



MEMORANDUM

TO: All City Purchasing Cardholders
All Department Directors
Amber Lewis, Assistant City Manager

FROM: Jerry Hendrix, Interim City Manager

DATE: January 19, 2023

SUBJECT: Use of City Issued Purchasing Card

In an effort to strengthen the City's internal controls associated with purchasing and accounts payable functions, effective immediately City Purchasing Cards will not be used by City departments for routine planned purchases or to pay routine vendor and supplier invoices.

The Financial Services Department has noticed a significant increase in the number of routine purchases of materials and supplies being made by City departments with the use of Purchasing Card. In addition, City departments are also increasingly using the City Purchasing Card to pay routine invoices from various vendors and suppliers.

I want to remind you that the City's Purchasing Card program was not intended to be used for making routine purchases or to pay routine invoices from vendors and suppliers. The purpose of the Purchasing Card program is to provide an alternate method to securely complete transactions that are difficult to process through the standard City purchasing process and to make purchases during emergency events.

Examples of typical transactions using City Purchasing Card for City business include purchases such as for airline tickets, reservation and payment for hotels, meals while traveling, and out-of-town transportation. Additional examples include payment of registration fees for conferences and training, online purchase of technical books and manuals, subscriptions, purchases required to respond to an emergency situation, urgent need to purchase materials, parts, and supplies for emergency repairs, minor purchases due to unforeseen and urgent need for small tools, parts, materials, and supplies, and food/snacks for City meetings and training sessions.

The City's Purchasing Card program was not intended to be used for routine planned purchases or to pay routine vendor/supplier invoices on a regular basis by City departments. All of the routine and or standard purchases must and should be processed using the City's standard purchasing protocols and accounts payable policy and procedures. By doing so, you will not only enhance but also strengthen the City's internal controls associated with the purchasing and accounts payable functions and activities.

Listed below are a few of the many advantages of not using the City issued Purchasing Card for routine purchases or making payments on routine vendor invoices:

Memorandum: Department Directors & City Purchasing Cardholders
Proper Use of City Issued Purchasing Card
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1. Compliance with City's Purchasing Card Policy.
2. Elimination of duplicate payments to vendors.
3. Second level of review and approvals.
4. Documentation of compliance with purchasing policy and state law.
5. Separation of duties between purchasing, review, approvals, and payment.
6. Assurance that vendor payment discounts are taken on a timely basis.
7. Savings realized from reduction in credit card processing fees and charges.

Before it becomes an audit finding, I want you to examine how your department is using the City Purchasing Cards issued to your department employees. In addition, I am requesting your cooperation in ensuring that effective immediately, City Purchasing Cards will not be used by your department employees for routine planned purchases or to pay routine invoices from vendors and suppliers.

Attached for your information are the following documents for your reference:

1. Purchasing Card Policy
2. Purchasing Card User Agreement

If you should have any questions or need further clarification, send your written inquiry to Perwez Moheet, Director of Finance and be sure to copy me.


Jerry Hendrix, Interim City Manager