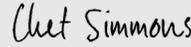


City of Los Alamitos Administrative Regulation

Regulation: **5.1**
Title: **Purchasing Card Program (Cal-Card)**
Authority: **City Manager**
Date: **August 18, 2005**
Revised: **April 17, 2025**

DocuSigned by:



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1. Purpose: To establish policies and procedures for procuring goods and/or services using a Purchasing Card. The Purchasing Card program is designed to streamline the purchasing and accounts payable by reducing paperwork generated by small-dollar, high-volume transactions, providing immediate access to goods and/or services, and facilitating quick payment to vendors. All Purchasing Card (Cal Card) purchases must be made in compliance with statutory regulations, the City Charter, and the City's Purchasing Policy requirements for public procurement. This policy is not intended to replace, but rather supplement existing purchasing and other City policies.

2. Application: This Administrative Regulation shall apply to all City employees who routinely purchase items through imprest cash or purchase orders in an amount of less than \$2,500. The City Manager will determine who should have a Purchasing Card.

3. Regulation: The Finance Department administers the Purchasing Card Program, which has a fixed monthly expenditure per card limit. The purchasing card "Cardholder Guide" provides the guidelines and procedures for participating in the Purchasing Card Program. The City Manager may make exceptions to the limits on a case-by-case basis. Written authorization must be obtained from the City Manager to change the limits.

4. Definitions:

A. Purchasing Card – A Purchasing Card is a commercial credit card used for small dollar purchases of goods and/or services necessary for official city business. The Purchasing Card may be issued to a permanent employee for purchase by the designated employee only.

B. Purchasing Card Program Administrator – An employee in the Finance Department who will serve as the point of contact between the City of Los Alamitos and the issuing card bank for general oversight of the Cal Card Program.

- C. Purchasing Cardholders** – Full-time, permanent employees that have been designated by the Department Director to be issued a Cal Card in their name for use under these policies and procedures. Cardholders and/or their designee are responsible for administration and control of the Cal Card and compliance with policies and procedures.
- D. Bank** – The bank selected by the City to provide the Purchasing Card program.

5. Responsibilities:

- A. Finance:** Develop policy and procedures for the use of the Purchasing Card in compliance with State Law.

Administer the Purchasing Card Program, to include the following responsibilities:

- Serve as primary contact with the bank for the purchasing program.
- Serve as primary contact with the cardholders and/or their administrative designee.
- Approve/Process applications for the issuance of purchasing cards for users in compliance with policy.
- Establish guidelines for transactions and cumulative dollar limits for purchasing cards.
- Process changes to cardholder limits and restrictions as authorized by department Directors or the departmental purchasing card coordinators.
- Keep a current list of cardholders, card numbers and card limits.
- Maintains and updates purchasing card guidelines.
- Cancel and suspend cards as requested by Department Directors or departmental purchasing card coordinators.
- Review transactions for verification of small dollar purchases and price agreement opportunities.
- Cardholders are considered assistants of the Finance Department for purposes of Purchasing Card use. Therefore, the final authority for usage and control resides with Finance. The Finance Department may cancel a Purchasing Card at any time without cause.
- Spending limits may be adjusted at the Finance Department's discretion to accommodate emergency purchases.
- Cancel Purchasing Card when a cardholder has not adhered to the purchasing card policy and procedures.
- Review transactions to ensure the proper use of City funds.
- Review monthly billing statements from the bank and supporting documentation from departments, ensuring timely payment of monthly indebtedness.

- Process a general ledger interface for monthly Purchasing Card purchases. Coordinate any system updates needed to interface with the City's financial system.
- Review or perform necessary accounting transactions to process all departmental charges and ensure the reconciliation account zeros out monthly.
- Conduct random audits of Purchasing Card transactions to act as a check on departments carrying out their responsibility for audit and compliance with state law and City policies.

B. Department Directors and Administrative Designee (if applicable):

Department Directors will make recommendations as to which employees will receive a Purchasing Card with recommended limits for each account. Cardholder limits will include single transaction limits, monthly transaction limits and merchant category restrictions. These limits will be based on the Cardholder's purchasing requirements and will not exceed the limits established by the Finance Department.

- Timely approval of all departmental transactions for processing by Finance.
- Recommend suspension or cancellation of a card to Finance.
- Enforce timely compliance of submission requirements.
- Notify Finance to cancel card privileges, if employee is terminated or changes positions; collection of card from employees.
- Verify that information on Requests for Purchasing Cards is correct and that Purchasing Cards are issued within the guidelines established by Purchasing Card Administrator.
- Monitor purchases made by Cardholders.
- Review receipts.
- Review Purchasing Card applications or changes to card controls prior to submission.
- Designate a system to maintain receipts and reconcile to the monthly statement for each cardholder reporting to them.

C. Designated Cardholders

- Read and sign a Purchasing Card Cardholder Agreement prior to being issued a Purchasing Card.
- Keep the Purchasing Card in their possession, not allow anyone else to use the Purchasing Card issued in their name.
- Assume responsibility for all purchases made with the Purchasing Card, adhering to this policy, ensuring that no unauthorized purchases are made. Unauthorized purchases could be considered misappropriation of City funds.
- Validate that the merchandise is received.
- Maintain the Purchasing Card data in a secure location at all times.

- **Keep receipts and** maintain transactions of items purchased to provide to Finance once the statement is received. **Cardholders will be held personally responsible for items purchased without the supporting documentation.**
- Immediately report lost or stolen cards to the bank's toll-free number, 1-800-344-5696, and purchase by phone, and then notify the Finance Department immediately.
- Make every reasonable effort to resolve disputed purchases with the vendor.
- Immediately report all unresolved disputed purchases to the Department Director and Finance Department.

6. Purchasing Card Procedures: Each Department will recommend limits for individual Purchasing Cards. The maximum amount of a single item purchase of supplies or materials will not exceed \$2,500. The Department Director will establish a monthly maximum per card in all cases.

A. Purchases Allowed with the Purchasing Card

Purchasing Cards may be used to purchase any item and/or service for immediate use not prohibited by law, this policy, or other policies approved by the City Council. The total purchase with the Purchasing Card will not exceed the limits established for that card. All other purchasing policies remain in effect. Purchasing Cards should not be used to circumvent proper procurement procedures.

B. Unauthorized Expenses with the Purchasing Card

- Personal expenditures
- Cash advances
- Transaction amounts greater than Cardholder's transaction limit unless prior approval from Finance is received.
- Single vendor purchases of \$2,500 or more unless prior approval from Finance is received.
- Purchases that exceed the City's policy for purchases of equipment of any type.
- Weapons, Firearms, Ammunition
- Animals
- Consulting services
- Inventoried assets or controllable inventory: This includes technological purchases such as tablets, computers, phones, and software. These purchases should be coordinated with IT and follow the purchase order process.
- Prescription drugs or over-the-counter medications/drugs
- Purchases involving equipment trade-in
- The purchase of alcohol

- Purchases of items/services under contract, unless purchasing from the contracted vendor or an emergency exception is granted
- Separate, sequential, and component purchases or transactions made with the intent to circumvent state law or City policy, including:
 - Multiple, sequential purchases of less than \$2,500 from a single vendor for similar purchases adding up to more than \$2,500
 - Purchases that are split to stay within card transaction limits
- Other purchases specifically excluded in other City policies or by law

The items shown above are intended to guide you in which form to use for processing payments and orders. These are not representative of all restrictions and may change without notice. It is recommended that you contact Finance to ensure the proper expenditure on funds.

C. Security

Each Procurement Card is issued in an employee's name; therefore; employees are responsible for the security of the card and any transactions made against the Procurement Card. This card should be treated with the same level of care as the Cardholder would use with their own personal charge cards.

- Your card should be carried with you or kept in a secure location.
- Know where your card is at all times.
- Do not share your card with anyone.
- Secure your card number. Do not write your card number on outgoing email or faxed orders. Instruct the supplier to call for the credit card information and do not keep credit card numbers on file with suppliers.
- Make sure security is in place before making any Internet orders.
- Guard your personal information. Do not provide any non-essential information online.
- **The cardholder and/or their administrative designee must maintain all original receipts in a secure location.**

D. Supporting Documentation for Card Purchases

All transactions must be supported by itemized receipts or digital confirmation. If a receipt is lost, the Cardholder is responsible for retrieving a digital copy from the bank or vendor. For purchases made online or via phone, a transaction tracking system with unique identifiers should be utilized. Email confirmations, app notifications, or digital copies of the order should be saved as proof of purchase. The cardholder and/or their administrative designee must maintain all original receipts in a secure location.

E. Declined Transactions

If a Vendor receives a "Decline" response from the Bank after attempting to put through a Purchasing Card transaction, Cardholders should contact the Purchasing Card Administrator to determine the cause for the decline. The following information will be needed for this resolution:

- Account number
- Business where decline occurred
- Total transaction amount of the decline
- Date the decline occurred

F. Using the Card

A need for an item and/or service is established when it is not readily available through a City contract. In making a purchase, the Cardholder must abide by the following rules:

- The Cardholder must ensure that the item or service purchased is not restricted under section 6B.
- The Cardholder must retain the purchase receipt.

G. Purchasing Return

The Cardholder is responsible for obtaining a credit memo from the Vendor when the merchandise purchased with the Card is later returned to the Vendor for any reason. The credit memo must be kept with the sales receipt and submitted with the statement.

H. Monthly Bank Statements and Expense Reports

Each month, the cardholder will reconcile the transactions and assign the correct account to be charged to each transaction. Failure to meet timely submission requirements from Cardholders will cause suspension or cancellation of Purchasing Cards as authorized by this policy. Finance will reconcile all reports against the monthly statements submitted on Laserfiche and the monthly payment due.

- Cardholders and supervisors are required to assign account information and obtain supervisor approval no later than 5 days after the close date of the statement. Finance staff will notify cardholders and supervisors of these deadlines and outstanding approval issues.
- If the Purchasing Card reconciliation is not received in the Finance Department by the assigned due date, using the card(s) can be terminated.
- See 'Exhibit A' for submitting Cal Card statement procedures via Laserfiche.
- Purchasing Card Reconciliations include the following:
 - a. PDF Expense Report – For accuracy, the statement must be reconciled against your retained receipts.
 - b. Signatures – Cardholders must sign the PDF Expense Report to agree that the statement is accurate.
 - c. All original, itemized receipts shall be attached to the expense report and approved by the cardholder.

I. Lost or Stolen Purchasing Cards

When it is determined that a Purchasing Card has been lost or stolen, **IT IS IMPERATIVE TO CANCEL THE CARD WITH THE BANK BY CALLING THE BANK'S TOLL-FREE NUMBER (1-800-344-5696).**

In addition, the Cardholder must also notify the Purchasing Card Program Administrator of the loss. The city is liable for all charges until the card is reported lost or stolen. **Thus, the Cardholder may be responsible for all charges made against the Purchasing Card from the time it is lost or stolen until the time the Bank is notified if the Cardholder fails to immediately notify the Bank upon discovering the loss or fails to discover the loss within a reasonable amount of time.**

J. Request for Issue of a Purchasing Card or Making Changes to Existing Accounts

To request a new Purchasing Card, the cardholder must read and sign a Purchasing Cardholder Agreement. To make changes to an existing purchasing card account, an email to the Finance Department (finance@cityoflosalamitos.org) or Finance Director will suffice. Cardholders should ensure the Department Director is copied on the email request.

K. Unauthorized Use of the Purchasing Card

Any purchases that the Purchasing Card Program Administrator and/or Finance staff deems prohibited as defined in Section 6B will be sent back to the Cardholder for justification and/or explanation.

If any prohibited charges appear the following may occur:

- a. Purchasing/Finance staff will investigate all circumstances surrounding alleged misuse of the Purchasing Card and in cases where there is evidence of a procedure or policy violation; refer that information to the appropriate authority for investigations and/or disciplinary action.
- b. Employee may be required to repay the City of Los Alamitos for the unauthorized action.
- c. Termination of employment and forfeiture of the Purchasing Card are potential disciplinary actions for improper use of the card.
- d. In those cases where there is evidence of negligent use of the Purchasing Card, but no fraudulent acts have been committed, the Cardholder will be required to surrender the Purchasing Card with all further privileges revoked.
- e. Any employee having knowledge of violations to this procedure or any other procedure or policy governing the use of the Purchasing Card must immediately report such activity to the Purchasing Card Program Administrator.

- f. The Purchasing Card may be suspended or terminated if a Purchasing Cardholder is suspected of fraud, theft, or illegal drug use. Should the suspicion prove founded, appropriate action shall be taken in accordance with existing City policies and procedures.

L. Disputed Items

Disputes, if possible, should be resolved promptly between the Cardholder and the Vendor. Cardholders should raise disputes immediately. As failure to do so will result in an authorized purchase that the department is responsible for paying even though the charge is incorrect. If the dispute cannot be resolved within 10 days, the Cardholder should notify the Purchasing Card Program Administrator. A charge should not be disputed on the current statement if it was returned for credit after the billing cycle is closed. The credit should be reported on the next statement with a notation being made on the current statement that there is a disputed charge and expected credit.

M. Termination Clause

The Purchasing Card is issued to an employee for the City's convenience and may be terminated at any time by Finance. Purchasing Card privileges may be cancelled for non-compliance with City policies and procedures. Transfer, resignation, or terminations of employment are grounds for cancellation of the Purchasing Card.

It is important to cancel a card immediately upon an employee's separation from employment. The Bank or the Credit Card Recovery Program will not cover any charges incurred between the employee's termination date and the date the card is cancelled. The department will be responsible for payment of charges incurred by an employee no longer working in that department; if a delay in canceling privileges resulted of the department's actions.