

RESOLUTION NO. 1083

CITY OF LACEY

A RESOLUTION OF THE CITY OF LACEY, WASHINGTON, AMENDING THE SYSTEM AND POLICIES RELATING TO THE USE OF CREDIT CARDS BY THE CITY.

WHEREAS, RCW 43.09.2855 authorizes the use of credit cards by governmental units under rules and procedures to be adopted by the legislative body; and

WHEREAS, the City Council deems that it is the best interest of the City to make certain financial payments by using a credit card, and

WHEREAS, improved internal controls have been identified to enhance and to expand the use of credit cards,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, that Resolution No. 767 is hereby rescinded and those certain policies set forth in the document entitled City of Lacey Purchasing Card Policy, attached hereto and made a part hereof as though fully set forth at length are hereby approved and adopted as the purchasing card policies to be followed by the City Council and management of the City of Lacey.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, this 27th day of February, 2020.

CITY COUNCIL



Mayor

Attest:



City Clerk

Approved as to form:



City Attorney

CITY OF LACEY PURCHASING CARD POLICY

1. GENERAL

- A. This policy establishes the rules by which the City will conduct the Purchasing Card Program.
- B. Purchasing Cards are designed to provide a convenient and efficient method of procuring low value goods and services. City users will be able to make these small purchases simply and easily when a need arises. Purchasing Cards will reduce costs associated with processing purchase orders and accounts payable, while creating good business relations with suppliers by speeding up payments to them. These efficiencies will allow all groups and individuals involved to be more effective and focused on the value-added aspect of their jobs.
- C. This policy is divided into the following sections:

SECTION 1	GENERAL
SECTION 2	EMPLOYEE ELIGIBILITY
SECTION 3	PURCHASING CARD USE
SECTION 4	CARD RESTRICTIONS
SECTION 5	MISUSE OF PURCHASING CARD
SECTION 6	CARD CANCELLATION
SECTION 7	ADMINISTRATION

2. EMPLOYEE ELIGIBILITY

- A. Purchasing Cards will be issued to authorized regular status City employees only. The Department Director is responsible for authorizing an employee to use a Purchasing Card. Temporary or seasonal employees are not eligible to participate in the program.
- B. The employee whose name appears on the card is the only individual who may use the card.
- C. If a Department Director requests, a non-individualized “department” card, it may be issued for general use by the department, which must have security measures in place to administer its use. The “department” card has a higher potential for misuse and carries higher risk for the City. It is, therefore, generally discouraged.
- D. An authorized employee will be required to make application and sign and abide by a cardholder agreement.

3 PURCHASING CARD USE

- A. The maximum transaction amount is \$1,000 including all taxes and shipping charges. Under discretion of the City Manager or his designee, the maximum transaction limit can be increased. The maximum monthly limit per card and the City's aggregate monthly limit will be established by the City Manager or his designee.
- B. A Department Director may establish lower limits for department employees.
- C. Use of the purchasing card does not relieve the cardholder from complying with City and departmental policies and procedures. The purchasing card is not intended to replace effective procurement planning which can result in quantity discounts, reduced number of trips, and more efficient use of City resources.
- D. The cardholder will be responsible to report a lost or stolen card by phoning the contracting bank and advising the Finance Department immediately. A Police report shall be filed for a stolen credit card. The Finance Department will confirm the loss in writing to the Bank. Only the Finance Department card administrator may authorize a replacement card.
- E. The following conditions must be met when using the Purchasing Card:
 - Each single purchase may be comprised of multiple items, but the total must not exceed the \$1,000 transaction limit.
 - When a purchase exceeds the \$1,000 transaction limit, the normal procedure of using purchase orders must be followed. Purchases must not be split to circumvent the transaction limit.
 - The least expensive item that meets the needs of the department should be sought.
 - Cardholders must follow their department's administrative control of funds procedures to ensure that sufficient budgeted funds are available for the purchase.
 - The cardholder must obtain an itemized receipt from the vendor and submit the receipt along with their reconciled account statement to the Finance Department for timely payment.

4 CARD RESTRICTIONS

- A. The following list covers purchases for which the Purchasing Cards are specifically prohibited:
 - Cash advances or cash refunds
 - Personal use of any kind or any non-City purpose
 - Items purchased for departmental inventories
 - Capital expenditures
 - Minor Equipment over \$500 (Unless purchases are considered to be telecommunications or computer exemptions)

- Telecommunications equipment, software or services (Only Information Services and Finance are authorized)
- Computer hardware, software, or peripherals (Only Information Services employees are authorized)
- Work considered to be a public work
- Goods or services that are on current City contracts

B. A Department Director may specify further restrictions to this list.

5 MISUSE OF THE PURCHASING CARD

A. If for any reason, disallowed charges are not repaid by the cardholder before the card billing is due and payable, the City shall retain a prior lien against and a right to withhold any and all funds payable to the employee up to an amount of the disallowed charges and interest at the same rate as charged by the purchasing card contractor.

B. Consequences for misuse of the Purchasing Card can include:

- Permanent revocation of Purchasing Card privileges
- Assignment of wages for repayment of discrepancies
- Notification to the Finance Director and the Washington State Auditor to investigate the matter further, which may result in the pursuance of criminal charges
- Disciplinary action

6 CARD CANCELLATION

A. A Purchasing Card may be canceled for any of the following reasons:

- The card is lost or stolen
- The employee transfers to another department
- The cardholder whose name is on the card allows another employee to use the card
- An employee uses a card that is not in their name
- The employee retires, resigns, or is otherwise terminated from City employment
- The authorizing Department Director requests cancellation for any reason
- At the City Manager or Finance Director discretion

B. It is the responsibility of the Department Director to advise the Finance Department of the termination or transfer of any cardholder. Finance will then cancel the cardholders Purchasing Card.

7 ADMINISTRATION

A. The Finance Department is responsible for administering this policy.