



ADMINISTRATIVE REGULATION Office of the City Manager

Number	203
Sections	1-8
Effective Date	08/01/82
Replacement Date	01/01/2016
Responsible Department	FINANCE
Review Date	01/01/19

SUBJECT: PURCHASING CARD POLICY
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1. **Purpose:** The purpose of the Purchasing Card Policy (Policy) is to enhance operational efficiencies by allowing specified City staff to use a City issued credit card (PCard) to procure low-cost goods and attend certain off-site events. The intent of the Policy is to reduce the total cost for the City as well as streamline processes.
2. **Authority:** Huntington Beach City Charter Article IV, Section 401. Powers and Duties and Article VI, Fiscal Administration. Huntington Beach City Municipal Code Title 3 – “Revenue and Finance”.

Application: This Administrative Regulation applies to all Departments. This Administrative Regulation replaces #203 Subject: “Express Purchase Orders.”

3. **Policy:**

- 3.1. The City has an existing purchasing Policy that is overseen by the Fiscal Services Division of the Finance Department. A goal of the existing purchasing Policy as well as the new Policy is to provide for a faster delivery of low-cost items to the departments. The new and existing Policy reduces paper and postage expenses by decreasing the number of issued and mailed warrants.
- 3.2. This new Policy will continue to allow oversight of purchases by Directors while clarifying purchasing and accounting responsibilities. The Policy identifies specific categories of purchases, as well as single transaction and monthly dollar limit per card.
- 3.3. As part of the Policy, the Purchasing Unit will regularly review department and citywide PCard spending patterns to identify goods and services that departments should have purchased following the standard bidding process and Purchase Order methods identified in Huntington Beach Municipal Code (HBMC) 3.02 that would have led to better City pricing for those goods or services. If the Purchasing Unit determines it is more economical and/or advantageous to the City to utilize the discounts or competitive advantages provided by utilizing the procurement procedures outlined in HBMC 3.02, the identified goods and services will be competitively bid.
- 3.4. Unless authorized by the Finance Director, the PCard shall NOT be used if the City has already negotiated a lowest discount price for supplies (e.g., Staples). Prior to purchasing office supplies consult with the Purchasing Unit and/or check the City’s warehouse for items that are available at lower than market cost, prior to using the PCard to purchase similar items.

- 3.5. While the Policy provides an alternative procurement tool all applicable policies and procedures relating to purchasing shall apply to PCard use. The PCard shall not be used to circumvent the City's procurement process under any circumstances.
- 3.6. PCard purchases cannot be split to circumvent the single or monthly purchase limit restrictions.

4. Definitions:

- 4.1. The **Fiscal Services Manager (FSM) or his/her designee** is responsible for administration and enforcement of the Policy, including the administration of new accounts, reporting, payment processes, reviewing statements for accuracy, and ensuring all receipts are attached to statements.
- 4.2. The FSM shall keep the number of cards and amounts to a minimal level. The FSM is responsible for communicating noncompliance of the Policy to the relevant Department Director.
- 4.3. The **Finance Director shall mean the Finance Director or his/her designee**. The Finance Director is responsible for authorizing timely payment to card-issuing bank after verifying the accuracy of invoices. The Finance Director is authorized by the City Manager to take back any PCard account. The Finance Director is authorized by the City Manager to unilaterally adjust spending controls on the PCard.
- 4.4. The Finance Director shall ensure that a minimum level of expenditure use is made by all cardholders.
- 4.5. The **Approving Official**. Each Department using PCards shall delegate an Approving Official. The Approving Official shall be one (1) employee that is responsible for reviewing and approving all cardholders provided to that department and monitoring the Cardholder Statement of Account. Each month the Approving Official is responsible for ensuring that all cardholders have reconciled their monthly Cardholder Statement of Account and then submits all Statements of Accounts, along with receipts of each transaction to the FSM and/or his/her designee within the time frames determined by the Finance Director.
- 4.6. To qualify to be a PCard **Cardholder** you must be a current permanent City employee with authority from the Finance Director to use the PCard for city-related business. The Cardholder must reconcile and sign a Statement of Account at the end of each billing cycle, along with proper account numbers and supporting documentation for all purchases with the PCard. All Cardholders must sign a Cardholder Agreement acknowledging an understanding of the rules and confirm that training has been received prior to the issuance of a City PCard. A non-permanent, and/or part-time City employee may be issued a PCard for a designated period of time, not to exceed six months, upon the approval by both the Department Director and the Fiscal Services Manager.

Exceptions may be provided on a case-by-case basis subject to approval by the City Manager.

5. Responsibilities:

- 5.1. The Department Director shall be responsible for determining which staff members can be issued PCards. The business need for obtaining a card should be carefully

considered to limit the number of cards issued. Card limits should be as low as possible while still accomplishing business needs. Pursuant to the Cardholder Agreement, each individual cardholder is ultimately responsible for his/her purchases.

The following is a chart showing the City's standard card dollar limits for a single transaction and monthly dollar limits; however, consideration may be given for other card limits if required for special circumstances:

Standard Card Limits

Single Purchase Transaction	Monthly Dollar Limit
\$500	\$2,500
\$1,000	\$5,000
\$1,500	\$5,000
\$2,500	\$5,000

Card Limits for emergency and disaster purchasing by the Finance Department and/or Emergency Operations Center (EOC) personnel will be determined on an individual basis, based on FEMA best practices and guidelines.

- 5.2. To avoid confusing a PCard with personal credit cards, each Cardholder will be provided a PCard embossed with both the Cardholder's name and the "City of Huntington Beach," along with the City's logo.
- 5.3. ANY USE OF THE PCARD IS RESTRICTED TO THE CARDHOLDER. THE USE OF THE PCARD FOR ANY PURPOSE OTHER THAN **OFFICIAL CITY BUSINESS EXPENSES IS PROHIBITED AND IS GROUNDS FOR DISCIPLINE UP TO AND INCLUDING TERMINATION. IN ADDITION TO DISCIPLINE, AND POTENTIAL CRIMINAL CHARGES, THE PCARDHOLDER MUST REIMBURSE THE CITY FOR UNAUTHORIZED CHARGES. THIS CARD MAY NOT BE USED FOR PERSONAL PURCHASES - NO EXCEPTIONS.**
- 5.4. The Cardholder must carefully review the training documents provided with the PCard. Cardholders must sign and abide by the Purchasing Card Cardholder Agreement and comply with the guidelines of this Administrative Regulation and the Purchasing Card Cardholder Guide.
- 5.5. Each PCard will be assigned specific categories of purchases, as well as single transaction and monthly dollar limits. Each Department's overall PCard exposure will also be verified against its annual approved Operating Budget.

6. Procedures:

- 6.1 To apply for a PCard, departments must complete a "Cardholder Agreement," "Cardholder Account Set-up," and "Approving Official Account Set-up" form (if it is a new approving official), which indicates the maximum dollar amount for each single transaction and a total monthly dollar amount. All PCard forms are available on SurfNet under the section "Forms and Templates". The Fiscal Services Manager will review the Cardholder application documents and will approve or reject, the applicant based on Policy guidelines.

- 6.2 To request an increase or modification to the PCard limits, the Department Director must first approve the City's Purchase Card Modification/Increase form.
- 6.3 The Policy is a supplement to the procurement process. As with other procurement methods, the following conditions must be met when using the PCard:
- 6.3.1 The PCard should be used whenever possible in-lieu of petty cash, emergency purchase orders, or purchase requisitions when the item or group of items is under the transaction limit. Items should always be purchased at the lowest cost that meets the Departments basic needs. Normal purchasing procedures must be followed if a purchase will exceed a limit established. See Administrative Regulation 205 "Material Requisition/Purchase Order Process."
- 6.3.2 Each transaction may be comprised of multiple items, but the total, including tax and shipping, cannot exceed the single transaction dollar limit on the PCard; nor exceed the monthly dollar limit. If either of these limits is exceeded, the transaction will be declined by the card issuing bank.
- 6.3.3 All charges must be supported by receipts or some written documentation. A Purchasing Card Receipt Detail form must be used to document all Meals, Travel, Meetings and Event transactions made using a PCard. All of the following information must be provided before Finance will approve a business expense.

General purchases, material goods and supplies, vendor information

- The identity of the individual(s), vendor(s), or supplier(s);
- The business purpose for the expenditure; and
- An original itemized receipt must be included.
- A packing slip or invoice for goods shipped to the cardholder.

Meals, Travel, Meetings and Events

- Identify if the receipt is for a business meeting, city event, training, interview panel or other (explain);
- Provide a general explanation or purpose (training event, sister city, board or commission, etc.);
- Provide a list of attendees (attach meeting invite, email, etc.); and
- Include an original itemized receipt.

Please note: Meals charged to the PCard while traveling on City business will be reimbursed at the GSA Federal Per Diem Designation Rate. The employee will be responsible for making up any difference in the meal cost over the per diem rate. Please note a lost receipt form for food and beverage purchases will not be accepted, and will become the personal responsibility of the Cardholder to pay the City, and to provide back up of such evidence of payment.

- 6.3.4 Sales tax must be paid for all purchases of tangible goods (not for services). In the event that the receipt shows tax was not charged for tangible goods, the Cardholder must notify the Purchasing Unit. Please make a notation on the receipt and statement so the Purchasing Unit can pay the appropriate tax.
- 6.3.5 Cardholders must ensure that sufficient funds are available prior to making purchases. The Department Analyst and/or Approving Official can assist the Cardholder in verifying available funds.

- 6.4 Cardholders must follow all applicable Department policies and all other applicable policies and procedures, in addition to this Administrative Regulation.
- 6.5 Department Directors are responsible for overseeing the Policy for their respective departments. In addition to the requirements of section 6.3 above, Department Directors shall review and approve all Cardholder purchases via a monthly summary report.
- 6.6 Finance will conduct periodic review of the Policy in conjunction with card use.

7. Restrictions:

- 7.1. Cardholders are responsible for keeping records of each transaction and must complete the monthly reconciliation within 30 days of receipt of the Cardholder Statement of Account.
- 7.2. Purchases cannot be split to circumvent single or monthly purchase limit restrictions. Failure to abide by this restriction may result in disciplinary action and/or loss of card use.
- 7.3. Use of the PCard is not intended to replace effective procurement planning which enables volume discounts. Use of the PCard for purchases where Fiscal Services has negotiated group buying contracts is strictly prohibited. Failure to abide by this restriction may result in disciplinary action and/or loss of card use.
- 7.4. Use of the PCard for purchases of items in the City's warehouse is discouraged unless better pricing is available. Cardholders shall check with the warehouse first before purchasing warehouse materials or supplies. Failure to abide by this restriction may result in disciplinary action and/or loss of card use.
- 7.5. The PCard cannot be used to purchase computer equipment, software, or telecommunication products, including phones and cellular phones. With the exception of the Information Services Department, City PCards, Credit Cards or Petty Cash shall not be used to purchase any electronic items pursuant to Administrative Regulation 605 Section 7. Failure to abide by this restriction may result in disciplinary action and/or loss of card use.

Please note: Information technology consumable items: flash drives, toner cartridges, diskettes, zip disks, CDs, DVDs, tape cartridges, and paper, do not require Information Services Department review and approval. If there is a question as to application of this restriction, contact the Purchasing Unit before using the PCard.


- 7.6 During a declared emergency the PCard transaction limits for all cardholders participating in the emergency may be modified to allow cardholders the ability to make necessary purchases as required to continue operations, and to ensure the City can obtain reimbursement from regulatory agencies. Once the initial emergency is declared over by the City Council, all dollar limits and restrictions will revert back to the original cardholder limitations.

7.7. The following is a non-exhaustive list of prohibited purchases which includes commonly purchased goods or services considered personal in nature, and not part of the city's business:


- Alcohol
- Cellular telephone charges (unless specifically pre-approved by Department Director)
- Computers and computer software (unless pre-authorized)
- Day-care for children or pets
- Drugs including marijuana
- Expenses relating to the Cardholder's spouse or companion
- Fees for upgrades of airline tickets, hotel rooms or auto rentals
- Gifts, Flowers, Gift Cards, party supplies, cake, holiday parties, birthday parties, retirement parties (unless approved by the City Manager)
- Goods or services not directly related to job responsibilities
- Grooming, nail salon, hair salon, massage or spa expenses
- Guns, weapons, ammunition and explosives
- Headphones on airlines
- Health Club fees
- Home telephone and internet charges
- Internet connectivity and associated internet items for non-company purposes or personal use
- In-room bar bills
- Laundry service
- Movies (either in-room or at the theater)
- Personal travel during a business trip
- Political or charitable contributions
- Prescription or Over-the-Counter drugs
- Sporting events
- Telecommunications/telephone equipment and services
- Tobacco products
- Traffic citations (i.e., parking tickets or fines)
- Utilities
- Any illegal or adult entertainment activities

The City at its sole discretion may apply other restrictions.

The Purchasing Card Policy Guide shall be updated as needed by the Finance Department. Please see the Purchasing Card Cardholder Guide for additional information.



Approved By
Fred A. Wilson, City Manager




Submitted By
Lori Ann Farrell Harrison, Director of Finance

Policy Materials:

1. Purchasing Card Cardholder Agreement
2. Purchasing Card Cardholder Guide
3. Purchasing Card Cardholder Account Set-up
4. Purchasing Card Approving Official Account Set-up
5. Purchasing Card Disbursement No Receipt
6. Purchasing Card Modification/Increase
7. Purchasing Card Receipt Detail

APPROVED AS TO FORM



Michael Gates, City Attorney

CITY OF HUNTINGTON BEACH
ALLOWABLE AND PROHIBITED PURCHASES

Please use the following list as a guideline for PCard purchases.

PURCHASE TYPE	DESCRIPTION	CATEGORY
ASSOCIATION DUES, PROFESSIONAL OR INDUSTRY MEMBERSHIPS	Dues may be charged if related to City business and with approval from Supervisor/Manager or Director.	ALLOWABLE
CITY BUSINESS MEALS	Purchase of food for business requirements. Receipts including the names and affiliations for all members of the party whose meals are paid for using the purchasing card, and then state the business purpose for the expense. You must include an itemized receipt showing food and beverage items purchased, rather than the receipt showing only the total. The use of the PCard for catering services is generally prohibited, as it is considered a service, unless the food is only dropped off.	ALLOWABLE
CITY BUSINESS TRAVEL	City travel related purchases including airline tickets, hotel accommodations, car rentals, business meals, etc. Employee shall use their own credit card for any personal expenses, such as personal phone calls, video rentals, etc.	ALLOWABLE
COMPUTER AND TELEPHONE ACCESSORIES	Information technology and telephone consumable items for City Business: flash drives, toner cartridges, diskettes, zip disks, CDs, DVDs, tape cartridges, mouse, keyboards, USB peripherals, telephone headsets and paper DO NOT require Information Services Department pre-approval.	ALLOWABLE
CITY SPONSORED EVENTS	Items necessary to conduct a City sponsored event.	ALLOWABLE
GENERAL SUPPLIES	Items for City business not prohibited or in conflict with negotiated discounts such as Staples. Use Staples card or on-line ordering system.	ALLOWABLE
ON-LINE AUCTION PURCHASES	On-line auction purchases for City business needs for items not on a City prohibited list may be purchased with approval from Supervisor/Manager or Director.	ALLOWABLE
PROFESSIONAL DEVELOPMENT	Allowable with approval from Supervisor/Manager or Director.	ALLOWABLE
SEMINARS, CONFERENCES WEBINARS, TRAINING	Seminars, training, books, etc., that have been preapproved by the Director or City Manager and budgeted for by the Department.	ALLOWABLE
SUPPLIES FOR CITY MAINTENANCE AND REPAIRS	Maintenance and repair supplies, including maintenance tools and equipment; janitorial supplies and other maintenance-related expenses.	ALLOWABLE

PURCHASE TYPE	DESCRIPTION	CATEGORY
CAPITAL EXPENDITURES (Construction)	Also considered as minor construction and may require bonds, insurance, a signed contract, and other requirements. These may not be purchased with a PCard.	PROHIBITED
CHEMICALS AND HAZARDOUS MATERIALS	Hazardous materials (CHEMICALS, COMPRESSED GASES, TOXINS, RADIOACTIVE, HAZARDOUS AND CONTROLLED SUSTANCES). Janitorial and cleaning supplies CAN BE purchased.	PROHIBITED
CLUB DUES AND CONTRIBUTIONS	Health club dues, contributions to any political party, religious party, etc.	PROHIBITED
COMPUTERS	Purchases require Information Services (IS) pre-approval. Examples include: desktop, notebook and tablet computers (PCs); monitors; printers; scanners; hard drives; PC memory.	PROHIBITED
COMPUTERS (NON NETWORKED)	Non-networked computer hardware and software such as MAC's, and other purchases unless approved in writing by the IS Manager prior to purchase. Submit approval documentation with the monthly statements.	PROHIBITED
COMPUTER SOFTWARE	Software purchases require a requisition approved by IS to ensure software is tested and approved for compatibility with City's network.	PROHIBITED
PROFESSIONAL SERVICE FEES	See HBMC 3.03 for definition.	PROHIBITED
CONTRACT SERVICES	Purchase orders are required for contract service providers.	PROHIBITED
ENTERTAINMENT	Movies, Sporting Events, Adult Entertainment.	PROHIBITED
GIFTS, PARTIES OR SPECIAL OCCASSIONS	Items such as flowers, birthday cards, cakes, special occasion items, holiday parties, birthday parties, retirement parties, etc. (see Section 7.7)	PROHIBITED
LEASES	Term contracts or agreements with a Supplier for over 30 days are to be initiated with a purchase requisition.	PROHIBITED
MAINTENANCE AND REPAIR SERVICES	All facilities, building, construction, electrical, plumbing, maintenance and repair <i>services</i> . <i>This does not include emergency repairs</i> . In general, purchasing a maintenance repair services may require bonds, insurance, and a signed contract; therefore, these services are not purchased with a PCard.	PROHIBITED
PAYMENTS TO CITY	Payments to the City, such as for building permits.	PROHIBITED
SERVICE PROVIDERS	Examples: cleaning, garment and laundry services; dry cleaners, photographic studios, barber, beauty shops; funeral services and crematories; dating and escort services; tax preparation services; debt, marriage and personal counseling services; babysitting, massage parlors, and health and beauty spas.	PROHIBITED
UTILITIES	Telephone, power, gas, cable, internet and water.	PROHIBITED