

**Action Requested/Required:**

Vote/Action Requested
 Discussion or Presentation Only
 Public Hearing
Report Date: _____
Hearing Date: _____
Voting Date: _____

Department: Finance

Presenter(s) & Title: Ryan Luckett, Finance Director

Agenda Item Title:

Discussion of a Revised Procurement Card Policy

Summary:

The City of Canton Financial Management Policy, as adopted by Mayor and Council, authorizes the use of procurement cards (p-cards) for the purpose of providing a faster, more cost-effective method for authorized employees to purchase smaller dollar supplies, materials, equipment, and services for City business use.

The proposed Procurement Card Policy replaces the City's existing policy in order to update and strengthen internal controls and procedures, promote accountability, and ensure continued compliance with the City's procurement requirements and applicable Georgia law. The policy update provides additional details regarding roles and responsibilities, allowable and prohibited purchases, and documentation and reconciliation requirements.

Budget Implications:

Budgeted? Yes No N/A

Total Cost of Project: _____ Check if Estimated

Fund Source: General Fund Water & Sewer Sales Tax Other: _____

Staff Recommendations:

Adoption of the updated policy is recommended in order to improve clarity for employees, reduce risk to the City, and support efficient day-to-day purchasing while maintaining strong fiscal stewardship of public funds.

Reviews:

Has this been reviewed by Management and Legal Counsel, if required? Yes No

Attachments:

City of Canton Procurement Card Policy (Proposed)



Procurement Card Policy

for City Employees

City of Canton, Georgia

February 2026

I. Program Overview and Purpose

The purpose of the Procurement Card (P-Card) Program is to establish a faster, more cost-effective method for authorized employees to make purchases of supplies, materials, equipment, and services for City business use.

The City of Canton P-Card Policy establishes minimum standards for the use of a P-Card in order to ensure compliance with procurement policies and procedures. The P-card serves as a means of payment, not as an alternative to the City's procurement policies and procedures.

P-Cards can only be used for official City business and cards must be surrendered and accounts closed upon termination of employment for any reason or upon demand by the City of Canton.

In 2015, the Georgia General Assembly established penalties regarding the misuse of government p-cards. (O.C.G.A. § 16-9-37)

(b) Any person who has been issued or entrusted with a financial transaction card by a government for specifically limited and specifically authorized purposes, provided such limitations and authorizations are in writing, and who uses the financial transaction card in a manner and for purposes not authorized shall be punished as provided in subsection (b) of Code Section 16-9-38.

Code Section 16-9-38 specifies that "a person subject to punishment under this subsection shall be guilty of a felony and shall be punished by a fine of not more than \$5,000.00 or imprisonment for not less than one year nor more than three years, or both."

II. Use of Purchasing Card for Personal Purchases Prohibited

Under no circumstances is a cardholder permitted to use the P-Card for personal purchases. Personal purchases are defined as the purchase of goods or services intended for non-work-related use or for use other than official City business. Cardholders that unintentionally violate this rule shall notify the Finance Department, complete the required documentation, and reimburse the City immediately. Unintentional violations of this rule shall be subject to the Progressive Discipline Guidelines noted later in this policy.

If a violation is determined to be intentional, the cardholder shall be subject to disciplinary action, up to and including termination from City employment and criminal prosecution.

III. Program Administration

A. Card Order Request & Issuance

To be eligible for a P-Card, the applicant must be an employee of the City of Canton. Department Heads approve P-cards for their employees based on the applicant's job responsibilities and their need to make purchases. ***The issuance of P-cards should be reserved for those employees whose job duties regularly require the purchase of goods and services.***

The P-card Application should be completed by the applicant and forwarded to the Finance Department for review. The Finance Department will route the application for final review and signature. The approved application will be processed by Finance and the cardholder should receive the P-card within 7-10 business days.

Prior to use of the P-card, the cardholder will be required to familiarize himself/herself with the P-card Policy and sign the City of Canton Cardholder Purchasing Card Agreement.

B. Card Profiles

Each card is assigned a profile that specifies the Single Transaction Limit (STL), the Credit Limit (CL), and the Merchant Category Codes (MCC) that are permitted on the card. The Finance Director may develop a series of predefined card profiles that Department Heads may request be assigned to a cardholder. Deviation from the predefined card profiles requires the approval of the Finance Director.

If it is determined that a cardholder's card limits are restricting purchases that are required to perform job responsibilities, the Department may request an increase or decrease of the cardholder's card limits. To request changes in a cardholder's credit limit and/or single transaction limit, a Cardholder Change Form must be completed and forwarded to the Finance Department. The Finance Department will route the form for review. If approved, the update is processed by the Finance Department and is effective immediately.

C. Lost or Stolen Cards

Cardholders are required to immediately report any lost or stolen P-card to Bank of America (1-888-449-2273; 24 hours/day). The cardholder must also promptly notify the Finance Department of the lost or stolen card. Additionally, the cardholder should notify any merchants who have the card number on file and provide an updated card number.

D. Card Cancellation

The P-card and the signed Return Card Acknowledgement Receipt form must be returned to the Finance Department when an employee is terminated from employment, submits a notice of separation from the City of Canton, or loses card privileges for any other reason.

IV. Program Roles and Responsibilities

A. Finance Department

The Finance Department is responsible for the overall administration of the P-card program, including:

1. Serve as a resource for all P-Card users in issues of policy and procedure and in the day-to-day administration of the Program.
2. Utilize approved third-party software and train individuals to use the software, as appropriate.
3. Review, route for approval, and process P-card applications.
4. Generate the Cardholder Purchasing Card Agreement for new cardholders.
5. Secure cancelled/revoked P-cards along with signed Return Card Acknowledgement Receipt forms.
6. Review usage of P-card for appropriateness while performing monthly transaction reconciliations for individual departments.
7. Complete the monthly accounting and reconciliation process.
8. Prepare the month-end P-Card certification for approval by the Finance Director and City Manager.
9. Document P-card exceptions and misuse and notify cardholder and Department Head.
10. Maintain individual cardholder files.
11. Conduct ongoing policy and procedure training for all P-card users.
12. Identify and review dormant P-cards (no activity for six months) for potential account closure.

B. Department Head

Department Heads are responsible for ensuring the integrity of the P-card Program within their Department by upholding City policies and procedures.

Department Head responsibilities include:

1. Maintain knowledge of the City of Canton P-card Policy to effectively oversee activity within their respective department.
2. Work with the Finance Department to establish an effective and efficient process for administering and reconciling P-card activities.
3. Authorize the issuance of P-Cards for employees in their department.
4. Authorize changes in credit limits.
5. Review and approve cardholders' monthly transaction activity as part of the monthly approval process.
6. Ensure that any erroneous use of the P-card is promptly reported to the Finance Department.
7. At the discretion of the Department Head, one P-card may be issued as a "Department Card" for the limited use of Department employees whose purchasing activity is minimal. The card will be issued in the name of the Department Head and he/she is responsible for all activity on the card and must authorize any use of the card by Department personnel.

C. Cardholder

All cardholders are essentially purchasing agents for the City of Canton. Accordingly, all cardholders must have a minimum understanding of City Purchasing rules and regulations.

Cardholder responsibilities include:

1. Maintain knowledge of the City of Canton P-Card Policy and internal procedures.
2. Monitor transaction activity to ensure fraudulent or other suspicious activity is recognized at the earliest possible time.
3. Maintain security of the card, the account number, expiration date, and security code at all times.
4. Ensure all purchases are only for legitimate business purposes.
5. Adhere to the purchase limits and restrictions of the P-card and seek to obtain “best value” for the City when making purchases with the P-card account.
6. Ensure that the P-card is only used by the approved cardholder. Use by anyone other than the approved cardholder is strictly prohibited. The P-card is not transferable between cardholders or department personnel.
 - a. Exception: A Department Card may be used by Department personnel as authorized by the Department Head.
7. Obtain all vendor invoices, packing slips, cash register receipts, or charge slips to substantiate a P-card purchase.
8. Attempt to resolve any dispute or billing error directly with the vendor and ensure that an appropriate credit for the disputed item(s) or billing error appears on a subsequent monthly statement. Under no circumstances shall cash be accepted in lieu of a credit to the P-card account.
9. Report a lost or stolen P-card immediately to Bank of America at 1-888-449-2273.
10. Return P-card and complete Return Card Acknowledgement Receipt form immediately when terminating employment or upon request to forfeit card.

D. City Manager & Finance Director

The City Manager and Finance Director are responsible for establishing overall policies and procedures to ensure the integrity of the P-card Program throughout the City. Primary roles and responsibilities include:

1. Establishing card limits and allowable merchant category codes.
2. Providing final review of
 - a. P-card Applications
 - b. Requests for changes in card limits and merchant category codes
 - c. Monthly P-card Statement and Certification
3. Reviewing P-card Policy violations and determining disciplinary action based upon the P-card Policy and Human Resources Policies and Procedures.

V. Use of the Card

A. Cardholder Liability

The City of Canton will not accept liability or financial responsibility for unauthorized use of P-cards (i.e. fraudulent use of account numbers, purchases made for personal use, etc.).

B. Transaction Splitting

The splitting of orders to bypass established procurement or P-card limits, including the single transaction/monthly credit limit, is strictly prohibited. Likewise, purchasing similar items from several vendors or two or more cardholders in the same department purchasing similar items to bypass the no bid limit or P-card limit is also prohibited.

C. Allowable Purchases

The P-card can be used for official purchases of supplies, materials, equipment, or services, where not otherwise prohibited or restricted. All purchases must be within assigned spending limits and follow the policies established in the City of Canton Purchasing Policy and the P-Card Policy. The City Manager, with the concurrence of the Finance Director, may approve purchases in exceptional circumstances that exceed the limits established in this Policy when deemed in the best interest of the City.

Allowable purchases include:

1. Supplies, materials, goods, and services up to the cardholder's approved Single Transaction Limit and/or approved cycle Credit Limit which are not otherwise excluded in the Prohibited Purchases section.
2. Memberships for professional organizations that support a City employee's assigned job duties. Employees must obtain prior approval from a supervisor and/or Department Head.
3. Training registration, airline tickets, lodging, and other ancillary costs for City personnel traveling on official City business. Use of the P-card for travel and training expenses must comply with the City of Canton Personnel Manual.

D. Prohibited Purchases

The following types of purchases are prohibited by City policy:

1. Personal purchases of any kind including those for the personal benefit of another individual.
2. Cash back with a purchase and/or cash advances.
3. Gasoline, Diesel Fuel and Oil.
4. Entertainment.
5. Alcoholic beverages.
6. Firearms, ammunition, explosives.
7. Expenses for which the per diem rate applies. (See City of Canton Personnel Manual)
8. Unauthorized purchases also include purchases generally considered legitimate that are disallowed or not approved by the cardholder's supervisor.
9. Additional item(s) expressly prohibited by other City of Canton policies/procedures.

E. Sales Tax Exemption

Purchases made in Georgia are exempt from Georgia Sales Tax. Cardholders should use the State of Georgia Sales and Use Tax Certificate of Exemption as documentation. Purchases made in other states are subject to that state's sales tax. Cardholders are responsible for ensuring that merchants do not charge tax. If taxes are charged, the cardholder must contact the merchant to obtain a credit to the account. Documentation of attempts to obtain credit for any State Sales Tax charged in error must be maintained with the documentation for the transaction where the tax was charged.

EXCEPTION: Purchases from restaurants are not required to have sales tax removed due to the varying ability of restaurants to exempt sales tax. Cardholders may still attempt to have sales tax removed, however, if unsuccessful, the transaction will not be considered a policy violation.

F. Surcharge Fees

Credit card surcharges or fees may be assessed by merchants to recover the cost of processing credit cards. These fees are typically a percent of the overall transaction amount. Cardholders should be mindful of these situations and avoid incurring these types of fees when other forms of payment are accepted, especially for transactions of a significant dollar amount.

If a situation arises when the surcharge is determined to be unavoidable or pursuing other forms of payment would be uneconomical, the cardholder may proceed with incurring the surcharge. During the review process, the Finance Department may request justification from the cardholder for such transactions. Additionally, the Finance Department may work with the cardholder or user department to identify future payment alternatives.

G. Documentation of Transactions

The cardholder is responsible for ensuring that every transaction has valid supporting documentation. The nature of the goods or services received will determine what information the invoice or receipt must contain. However, all receipts/invoices should contain basic information about the transaction, including:

1. Vendor or merchant name
2. Transaction date
3. Itemized information
 - i. Quantity
 - ii. Item Description
 - iii. Unit Price
 - iv. Line Price (quantity x unit price)
4. Total invoice amount

A transaction charge slip with no itemized information is NOT an acceptable form of documentation.

H. Missing Receipt/Invoice

Should a receipt or invoice be lost or unobtainable from vendor, the cardholder must complete a Missing Receipt/Invoice Affidavit and submit with their monthly reconciliation. Continued failure to obtain a receipt/invoice will subject the cardholder to the Progressive Discipline Guidelines found at the end of this policy.

I. Credits

If a cardholder returns merchandise, a credit should be issued to the cardholder's P-card and a credit receipt obtained if possible. **Under no circumstances should a cardholder receive cash or a credit voucher.**

J. Disputes

A cardholder should attempt to first resolve a dispute or billing error directly with the vendor. If the cardholder cannot resolve the dispute with the vendor directly, then the cardholder should contact Bank of America.

Examples of transactions that should be disputed include:

- Unauthorized charges
- Differences between the amount authorized and the amount charged
- Duplicate charges
- Failure to receive goods
- Returned goods that were not credited

K. Dormant P-cards

P-cards with no activity for six months will be considered dormant and the account will be subject to closing.

VI. Monthly Reconciliation Process

A. Weekly Transaction Review Process

The City utilizes the Bank of America Works portal to reconcile P-card transactions. As the P-card is utilized, transactions will appear in Works. For each transaction, cardholders are required to complete the following steps. *It is recommended to complete these steps within 3-5 days of the transaction to avoid any delays at the end of the monthly billing cycle.*

1. Allocate the charge to the appropriate City expense account
2. Provide a brief description of the purchase
3. Upload and attach a valid receipt
4. Approve the transaction

As an alternative, Departments Heads may assign card reconciliation responsibilities to a Liaison within the department who may reconcile one or more P-card accounts on behalf of the cardholder(s).

Once completed, the transaction will flow to the Department Head's queue in Works for their review and approval. A Department Head may reject the transaction if corrections or additional details are needed.

The Finance Department will serve as the final step in the Works approval process. The Finance Department reviews each cardholder's transaction and related documents to substantiate the P-card charge. A transaction may be returned to the cardholder/liaison if any of the required information is missing or incorrect. Exceptions, discrepancies, and prohibited purchases are documented for each monthly billing cycle. At the completion of each cycle, the cardholder (and liaison, if applicable) and Department Head will be notified of any violations.

B. Month End Process

At the conclusion of the monthly billing cycle (25th of the month), cardholders will download and sign their monthly statement from the Bank of America Global Card Access portal (electronic signatures are acceptable). Statements should be emailed to the Finance Department to document approval of the overall transaction activity for the previous billing cycle.

C. Timeline of Monthly Process

WEEKLY	<ul style="list-style-type: none">- Cardholders/Liaisons/Department Heads review transaction activity in Works and complete steps outlined above. Recommended to complete within 3-5 days of transaction.
MONTHLY	<ul style="list-style-type: none">- Cardholders download, sign, and email monthly statement to Finance Department.- All month-end activities (statement submission; all transactions from the closed cycle reconciled) should be completed no later than 5 business days from the close of the billing cycle.

VII. Program Compliance

A. Merchant Category Code Authorizations

Merchant Category Codes (MCC's) are assigned to each merchant based on the type of goods or services that a merchant provides. Allowing or blocking certain MCC's provides an additional measure of protection against unauthorized or prohibited purchases. The Finance Department will determine the City-authorized MCC groups that will be available to all cardholders. Transactions at non-authorized MCC's are denied at the point-of-sale.

B. Internal Audits

At the end of each billing cycle and reconciliation process, the Finance Department will review and log all P-card exceptions. P-card exceptions that result in a violation will be documented and notifications will be sent to the cardholder and Department Head. The Finance Department will be responsible for enforcing the Progressive Discipline Guidelines.

PURCHASING CARD - PROGRESSIVE DISCIPLINE GUIDELINES (Within A Fiscal Year)

(Department Head & Liaison Notified with each Offense)

Offense	1st Offense	2nd Offense	3rd Offense
Missing/Invalid Receipts (includes paying sales tax)	Violation Form filed after 2 occurrences	Suspension of card for 1 month after 3 occurrences	Suspension of card for 3 months after 4 occurrences
Failure to provide documentation by the established timelines	Violation Form filed after 2 occurrences	Suspension of card for 1 month after 3 occurrences	Suspension of card for 3 months after 4 occurrences
Splitting purchase willfully	Violation Form filed	Revocation of card privileges for 6 months	Permanent revocation of card privileges
Inappropriate/Unauthorized purchase (including unintentional personal use)	Violation Form filed and reimbursement	Suspension of card privileges for 6 months and reimbursement	Permanent revocation of card privileges
Use of card for personal gain or other non-compliant or inappropriate card use	<p align="center">Revocation of card privileges at the discretion of the Finance Director.</p> <p align="center">*Termination and possible criminal prosecution at the discretion of the City Manager and Department Head, with consultation by the HR Director.</p>		

P-Card Glossary

Allocating – The act of entering codes to identify what sector of the organization's General Ledger (GL) will be charged for a transaction.

Available Credit - The maximum amount that can be spent with the card in the remaining billing cycle.

Billing Cycle – The monthly billing period begins on the 26th day of each month and ends the 25th day of each following month.

Card ID – The last four digits of the card account number.

Card Profile – The settings that control the funding, spending, and reconciliation process for a group of cards. Each card must belong to a single card profile.

Cardholder Agreement – An agreement signed by the cardholder acknowledging receipt of the City of Canton Purchasing Card and agreement to comply with the terms and conditions of the Agreement and the provisions of the P-Card Policy.

Charge Slip – Documentation provided by a vendor that reflects the authorization to charge the P-card. Charge slips are NOT substitutions for Receipts (see definition).

Credit Limit – The maximum spend or ceiling allowed on a card in one billing cycle.

CVV – The Category Verification Value (four digits) located on the back of a credit card.

Merchant – A vendor that accepts the Visa credit card.

Merchant Category Code (MCC) – Merchant Category Code assigned to a merchant which identifies the primary goods or services that are provided by the merchant.

Reconciliation – The process of reviewing and signing off payable documents. Sometimes this must be accomplished at several levels (i.e., cardholder, manager, and accountant).

Receipt – The purchase documentation provided by a vendor that includes a transaction date, itemized list of purchases, and total purchase amount. Receipts may be generated by a cash register or can include invoices or other types of documentation for online, telephone, or fax purchases. Documentation that reflects the P-card charge with only a total purchase amount is NOT a receipt.

Single Transaction Limit – The maximum amount that can be spent on a single transaction with the card.

Vendor – A business with which you have conducted business using a card entered into the system. For all practical purposes this term is synonymous with the term merchant.