



**CITY OF DUNWOODY  
FINANCE AND ADMINISTRATION  
DEPARTMENT**

***PURCHASING CARD POLICIES***



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## **PURCHASING CARD POLICIES**

### **I. Purpose and Overview**

This policy establishes appropriate and inappropriate uses of the Dunwoody Purchasing Card (P-Card). All purchases made with the P-Card must be for official City business.

The P-Card is a charge card designed to enable authorized, City employees to make small value purchases of supplies, materials, equipment, and services for City business use. The program streamlines payments by eliminating the administrative burdens and costs associated with traditional methods of payment. The P-Card Program (Program) utilizes a Mastercard® purchasing card issued by JP Morgan Chase (Bank). The P-Card can only be used for official City of Dunwoody business and must be surrendered upon termination of employment for any reason or upon demand by the City of Dunwoody or by the cardholder's employer. The P-Card is the only purchasing card authorized for use by employees referred to as "City Entity", "Entities", or "Program users" in this policy. All Entities are required to use the SmartData Payment Manager (SmartData) system provided by the Bank, or other system approved by City Cards Program Manager, for card administration and monthly billing statement reconciliation. The City Cards Program Manager approves all participation in the program.

All card program official forms mentioned in this policy can be found on the City Cards Program Manager's shared drive. The versions on the web site will always be the latest versions.

### **II. Use of the Purchasing Card for Personal Purchases Prohibited**

Under no circumstances is a cardholder permitted to use the P-Card for personal purchases. Using the P-Card for personal purchases may result in disciplinary action, up to and including termination from City employment and criminal prosecution. Supervisors or other approving officials who knowingly, or through willful neglect, approve personal or fraudulent purchases are subject to the same disciplinary actions as cardholders.

### **III. Citywide Program Administration**

#### **A. City Purchasing Card Policy**

The City Cards Program Manager administers the program on a citywide level. In this capacity, Purchasing personnel serve as resources for all program users in the areas of policy development and implementation, day-to-day administration of the program, audit, staff development, and cardholder training.

Purchasing has developed this City Purchasing Card Policy (Policy) to establish minimum standards for use of the P-Card in order to ensure compliance with all applicable City laws. The version of the Policy posted on the shared drive will always be the official Policy governing the P-Card program, notwithstanding any conflict with the Policy as identified in this manual. The effective date of the Policy will be in the footer of the online version of



the document. Purchasing will maintain an archive of previous versions of the Policy, which will be available upon request should the need arise.

**B. City Cards Program Manager**

The City Cards Program Manager will:

1. Develop the City Purchasing Card Policy;
2. Review the Policy at least bi-annually to ensure that it is in keeping with “best practices” in the purchasing card industry and that it allows participants in the Program to utilize the P-Card to its utmost advantage in the procurement process within sufficient controls guidelines;
3. Work with other Program users to determine new ways that the P-Card can be used within legal and Policy requirements;
4. Serve as a central point of contact on all issues of policy and procedure. This position is the official liaison between the Bank and all Program users;
5. Communicate all Program and Policy changes to Program users;
6. Review or assign a designee to review all requests for exceptions to this Policy and decide on the appropriateness of each request;
  - a) Approvals for the following policy exceptions are coordinated through the Finance Director;
    - i. Increases in spending limits above City-mandated levels
    - ii. Approval to use the P-Card to pay for vehicle repairs and maintenance
    - iii. Permanent activation of a Merchant Category Code
  - b) All other types of policy exceptions must receive prior, written approval from the City Cards Program Manager or designee for each occurrence.
7. Develop and maintain Program forms;
8. Develop and maintain citywide training materials and manuals.

**C. Process Improvement and Audits**

1. The Finance Director shall require periodic reviews of the program users. Reviews take a risk-based approach and focus on the level of compliance with City Policy, adequacy of



- and compliance with internal policies and procedures, and evaluation of internal controls.
2. The Finance Director receives reports providing an assessment of the Program, makes recommendations for improvement when warranted, and works with the Program personnel to implement action plans to make corrections or other improvements to the Program.
  3. In those cases where it is determined that internal controls are not adequate, the Finance Director has the authority to require policy improvements and/or place other restrictions on the local card program until such controls are developed, documented, and implemented.

**D. Professional Development**

1. The City Cards Program Manager assists in developing and delivering training on the P-Card Program on a citywide basis.
2. The Bank is responsible for the implementation and initial training on the SmartData system. The City Cards Program Manager will provide additional training as needed.

**IV. City Entity Program Roles and Responsibilities**

The Purchasing Agent usually serves as the City Cards Program Manager, although any or all of the following administrative responsibilities may be delegated to one or more others by the City Manager, depending on the size and complexity of the program.

**A. City Cards Program Manager**

1. Program Administration
  - a) Develop the internal procedures governing the use of the P-Card, to include, the following minimum requirements:
    - i. Ensure compliance with the City Purchasing Card Policy;
    - ii. Provide for unique needs based on mission;
    - iii. Define responsibilities of Program personnel;
    - iv. Define criteria for obtaining a P-Card;
    - v. Define acceptable use of the P-Card that cannot be less restrictive than City Purchasing Card Policy;



- vi. Provide a method for reporting suspected misuse or fraudulent use;
  - vii. List in detail consequences of misuse or fraudulent use;
  - viii. Create a provision for review of the internal policy for adequacy at least bi-annually; and
  - ix. Create a provision for audit or other independent review of all areas of program administration and transactions at least annually.
- b) Work with management throughout the organization to determine the appropriate spending limits for the Program as a whole and for individual cardholders based on budget constraints, cardholder job responsibilities, historical spending patterns, and overall procurement practices.
- i. Designate the following Program administrative positions as needed and ensure coordination among the positions:
  - ii. Card Program Coordinators;
  - iii. Electronic Contact to handle data transmission matters; and
  - iv. Settlement Contact to handle monthly payment matters.
- c) Work with management to identify job titles/positions within the organization that require a P-Card or that would be good candidates for use of the P-Card.
- d) Work with management to identify deadlines for monthly billing statement reconciliation and supervisor approval.
- e) Develop written internal procedures for requesting P-Cards and approving cardholders. The appropriate form is the Purchasing Card Profile, Form DPD-PC002.

## 2. Program Compliance

- a) Establish written procedures to ensure compliance with, or request exceptions to, City purchasing laws and regulations, the City Purchasing Card Policy, and the internal purchasing card procedures manual.
- b) Coordinate any exceptions to the City Purchasing Card Policy with the City Finance Director or designee.
  - i. Initiate all requests using the Special Approval Request, Form DPD-PC003.



- ii. Document review of the status of all exceptions on an annual basis to determine if the exceptions should still be granted.
  - c) Ensure that the City has sufficiently documented internal controls and other measures (e.g. audits) to prevent and/or detect misuse or fraudulent use of the P-Card.
  - d) Establish written procedures to ensure security over P-Card account information to include:
    - i. Ordering and receiving new and replacement cards;
    - ii. Reporting lost or stolen cards to the Bank and to the Finance Director;
    - iii. Collecting and destroying cards when cardholders transfer to jobs not requiring a P-Card, resign, or are terminated; and
    - iv. Canceling cards in the SmartData system immediately upon notification of theft/loss of the card or upon termination of cardholder's employment for any reason.
  - e) Establish written procedures to ensure that misuse or fraudulent use of the P-Card is documented. Minimum requirements include:
    - i. Documentation of the transaction (e.g. copies of receipts, invoices);
    - ii. Evidence of who conducted the transaction, who approved the transaction, and when and how the misuse or fraud was discovered;
    - iii. Documentation of personnel actions taken (e.g. cardholder was terminated); and
    - iv. Notifying the Bank immediately when fraud or card misuse occurs in order to properly meet the Bank's guidelines regarding Bank reimbursement of transactions related to fraud or card misuse.
- 3. Appropriate limits on the number of cardholders assigned to a supervisor or approving official in order to ensure adequate review of business need and documentation (transaction logs, receipts/invoices, and monthly billing statement) for each purchase.
- 4. Training – Develop an City-specific training program for all cardholders and supervisors/approving officials to include:



- a) Mandatory Cardholder Agreement specifying terms and conditions for use of the card;
- b) City Purchasing Card Policy;
- c) Internal purchasing card procedures;
- d) User manual; and
- e) Familiarity with all forms, including the Sales and Use Tax Exemption form and transaction log.

5. Using the P-Card

- a) Establish written internal procedures covering how to use the P-Card, including telephone, fax, and Internet orders, in order to maintain security over P-Card account information.
- b) Monitor cardholder accounts for inactivity and close accounts that are no longer needed.
- c) Establish written internal procedures for compliance with City Policy regarding documentation of transactions.

6. Accounting Requirements

- a) Designate the storage location for all original transaction documentation.
- b) Establish billing discrepancy procedures, including disputed transactions.
- c) Establish reconciliation procedures between cardholders, supervisors/approving officials, and Accounts Payable to ensure timely payment of the corporate monthly billing statement.
- d) Establish deadlines for monthly billing statement reconciliation and supervisor approval.

B. Supervisors / Approving Officials

Supervisors or other persons assigned the responsibility of reviewing cardholder transactions must have a thorough knowledge of the job responsibilities of the cardholders under his/her supervision in order to determine if purchases are reasonable in terms of types of purchases made. Before approving the purchasing card log and/or monthly billing statement, the supervisor must carefully review all documentation. Supervisor responsibilities include:





1. Maintain knowledge of City Purchasing Card Policy and internal policies and procedures on use of the P-Card.
2. Request P-Cards for employees under his/her supervision.
3. Notify the Finance Director when a cardholder resigns, transfers, or is terminated from employment.
4. Monitor transactions and card activity to ensure that all purchases are for legitimate City business use.
5. Review all documentation to ensure:
  - a) Invoices/receipts and transaction logs have the required information;
  - b) City Sales and Use Tax was not charged;
  - c) Purchases were for legitimate City business use;
  - d) Transaction logs and cardholder monthly billing statements contain the cardholder's original signature;
  - e) Sign the monthly billing statement and/or cardholder transaction logs signifying review and approval for payment. This responsibility cannot be delegated to another person;
  - f) All signatures must be original signatures. Signatures made with stamps are prohibited;
  - g) Submit all documentation and monthly billing statements for payment according to internally established procedures to ensure timely payment of the corporate billing statement.

**C. Cardholders**

All cardholders are de facto purchasing agents for the City of Dunwoody. Accordingly, all cardholders must have a minimum understanding of City purchasing policies, City Purchasing Division rules and regulations as contained on the shared drive. Cardholders must also be familiar with the provisions of the employee handbook regarding City Employee Code of Ethics and Conflicts of Interest. Cardholder responsibilities include:

1. Maintain security of the account number, expiration date, and security code at all times.
2. Maintain knowledge of City Purchasing Card Policy and internal policies and procedures.



3. Ensure all purchases are allowable purchases according to City and internal purchasing card policies.
4. Ensure all purchases comply with purchasing requirements and Competitive Bidding.
5. Obtain “best value” for the City when making purchases with the P-Card.
6. Maintain all documentation required by City and internal purchasing card policies. Minimum documentation requirements are:
  - a) Monthly or weekly transaction log as determined by the Finance Director and purchasing volume;
  - b) Itemized receipt of invoice;
    - i. If receipt has been lost and a duplicate cannot be obtained, the local PA can determine if internal policy will allow use of the Lost Receipt Affidavit, Form DPD-PC005. If allowed, a single cardholder can use the form no more than three times in one fiscal year.
    - ii. Use of the form more than three times in one fiscal year will result in suspension of card privileges.
  - c) Monthly billing statement sent to the cardholder from the Bank.
7. Sign the transaction log and the monthly billing statement. All signatures must be original signatures. Signatures made with rubber stamps are prohibited.
8. Submit all documentation to the supervisor or other approving official by internally established deadlines in order to ensure timely payment of the monthly billing statement.

## **V. Use of the Card**

### **A. Allowable Purchases**

The P-Card can be used for small value purchases of supplies, materials, equipment, or services, where not otherwise prohibited or restricted. All purchases must be within cardholder assigned spending limits unless prior, written approval is received to exceed these limits using the Special Approval Request, Form DPD-PC003. Allowable purchases are:

1. Equipment – Single units under \$10,000.
2. Supplies and materials up to the cardholder’s approved Single Transaction Limit and/or approved cycle limit.



3. Single purchase of supplies and materials over \$10,000 provided one of the following requirements has been met:
  - a) Citywide Contract (CWC) or mandatory source:
    - i. No prior approval from the City Cards Program Manager is needed to exceed \$10,000. Changes to Single Transaction Limits and monthly cycle limits may be made to accommodate these purchases at the discretion of the Finance Director.
    - ii. Documentation must include reference to the CWC number.
  - b) Open-Market Purchases:
    - i. Purchase has been competitively bid through the Purchasing Agent;
    - ii. Cardholders have prior, written approval from his/her supervisor and the City Cards Program Manager using Form DPD-PC003, Purchasing Card Special Approval Request, to exceed the City Single Transaction Limit (STL); and
    - iii. Documentation must include a reference to the solicitation number.
4. Airline tickets and vehicle rentals for City personnel traveling on official City business as defined in the Travel Policy.
5. Special approval is not needed for the following types of purchases, within approved spending limits:
  - a) Food and lodging for economic development, special events, and training activities when on official City business. Documentation must follow guidelines for “meals” in the City Travel Policy:
    - i. Itemized receipt showing all meals purchased
    - ii. Roster of participants showing name and each participant
    - iii. Copy of meeting or training agenda or other documentation showing that the meal was an authorized City activity
  - b) Food for official and approved use on the City premises (e.g. dog food for police dogs, coffee, etc.)



6. Food provided for consumption at events or services provided to the general public and/or City program participants (other than City employees), or purchased for resale in gift shops, bookstores, etc., and other non-employee meal-related use.
7. Purchases of goods or services intended for official City work-related use which are not otherwise excluded in the Prohibited Purchases section.
8. Any purchase specifically authorized by the City Manager.

**B. Prohibited Purchases**

The following types of purchases are strictly prohibited by City policy. No exceptions will be granted unless otherwise indicated:

1. Personal purchases of any kind (Personal purchases are defined as purchases of goods or services intended for non-work related use or use other than official City business)
2. Cash advances, including use of the card or card number at Automated Teller Machines (ATMs), inside bank branches or at cash advance, quasi-cash, and money transfer locations such as Western Union, Telecheck, etc.
3. Gift cards, stored value cards, calling cards, pre-paid cards, or similar products except when approved in advance by the City Manager.
4. Entertainment, including in-room movies, except as specifically covered under Allowable Purchases
5. Alcoholic beverages except when approved in advance by the City Manager such as for economic development or special event activities
6. Tobacco products
7. Professional services as defined in O.C.G.A. §14-7-2(2)

As indicated in Section V(A)(8) above, the City Manager may approve in advance the use of the procurement card for any of the prohibited purchases specifically mentioned in this section.

**C. Declared Emergencies and Natural Disasters**

The Finance Director grants authority to forego standard procurement requirements for needs arising from unforeseen causes. In cases involving emergency situations as defined in the Purchasing Policy, the cardholders are allowed to obtain after-the-fact approval for exceptions to this Policy.



1. The cardholder must submit the Form DPD-PC003, Special Approval Request, to notify the City Cards Program Manager within 72 hours of any actions taken in response to these emergencies and the nature of the actions taken.
2. Documentation for transactions must follow guidelines for emergency purchases as contained in the Purchasing Policy, including use of Form DPD-NI005, Emergency Justification Form, available in the SPD Official Forms section of City Entity Resources on the shared drive.

**D. Sole Source Purchases**

The P-Card may be used for purchases resulting from Sole Source acquisitions provided those goods/services are not identified in the prohibited subsection. Guidelines for Sole Source purchases are found in the Purchasing Policy.

**VI. Program Compliance**

**A. Merchant Category Code Authorizations**

Merchant Category Codes (MCC's) are assigned by a merchant's or vendor's merchant bank based on the type of goods or services that merchant or vendor typically provides. Allowing or blocking certain MCC's, while not a fail-safe protection against unauthorized use of the card, does provide a measure of protection against unauthorized or prohibited purchases.

1. The City Cards Program Manager establishes the City-authorized MCC groups that will be available to cardholders. Only those MCC's associated with merchants which provide the goods and services specifically allowed by this Policy are eligible for inclusion in City-authorized groups. Transactions at non-authorized MCC's are denied at the point-of-sale.
2. The City Cards Program Manager will conduct periodic evaluations of authorized MCC's in order to maximize appropriate use of the P-Card. The Program Manager will consult with other procurement and card program personnel when establishing or modifying these groups.
3. Cardholders can request activation of additional MCC's for inclusion in a City-authorized group and/or approval to create an MCC group to meet specific needs. Cardholders can request prior, written approval for exceptions to this policy using Form DPD-PC003, Special Approval Request.

**B. Internal Controls**

The City Cards Program Manager must establish an internal control structure that ensures compliance with City purchasing policies, travel policies and the employee handbook. Internal controls must include:



1. Appropriate separation of duties between making transactions (cardholders), review and approval of transactions for payment (approving officials), and payment of the monthly billing statement (Accounts Payable).
2. Monthly independent review of all card maintenance activity if the City Cards Program Manager or Finance Director is also a cardholder.
3. Appropriate hierarchical review and approval of purchases by someone with supervisory authority over the cardholder and/or with the authority to question purchases if needed.
4. No cardholder can provide approval for payment for his/her transactions or of the corporate monthly billing statement. Review and approval responsibilities cannot be delegated to someone else.
5. Appropriate limits on the number of cardholders assigned to a supervisor or approving official in order to ensure adequate review of business need and documentation (transaction logs, receipts/invoices, and monthly billing statement) for each purchase.
6. Provision for an independent review of the purchasing card program. Reviews must address:
  - a) Adequacy of internal policies and procedures;
  - b) Appropriateness of cardholder spending limits;
7. Adequacy of review, reconciliation, and payment procedures; and
8. Adequacy of documentation for transactions.

**C. Cardholder Spending (Credit) Limits**

Spending limits enable management to provide cardholders with the purchasing power to accomplish the needs of the job without exposing the City or the organization to unnecessary risk. Spending limits should be based on job responsibilities of the cardholder and/or of the job title. Cardholder spending limits must be reviewed at least annually to determine that actual usage is consistent with spending limits. Spending limits that are available are:

1. Cycle (Credit) Limit – The cycle limit is a mandatory spending limit that restricts the amount of purchases a cardholder can make in one billing cycle.
  - a) The cycle limit cannot be less than the cardholder's Single Transaction Limit.



- b) A cardholder's cycle limit cannot be more than \$10,000 without prior, written approval from the City Cards Program Manager.
    - c) Please see Section IV.A.1.b for guidance establishing a cycle limit per cardholder.
  - 2. Single Transaction Limit (STL) – The STL is a mandatory spending limit imposed on each cardholder account.
    - a) A cardholder's STL must be less than \$10,000. The Finance Director can establish organization-wide and/or individual spending limits less than this, as determined by overall procurement and card program goals.
    - b) Cardholders can request prior, written approval for individual limits greater than or equal to \$10,000. The City Cards Program Manager must establish controls to ensure that cardholders:
      - i. Make purchases only from Citywide Contracts (CWC) or mandatory sources since the bid process has already been conducted or
      - c) Follow appropriate competitive bid procedures.
  - 3. Number of Transactions per Day (optional) – Management can choose to impose a maximum number of transactions on a cardholder account in order to control use of the P-Card.

**D. Card Issuance Requirements**

- 1. Issuance is limited to one Purchasing Card per cardholder.
- 2. An employee's supervisor and the Finance Director must approve a cardholder's application for a P-Card. The appropriate P-Card application form is Form DPD-PC002, Purchasing Card Profile, or approved equivalent that contains at least the same information.
- 3. All training requirements as described in this Policy must be met before an employee receives the P-Card.

**VII. Legal Issues**

**A. Failure to Comply with Laws, Policies, and Procedures**

Cardholders or supervisors/approving officials who knowingly, or through willful neglect, fail to comply with the following may be subject to suspension or termination of card privileges or other disciplinary action, up to and including termination of employment and criminal prosecution to the fullest extent of the law.



1. Dunwoody Code of Ordinances sections related to governmental purchasing
2. Applicable requirements of the Purchasing Policy
3. City Purchasing Card Policy
4. Internal policies and procedures governing procurement and the Purchasing Card Program.

The City Cards Program Manager and City Finance Director reserve the right to withdraw any authority or delegated approval due to non-compliance with applicable laws, rules, regulations, policies, and procedures, or the terms of any conditional approval. In addition to any disciplinary actions described above, non-compliance can result in monetary deductions through the user's payroll check.

**B. Competitive Solicitation**

1. City Purchasing Policy requires competitive bidding for all open-market purchases anticipated to be \$10,000 or more. Use of the P-Card as a method of payment does not relieve the cardholder or the Entity of these responsibilities.
  - a) Because of the legal bid limits, all cardholders must have a Single Transaction Limit (STL) of less than \$10,000, except as noted below in section C.2.
  - b) Cardholders are prohibited from splitting a transaction between two or more transactions on a single card or two or more transactions on multiple cards on the same day or on separate days in order to circumvent the bid process and/or any Single Transaction Limit, regardless of the level.
2. Where job responsibilities require cardholders to make single purchases of \$10,000 or more:
  - a) The Finance Director can approve Single Transaction Limits over \$10,000 with the approval of the cardholder's supervisor when the purchases will be from a citywide contract or a mandatory source. However, this approval does not apply to open-market purchases.
  - b) Form DPD-PC003, Special Approval Request, must be used to obtain one-time approval from the City Cards Program Manager for any single open-market purchase of \$10,000 or more.

**C. Payment of City Sales and Use Tax**





1. O.C.G.A. exempts purchases made by City Entities from Sales and Use Tax when payment is made with appropriated funds.
2. Cardholders must present the Department of Revenue Sales and Use Tax Exemption, Form ST-5, to merchants upon request. This form is available on the Department of Revenue web site at [etax.dor.ga.gov](http://etax.dor.ga.gov) by searching for ST-5.
3. Cardholders are responsible for ensuring that merchants do not charge tax.
  - a) If taxes are charged, the cardholder must contact the merchant to obtain a credit to the card.
  - b) Credits cannot be obtained by any other method, including, but not limited to, cash, gift card, gift certificate, or store credit.
  - c) Documentation of attempts to obtain credit for any Sales and Use Tax charged in error must be maintained with the documentation for the transaction where the tax was charged.

**D. Records Retention Requirements**

The City Clerk maintains the official Records Retention Schedule for the City of Georgia.

1. Documents related to transactions are accounting records and must be maintained according to the requirements of Accounts Payable Files.
2. Documents related to the issuance of cards to employees are accounting records and must be maintained according to the requirements of Credit Card Administration Records.

**E. Internal Revenue Service 1099 Reporting**

1. Sections 6041 and Section 6041A of Internal Revenue Service (IRS) rules require any organization, including governments, to report “reportable transactions” in excess of \$600 per year using the Form 1099-MISC.
2. The Bank provides the City Cards Program Manager with access to the SmartData System. This system reports purchases at the MCC’s that the IRS has designated as “reportable” for purposes of issuing the Form 1099.