

## FORWARD

This manual contains the policies and procedures for purchasing related activities. Its purpose is to provide guidance and instruction for all employees new to the purchasing process as well as a reference for staff and management.

The primary function of the purchasing program is to provide cooperative assistance that is efficient and effective in obtaining the supplies and services needed. The intention of the program is to buy these items at the lowest economical cost consistent with quality and time.

Legal and organizational changes as well as data processing improvements will bring about policy and procedural changes. Revisions will be issued that reflect these changes in order to keep this manual current.

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BUILDING MATERIALS  
PRINTING  
TOOLS  
FURNITURE  
UNIFORMS  
HUBS

EMERGENCY EQUIPMENT  
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**I. DEFINITIONS**

## DEFINITIONS

The basic methods for obtaining supplies, equipment and services are explained in detail in this manual, but for the purpose of introduction, they are briefly outlined below.

### **Purchase Requisition**

The purchase requisition is used to inform Finance of the needs of individual departments. It is used to request a P.O. authorizing purchase of specific products or services.

### **Department Purchase Order (DPO)**

The DPO allows individual departments to place minor purchase orders directly with approved vendors for certain miscellaneous items and services. The total order must not exceed \$2,500, including minimum shipping and handling charges.

### **Annual Contract**

Contracts protect pricing for a period of one year and are awarded to vendors for supplies, equipment and services routinely required by one or more departments.

### **Maintenance Agreements**

The City maintains service agreements with manufacturers and authorized service centers for most of its copiers. For more information on which machines are covered, please contact Technical Services. The City also maintains service agreements for facility related equipment. For more information on what equipment is covered, please contact facility maintenance.

### **Emergency Purchase Order**

At times, circumstances will occur that require obtaining goods or services without following normal purchasing procedures. Under certain circumstances, Finance will issue a verbal P.O. number. A confirming requisition, authorized by the department head, must be submitted by the next working day.

### **Petty Cash**

Any item bought with petty cash cannot exceed \$100. User departments make these non-routine, below-minimum purchases directly with the vendor and are reimbursed provided the proper form and receipts are presented to Finance.

### **Blanket P.O.**

Annual P.O. generated by Finance for recurring purchases.

**II. POLICY STATEMENTS**

**POLICY STATEMENTS**

Purchasing is a function of all Departments. Department Directors are responsible for ensuring that departmental purchases are in compliance with the approved budget and the city's purchasing policy. Purchasing procedures are guided by several established policies. These policies are:

- All purchasing shall be in accordance with the laws of the State of Texas including Chapters 252 and 271 of the Texas Local Government Code, and City of Southlake City Charter.
- All purchasing shall adhere to sound purchasing policies to ensure that Southlake taxpayers receive the best value for city purchases.
- Purchasing activities will be managed with proper controls, and all requisitions will be processed in a timely manner to ensure efficient practices.
- When required or preferred, a competitive bidding process will be utilized to obtain purchases at the lowest possible cost, and to provide for an open and fair process for all interested vendors.



**III. PURCHASING ETHICS**

## PURCHASING ETHICS

This Manual is designed to assist departments in following all laws and regulations related to purchasing and to treat vendors in a fair manner, while avoiding the perception of immoral, illegal or unethical behavior. It shall also serve as a reminder that behavior which is considered acceptable in the private sector may be inappropriate for the public sector.

### Purchasing Code of Ethics

I. Employee Responsibility to the City of Southlake

- Follow the policies and lawful instructions of the City.
- Understand the purchasing authority granted to the employee by the City.
- Avoid activities that would compromise or give the perception of compromising the best interest of the City.
- Reduce the potential for any charges of preferential treatment by actively promoting the concept of competition.

II. Conflict of Interest

- Conflicts of interest arise when personal involvement and/or gain in a decision could lead to prejudice, or the appearance of prejudice in that decision.
- All employees shall comply with the conflicts of interest provisions found in the Employee Personnel Policies and Procedures, "Code of Ethics and Conduct."

III. Employees Relations with Businesses or People Doing Business with the City

- It cannot be overstated that the Southlake Values can be greatly compromised by the improper acceptance of gifts. Even the appearance of accepting gifts can be damaging.
- No city employee shall accept any gift that might reasonably tend to influence the employee in the discharge of his or her official duties, or grant any improper favor, service or thing of value. Neither shall any employee use his or her official position to secure special privileges or exemptions for themselves or others. [Refer to Employee Personnel Policies and Procedures, "Code of Ethics and Conduct."]
- Bidding and contracting can bring great discredit upon the City if it is not conducted in a legal and appropriate manner. Any private gain by employees of the City or any gain beyond reasonable compensation for the contractor is prohibited.

IV. Relations with Those to Whom Services are Rendered

- No gift, reward, favor or any other considerations shall be accepted or retained for services rendered by the employee. The employee shall notify his or her supervisor of such offer and the employee's refusal.
- Gifts, rewards, favors or any other considerations which are given to an employee under circumstances which do not permit the employee's immediate refusal shall be reported and given to the employee's department head immediately. The department head shall return the gift with a proper letter expressing gratitude and explanation to the person giving the gift. A copy of the letter will be sent to the City Manager.
- When a gift, reward, favor or any other consideration cannot be returned it will be used for the benefit of all employees in the department involved or otherwise disposed of so that no individual gains from the gift. The manner of disposal of the gift shall be reported in writing to the City Manager. Small items such as cakes, cookies and candy may be accepted if used for the entire department. Large gifts or donations of gratitude to benefit the employees of a department are not permitted. Any such individual or group wishing to express their gratitude may make a contribution to a charitable organization in the name of that department.
- Any service rendered by an employee is considered part of the employee's job and since the employee is paid, no special gratitude is necessary.

**IV. PURCHASING PROCEDURES**

## PURCHASING PROCEDURES

### Purpose

The following policies are to be adhered to when processing goods and services for the City.

### Bidding Parameters

1. *Purchases of \$2,500 or less.*

No quotes are required but are recommended when possible. Orders may be placed by Finance or the user department directly with vendors by telephone, by a mailed copy of the purchase order, by a department purchase order (DPO), or procurement card transaction.

2. *Purchases of \$2,500 to \$9,999.*

These purchases require at least three (3) informal, written quotes and shall be completed by the user department and submitted to finance through an electronic requisition. At least two (2) of the contacts solicited for quotations must be from vendors on the Texas Department of Commerce Certified Listings for Disadvantaged Business Enterprises (DBE's), aka Historically Underutilized Businesses (HUBS). The written quotes must be attached to the requisition for retention.

3. *Purchases of \$10,000 to \$49,999.*

These purchases require at least three written or informal sealed bids called "Non-Council" bids, with the appropriate method being left to the discretion of the Purchasing Agent. Finance will complete the bidding process. At least two (2) of the contacts solicited for quotations must be from vendors on the Texas Department of Commerce Certified Listings for Disadvantaged Business Enterprises (DBE's), aka HUBS. The written quotes/bids must be retained in the Finance Department

4. *Purchases governed by the competitive purchasing requirements of state law.*

As of the date of approval of this policy, state law requires competitive purchasing for expenditures or procurements by the City of \$50,000 or more. The City may use either Competitive Sealed Bidding or Competitive Sealed Proposals for expenditures or procurements by the City of \$50,000 or more. However, before the competitive sealed proposal method may be used, the City Council, or its designee must determine, before notice is given, the method of purchase which provides the best value to the City.

(1) *Competitive Sealed Bidding:* Formal bids called "Council Bids" are required. Notice to bidders must be publicly advertised in the newspaper for two (2) consecutive weeks, with the first date of publication being at least fourteen (14) days prior to the

opening of the bids or proposals. All sealed bids must be submitted to the City Secretary's Office. Finance will conduct a public bid opening and tabulate the bids. Contracts procured by competitive bids are awarded by the City Council.

The City will use the "best value" method to award contracts under the competitive sealed bid method. The City will indicate in the bid specifications that the contract may be awarded either to the lowest responsible bidder or to the bidder who provides goods and services as the best value to the city. The City will further indicate in the bid specifications that it reserves the right to reject any or all bids and reopen the bidding process if it is in the best interest to the city.

(2) *Competitive Sealed Proposals*: Formal proposals are required. Notice of the request for proposals must be publicly advertised in the newspaper for two (2) consecutive weeks, with the first date of publication being at least fourteen (14) days prior to the opening of the bids or proposals. All sealed proposals are submitted to City Secretary's Office.

All Competitive Sealed Proposals are opened so as to avoid disclosure of the contents of proposals to competing proposers until after the award of the contract. Contracts awarded by competitive sealed proposals are awarded by the City Council. When evaluating proposals, the City will consider the following:

- (a) the Purchase Price;
- (b) the reputation of the proposer and the proposer's goods and services;
- (c) the quality of the proposers goods or services;
- (d) the extent to which the goods or services meet the City's needs;
- (e) the proposer's past relationship with the City;
- (f) the impact on the ability of the municipality to comply with laws and rules relating to contracting with historically underutilized businesses and non profit organizations employing persons with disabilities;
- (g) the total long-term cost to the city to acquire the proposer's goods or services; and
- (h) any relevant criteria specifically listed in the request for bids or proposals.

5. *Exceptions to competitive purchasing requirements.*

- Exemptions the competitive purchasing requirements are outlined in the Texas Local Government Code Section 252.022. Any questions regarding these exceptions or their application should be directed to Finance.

**Historically Underutilized Vendors**

The City of Southlake, in making an expenditure of more than \$3,000 but less than \$50,000, is required by state law to contact at least two historically underutilized businesses

on a rotating basis, based on information provided by the General Services Commission. If the list fails to identify a historically underutilized business in the county in which the municipality is situated, the municipality is exempt from this requirement.

Please contact the Finance Department for a listing of historically underutilized businesses within the particular commodity for which you may be soliciting pricing.

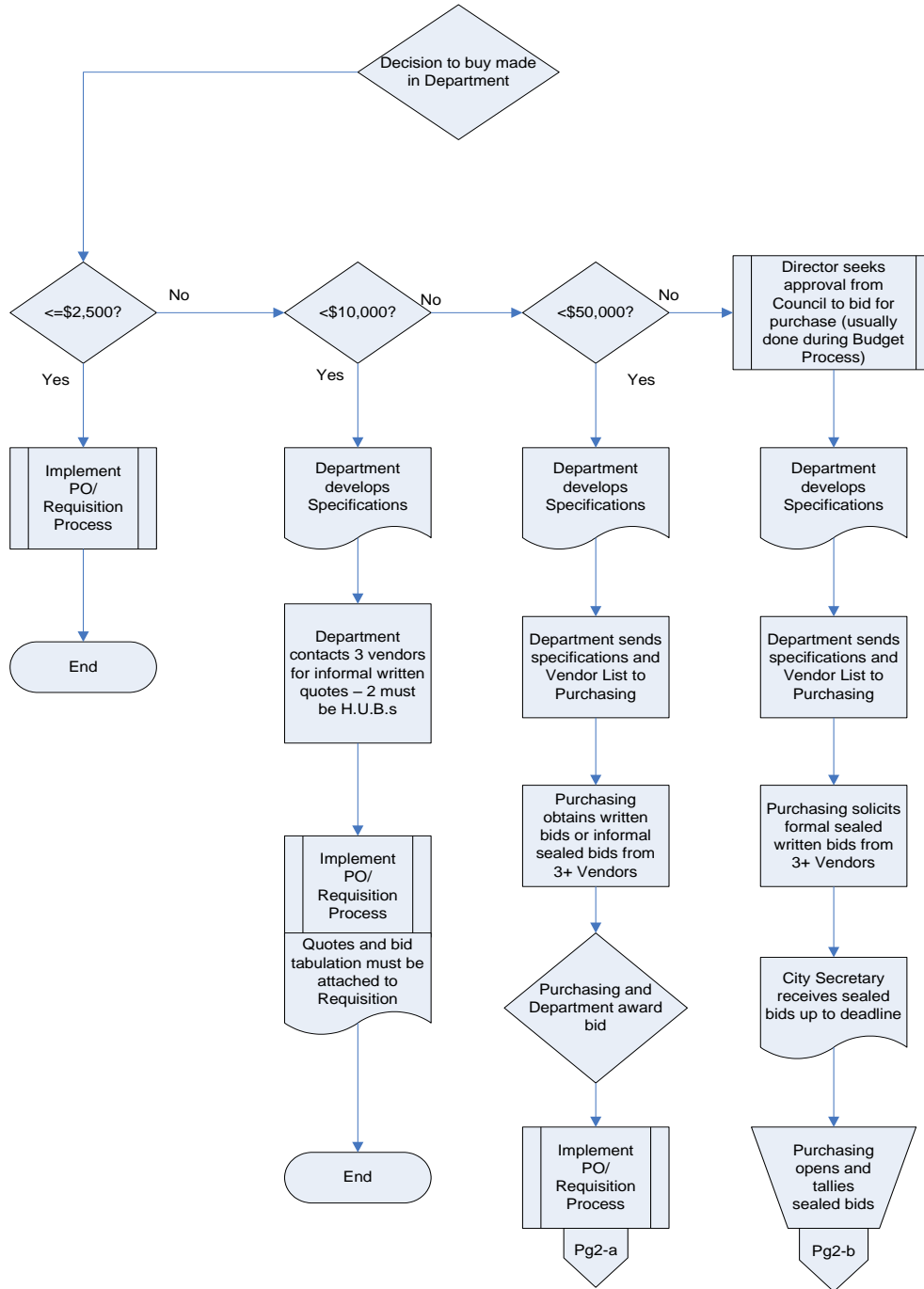
**Turnaround Time**

Normal requisitions are usually placed within four (4) working days or less. Requisitions that require the written bid process normally take fifteen (15) days to process, and council bids generally take as long as six (6) weeks or forty-five (45) days.

**Acceptance of Bids**

Department Directors and Finance have the discretion to select which vendor/bid acceptance to buy from on purchases up to \$50,000. On orders \$50,000 and over, the City Council will make the final award.

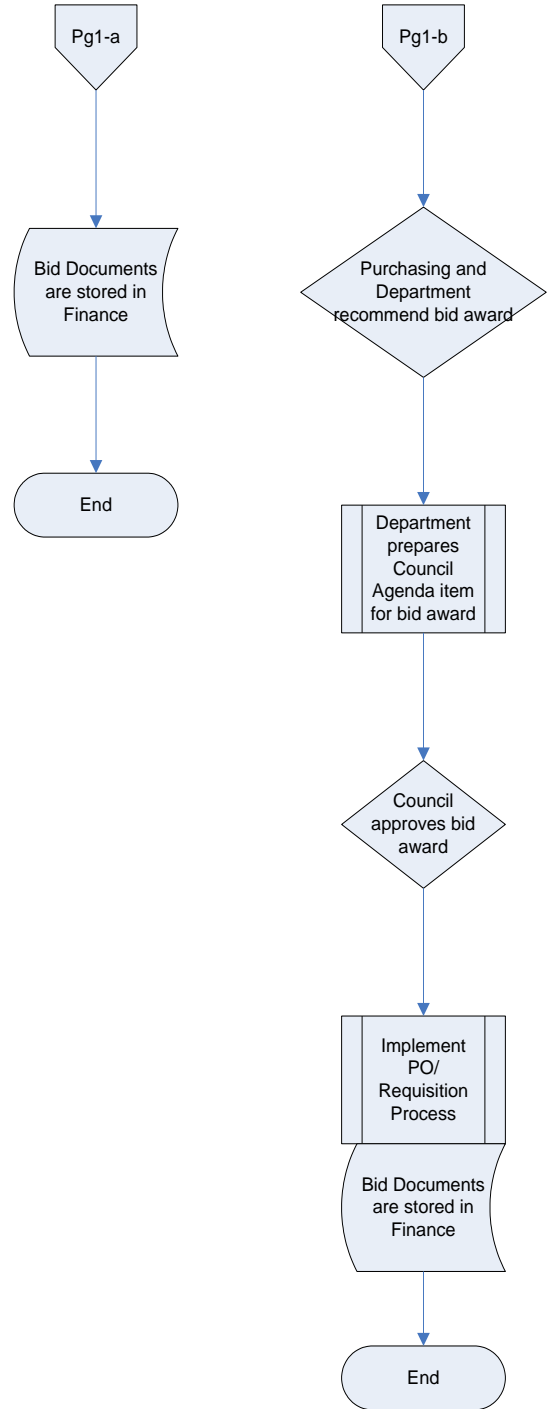
City of Southlake  
Bid/Quote Process Flow Chart





City of Southlake  
Bid/Quote Process Flow Chart

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SPECIFICATIONS

**Definition**

A specification is a concise description of a good or service the City seeks to buy, and the requirements the vendor must meet in order to be considered for the award. A specification may include requirements for testing, inspection or preparing an item for delivery, or preparing or installing it for use. ***The specification is the total description of the purchase. See flowchart when specifications are required.***

**Purpose**

The purpose of any specification is to provide personnel with clear guides to purchasing, and to provide vendors with firm criteria of minimum product or service acceptability. A good specification has four characteristics:

1. *It sets a minimum acceptability of the good or service.* The term “minimum acceptability” is key, since the vendor must know the minimum standard to determine what to provide. A standard too high means tax dollars will be wasted. A standard too low means the goods or services will not meet the expectations of the user.
2. *It should promote competitive bidding.* The maximum number of responsible vendors should be able to bid the specification. Restrictive specifications decrease competition.
3. *It should contain provisions for reasonable tests and inspections for acceptability of the good or service.* The methods and timing of testing and inspection must be indicated in the specification. Tests should refer to nationally recognized practices and standards, whenever possible.
4. *It should provide for an equitable award to the lowest responsible bidder.* The buyer obtains goods or services that will perform to expectations, and the vendor is able to provide the goods or services at an agreeable price.

**Preparing Specifications**

The specifications may be prepared by Finance, the using division, or by a professional consultant hired by the City. The ultimate responsibility for accurate and comprehensive specifications rests with the requesting department. For more information or assistance on writing proper bid specifications, please call Finance.

**V. THE PURCHASING PROCESS**

## PURCHASE ORDER

### **Purpose**

The end result of a requisition is the purchase order. The P.O. is used to place the actual order with the vendor. The purchase order is a legal contract and gives the vendor authorization to ship the materials, as specified. It is designed to expedite and control buying for the City.

### **Procedure**

Once the requisition is approved and the vendor is selected, the requisition is converted to a P.O. It may be printed or emailed to the vendor. Notification is distributed as follows:

*Originator:*

*Approver:*

*Vendor:*

### **Comments**

In order to comply with Texas Government Code, Chapter 2251 and avoid the interest penalty, invoices must be paid within thirty (30) days after delivery. Attach all packing slips or delivery tickets to the receiving record in the system no later than the next working day. Finance will automatically be notified once the receipt is posted in the system.

For detailed instructions on receiving see Receiving and Inspection, page 36.

## EMERGENCY PURCHASES

Emergencies do occur. Emergency purchases are those needed to avoid interruption in City Services or to protect public health and safety.

Purchases made in emergency situations are generally more costly than routine purchases. Therefore, they must be kept to a minimum. Poor planning, overlooked requirements, or negligence are not true “emergencies.”

### Emergency Purchases

They must meet one of the qualifications for exempt purchases in Section 252.022 of the Texas Local Government Code. The three (3) true emergency exemptions, as listed in the above statute, are listed below:

- 1) A purchase made because of a public calamity and the prompt purchase of items is required to provide for the needs of the public or to preserve the property of the City.
- 2) The item is necessary to preserve or protect the public health or safety of the residents of the City.
- 3) The item is made necessary by unforeseen damage to public machinery, equipment or other property.

When emergencies arise and there are no applicable maintenance agreements or blanket P.O.'s in place, please follow the procedures set forth below under “Requisitioning of Emergency Purchases.”

### Requisitioning of Emergency Purchases

Normal Working Hours. All emergency purchases occurring during normal working hours are processed through the Finance Department as follows:

1. The using department will immediately notify Finance by telephone with as much information as possible about the emergency purchase required, so that the appropriate action can be initiated.
2. Simultaneously, a purchasing requisition is being prepared by the using department and is sent through the normal channels.
3. Finance or using Department Head contacts as many vendors as necessary to arrange the emergency purchase. If time permits, the purchase order is completed according to procedure. Otherwise, the purchase is completed by telephone, and the purchase order is completed, after the fact, and delivered to the vendor.

4. The buyer requests expedited delivery. The person making the requisition may be required to pick-up the emergency purchase from the vendor if the expedited delivery is not available.

Evening, Weekends and Holidays. For other than normal working hours, when purchasing support is unavailable, process emergency purchases as follows:

1. The responsible official of the using department takes whatever steps are necessary to procure needed supplies, services or equipment to relieve the emergency situation. If possible, only those goods or services needed during the evening, weekend or holiday are procured.
2. On the first working day following the emergency, the responsible official prepares an on-line requisition and personally attaches any invoices, packing slips, or receipts to the requisition for processing.

The Department Head of the using department must certify, in writing, the next business day, or as soon thereafter as possible, that the purchase involved was necessary because of one of the three reasons listed as emergency exemption in Texas Local Government Code.

## DEPARTMENT PURCHASE ORDER (DPO)

### **Purpose**

The DPO allows individual departments to place orders up to a maximum of \$2,500 for certain supplies, materials, or services directly with vendors. This requisition is used to eliminate the processing time and expense of minor purchase orders. DPO's shall be used as a payment mechanism for purchases under \$2,500 with the exceptions specified on page 22.

For every DPO issued, each department is responsible for assuring that sufficient funds are available within the appropriate budget, and that the purchase meets the criteria established especially for department purchase orders.

Abuse or misuse of this system will result in the withdrawal of authorization to use the DPO. Examples of misuse include:

1. Using the DPO for unauthorized items or services.
2. Exceeding the \$2,500 maximum limit.
3. Using DPO's when sufficient funds are not available within the appropriate budget.
4. Using DPO's during the period when purchases are suspended at the end of each fiscal year.
5. Splitting, dividing or separating requirements to keep DPO's under the \$2,500 limit and thus avoid submitting a standard requisition or to avoid the competitive bidding process in any way.

Authorization will be withdrawn after three (3) violations during any one period from October through September of each year. Reinstatement in a subsequent year may be granted on a case by case basis as deemed appropriate by the City Manager's Office.

### ***Authorized Purchases By DPO's:***

1. Goods and services up to a maximum of \$2,500, including freight, delivery and installation.
2. Memberships, subscriptions and registration fees for conferences and seminars, when a vendor will take a DPO number and invoice you at a later date.

***Unauthorized Purchases By DPO's:***

1. Maintenance agreements.
2. Travel related expenses such as airfare, lodging, rentals, etc.
3. Splitting, dividing, or separating requirements to keep DPO's under the \$2,501 limit and thus avoid submitting a standard requisition or to avoid the competitive bidding process in any way.
4. Items where the vendor requires payment before the merchandise will be delivered.
5. Computer hardware or software.
6. Any rolling stock, fleet equipment etc.

**Procedure**

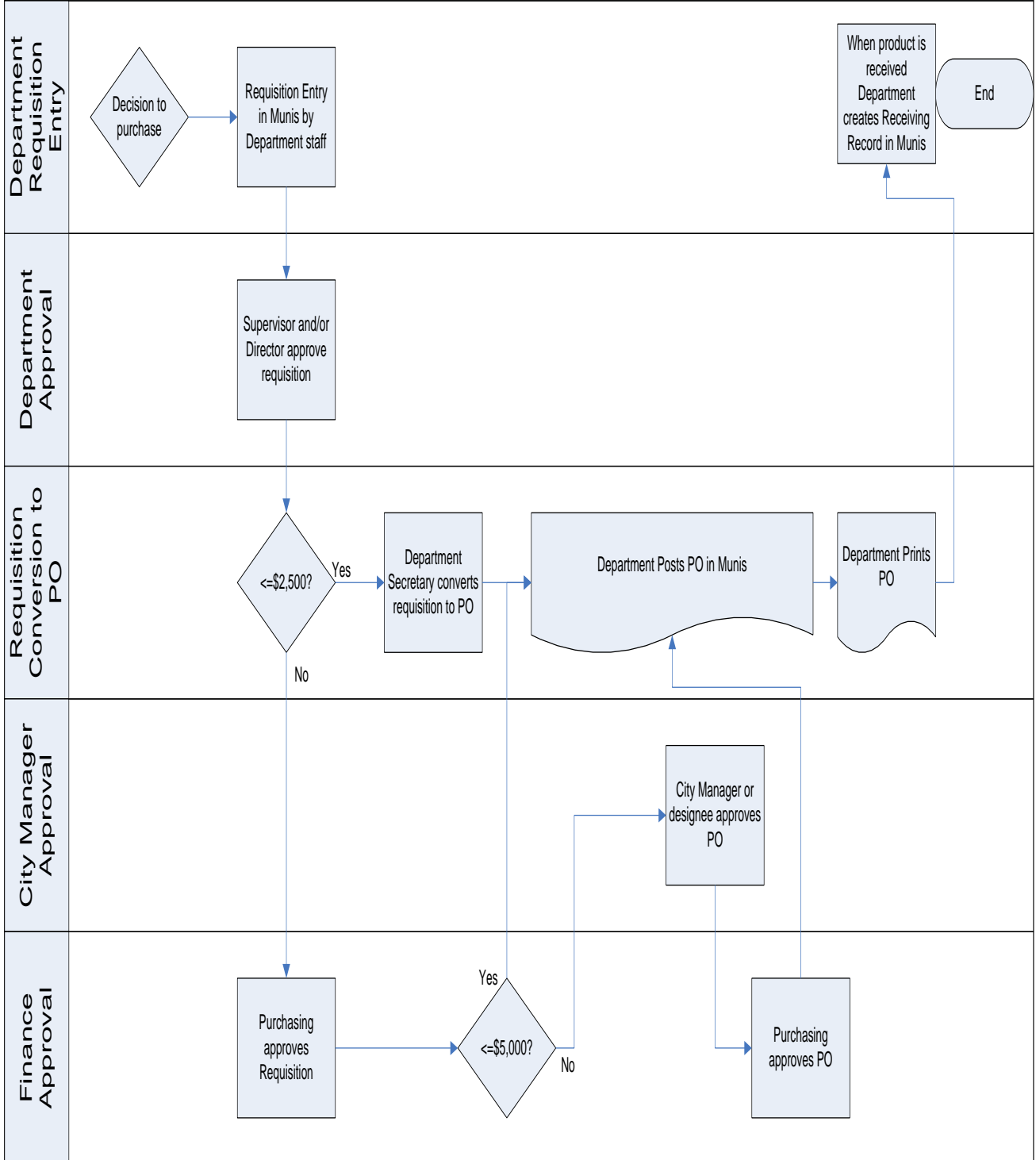
The using departments are responsible for obtaining verbal quotes, and purchase requirements are to be consolidated when possible. To avoid charges of favoritism and price collusion, purchases should be rotated among vendors offering comparable prices, quality and service.

The City is exempt from paying any local or state sales tax, and federal excise tax. For more information, see Tax Exemption Certificates, page 32.

A bid/quote tabulation form shall be attached to the DPO. Quotes are recommended at this level but not required.



Requisition and Purchase Order Process



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**GUIDELINES FOR PRICE QUOTATIONS**

Bidding limits are established to ensure that sizable purchases are subject to fair competition among available, responsible vendors. To effectively expedite and control purchases of goods and services that are not governed by the competitive purchasing requirements established by the Texas Local Government Code, Chapter 252, the following guidelines have been established by the City of Southlake to assist employees in obtaining competitive quotes. These guidelines are based on the Texas Comptroller of Public Accounts Model Purchasing Manual for Texas Cities and Counties. Even though certain purchases are exempt from the statutory requirements for formal competitive purchasing, they should have adequate controls and be subject to all practical competition.

The following statutes are quoted from the Texas Local Government Code (“LGC”), Chapter 252 and are listed as a reference for any representatives of the City of Southlake in obtaining quotations for goods or services that are not governed by the competitive purchasing requirements.

**A. 252.021 LGC - Competitive Bidding and Competitive Proposal Requirements**

- (a) Before a municipality may enter into a contract that requires an expenditure of more than \$50,000 from one or more municipal funds, the municipality must:
  - (1) comply with the procedure prescribed by this chapter . . . for competitive sealed bidding or competitive sealed proposals. . . .

**B. 252.0215 LGC - Competitive Bidding in Relation to Historically Underutilized Business**

- (a) A municipality, in making an expenditure of more than \$3,000 but less than \$50,000, shall contact at least two historically underutilized businesses on a rotating basis, based on information provided by the General Services Commission pursuant to Chapter 2161, Government Code. If the list fails to identify a historically underutilized business in the county in which the municipality is situated, the municipality is exempt from this section.

**C. 252.062 LGC - Criminal Penalties**

- (a) A municipal officer or employee commits an offense, if the officer or employee intentionally or knowingly makes or authorizes separate, sequential, or component purchases to avoid the competitive bidding requirements of Section 252.021. An offense under this subsection is a Class B misdemeanor.

**D. 252.001 LGC – Definitions**

- (2) “Component purchases” means purchases of the component parts of an item that in normal purchasing practices would be purchased in one purchase.
- (6) “Separate purchases” means purchases, made separately, of items that in normal purchasing practices would be purchased in one purchase.
- (7) “Sequential purchases” means purchases, made over a period, of items that in normal purchasing practices would be purchased in one purchase.

**Guidelines for Purchases below \$10,000**

Price quotations should be solicited from an adequate number<sup>1</sup> of vendors to ensure competition. Procedures for obtaining price quotations are not established by state law and are structured to the needs of the City of Southlake. City employees should use the following guidelines. To protect the integrity of the process, all solicitations of quotes shall comply with the following.

- A. Vendors should be informed that only price quotes are being solicited at this time.
- B. Vendors should not be privileged to quotes from other vendors.
- C. Vendors should be rotated to ensure competition.
- D. Finance should be contacted if additional vendors for a particular product or service are needed.
- E. Finance should be contacted for historically underutilized businesses for purchases over \$2500.
- F. Purchases should be monitored to determine if separate, sequential, or component purchases might exceed the bid limits.
- G. Quotes should be submitted with a requisition to the Finance Department for vendor selection, processing, and ordering.
- H. The user department shall never place orders unless a purchase order has been obtained through the procedures established in the Purchasing Manual.
- I. Contact Finance staff with any concerns or questions you may have.

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<sup>1</sup> For purchases of \$2500.01 to \$9,999.99, at least three quotes must be obtained.

## SAMPLE PRICE QUOTATION FORMS

### PRICE QUOTATION FORM

#### A. Purpose

The price quotation form provides City employees a consistent means of soliciting quotes from prospective vendors for those items under \$10,000. This form can be found in the Purchasing section on the city's network.

#### B. Instructions for Completion

- A. Enter your department and contact person.
- B. Enter your department phone number.
- C. Enter your department fax number.
- D. Enter the name and address of the vendor, one for each vendor selected.
- E. Enter the vendor contact name.
- F. Enter the vendor phone number.
- G. Enter the vendor fax number.
- H. Enter the vendor e-mail address.
- I. Enter the complete description of the item(s) including any installation, warranty or other pertinent information for consistent quotes.
- J. Enter the estimated quantity to be purchased.
- K. Enter the required delivery date.
- L. Enter the fax number of the vendor to return the quote.
- M. Enter the date by which the quote should be returned.

## ANNUAL CONTRACTS

### Purpose

Finance awards annual contracts to vendors for supplies, equipment and services routinely required by one or more departments. Contracts protect pricing for a one-year period and allow a user department to telephone orders directly to the vendor. This eliminates requisitions and processing time.

### Procedure

Each user department is responsible for keeping a copy of the contract purchase order on file. All purchases under the contract during the contract year will be placed directly by the using department under the same original P.O. number each time. Blanket P.O.'s are issued on a Fiscal Year basis. All P.O.'s expire on September 30<sup>th</sup> of each Fiscal Year.

After the items have been received, attach the packing slip or delivery ticket to a completed Partial Receipt Record and send it to Finance no later than the next day.

### Comments

It is important for the using department to remember that they are actually the “contract administrator” of these types of contracts. After Finance solicits the bids and makes an award to a particular vendor, it is the responsibility of the using department to notify Finance of any problems relative to the contract (i.e. the inability of the vendor to provide the products and/or services on a timely basis). Proper documentation of problems is essential in determining the responsiveness of the vendor. Without *written* documentation, it is difficult and often impossible to prevent that vendor from bidding and receiving the award of the contract again. It is the responsibility of the using department to submit in writing, problems that are pertinent so that the city may discuss the situation and possible repercussions with the vendor.

Finance keeps an updated list of existing contracts by commodity, name of vendor and opening/closing dates, and makes copies available, upon request. Should a department have a need for a certain contract, please contact Finance.

## MAINTENANCE AGREEMENTS

### Purpose

The City maintains service agreements with manufacturers and authorized service centers for many office machines such as copiers, microfilm equipment, fax machines and other specialized equipment.

Computer equipment is now maintained through Technical Services. No computer maintenance agreements will be contracted for, unless first approved by Technical Services.

It is the responsibility of the using department to budget funds for and to inform Finance of any equipment that needs to be covered under a maintenance agreement. It is also the duty of each department to inform Finance of any disposition of equipment that makes it necessary to cancel an existing maintenance agreement.

All lease purchases or capital leases shall be coordinated with the Finance Department. This type of purchase and financing is unique and is accounted for through debt service funds, not the customary departmental expenditure accounts.

### Procedure

Finance is responsible for automatically renewing all maintenance agreements unless notified in advance by written memo from the user department. If the department will not be renewing a maintenance agreement; the Department Head must notify Finance forty-five (45) days before the agreement expires.

Each City department is responsible for arranging repair service for equipment that is covered under a maintenance agreement.

Should a piece of equipment need repair and maintenance agreement does not exist, submit either a standard on-line requisition or (if applicable) request an emergency purchase order.

## LEASE PURCHASES

All lease purchases or capital leases shall be coordinated with the Finance Department. This type of purchase and financing is unique and is accounted for through debt service funds, not the customary departmental expenditure accounts.

## SOLE SOURCE PURCHASES

The following are reasons why a purchase might be practical from only one vendor.

1. There is no competitive product. The good/service is a one-of-a-kind, a patented product or a copyrighted publication available from only one source, or a unique item such as a work of art.
2. The product is only available from a regulated or natural monopoly. For example: utilities, gravel from the only pit in the area, etc.
3. The product is a component of an existing system that is only available from one supplier. The replacement of a component or a repair part may be only available from the original supplier.

### Procedure

Sole source purchases are handled the same as other purchases, with these exceptions:

1. A comment in the “Comments” section of the on-line requisition must be made to verify that the requisitioning party has contacted a sufficient number of vendors and has reason to believe that only one practical source of supply exists. An official memo shall be attached to the requisition from the department.
2. The requisition is completed in accordance with the on-line requisition system.
3. The Department Director will determine if the item is a sole source purchase.
4. All sole source purchases must be approved by the City Manager. The approval must be done before a purchase order is issued.
5. After the requisition is approved, the purchase order is prepared.

## PETTY CASH

### Purpose

Finance maintains a petty cash fund that can be used by City departments. Any item bought with petty cash cannot exceed \$100. User departments make these purchases directly with the vendor and reimbursements are made providing the proper "Petty Cash Voucher" is completed and a copy of the receipt is attached.

### Comments

It is important to remember that the City is exempt from paying any local or state sales tax. Therefore, employees will need a signed Tax Exemption Certificate at the time of purchase to verify employment with the City. Otherwise, tax will be charged by the vendor and that amount shall not be reimbursed

### Preparation

Explanations of the various fields are as follows:

1. \$: Indicate, in numerals, the dollar amount.
2. DATE OF VOUCHER: (current date)
3. PAY TO: Vendor name if cash is to be paid directly to them or your name if for reimbursement.
4. DOLLARS: Spell out the dollar amount.
5. FOR: Reason for cash.
6. CHARGE ACCOUNT NO.: Account number to be charged.
7. APPROVED BY: To be completed by Finance.
8. RECEIVED BY: Person requesting petty cash.



**VI. TAX EXEMPTION CERTIFICATES**

## TAX EXEMPTION CERTIFICATES

### **Purpose**

The City is exempt from payment of **all** local and state sales tax, and federal excise tax, with the exception of Hotel Occupancy Tax.

### **Procedure**

Many times a vendor will ask for the City's "Tax Exempt Number". We do not have a number; we are exempt by law because we are a municipality. The Finance Department can provide the vendor with a copy of a tax exemption letter when necessary. The tax exemption certificate is also available on the city's network in the Purchasing section.

*Sample Tax Exemption Certificate*

**FINANCE DEPARTMENT  
1400 MAIN STREET SUITE 440  
SOUTHLAKE, TX 76092**

**JUNE 20, 1997**

**BLANKET CERTIFICATE OF EXEMPTION  
STATE OF TEXAS  
SALES TAX**

The undersigned hereby claims a blanket exemption from payment of Limited Sales, Excise and Use Tax, under Section 151.309, Texas Tax Code Annotated, for the purchase of tangible personal property (bought, leased or rented.)

The Blanket Exemption is being claimed by the City of Southlake, Texas, as a Governmental Organization in accordance with the above mentioned statute.

The undersigned hereby certifies that she is the Director of Finance of the City of Southlake, Texas, and that she is authorized to execute this certificate in behalf of the City of Southlake, Texas.

The Purchaser will be liable for payment of the Limited Sales, Excise & Use Tax if the Purchaser uses the tangible property in some other manner or for some other use than for City of Southlake, Texas, and shall pay the tax based on the price paid for the tangible property.

Signed \_\_\_\_\_  
Director of Finance  
Sharen Jackson

**VII. AFTER THE ORDER**

## AFTER THE ORDER

### **Purpose**

The purchasing function is not accomplished by simply placing an order with a supplier. Sometimes satisfactory delivery requires expediting, cancellation or changes.

### **Expediting**

Follow-up or expediting delivery of the order is part of the purchase process. User departments should direct any inquiries concerning late deliveries or long lead times to the vendors.

### **Cancellation Or Change Order**

Since a purchase order is a legal document, it cannot be amended unless a change order is processed. To cancel or change a purchase order, the user department must inform Finance, by written memo or e-mail as soon as possible. Departments will then notify the vendor the change order will be completed and processed by Finance.

Occasionally the vendor will over ship an item and the department will decide to keep the extra or the vendor will under ship an item and the department will decide to cancel the remaining balance. In these instances, the department should make the proper notations on the receiving copy of the purchase order so that Accounts Payable may make any needed adjustments.

### **Returns To The Vendor**

It is the duty of the individual department to inspect all items or services received. If the items delivered are not acceptable, notify Finance at once. Departments are required to take immediate action to obtain replacements by the vendor.

### **Vendor Relations**

If the user department experiences problems with a vendor pertaining to delinquent delivery, quality of product or service, invoicing problems, etc., please notify Finance as soon as possible. These problems should be handled professionally, and persistent problems should be documented in writing for future vendor evaluation.

**VIII. RECEIVING AND INSPECTION**

## RECEIVING AND INSPECTION

### Purpose

When any materials, equipment or supplies are received, the department that placed the order is responsible for inspecting the shipment and initiating the payment process. This should be done as promptly as possible to take advantage of early payment discounts and/or give the Finance Department the processing time it needs to avoid interest penalties.

### Inspection

All items must be inspected upon receipt, and whenever possible, in the presence of the vendor or shipper. Inspection should include:

- Verification of correct delivery site.

- Verification of correct quantities.

- Verification of correct P.O. number on the packing slip.

- Checking for damaged or defective goods.

### Receiving Complete Orders

When all items or services ordered on a purchase order are received complete (except for contracts), attach the packing slip or delivery ticket to the P.O. receiving record, and post to the procurement system.

Finance Department will be unable to pay invoice without the Receiving portion of the PO, completed by the department.

**IX. INVOICES**



## INVOICES

### **Purpose**

An invoice is an itemized statement of merchandise or service provided by the vendor. It contains the same information as the purchase order and is the means for settlement of financial obligations incurred when the purchase order is issued.

### **Procedure**

All invoices must be sent directly to Finance where they are held until the P.O. is received in the system. If the shipping and receiving forms are in agreement, they will be processed for payment.

If there is a discrepancy between the original P.O. and the receiving paperwork that affects the quantity ordered or unit price, and results in the P.O. and invoice not matching, a change order must be processed to insure invoice payment. (See the system procedure manual for Change Order steps)

### **Comments**

Should an invoice be received by the using department, please forward it immediately to the Finance Department. Vendors should be notified that all future invoices are to be sent directly to Finance.

### **Prompt Payment**

Texas Government Code Chapter 2251 stipulates that all local governments shall pay for goods and services within thirty (30) days of the delivery or invoice date or interest is automatically imposed.

In order to comply with Chapter 2251 and avoid the interest penalty, all invoices must be sent directly to Finance, and all receiving reports and partials must be submitted for processing no later than the next working day.

**X. FREIGHT**

## FREIGHT

### Purpose

Most purchases require shipping materials to the City. The cost of shipping is either paid directly by invoice, or indirectly when shipping is included in the quoted price of the goods. Once shipping terms are established, they are specified on the purchase order.

### Definition

The following terms are designated shipping arrangements:

### Title and Control of Goods

1. *FOB Destination*

The seller retains the title and control of the goods, and the invoice covering them does not become payable until they are delivered. The seller selects the carrier and is responsible for the risk of transportation, including the filing for loss or damages. *This is the preferred method of delivery.*

2. *FOB Shipping Point*

The purchaser assumes title the moment the carrier signs the bill of lading. The purchaser assumes risk of transportation, is entitled to route the shipment, is responsible for getting the goods to the destination, and for filing claims for loss or damage – regardless of who pays freight charges.

### Receiving

Each department is responsible for receiving and inspecting all items and services requested.

### Shipping or Returns

If it becomes necessary to return goods to a vendor or ship a package, it is the responsibility of each department to prepare the item for shipment and coordinate its return.

**XII. DISPOSAL OF SURPLUS PROPERTY**

## DISPOSAL OF SURPLUS PROPERTY

### Purpose

Finance is responsible for the final disposition of City-owned, surplus property, ranging from rolling stock (automobiles, trucks, tractors, backhoes, etc.) to antiquated equipment, furniture, or fixtures.

Disposal of this surplus property is accomplished by a public or Internet sale to the highest bidder.

### Procedure

Four weeks prior to a scheduled auction, the Finance Department will notify each department to prepare and submit a list of surplus properties. A comprehensive list will then be circulated to all departments to determine whether any items could be used in other areas of the City.

Each department is responsible for tagging and identifying items for auction, as well as, physically moving the surplus items to designated area for storage. The Finance Department and Materials Management personnel will prepare all properties for auction.

The public sale is conducted by a private auctioneer, with items being sold to the highest bidder. All proceeds derived from the auction(s) are deposited back into each respective fund.

### Auction Form

An Auction Form may be acquired from Finance and should be forwarded to Finance. The auction forms should be completed with the information requested on the form.

A memo should be sent to Finance listing all items that are being requested for auction.

### Comments

As per the City of Southlake charter, all City of Southlake employees, directly or indirectly, cannot bid on, or purchase any article offered for sale at a City auction.

**XV. PROCUREMENT CARD**

## PROCUREMENT CARD PROGRAM

To maximize the benefits the City of Southlake receives from the purchasing card program and to enhance the program's success, it is recommended that all users be formally trained on how the system operates. Cardholders are most likely to use the purchasing card properly if cardholders understand the following:

### **How the program benefits cardholders as well as the City:**

- Allows cardholders to obtain goods and services faster and easier than before.
- Reduces paperwork and processing in the cardholder's department and in Finance.
- Allows all groups and individuals involved in the program to be more effective and to focus on the value-added aspects of their jobs.
- Promotes cost savings through consolidated payment - one monthly payment to the banking entity, versus multiple vendor payments.

### **The City's policies and procedures governing the use of the purchasing card:**

- Transaction and credit limits
- Types of purchases within the parameters of the purchasing card
- Approved suppliers and merchants

**To whom cardholders should go for assistance:**

- Program Administrator/Departmental Administrator – Purchasing Manager
- Department Manager
- JP Morgan Chases Customer Service

***PROGRAM OVERVIEW***

The purpose of the purchasing card program is to establish a more efficient, cost-effective method of purchasing and paying for small dollar transactions as well as high-volume, repetitive purchases. The program was designed as an alternative to the traditional purchasing process for supplies and services. If used to its potential, the program will result in a significant reduction in the volume of purchase orders and related documentation including invoices and checks. In addition, corresponding work processes associated with ordering and check writing will be eliminated. The purchasing card can be used with any supplier that accepts MasterCard as a form of payment.

The *Cardholder User's Guide* provides the general guidelines for using the purchasing card. Please read it carefully. Your signature on the *Cardholder Agreement* shows that you understand the intent of the program and agree to follow the established guidelines.

It includes the Program and Departmental Administrator(s) and JP Morgan Chase contacts for questions you may have. It also includes your single transaction limit, types of purchases acceptable with the purchasing card and restricted suppliers and merchants, if any.

The following important points should be reviewed before using the purchasing card:

- Cardholder's purchasing card is issued in cardholder's name. All purchases made on the purchasing card must be made only by the cardholder. Cardholders are responsible for the security of the purchasing card and the transactions made with it. **If cardholders do not follow guidelines when using the purchasing card, cardholder could receive corrective action, including termination.**
- Cardholder can use the purchasing card at any vendor or service provider that accepts MasterCard/Visa and is not on the restricted list. It may be used for in store purchases, mail, and telephone or fax orders.
- Cardholder may use the purchasing card to purchase supplies and services less than the single transaction limit that was established.



- Use must not exceed the credit limit assigned to cardholder in a given month.
- Cardholder must reconcile the statement received from JP Morgan Chase to ensure all charges are accurate. **The statement reconciliation MUST be completed within seven days of receipt of your statement.**
- The purchasing card is not intended to avoid or bypass appropriate purchasing or payment procedures as outlined in the *City of Southlake Purchasing Manual*. This program complements the existing processes available.
- The purchasing card is not for *personal* use.
- The purchasing card must be returned to the Program Administrator upon your transfer to another department or when employment with the City ceases.

## GENERAL INFORMATION

### Duties and Responsibilities

#### ***Program Administrator – (Purchasing Manager)***

The Program Administrator is designated to answer questions and assist with issues with, and administration of, the program. This person will be knowledgeable on all procedures in the Cardholder User's Guide. The Program Administrator has a direct relationship with JP Morgan Chase. All purchasing card requests must go through the Program Administrator.

#### ***Departmental Administrator***

A Departmental Administrator will be designated to keep documentation for the purchasing card activities within a division; particularly if the division is in a separate location than where the Program Administrator will be. Departmental Administrators are knowledgeable about the program and can help with purchasing card changes (i.e., credit limits, purchasing card information, etc.). Cardholders should first contact the departmental administrator, who will then refer questions or potential problems to the Program Administrator, when necessary.

### **Cardholder**

The person designated by the Department Administrator to utilize the purchasing card for purchasing small dollar supplies and services is the cardholder. The cardholder is responsible for following the guidelines in regards to purchases, selection of vendors, security of card and monthly reconciliation.

**Department Director**

The Department Director, or equivalent, is responsible for designating cardholders and for approving monthly purchasing card statements of cardholders to ensure they are compliant with City policy. The Department Director will also assist in assigning cardholder spending limits and regulations.

**JP Morgan Chase**

The purchasing card program is serviced using a team approach with JP Morgan Chase Customer Service Center. This center is available 24 hours a day, 7 days a week to assist **the cardholder** with general questions about the purchasing card account. If a card is lost or stolen, Customer Service should be notified immediately. The Customer Service number is: **1-800-890-0669**

## **Purchasing Card Controls**

### **Credit Limits**

All purchasing cards have monthly cardholder spending limits. Limits may vary for each cardholder and will be established by the Program Administrator in conjunction with the user Department Director.

Each cardholder will be given information on the limits of his/her card upon signing up for the program. In order to change limits on any card, the Cardholder's Department Director should complete the Exception Request Form, and forward it to the Program Administrator. The Program Administrator will then forward the request to JP Morgan Chase for processing. \* *Please allow 2 to 3 days to process any changes\**

### **Transaction Limits**

All purchasing cards will have a single transaction limit. This is the amount available on the purchasing card for a single purchase. A transaction includes the purchase price, plus freight. Cardholders should not attempt to make a purchase greater than his/her approved amount. The Program Administrator must also handle changes to the transaction limit.

### **Restricted Vendors**

The purchasing card program may be restricted for use with certain types of suppliers and merchants. If a cardholder presents a purchasing card for payment to these vendors, the authorization request will be declined.

Cardholders who feel a particular vendor should be added or deleted should contact the Program Administrator.

## **Maintaining Your Purchasing Card**

***Always obtain a receipt*** when using the purchasing card. It is every cardholder's responsibility to ensure there is a receipt for each purchase. The receipts should be kept in a receipt envelope. This envelope should be forwarded to the department administrator at the end of each cycle for retention.

A cardholder who submits his/her monthly report without an attached receipt will be required to reimburse the City for the entire amount of the missing receipt. Appeals shall be made to the City Manager's Office.

A cardholder who is found to be non-compliant with the competitive purchasing requirements found in this City of Southlake Purchasing Manual is subject to suspension of the employee's purchasing card at the discretion of the City Manager's Office.

### **Cardholder Responsibilities**

At the end of each billing cycle, every cardholder will receive a cardholder monthly statement, which lists purchases made to that account. Upon receipt of this statement, the cardholder should reconcile the statement with their receipts. Attach all documentation, note any additional information pertinent to the purchase, and forward the package to their supervisor for approval.

After reviewing the information sent by each cardholder, the supervisor should approve the purchases and forward the documentation to the Finance Department. Finance shall then verify that the cardholder monthly statement is consistent with the statement memo summary detail received from JP Morgan Chase for the company's files.

### **Traveling with the Purchasing Card**

The purchasing card is an excellent payment tool for travel and training. The Purchasing Card may be used to book airfare, lodging at hotels, training registrations and such expenses directly related to city approved travel for employees. The Purchasing Card is intended for City purchases only and is not to be used to pay for travel expenses for spouses even if those expenses are being reimbursed to the City. If you are traveling with your spouse on city business, only your expenses should be charged to the Purchasing Card. Expenses for spouses are to be paid in cash or split and paid for on a personal credit card at the time of purchase. This policy also applies to other non-city related travel purchases such as movie rentals, miscellaneous sundries, entertainment, alcoholic beverages, etc. Hotels are very accommodating to split these charges upon check out.

### **Sales and Use Tax**

The City of Southlake is a tax-exempt entity and does not pay sales tax. The purchasing card will have our federal identification number printed on the card and the merchant should be reminded that sales tax should not be included in the transaction. The card does not automatically alert the merchant of our exempt status. Cardholders must tell merchants at the time of check out that this is a tax-exempt purchase and that no tax should be added to the sale. Cardholders should check the store receipt prior to leaving the store to make sure sales tax was not included in the total. If tax was added to the sale, then the cardholder should immediately ask the merchant to credit the amount of the sales tax.

It is the cardholder's responsibility to see that no sales tax is paid or that credit is received on any sales tax paid by mistake on all transactions.

### **Security of the Purchasing card**

The cardholder is responsible for the security of the card. This card should be treated with the same level of care, as the cardholder would use with his/her own personal charge cards. Guard the purchasing card account number carefully. It should not be posted in a work area, or left in a conspicuous place. It should be kept in an accessible, but secure location.

The only person authorized to use the purchasing card is the cardholder whose name appears on the card. Purchasing cards are not to be shared by other employees as individual cards may be issued to any employee as requested by the Department Director. The card is to be used for business purposes only.

### **Card Cancellation/Replacement**

Upon request of the Program Administrator or Department Director or when employment with the City ceases, cards must be cut down the center of the magnetic strip and returned to the program administrator immediately.

### **Lost or Stolen Cards**

If a purchasing card is lost or stolen, immediately contact JP Morgan Chase Customer Service at **1-800-890-0669**. After contacting JP Morgan Chase, notify the Program Administrator. Prompt action can reduce the city's liability of fraudulent activity.

## **PURCHASINGCARD PROCEDURES**

Purchasing cards will be centrally distributed through the Program Administrator. When a new card is issued, JP Morgan Chase will send it to the Program Administrator for distribution to the cardholders. Cards should not be released to cardholders until each cardholder has gone through training, has received all supplies related to the program, and has signed the cardholder agreement.

The following items should be provided to you, the cardholder, during training:

1. **Cardholder Purchasing Card Agreement:** This is an agreement between the cardholder and the City of Southlake, which affirms that the cardholder has read and understands the policy and procedures for the purchasing card. The cardholder, Department Director and the Program Administrator usually sign this agreement at the end of the training session.

2. ***Cardholder User's Guide***: This document outlines the city's policies and procedures in regard to the purchasing card program. It also outlines approved types of purchases and preferred vendors.
3. ***Cardholder Survey***: This document provides a feedback mechanism for the cardholder to inform Finance about how the program is working on a day-to-day basis, report on vendor success, and give suggestions for improvements.
4. ***Purchasing card Transaction Log***: The cardholder shall use this form to record purchases and returns during the reconciliation process.
5. ***Statement of Disputed Items Form 700***: The cardholder shall use this form if the cardholder is disputing a transaction that appears on the cardholder's monthly statement.

### **Purchasing Card Activation**

The cardholder must call **1-800-890-0669** to activate the purchasing card before using it. Upon receipt of the card, the cardholder should sign the back of the purchasing card and always keep the card in a secure place.

### **Making the Purchase**

Cardholders should promote and encourage positive interactions with suppliers, and be informed if the City has a list of "preferred suppliers and merchants" that should be used. Honesty and courtesy are essential ingredients in all aspects of a buyer/supplier relationship.

### **Receiving Supplies and Services**

A copy of the charge slip, sales receipt, or any other information related to the purchase must be kept with the transaction log on each transaction. Receipts should be itemized as much as possible to show what is being purchased. If the receipt does not give some type of description, the cardholder should write on the receipt exactly what was purchased. Normally, the merchant will provide an itemized store receipt, as well as, the credit card transaction receipt, which only shows the merchant and total sale charged to the credit card. Both receipts should be retained for submission with the cardholder's monthly reconciliation.

The original travel receipts should be sent to Accounting attached to the Travel Expense Form.

Invoices with no amount due, are the most optimal documentation since they itemize the purchases. A vendor's entry system usually prints an automatic invoice with the processed order. Instruct the vendor not to send the invoice to Accounting but directly to the individual cardholder making the purchase (this will prevent duplicate payments to vendors). If a purchase is made via mail or telephone, ask the vendor to include the receipt with the goods when shipping the product.

### **Purchasing Card Payment**

Employees do not pay their own monthly statement. The program does not affect your credit rating in any way. The purchasing card program carries corporate, not individual, liability.

### **Returns, Credits and Disputed Charges**

Should a problem arise with a purchased item, service or charges, every attempt should be made to first resolve the issue directly with the supplier. Review of future statements is vital to ensure the account is properly credited for returns, credits and disputed charges. The returned, credited or disputed item should be noted on the Purchasing Card Transaction Log.

- **Returns:** If a cardholder needs to return an item to a supplier, contact the supplier and obtain instructions for return. Note that some suppliers may charge a restocking or handling fee for returns. All returns should be indicated in the transaction log.
- **Credits:** If the supplier accepts an item as a return, a credit for this item should appear on the following month's statement. All credits should be indicated in the transaction log.
- **Disputed Charges:** If a cardholder finds a discrepancy on a monthly statement, the cardholder should contact the supplier and attempt to resolve the problem immediately. If the cardholder and the merchant can resolve the dispute, a credit should appear on the next billing cycle statement. If the credit does not appear on the next statement, then the JP Morgan Chase Form 700 must be submitted. JP Morgan Chase will not honor or try to help us dispute transactions to merchants that are not reported on Form 700 within 45 days of the dispute and the City is responsible for the charge.

**Purchasing Card Guidelines**

All cardholders should follow these guidelines below when using the purchasing card:

1. Determine if the transaction is an acceptable use of the card, and if it is within the cardholder's spending limit.
2. Identify the supplier, call, fax, or visit the supplier to place your order.
3. If order is by mail, specify cardholder name, City name, department name and shipping instructions. Also, specify the purchasing card number, expiration date and name as it appears on the card.
4. Make sure that tax is not included in the purchase as the City of Southlake is a tax-exempt entity. Should the merchant request a tax exemption certificate, please contact the Finance Department.
5. Confirm pricing and freight.
6. Request that a hard copy of the pricing and freight be faxed to the cardholder and/or included in the shipment of supplies.
7. Request that the supplier indicate the cardholder's name and the words "P-Card" on all packing and lists and box labels. This will enable the receiving department to facilitate delivery of supplies.
8. If a cardholder cannot resolve a disputed item directly with the vendor, the cardholder should complete the Dispute Form 700. JP Morgan Chase will place the charge in a "State of Dispute" and the account may be given a provisional credit until receipt of adequate documentation from the vendor. If the documentation appears to be in order, the transaction will be re-posted to the account and the dispute considered closed. If the charge is suspected to be fraudulent, the card will be immediately blocked, continue to have a provisional credit (if given) and an investigation of the charge will continue. A new card will then be re-issued to the cardholder, if appropriate. If the charge appears legitimate, the transaction will then post to the new account.



**Examples of Acceptable Purchases/Vendors**

A typical cardholder is any employee who is a high volume purchaser. A typical purchasing card buys:

- |                               |  |
|-------------------------------|--|
| Promotional Items             | Airline Tickets                          |
| Grocery Items                 | Recreation Program – Supplies & Services |
| Courier Services              | Hotel Reservations                       |
| Advertising Specialties       | Car Rental                               |
| Florists                      | Memberships                              |
| Postage Stamps                | Medical Supplies                         |
| Dues & Subscriptions          | Safety Supplies                          |
| Books                         | Catering                                 |
| Training Courses and Seminars |  |
| Safety Supplies               |  |
- Any items which are on annual contract (i.e. office supplies, electrical services, copies/printing, etc.)

An approved list of Purchasing Card Vendors shall be provided by Finance

**Examples of Unacceptable Purchases**

- Personnel Services
- Computer Hardware or Software
- Capital Items – any single item which cost over \$5,000
- Medical/Insurance Services
- Meals/lodging for spouses, movie rentals, miscellaneous sundries, entertainment or alcoholic beverages during city-related travel
- PERSONAL CHARGES OF ANY DESCRIPTION

At no time may a cardholder other than the Accounts Payable Finance staff pay an invoice with a Purchasing Card.

If there are any questions about what can be purchased using the purchasing card, please contact the Finance Department.

**Departmental Procurement Card Audits**

Finance will conduct monthly compliance monitoring for each cardholder by evaluating the departmental records. The process will evaluate compliance with the procedures outlined in the documents provided in this manual. A monthly Compliance Review will be presented by the Finance Director at a Directors Meeting addressing the results of the Review.

## COMMONLY ASKED QUESTIONS & ANSWERS

### **For what types of purchases should I use the purchasing card?**

The City of Southlake Finance Department governs how you can use the purchasing card. The Program Administrator, along with your Department Director will determine the types of purchases, as well as the maximum dollar amount for which you will be authorized.

### **In what ways do I benefit from using the purchasing card?**

When you use the purchasing card, you enjoy reduced paperwork, direct contact with suppliers, quick and efficient order processing, faster delivery, and fewer errors.

### **How does the City benefit from the purchasing card program?**

When employees use the purchasing card, the City enjoys greater productivity as a result of reduced paperwork, savings from consolidated multiple supplier invoices to one statement from JP Morgan Chase, and greater control over spending.

### **What should I do if my purchasing card is lost or stolen?**

Call JP Morgan Chase Customer Service, **toll-free, 1-800-890-0669** immediately, to report the purchasing card missing and request a replacement.

### **What do I do if a purchase is denied?**

Your purchase may have exceeded a spending or transaction limit, the company excluded that type of supplier or merchant or the supplier or merchant is not equipped to accept MasterCard as payment. Contact your Program Administrator to determine the reason.

### **What should I do if I want to change the “per month” or “per transaction limits?”**

Contact your Department Director, who will contact the Program Administrator.

### **What should I do if a supplier does not accept the purchasing card?**

Contact the Program Administrator, who will then contact JP Morgan Chase. Please provide the supplier's name, address, and phone number.

### **Will use of the purchasing card affect my credit report?**

No. The Purchasing card is a corporate liability card, and carries no personal liability for cardholders that use the purchasing card according to city policy.

### **Whom should I contact to resolve an error or dispute concerning my account?**

You should first contact the supplier. Most exceptions or issues can be resolved between you and the supplier. If you cannot resolve an issue with the supplier, contact your Program Administrator for a Dispute Form (Form 700), complete and fax to JP Morgan Chase, per the instructions.

### **When I use my purchasing card to make a purchase, how is the transaction authorized?**

When you use the purchasing card to make a purchase, the supplier verifies the account number with JP Morgan Chase. Your spending limits are checked automatically against City policy.

**CITY OF SOUTHLAKE  
CARDHOLDER CREDIT CARD AGREEMENT**

**The City of Southlake, Texas**, is pleased to present you with this credit card for official City use. It represents trust in you and your empowerment as a responsible agent for the City to safeguard and protect City assets.

The undersigned hereby acknowledges receipt of a City of Southlake, Texas MasterCard credit card, No\_\_\_\_\_. As an authorized cardholder, the undersigned agrees to comply with the terms and conditions of this Agreement, the credit card procedures, and any policies or rules governing credit card usage adopted by the City from time to time.

The undersigned acknowledges receipt of a copy of this Agreement and confirms that he or she has read and understands the terms and conditions set forth herein. The undersigned acknowledges that the City of Southlake, Texas is liable to JP Morgan Chase and/or MasterCard for all City of Southlake charges made pursuant to this credit card. In the event this credit card is lost or stolen, the undersigned shall be liable for any deductible or other expenses or costs charged by JP Morgan Chase and/or MasterCard to the City of Southlake, Texas, for the unauthorized use of the lost credit card.

The undersigned further agrees that this credit card may be used only for City-approved purchases and that the credit card may not be used for personal use or purchases. The undersigned agrees and acknowledges that the City of Southlake, Texas may audit the undersigned's use of this credit card and will report any unauthorized use or charges to the employee. The undersigned shall be liable for all unauthorized charges made through the use of the credit card.

The undersigned understands that the unauthorized, improper, or misuse of this credit card may result in disciplinary action up to and including termination of employment. The undersigned further understands that any unauthorized use, improper or misuse, of the credit card may subject the undersigned to criminal prosecution and/or to civil suit for the collection of any sums due and owing to JP Morgan Chase and/or MasterCard/Visa. The undersigned hereby authorizes the City of Southlake, Texas to implement a pay-roll deduction and to deduct from my salary and other compensation due and owing to me an amount equal to the total of any unauthorized charges to the City credit card account. The undersigned further agrees that the City of Southlake, Texas may collect any amounts owed by me as a result of unauthorized use, improper or misuse, of the credit card even if I am no longer an employee of the City.

Cardholder Credit Card Agreement  
Page 2

The undersigned further understands that the City of Southlake, Texas may terminate my right to use the credit card at any time for any reason. The undersigned agrees to immediately return the credit card to his/her supervisor immediately upon request or upon termination of employment.

**CARDHOLDER:**

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

Printed Name: \_\_\_\_\_

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

**PROGRAM ADMINISTRATOR:**

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

Printed Name: Sharon Guess, DDFA

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

**NOTES**