place.

Departments must request a PO/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 general, the use of a particular vendor in excess of three (3) times per fiscal year requires a PO be opened for continued procurement through that vendor.

In-Store Purchase Procedure

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

- 1) The vendor completes a sales document that includes:

- The store name, phone, street address and other relevant merchant information;
 - The date of transaction;
 - An itemized description of the purchase;
 - The total purchase amount, including tax and delivery charges, if applicable; and
 - The P-Card account information.
- 2) The transaction is authorized if amount and merchant category are approved.
 - 3) The vendor presents a sales document to the Cardholder for review and signature.
 - The Cardholder confirms accuracy of itemization and dollar amounts, then signs and dates sales receipt. If the receipt is not itemized, the Cardholder shall list the items and obtain the vendor's signature.
 - The Cardholder retains the original sales receipt for the monthly statement of account reconciliation. Receipts or invoices smaller than 4.25 inches by 5.5 inches shall be secured onto letter-sized paper.
 - 4) The Cardholder allocates and saves P-Card charges in Works® for the Billing Official to review and sign off.

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 selects 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 P-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 allocates charges in Works®.

Missing Documentation

A Cardholder must try to obtain a copy of any missing receipts. If this is not possible, details of the purchase must be attached and noted via a "Comment" in Works®. The information will include a description of each item, the number of items purchased, unit cost, date of purchase, vendor's name and why there is no supporting documentation. Continued incidents of missing documentation will result in the suspension of the employee's P-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 goods to avoid exceeding the single-purchase or competitive threshold. This practice is strictly prohibited and viewed as a serious infraction and may result in card suspension.

“Split” transactions scenarios may include:

- Total cost exceeds \$5,000, 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 Department of Finance, Fixed Assets Section.

Personal Liability

Cardholders, Billing Officials 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 City Council. Accountholders who fail to comply with City policies and procedures governing procurement and the P-Card Program may be subject to suspension or termination of P-Card account privileges.

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

Declined Transactions

If a P-Card is declined for a transaction, it is 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 the account number or expiration date.

Cardholder should contact the P-Card Program Administrators to get an explanation for a declined transaction. If phoning the customer service number on the back of the P-Card, the total dollar amount and date of transaction is necessary for research. It may take up to 24 hours to receive a response.

Separation of Program Participant

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

- Complete a Procurement Card Participation Form requesting deletion of Cardholder.
- Notify the Approver, Billing Official and P-Card Program Administrators.
- Scrutinize next statement for suspect transactions; report incorrect billing to BofA.
- If a P-Card is located after it's been reported lost or stolen, the card must be destroyed.

Required Training

Training is **mandatory** for all P-Card participants: Cardholders, Billing Officials and Approvers. Cards will not be furnished until training has been completed. P-Card Program Administrators conduct the training and, upon request, will provide "on-site" presentations to Department/Division groups.

Training includes:

- Purpose of P-Card Program.
- Role of the P-Card Program Administrators and the Department/Division.
- Functions/responsibilities of the Cardholder, Billing Official and Approver.
- Prohibitions (i.e., alcohol, services, hazardous materials, etc.).
- Transaction limits.

- Reconciliation process at end of billing cycle
- Dispute resolution
- Reporting of lost or stolen cards

Refresher Training

All participants will be required to take refresher training every two (2) years or as required by the Department of Finance to maintain P-Card privileges. This training is a video that can be taken at the participant's convenience within the allotted time frame. Failure to complete training within 30 days of notice may result in suspension of P-Card privileges until such time as the training has been successfully completed by all Department participants. Instructions for completion of the refresher training will be provided by the Department of Finance to the individuals holding the various P-Card roles. If an Approver or Billing Official does not complete the required training, a Cardholder's privileges will be temporarily suspended until all training is completed.

P-Card Distribution

The VISA cards will be forwarded to the P-Card Program Administrators for distribution to individual Cardholders. Administrators will activate each P-Card then contact the Cardholder to schedule pick-up. A P-Card is never mailed directly to a Cardholder. No other person may pick up a P-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 and present a valid picture ID. The Cardholder Agreement provides the Cardholder with a record of their card number, Billing Official, Approver and related transaction limits.

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
- Promptly review and reconcile the monthly statement each month
- Safeguard the card and immediately notify BofA, Approver and P-Card Program Administrators if the card is lost or stolen
- Accepts 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 or emailed directly to a Cardholder.

Any action involving merchandise return, exchange or credit should be allocated in Works® for the credits back to the account to properly be applied.

P-Card Internal Control Reviews

To ensure continued success of the P-Card Program, the Department of Finance is responsible for performing a review of Department procurement activity and supporting documentation. Using GRC (Government Risk and Compliance) software, an audit tool managed by the Internal Controls Division of the Department of Finance, transactions are randomly selected ensuring all Departments are reviewed at least once during the course of a fiscal year. Violations identified will be called to the attention of the Department for prompt corrective action. Overall results will be evaluated at the completion of each fiscal year to identify patterns of repeated inappropriate spending activity and/or invalid supporting documentation.

The reviews may include, but are not limited to, status of program participants, bookkeeping review, examining transactions and supporting documentation, verifying proper P-Card usage, reviewing payment history and assessing reconciliation methods.

Meals Process

For in-town meetings or trainings please reference the In-Town Reimbursable Expenses A.R. 95.40 and note that these expenses are subject to PRA regardless of the payment method used. It is up to the department's Appointing Authority to approve these expenses before moving forward with any food purchase. Refer to the In-Town Reimbursable Expenses A.R. 95.40 section on GSA rates and reference the maximum allowed [GSA rates website](#) before making any food purchase. This website provides the maximum allowed amount per employee.

- A fully signed Meetings & Promotional Expense Report (MPER) along with the itemized receipt(s) must be attached to the transaction(s) in Works. The MPER can be found on [CityNet](#).
- Care should be taken to select a vendor to provide food at the lowest possible cost to the city.

For meals while traveling you shall not use the P-Card. Reimbursement will be issued once a fully signed Travel Expense Report (TER) is submitted to the cardholders' Payroll Specialist. The TER can be found on [CityNet](#). Per Diem rates are based on the United States General Services Administration (USGSA) guidelines, which can be found on the [USGSA website](#).

CHAPTER 6 | PROHIBITIONS

Compliance

A P-Card is a payment method; compliance is required with all applicable regulations. P-Card Program Administrators and procurement professionals 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 Department P-Card policies and procedures. Supervisory, managerial personnel and P-Card Program Administrators are to be notified immediately. Corrective action may include cancellation of the P-Card, employee repayment for purchases and other appropriate forms of disciplinary action.

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 only. A P-Card cannot be used to circumvent established rules or threshold limits.

P-Card Usage:

- Intended to be used for low-cost (not to exceed, \$5,000), non-recurring purchases of supplies and goods in accordance with established purchasing policies.
- Maximum limit for a single purchase is \$5,000.
- May be used for travel related expenses in accordance with approved travel expenditures and with existing procedures for travel. A [Travel Expense Report](#) must be attached to all travel related expenses.
- The P-Card should be used in lieu of petty cash, PO or purchase requisitions when the dollar amount for a single item or group of items exceeds \$200.
- Purchasing gift cards or other award via a P-Card is permissible if the Department has a Recognitions and Rewards Program established and on file with HR. Otherwise, a “pre-approval” from a Labor Relations Officer in HR is required and should be attached to the related P-Card transactions in Works®.

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.
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- Materials for CIP projects.
- Computer hardware and software.
- 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 vehicles (should be reimbursed through payroll).
- 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. The 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.
- Tuition to attend community college or university (should be reimbursed through payroll tuition reimbursement).

NOTE: Exceptions will be reviewed on a case by case basis and will require proper justification prior to authorization.

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 P-Card Program Administrators are notified immediately. Corrective action may include suspension 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 Department of Finance has the right to suspend or cancel P-Cards for violations at

anytime; departments may appeal in writing within 30 days.

Violators:

- First occurrence - A written warning to Cardholder, Billing Official and Approver.
- Second occurrence - Card suspended for 30 days and Cardholder and Approver must take the P-Card Training.
- Third occurrence - Card suspended for entire Department/Division for 30 days. Conditional reinstatement will be considered upon receipt of written request from the Department director.
- Fourth occurrence - Permanent cancellation of the P-Card.

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

CHAPTER 7 | LOST OR STOLEN CARDS

Immediately Report Lost or Stolen Credit Card

If a P-Card is lost or stolen, Cardholder notifies BofA by phoning 1-888-449-2273. This number is also located on the back of each card.

Information for BofA

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

- Cardholder's complete name and P-Card VISA account number.
- Circumstances surrounding the incident and date when the theft or lost P-card was reported to police.
- List of purchases made by Cardholder prior to the card being lost or stolen.

BofA sends an affidavit to the Cardholder to complete and return to the address noted on the form.

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

Follow Up Obligations When Card is Lost/Stolen

The Cardholder is responsible for conducting follow up activities after reporting a lost or stolen P-Card:

- Notify the Approver and P-Card Program Administrators immediately after notifying BofA.
- Within three days, prepare a written report regarding circumstances of loss or theft and send to the Approver and P-Card Program Administrators.
- Scrutinize next statement for suspect transactions; report incorrect billing to BofA.

If a P-Card is located after it's been reported lost or stolen, the card will be shredded by Department immediately.

Documentation of lost or stolen cards will be retained by the Department/Division for three (3) years.

CHAPTER 8 | P-CARD RECORDS

Record Retention

Expenditure of public funds requires proper authorization, documentation and retention of records for audit and/or Public Records Act (PRA) purposes. Complete and accurate written documentation of all transactions is essential to resolve problems and reconcile monthly statements. Department/Division must retain relevant documents for three (3) years or seven (7) years for grant-funded expenditures.

Use Tax

Use Tax is imposed on goods purchased from another state and used in the taxing state. It is intended to make up for the loss of sales tax. California's use tax rate is 7.750 percent.

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. The Cardholder should inquire if this method is available and verify that the appropriate 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 must identify such purchases when allocating transactions in Works®. The Department of Finance will submit Use Tax payment to the State Board of Equalization.

A sales tax does not apply to the following items:

- Fuel and Gasoline
- Airfare or other travel related expenses
- Shipping and Freight
- Training
- Food

CHAPTER 9 | P-CARD PAYMENT PROCESS

Billing Cycle

The City of San Diego's billing period for the P-Card ends on the 22nd day of each month at which time the bank generates the statement, except when the 22nd falls on a weekend. The statement is then generated on the following Monday and is available for viewing and download on the next day.

Cardholder Reconciliation/Allocations

Works[®] allows a Cardholder to view their statement online and begin the allocation of charges once posted to their account. Cardholders should promptly allocate their charges and submit their original transaction documents (sales receipts, invoices, etc.) to their Billing Official for sign off. The Cardholder will:

- Access Works[®] to allocate and save card charges as soon as the charges are posted to the account. This task should be completed within two (2) days of statement generation. In the event that no card activity exists, no action is necessary for that billing cycle and no statement will be generated.
- Reconcile posted charges against original transaction documents (sales receipts, invoices, etc.). During this reconciliation process, Cardholder will identify any disputable charges and will review transactions and amounts for accuracy. See Disputes Chapter 10 to address transaction disputes.
- Save and submit the original sales receipts, invoices, vouchers and all other supporting documentation in compliance with documentation standards to their designated Billing Official for their review and sign off.

The Billing Official reviews the reconciliation performed by the Cardholder for completeness, accuracy, authorization and appropriateness. If questionable transactions exist, the Billing Official works with the Cardholder to resolve the issue. Management is notified if misuse is detected for further action to be taken. Once the review has been completed, the Approver will review the entries and sign off approving the charges and returns all supporting documentation to the Billing Official for retention.

Once all submissions are correct and complete for the billing cycle, the Department of Finance will properly allocate BofA payment charges Citywide in SAP.

CHAPTER 10 | TRANSACTION DISPUTES

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, the Cardholder must take the necessary steps to file a disputed charge:

- Dispute online through BofA Works®.
 - Refer to Department of Finance P-Card User Guide and follow steps for this process.
- Notify the Billing Official and Approver.
- BofA sends an affidavit to the Cardholder to complete and return to the address noted on the form.

Possible 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 canceled check or zero-balance invoice is included. If the order was canceled prior to delivery, the cancellation date is provided. If delivery has not occurred, that fact is indicated. The vendor cannot submit a transaction for payment prior to delivery.

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

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

Alteration of Amount – When the transaction amount is different from the original charge, the Cardholder will include a copy of statement listing the transaction, copy of sales receipt and written note stating the difference requested as credit.

Inadequate Description or Unrecognized Charge – When the Cardholder doesn't recognize transaction description, copy of sales receipt with reason for request is requested from BofA. BofA orders receipt from processing bank. If this cannot be provided within 30 days, Cardholder's account is credited until copy is provided.

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

Not As Described – When the goods received are different from the goods ordered, the Cardholder includes a sales receipt for the specific purchase. If merchandise was returned, include the proof of return.

Cardholder Dispute or Other Dispute Reasons – If none of above categories apply, a copy of statement with full transaction details will be included by the Cardholder.

CHAPTER 11 | DEFINITIONS

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, last four digits of the card 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 - An Appointing Authority assigned to approve a Cardholder’s transaction(s) for payment. An Approver who is also a Cardholder cannot approve his or her own purchase.

Billing Official - Employee assigned to review and sign-off on Cardholder transactions prior to final approval by Department Appointing Authority.

Cardholder - Employee to whom a P-Card has been issued.

Cardholder Agreement - Signed document affirming an individual’s acceptance of a P-Card and agreement to comply with all rules.

Department Agreement - Document signed by Department director to verify full understanding of P-Card Program responsibilities and affirms policies and procedures will be properly carried out within the Department.

Departmental Instructions - Outlines internal policies and procedures for departments; May be used to supplement P-Card Program Policies and Procedures Manual.

Dispute - A billing error, such as an incorrect amount charged for goods received, goods not bought by the Cardholder, credit listed as a charge or defective or incorrect items.

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

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; the amount is established by the Department of Finance within Citywide guidelines.

Program Administrators - The Department of Finance employees are designated by the Department of Finance Director to manage and maintain Citywide operation and administration of the P-Card Program and serve as liaisons and first point of contact between the City and BofA.

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 and Contracting.

Single Transaction Limit - Dollar limit for one transaction (purchase total including taxes, shipping and handling) established by the Department of Finance. A single transaction limit cannot exceed \$5,000.

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 P-card's monthly 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 - The monthly detail of P-Card transactions provided by BofA for each Cardholder.

Transferability of Card - Each P-Card is embossed with one Cardholder name who is authorized to use the card. When leaving their Department, Cardholder returns card to Appointing Authority or P-Card Administrator for shredding and account termination.

Bank of America - (BofA) is the financial institution selected by the City of San Diego to implement its P-Card Program, Works®.

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 percent. Use Tax must be identified in Works® for applicable transactions.

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

- i. [Procurement Card Participation Form](#)
- ii. [Cardholder Agreement](#)
- iii. [Department Agreement](#)
- iv. [Meetings and Promotional Expense Report](#)
- v. [Travel Expense Report](#)
- vi. Corrective Actions for Violations

The City of San Diego

PROCUREMENT CARD PROGRAM PARTICIPATION FORM

Type of Request:	Cardholder (Complete Sections 1)	Approver (Complete Sections 1&2)	Billing Official (Complete Sections 1&3)
Type of Transaction:	Add	Modify	Remove

Section 1: Employee Information

Works® Group Name:	PERNR:	City Email:
Name [print]:	Business Address :	
Signature:	Effective Date:	Office/Cell Phone No.:

Section 2: Approver request

Name of Approver being replaced (if applicable):
--

Section 3: Billing Official request

Name of Billing Official being replaced (if applicable):
--

APPOINTING AUTHORITY AUTHORIZATION

Name [print]:	Title:
Signature:	Date:

DEPARTMENT OF FINANCE USE ONLY

Received by:	Date:	Completed by:	Date:
STL: \$		MCL: \$	
User ID:	Standard	Fuel	

Submit completed form to: Procurement Card Program Administrator
Department of Finance, MS 7A

The City of San Diego

PROCUREMENT CARD PROGRAM CARDHOLDER AGREEMENT

Employee Name: _____ Zip Code: _____

Dept/Div: _____ Office / Cell Phone No.: _____

I certify that I have received and read the City of San Diego Procurement Card Program Policies and Procedures Manual (Manual).

I have received Procurement Card No.: XXXX-XXXX-_____

My assigned Billing Official is: _____

My assigned Approver is: _____

I understand that the following transaction limits apply:

Single Purchase: \$_____ Billing Cycle: \$_____

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 credit limit or outside of approved commodity or merchant categories is prohibited, as is the 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]

Phone or Internet Orders: When using the procurement card to order by phone or internet, I will strictly follow the procedures outlined in the Procurement Card Policies and Procedures Manual. ____ [initial]

Monthly Accounting: I will review my monthly Statement of Account and enter the appropriate accounting detail for each charge no later than the month end of the corresponding statement. Where fraudulent or disputed charges appear on my statement, I will immediately notify both Bank of America and my Billing Official and complete and submit a *Cardholder Statement of Questioned Item* form per procedures outlined in the manual. ____ [initial]

Responsibility: I am responsible for this card's safekeeping at all times. I will immediately notify Bank of America, the Procurement Card Administrator, and my Billing Official if my card is lost or stolen, or if I believe the card has been used in a fraudulent manner. ____ [initial]

I understand that the City retains the right to cancel this card at any time, for any reason. If the City cancels my card or, upon separation from the City, I will immediately return my card to the Procurement Card Administrator or Department Appointing Authority. I understand that I am responsible for all charges until the Administrator receives the returned card.

Employee Signature: _____ Date: _____

The City of San Diego

PROCUREMENT CARD PROGRAM DEPARTMENT AGREEMENT

On behalf of this department, I confirm my agreement with the terms and conditions detailed in the City of San Diego *Procurement Card Policies and Procedures Manual*.

- A procurement card may only be used by the designated cardholder for official City business.
- Any purchases in excess of the card credit limit or outside of approved commodity or merchant categories are prohibited. Failure to adhere to this requirement may result in the suspension or removal of the use of the procurement card at either the cardholder or department level.
- Cardholders, Billing Officials and Approvers will post all transactions in a cycle period no later than the month end of the corresponding statement cycle. Transactions are reviewed by the Department of Finance for payment processing.
- The department will observe all City regulations regarding procurement.

The Department of Finance reserves the right to cancel the procurement card(s) issued to individuals or departments at any time, for any reason.

Department: _____

Division Name: _____

Billing Official: _____

Billing Official Phone: _____

Department Director Name: _____

Director Signature: _____ Date: _____

Submit completed form to: Procurement Card Program Administrator
Department of Finance, MS 7A

P-CARD PROGRAM

CORRECTIVE ACTIONS FOR VIOLATIONS

VIOLATION	CORRECTIVE ACTION
1. Card use for personal business (fraud).	Cancellation of card; no reinstatement; appropriate disciplinary action by department.
2. Card use by another person.	Thirty day suspension of card; cancellation of card for egregious violation; appropriate disciplinary action by department.
3. Split transactions (circumventing designated limits by purchasing items in two or more transactions).	Thirty day 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 day 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 PO inventory).	Strengthen internal controls; suspension or cancellation of card for egregious violation; appropriate disciplinary action by department.
6. Failure to maintain Cardholder Transactions and Use Log and Submit	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, Department of Finance Director 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, Department of Finance Director may impose permanent cancellation of Cardholder account; department administers employee discipline.

APPEAL BY DEPARTMENT

Within 30 days of notification, department may appeal P-Card cancellation or suspension to the Department of Finance Director. Requests must be in writing. Cancellation or suspension of card will be implemented and enforced until resolution of appeal is determined.