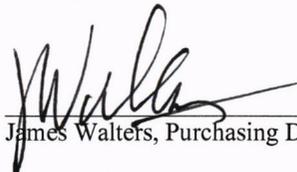


City of Niceville Purchasing Card Policy

Procurement Services Department
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Effective Date
January 1, 2025


James Walters, Purchasing Director

10 JANUARY 2025
Date


David Deitch, City Manager

10 JAN 2025
Date

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A. - PURCHASING CARD POLICY AND PROCEEDURE

The City's Purchasing Card Program is designed to improve efficiency in processing low dollar purchases from vendors accepting the Purchasing Card (P-Card). This program will allow cardholders to purchase approved commodities and services directly from our vendors. P-cards may be used as an efficient and cost-effective means of paying for purchases of goods and services that do not exceed the limits set forth herein and that have otherwise been properly approved in accordance with these Policies. P-cards may be issued to City employees who frequently purchase goods or services for the City or who may need a card for after-hour calls and/or in the event of an emergency. The Procurement Services Department will implement and manage the program.

All questions, requests, or concerns related to this program shall be directed to the Procurement Services Department.

B. - ASSIGNMENT AND CONTROL OF THE PURCHASING CARD

1. All requests for P-cards shall be approved by the employee's Department Director, who will submit an electronic or written request to the Purchasing Director or their designee.
2. The Purchasing Director or their designee shall make arrangements with the City's bank or card issuer for issuance of a card to the employee with appropriate overall charging limits.
3. P-cards will be issued in the name of each individual and the City of Niceville.
4. The P-card will remain the property of the City of Niceville.
5. Requests for changes to current cardholders must be authorized by Department Directors. Such requests shall be submitted for review to the Procurement Services Department.
6. Each potential cardholder shall be required to complete the P-Card Training session, and sign the City of Niceville P-Card Agreement prior to being issued the P-card.
7. Employees will receive a copy of the City of Niceville Purchasing Policy, and will agree to abide by all rules and procedures contained in the document. The Procurement Services Department shall annually review the list of current cardholders to ensure card holder agreement forms have been received and are on file with the Procurement Services Department.
8. Refreshed training as to the use of the Purchasing Card shall be conducted when determined by the Procurement Services Department to be appropriate

C. - REPORTING LOST OR STOLEN PURCHASING CARDS

If an employee's P-card is lost or stolen, the employee shall immediately notify the Purchasing Director or their designee, who shall immediately notify the bank or card issuer. If a P-card is determined to be missing during non-business hours, the employee should take steps to notify the bank or card issuer if they are unable to reach the Purchasing Director or their designee. Use of the account tied to the P-card shall cease

immediately and not resume until a replacement p-card is issued by the bank or card issuer.

D. - TERMINATION OR TRANSFER OF CARDHOLDER

9. When an employee holding a P-Card ceases to be employed by the City, the employee shall prior to their last day of employment surrender their P-card to the Purchasing Director or their designee. The Purchasing Director or their designee shall notify the bank or card issuer that the employee's P-card should be deactivated.
10. If a department is unable to collect the Purchasing Card when an employee leaves employment with the City, the Department Director must immediately notify the Procurement Services Department.
11. If a cardholder transfers to a new department, the cardholder is responsible to inform the Procurement Services Department of the transfer. The cardholder is responsible to verify with the new Department Director if they are to retain the card within the new department. If they are not to retain the card, the cardholder is responsible to notify the Procurement Services Department for cancellation.

E. - PURCHASING CARD INVENTORY

The Procurement Services Department shall maintain a list of Purchasing Cards issued to all City employees.

F. - USE OF PURCHASING CARDS

1. The Purchasing Card may only be used by the employee whose name is embossed on the card. No other person is authorized to use the Purchasing Card (in person, online or by phone).
2. The Purchasing Card is to be used for City authorized purchases only. The Purchasing Card shall not be used for any personal transaction. State or Federal grant purchases must be in compliance with the applicable funding source requirements.
3. Supplies or services purchased with a P-Card must be available for pick up, shipment or delivery within the monthly billing cycle following their purchase or order. The order should not be placed without this assurance.
4. Spending Limitations - P-Cards may be used by Department Directors for the purchase of individual items or services that do not exceed \$5,000, unless prior approval has been granted by the Purchasing Director. P-Cards may be used by other employees for the purchase of individual items or services that do not exceed \$1,000, unless prior approval has been granted by the Department Director and the Purchasing Director. Individual purchases over these limits must be made by Purchase Order in accordance with these Policies and shall not be made using the P-Card, unless authorized by the City Manager.

5. Each cardholder will have a monthly dollar limit to be set by the Department Director. Limit changes must be initiated and authorized by Department Directors through the Procurement Services Department.
6. Payment for purchases shall not be divided to circumvent the single purchase limit.
7. All items purchased must be immediately available. No back ordering is allowed.
8. Established City Contracted Services are not allowed to be expensed with the p-card.
9. Gas and Fuel shall not be purchased, unless as defined in the travel or emergency p-card section.
10. Cash advances shall not be obtained using the Purchasing Card.
11. Gift Cards shall not be purchased without prior written approval from the City Manager or designee.
12. The Procurement Services Department shall block card use for certain types of goods and services. It shall be the cardholder's responsibility to become familiar with these limits and restrictions.

G.– GENERAL RESTRICTIONS

A City of Niceville P-Card is issued to a named City employee and is to be used exclusively by the cardholder. The card is to be used only for official City of Niceville purchases as authorized by this policy. **Under no circumstances shall personal purchases be charged to the City's P-Card, even if the intent is to reimburse the City for such charges.** Although the card is issued to a specific employee, it remains City property and may be rescinded anytime.

Under limited circumstances, services may be purchased using a P-Card, however, departments and cardholders are urged to be cautious. Many services require legal contracts to protect the City's interests, and stipulate performance criteria, payment terms and conditions, and other requirements for complying with federal and state law. Prior approval by the Director of Purchasing or designee is required to use a P-Card to purchase or pay for services that are, or should be, contracted. When in doubt, call the Procurement Services Department.

H. – PROHIBITED PURCHASES

1. Personal purchase of any kind
2. Advance Payments
3. Any unlawful or inappropriate purchase for a public governmental entity

4. Payment of invoices in lieu of creating a required purchase requisition and purchase order (without prior written approval from Purchasing Director)
5. Splitting purchases to avoid transaction, card limits, or purchasing thresholds as stated in the Procurement Manual
6. Alcoholic beverages, drugs, or pharmaceuticals
7. Work related clothing that is not a uniform
8. Cash advances, money orders, traveler's checks
9. Capital equipment, capital or fixed assets
10. Construction and renovations
11. Entertainment (restaurants, theaters, clubs, casinos, concerts, sporting events)
12. Gift certificates, gift checks, gift cards (without prior written approval of the City Manager)
13. Tobacco or vaping products
14. Parking or traffic violations
15. Credit card fees or surcharges
16. Gaming transactions, lottery tickets
17. Fuel for City vehicles while traveling locally (an exception will be made if the City's fuel system is unavailable)
18. Meals covered under the City's Travel Policy.

I. ALLOWABLE USES WITH RESTRICTIONS

The following items require written approval from the cardholder's Director, and Director of Procurement or designee. Written approval must be included with the account holder's billing statement;

1. Goods and services that should be competitively procured for best pricing, frequent or volume purchasing, or on-going requirements.
2. Licenses such as professional, vehicle, or computer software (also requires in advance Innovation and Technology Department Director approval)
3. Food or meals directly related to City of Niceville business
4. Furniture and appliances items such as refrigerators, stoves, vacuums, and microwaves

5. Printing, promotional or other items intended for public distribution
6. Vehicles or vehicle accessories and repairs
7. Fuel for City owned vehicles (only when traveling on City business outside of City of Niceville)
8. Tolls and ferry charges
9. Equipment rental (requires prior approval of Director of Procurement and approval of rental agreement)
10. Consulting, legal, and other professional services – legal services require City Attorney pre-approval
11. Plaques, awards, and frames for employee or volunteer recognition
12. Medical services, such as drug testing or employee background checks
13. Prescription drugs and controlled substances unless required for medical care of animals
14. Services that may be restricted by collective bargaining agreements unless cleared by Human Resources
15. Any item purchased with grant proceeds requires cardholder's Director, and Director of Procurement pre-approval

J. – ALLOWABLE USES

1. Conference, seminar, and training registrations
2. Magazine subscriptions, newspapers, periodicals, books
3. Membership dues
4. Meeting room rentals
5. Animal related services, including but not limited to canine unit
6. Fees charged by other public agencies such as recording fees or license permit fees
7. Postage, mailing, shipping, and delivery charges
8. Training videos and materials

9. Advertisements in compliance with marketing and communication standards including Procurement Policy
10. Business cards purchased directly from the City's vendor
11. IT approved computer hardware
12. Utilities such as electricity, heat, sewer, phone, or telecommunications service

K. - TAX EXEMPT NUMBER

Purchasing Card purchases are exempt from all Florida state and local use tax. The City's tax-exempt ID number may be printed on the face of the Purchasing Card. When issued a Purchasing Card is issued to a City employee, a copy of the City's tax-exempt ID is provided to keep with the card. This number shall be given to all vendors to avoid payment of state and local use tax. The use of the City's tax-exempt ID number for personal use is strictly prohibited. Any employee who uses the City's tax-exempt ID number for personal use shall receive disciplinary action which may include immediate termination of employment. Additionally, [F.S. 212.085](#) states that in addition to being liable for payment of the tax plus a mandatory penalty of 200 percent of the tax, such person shall be liable for fine and punishment as provided by law for a conviction of a felony of the third degree, as provided in [s. 775.082](#), [s. 775.083](#), or [s. 775.084](#), F.S.

L. – PURCHASES

1. The cardholder must obtain and record the customer copy of the itemized receipt or invoice.
2. The itemized receipt or invoice shall be retained by the cardholder for monthly review by all appointed approvers, including Department Directors and Procurement Services Department.
3. When placing a telephone or on-line order, the cardholder must confirm that the vendor will charge the Purchasing Card only after shipment is made, and will not include sales tax.
4. Employees will make no purchase that does not serve a public purpose. The public purpose shall be clearly documented at the time the order is reconciled. The employee shall also write the general ledger (budget) account number, and a narrative description of the account/project to be charged, on each receipt or on an additional page attached to the original receipt (reconciliation log).
5. The Departments shall submit all transactions with complete documentation to the Procurement Services Department. If receipts and invoices are submitted without sufficient time to make a timely payment, the interest, if any, will be charged to the department's budget.

6. If supporting documentation of a purchase is missing, the employee responsible for the P-Card purchase shall contact the vendor and request a duplicate receipt. If the employee is unable to obtain duplicate documentation, the employee shall submit a lost receipt affidavit to the Purchasing Director or their designee after obtaining signatures from their Department Director.

Failure to comply with the guidelines for filing P-Card expenses may result in loss of Purchasing Card privileges.

M. – DISPUTED/DENIED CHARGES

Employees shall report any problems with charges on their P-Card to the Purchasing Director or their designee, who shall, with the assistance of the employee (if necessary) who made the purchase, seek a credit for any errors involving billing, defective supplies or unacceptable services, returned supplies or canceled orders, which should appear on the P-Card statement within 60 days of the purchase.

If an employee attempting to make a purchase with a P-Card encounters a denial of the charge by the vendor, the employee or their Department Director shall report the denied charge to the Purchasing Director or their designee with the following information: the name of the employee attempting to make the purchase and their P-Card account number, the vendor, the item that was to have been purchased, and the date of the denied charge. The Purchasing Director or their designee shall contact the bank or card issuer and inquire into the denied charge, take appropriate action, and report back to the Department Director and/or employee.

N. – RETURNS/CREDITS

In the event of returns, the cardholder must check the subsequent monthly statements to ensure credit has been received and attach documentation (credit slip) when processing the monthly detail for payment. If a credit slip was not obtained, attach other documentation explaining the return. Credit receipts must be submitted with original purchase receipts.

O. - REVIEW

Department Director, or designated card representatives (“Department Card Reviewers”) shall review and approve the employees’ transactions within their department and verify departmental account numbers for billing purposes. By reviewer approval signatures, it is verified:

- a. The goods and services obtained were necessary and appropriate
- b. The public purpose for the expenditure is sufficiently documented
- c. The date the goods or services were received is sufficiently documented

- d. An itemized receipt/invoice is provided; and
- e. The Cardholder's transactions are fully documented on the reconciliation form.

Department Director transactions shall be reviewed by the City Manager or designee prior to being forwarded to the Procurement Services Department for approval of payment. The City Manager's, Mayor, and Council members' transactions shall be reviewed by the City Clerk.

P. - DISCIPLINARY ACTION - (SEE RESTRICTION OF USE GUIDELINES)

- a. Unauthorized purchases shall be reported to the Department Director, the Purchasing Director, and the City Manager.
- b. When purchases are found to be unauthorized, the employee must provide a credit receipt proving the item(s) were returned for credit or the employee shall reimburse the City within ten (10) days by submitting a personal check for the full amount of the purchase. Checks shall be sent to the Procurement Services Department with an explanation and account number. Failure to reimburse the City within the above time period shall be authorization for deduction of the full amount of the purchase from compensation paid by the City.
- c. Failure to comply with the policies and procedures herein shall result in:
 - i. Suspension or revocation of Purchasing Cards from employee for a time period to be determined by the Procurement Services Department.
 - ii. Disciplinary action, up to and including termination of employment.

Q. - EMERGENCY USE

In the event of an emergency, as defined by the Emergency Purchase section of this Manual, the City Manager or Purchasing Director may waive the Purchasing Card requirements. Under such circumstances, the following rules shall apply:

- a. Advance approval must be received from the Purchasing Director and the City Manager.
- b. The individual \$5,000.00 limit per item/purchase is temporarily lifted.
- c. Responding Cardholders will be assigned an Emergency Spend Control profile and limit increase as appropriate.

R. - TRAVEL

Purchasing Cards may be used for pre-approved travel expenses, which shall include:

- a. Hotel/motel reservations and payments.
- b. Flight reservations.
- c. Flight Travel payment.
- d. Rental car use, taxi, shuttle and ride-share services.

If requested in advance, the single transaction dollar limit on approved travel can be waived and you will be issued a credit limit increase for your trip. However, all travel expenses/reservations must comply with the City Travel Policy and are subject to review and disciplinary action.

All travel must be approved by the City Manager, or designee, prior to making arrangements. All travel vouchers will be audited to confirm travel was approved prior to purchasing card transaction dates. Failure to adhere to pre-approval requirements may result in suspension of card privileges.

P-Cards may not be used for travel meals or travel gas (except for City or rental car use).

S. - RESERVED

T. - RESTRICTION OF USE GUIDELINES

The following shall be used as a guideline for all cardholders to identify the types of infractions and resulting penalties. In the event of an infraction, the Procurement Services Department shall notify the affected cardholder of any infraction. In addition, disciplinary action may be taken. Repeat infractions by the same cardholder may result in greater restrictions and/or disciplinary action.

The City Manager and/or Purchasing Director shall have the authority to deviate from penalty guidelines in any situation where an employee can show he or she immediately corrected a mistake or has reasonable documentation proving a diligent effort is being made to correct a mistake made by the vendor or the employee.

Violations (Infractions) include: sales tax*, missing receipt(s), unmatched receipt to transaction amount, delayed submission, split purchase, personal expense, incorrect public purpose, use of an account not in your Department budget, missing pre-approval travel request, missing uniform issuance forms, gas charges, charges on your P-Card that should have been processed on a City contract or Direct Pay and others as noted.

*AN INADVERTENT SALES TAX CHARGE on a purchase under \$100.00 will not receive an infraction. Employees are required to request all in-person and website vendors honor the City Sales Tax Exemption in advance of each purchase, and are responsible to make contact with the vendor to correct the transaction. Blatant disregard for the City's tax-exempt policy on small purchases will result in a 30-day

suspension of your P-Card and remedial training to reactivate your card.

Offenses are for the violations within same fiscal year (City FY Oct 1-Sept 30)

1st offense = Written Notice to Cardholder, Department Director.

2nd offense = Written Notice to Cardholder, Department Director, and City Manager, and mandatory Remedial P-Card training.

3rd offense = Written Notice of 90-Day Suspension and Remedial P-Card training prior to re-activation of card.

1. Appeal Process - An employee, or department representative on behalf of an employee, may appeal any penalty by submitting a written appeal within five (5) days of penalty imposition to the Purchasing Director with appropriate documentation. The Purchasing Director shall forward the appeal along with supporting documentation of the P-Card infraction to the City Manager or designee who shall have the final authority to determine the appropriate action.
2. Additional Training – The Purchasing Director may (at their discretion) require a City employee to attend a refresher Purchasing Card training session if the employee makes repeated errors/violations within a twelve (12) month period.