

	City Council Procurement Card Policy	
	Effective Date	Revision Date(s)
	June 4, 2024	

1.0 Purpose

The purpose of this policy is to provide guidelines and procedures to Council Members for utilizing the Procurement Card (P-Card) for expenses in fulfilling the duties of the office in an ethical and transparent manner. Issuance of a P-Card represents public trust in the Council Member to act as a responsible fiduciary agent to safeguard and protect the City of San Marcos and public funds. Proper documentation of purchases is essential for transparency, accountability, and auditing purposes.

2.0 Policy and Procedure Statement

Council Members are responsible for using discretion and good judgement in making purchases of eligible and authorized expenses as set forth herein.

.1 Objectives – Minimize the City’s financial risk while providing an efficient cost-effective method of making small purchases required to carry out the duties of the office while ensuring the following procedures:

- a. Implementing policy and procedures for the acceptable use of the P-Card which supports a public purpose and the core values of the City of San Marcos.
- b. Encouraging an alternate Travel Card program if a Council Member elects not to have a P-Card.
- c. Defining roles and responsibilities.
- d. Providing mandatory and refresher trainings for Cardholders.
- e. Providing procedures for monitoring the use based on adopted resolution(s) for Council Member expenses and the City’s Ethics Policy.
- f. Implementing controls and disciplinary actions for fraud, misuse, or misappropriation of public funds.

3.0 Roles and Responsibilities

.1 Mayor

- a. Will approve and process applications for the issuance of Council Member P-Cards through the City Clerk.

- b. Will send approved P-Card applications to Purchasing & Contracting Division (P&C) | Finance Department through the City Clerk.
- c. Will sign Council Member Cardholder Agreement form which indicates a complete understanding by the Cardholder and Mayor of the P-Card Program, including understanding, accountability, and established guidelines.
- d. Will recommend any suspension or cancellation, as needed, of Council Member P-Cards to P&C through the City Clerk.
- e. Authority for the aforementioned responsibilities pass to the Mayor Pro Tem when the Mayor is the Cardholder.

.2 Council Member Cardholder

- a. Will adhere to this policy, ethics policy, and adopted resolution(s) on Council Member expenses.
- b. Will ensure to the extent possible that no unauthorized purchases are made.
- c. Will attend initial P-Card training and demonstrate competence and understanding by successfully completing a written examination.
- d. Will acknowledge by reading and signing the Cardholder Agreement form prior to receiving a P-Card.
- e. Will attend refresher training every two (2) years and demonstrate understanding of the process by successfully completing a written examination.
- f. Will secure card number and personal information.
- g. Will upload receipts for emailing to City Clerk or provide hard copy receipts for transactions to the City Clerk within one week of the transaction.
- h. Will be responsible for reimbursement to the City for items purchased without supporting documentation.
- i. Will immediately report lost or stolen cards to the financial institution toll-free number, and to the Mayor and P&C through the City Clerk by email.
- j. Will make every reasonable effort to resolve disputed purchases with the vendor and provide documentation of such efforts.
- k. Will immediately report all unresolved disputed purchases to Mayor and P&C through the City Clerk by email.
- l. Have a Backup Plan. Vendors and the Credit Card Merchant may experience operational or technical problems from time to time. These unfortunate occurrences are not the fault of the City or the Cardholder. It is advised that the Cardholder have a backup plan such as a personal credit card or cash, should this occur.

.3 City Clerk

- a. Will work with P&C | Finance Department to maintain and update City Council P-Card policies and procedures.
- b. Will keep City Council apprised of any updates to the City Council P-Card policies and procedures.
- c. Will receive transaction receipts and code transactions in the City's financial system.
- d. Will maintain expenditure documentation.
- e. Will provide pertinent forms and documentation to Council Members (P-Card Limit

Change, Tax Exempt Certificate, Missing Receipt Form, Reimbursement Memo, etc.).

.4 Finance Department

- a. Purchasing & Contracting (P&C): The P-Card Program is established through a contract by the State of Texas Comptroller of Public Accounts with a financial institution, which will be referred to in this policy as the Credit Card merchant. The P-Card program is a function of the City's Purchasing & Contracting (P&C) Division within the Finance Department.
- b. P&C: Will administer the P-Card Program to include setting up new Cardholder accounts and maintenance and administer limit increases or adjustments through Credit Card merchant.
- c. P&C: Will audit expenditure statement for compliance.
- d. P&C: Will administer training with the City Clerk's assistance and obtain signatures on Cardholder Agreement form.
- e. Accounting Division: Will process general ledger interface for monthly P-Card purchases. Coordinate any system updates needed to interface with the City's financial system.
- f. Accounting Division: Will review or perform necessary accounting transactions to process all departmental charges and ensure the reconciliation account zeroes out monthly.
- g. The Finance Department will provide a monthly report to the City Clerk no later than the 10th of each month that includes the Council Member's remaining travel balance and a detailed cumulative list of all P-Card charges to date. The City Clerk will provide the individual reports to each council member.

4.0 Spending Control / Limits

.1 General Use

- a. Travel Expenses: Travel expenses using the P-Card must align with the Ordinance to clarify Council Compensation and set policy for reimbursable Council Member Expenses.
- b. P-Card Limit: All P-Cards have a per cycle credit limit of \$3,000. The cycle starts on the 4th of each month.
- c. Temporary Limit Increases: Council Members may request temporary limit increases for travel or other special circumstances. . P-Card limit increases are to be submitted on the Temporary Increase Request form sent to P&C through the City Clerk. At the end of the timeframe for the temporary limit increase, spending controls will revert back to the original limit.
- d. Credit Limit Increases: All P-Cards have a per cycle credit limit. Cycle limits will reset on the 4th of each month. Four (4) days in advance of the need, all cycle limit requests that exceed the standard cycle limit of \$3,000 MUST be submitted with an explanation detailing the need. The P-Card Limit Change Request Form may be obtained from the City Clerk.
- e. Tax Exempt: All purchases made with the P-Card are exempt from State of Texas sales tax (except meals, lodging, and airfare purchases). The Cardholder will inform the Vendor of tax-exempt status prior to placing an order. Sales tax up to \$5.00 for individual transactions for software or technology related purchases do not require a refund to the City. (Note - Sales tax cannot be resolved through the financial institution (Citi Bank) as

this is a request conducted with the vendor.) A copy of the Sales Tax Exemption Certificate is available from the City Clerk.

- f. Receipts: If a credit card receipt has been lost and cannot be obtained from the vendor, the Missing Card Receipt form must be completed by the Cardholder detailing the transaction, the Vendor name, and the amount. Submit the completed form to P&C through the City Clerk.
- g. Accidental Personal Use: If a personal charge is made, a Reimbursement Memo will be completed by the Cardholder. The memo will be signed by the Mayor (or Mayor Pro Tem when the Cardholder is the Mayor) and submitted to the City Clerk with a reimbursement check made payable to the City of San Marcos.

.2 Allowable Purchases - Allowable purchases include the following:

- a. Point of sale/single vendor purchases as allowable by individual P-Card limits including on-line purchases
- b. Travel expenses, which must align with this policy, ethics policy, and adopted Ordinance(s) on Council Member expenses
- c. Professional dues and subscriptions
- d. Registrations for conferences, workshops, and training
- e. Food/Meals for business travel in conjunction with training, workshops, and conferences
- f. Food/Meals for business purposes

.3 Prohibited Purchases - The P-Card will not be used for the following expenditures:

- a. Personal expenditures
- b. Cash advances, refunds, and gift cards/certificates
- c. Transactions greater than Cardholder's limit unless prior written request is submitted four (4) days in advance of the need
- d. Sales tax, except in cases where State law does not exempt local governments from hotel tax and meals or as indicated under 4.1(e) (Note: Sales tax of any kind is not reimbursable by federally funded programs.)
- e. Fleet vehicle gasoline/fuels unless for authorized business use of a rental vehicle
- f. Alcoholic beverages
- g. Other purchases specifically excluded by City Policy or state law

5.0 P-Card Issuance

- .1 Requests for Council Member P-Cards must be submitted on the P-Card Application, signed by the Mayor and emailed to the City Clerk.
- .2 Approved Council Member P-Card applications are entered on the 1st of each month to be followed up with Cardholder training within two (2) weeks. (Exceptions must be approved by the Purchasing Manager.) The approved Cardholder will receive an invitation for this training sent to their City email. Training is required before the Council Member is provided a P-Card. Upon receipt of the card, the Cardholder is required to sign the P-Card Policy Acknowledgment

Agreement and successfully complete a written examination.

- .3 Cardholders must participate in initial training and in refresher training every two (2) years. An examination will be administered after both the initial training and refresher training to ensure knowledge and understanding of policies and procedures of the P-Card program.
- .4 P-Card Activation: Prior to the initial use of the P-Card, the Cardholder must activate the card. Activation procedures are provided at the mandatory Cardholder training. If the P-Card has not been picked up from the Program Administrator after thirty (30) days from the date of notification that the P-Card is ready for pick-up, the P-Card will be cancelled, and a new application will be required. It is the sole responsibility of the Cardholder to set the PIN as well as maintain the PIN. The Cardholder will contact the Credit Card Merchant to resolve any PIN issues.

6.0 P-Card Coding and Deadlines

1. Every Monday, transactions are imported into the City's financial system by the Accounting Division.
2. On a weekly basis but no later than Friday of each week, Cardholder is responsible for submitting all receipts to the City Clerk, so transactions are coded in the City's financial system, including attaching supporting documentation and ensuring appropriate GL.

7.0 Misuse/Non-Compliance with P-Card Policy

- .1 The P-Card is for official City Council use in carrying out the duties of the elected position, must have a public purpose, and must support the core values of the City of San Marcos. The P-Card must never be used for personal transactions.**
 - a. Repayment: Council Members will be required to repay the City of San Marcos for any unauthorized transactions.
 - b. Fraud or Illegal Activity: A P-Card may be suspended or terminated if Cardholder is suspected of fraud, theft, or illegal activity. The rules of personal conduct and ethical standards set forth in the Ethics Policy will be followed. If the Cardholder suspects illegal or fraudulent transactions have occurred on their P-Card, they should call the 1-800 number on the back of the card immediately.
 - c. Misuse: The rules of personal conduct and ethical standards set forth the Ethics Policy will be followed.
 - d. Separation from Elected Position or End of Term: It is important to cancel a P-Card immediately upon end of term or separation from position. The City Clerk will notify P&C to cancel a Card. Any undocumented charge remaining on the card will be the sole responsibility of the Council Member.
 - e. Reporting Violations: Any Council Member having knowledge of violations of this policy and its procedure or any other procedure or policy governing the use of the P-Card must immediately report such activity to the Mayor or the City Manager. If appropriate, a Council

Member may instead report anonymously to the City's Abuse/Fraud hotline at 1-800-398-1496.

8.0 Sanctions

Sanctions provide a framework to address program violations. Non-adherence to these requirements will result in a notification of infraction with temporary revocation of individual Cardholder privileges or permanent revocation of the P-Card.

LEVEL ONE - NOTIFICATION

A P-Card Audit Memo notification will be sent to the Cardholder and the Mayor in the form of an email which will outline the transaction in question.

The Cardholder will be required to provide a thorough explanation of the transaction as well as a plan of action for resolution, if applicable. If an action plan is required, the Cardholder must provide all requested documentation by the deadline stated in the audit memo.

First-time occurrences resulting in Level One sanctions include, but are not limited to, the following:

- Purchasing items for personal use.
- Purchasing items which are prohibited by this Policy, City policies, or by law.
- Failing to comply with the guidelines set forth in these policies and procedures.
- Failing to provide requested documentation to the City Clerk or to the Finance Department and/or Auditors by the deadline stated in the audit memo.

LEVEL TWO - ACCOUNT SUSPENSION

At the discretion of the Mayor (or Mayor Pro Tem when the Mayor is the Cardholder) occurrences resulting in Level Two sanctions include, but are not limited to, the following, and may result in suspension of card use for thirty (30) days:

- Three (3) Level One violations within a six-month period.

LEVEL THREE - ACCOUNT CLOSURE

Level Three violations are typically a result of multiple instances of lower-level violations found in consecutive reviews/audits or within the same fiscal year. The P-Card account will be closed, which may include the Cardholder no longer being eligible to obtain a P-Card.

- More than three (3) Level One violations within a fiscal year or in consecutive reviews/audits.
- Three (3) occurrences of losing P-Card within a fiscal year.

REVIEWED/RECOMMENDED BY:

Stephanie Reynolds 8/1/2024
City Manager Date

[Signature] 7/11/24
City Attorney Date

Approved for Release/Adoption:

Jane Hughson 7/11/24
Mayor Date