

## **OVERVIEW**

The Commercial Card program is intended to streamline and simplify the Purchasing and Accounts Payable functions by eliminating waste and low value activities. The Commercial Card is a tool that reduces transaction costs, facilitates timely acquisition of materials and supplies, automates data flow for accounting purposes and offers flexible controls to help ensure proper usage.

The Commercial Card Program is designed as an alternative to a variety of processes including petty cash, check requests and low dollar purchase orders. The Commercial Card Program is not intended to avoid or bypass appropriate procurement of payment procedures. Rather, the Program complements the existing processes available. The card is a MasterCard credit card that is issued by JPMorgan Chase. Some minimal record keeping is essential to ensure the successful use of the Commercial Card. This is not an extraordinary requirement; standard payment policies require retention of receipts, etc.

This Cardholder Guide provides information about the process, the types of purchases that can and cannot be made, records that must be maintained and reconciled for each cycle, and a variety of other Program information.

Please remember that you are committing company funds each time you use the Commercial Card. This is a responsibility that should not be taken lightly. Remember that you are the person responsible for all charges made to the card(s) which has been issued to you. Intentional misuse or fraudulent abuse may result in disciplinary action up to and including dismissal.

The card will have no impact on your personal credit. Although the card lists an individual's name, the card is actually issued to the City of Rock Island (the City).

## **RESPONSIBILITIES**

### *The Commercial Card Program Administrator (Finance)*

The Commercial Card Administrator(s) is responsible for:

- Processing all Commercial Card user requests and issuing Commercial Cards to new users.
- Setting all Commercial Card limits and business rules according to City of Rock Island policies, procedures and guidelines.
- Monitoring Commercial Card activity for compliance with City of Rock Island policies and procedures.
- Changing or correcting Commercial Card limits as needed.

- Providing notification to Commercial Card users and their supervisors of violations of Commercial Card policy and procedures and, when necessary canceling cardholder's Commercial Card.
- Contacting the Commercial Card provider to resolve usage, charges, credits and other problems.

#### *Management Responsibilities*

Director, Managers, and/or supervisors are responsible for:

- Requesting Commercial Cards for designated employees who will make purchases for goods and/or services.
- Monitoring and approving monthly Commercial Card activity to ensure cards are used in accordance with City of Rock Island Commercial Card policies and procedures.
- Communicating termination of employment and/or a transfer to a different department of any employee to which a Commercial Card was issued.

#### *Cardholder Responsibilities*

- Activate card and signed on the backside of the Commercial Card.
- Use the Commercial Card as the primary method for making purchases of goods and services according to the City of Rock Island Purchasing Policies category C & D.
- Maintain appropriate card usage.
- Obtaining supervisor approval for all purchases made with the Commercial Card.
- Obtaining detailed credit card slips, cash register receipts, packing slips or other appropriate documents to validate each transaction.
- Resolving directly with the vendor any disputes concerning returns, credits or adjustments for transactions made with the Commercial Card.
- Attaching Commercial Card transaction documents (credit card slips, cash register receipt, packing slip, etc.) to an AP batch. The cardholder (or other designated employee) will prepare an accounts payable batch, obtain normal batch approvals and forward the batch to Accounts Payable. The batch should reach Accounts Payable by the end of the week following receipt of the credit card statement.
- Adhering to all other Purchasing & Commercial Card Policies and Procedures.
- Maintain a high level of security of the card issued and to not leave in unsecure location.

#### *The Commercial Card Reconciler Responsibilities*

- Reviews and commercial card transactions online.
- Maintains itemized documentation for each purchasing card transaction.
- Reviews transactions against the monthly statement from the issuing bank.

- Reconciles transactions against the online Account Balances.

*Uses of Commercial Card – Examples of Authorized Use*

- Purchases may be made with the Commercial Card within the established limits and restrictions of each individual Commercial Card.
- All purchases made with the Commercial Card must be for the benefit of the City, within established budgets, and in accordance with the City's Purchasing & Commercial Card Policy.

*Uses of Commercial Card – Examples of Unauthorized Use*

- Purchasing items greater than the established maximum limits of each individual card.
- Purchasing items for personal use.
- Cash advances.
- Telephone calls and calling cards.
- Loaning the card out to another person.
- Serial Purchases (series of small dollar purchases in order to avoid the single purchase limit)
- MCC Code exclusions (see attached)

**PROCEDURES**

*Obtaining a Commercial Card*

1. Approved cardholder signs Commercial Card Request Form and forwards it to the Finance department Commercial Card Administrators for processing.
2. Request is filed with JPMorgan Chase.
3. JPMorgan Chase orders cards.
4. Commercial Card(s) are mailed to Finance department in about 7 to 10 business days.
5. Finance department reviews and documents card information.
6. Commercial Card Cardholder Agreement Form signed by cardholder(s).

*Card Controls and Limits*

- Maximum monthly card limit setup by department heads and Commercial Card administrators agreement.
- Each cardholder is assigned to a Merchant Category Code Group , and information will be provided to each cardholder identifying their areas of authorization when card is issued.
- Merchant Category Code restricts purchase of certain Commercial Card merchant's types. This is monitored by the Commercial Card Administrators

*Transaction Flow*

1. Cardholder makes purchase from merchant via telephone, mail, fax, internet, or in person.
2. Cardholder retains detail receipts of Commercial Card purchases.
3. Transaction of good and service credited to Commercial Card Company.
4. Commercial Card monthly statements retrieved from Commercial Card website by designated department personnel.
5. Cardholder (or designated person) reconciles and records Commercial Card monthly detail purchases transaction as an accounts payable Commercial Card batch.
6. The Commercial Card accounts payable batch is sent to Accounts Payable following normal accounts payable approval procedures.
7. Accounts Payable reviews and approves Commercial Card accounts payable batches. Post Commercial Card activity to general ledger through the normal AP process.
8. A single monthly automated ACH payment(s) will be made by JPMorgan Chase for all the monthly City's Commercial Card holders purchasing activity.

*Purchase items via telephone, mail, fax, internet, or in person*

1. The cardholder must keep all Commercial card records, including receiving reports, receipts, or other documentation supporting charges against his/her Commercial card.
2. The cardholder is required to attach all such receipts to the Commercial Card accounts payable batch and then submit to Accounts Payable by the end of the week following the Commercial Card statement generation date..

*Shipping*

Caution: Cardholders should make prudent selection of shipping options. The cost of shipping heavier packages and/or routine packages via Federal Express or UPS overnight or 2-day express can be very expensive. Such priority handling or expediting of shipments should only be utilized when absolutely necessary. As with all expenditures of public funds, prudence must be demonstrated and expenses justified.

*Returning Purchases*

Each cardholder is responsible for any returns of purchases. All returns must be credited to the cardholder's account. **Cash refunds are strictly prohibited.**

### *Sales Tax*

- The cardholder should remind all vendors of the City of Rock Island tax-exempt status. The cardholder must review all receipts for each purchase to ensure sales tax has not been assessed.
- If the vendor refuses to credit the tax, you may still make the purchase and pay the tax.
- The card itself should be sufficient identification to allow you to make tax-free purchases. However there are vendors who will want you to fill out a standard form their business requires, or provide a tax-exempt form. Tax-exempt forms are available in the Finance department
- If sales tax has been charged to a purchase, the cardholder should make a note on the Commercial Card AP batch. AP personnel will contact the vendor for a credit.

### *Resolving Errors and Disputes*

In the case of an error, first contact the supplier and try to reach an agreement. Most disputes can be resolved between you and the supplier directly. If you are unable to reach an agreement with the supplier, complete a Dispute Form, sign it and send it to JPMorgan Chase. All disputes must be submitted in writing to JPMorgan Chase within 60 days of the statement date via fax at 1-866-865-2298 or via mail to:

Chase Card Services  
Attn: Commercial Card Dispute Dept. OH 1-0553  
PO Box 182918  
Columbus, OH 43272-5543  
888-297-0768

### *Lost or Stolen Cards*

If your card(s) is lost or has been stolen, immediately contact JPMorgan Chase via this toll free number (1-800-316-6056). Also notify your local Commercial Card Administrator.

### *Commercial Card Audit Activity*

Your card activity is subject to random audits by appropriate personnel. The random audits are to help ensure adherence to the Program's policies and procedures.

### *Lost Receipts*

A Commercial Card Lost Receipts Form needs to be completed and sent over to Accounts Payable with the Commercial Card batches. Repeated loss of receipts may be grounds for discontinuing a cardholder's Commercial Card use or disciplinary action.

*Termination of Employment*

1. Upon termination of employment, the cardholder must surrender the card to his/her supervisor.
2. The supervisor will then forward the terminated employee's Commercial Card to the Commercial Card Administrator.
3. The Commercial Card Administrator will immediately cancel the Commercial card.

( The remainder of this page was intentionally left blank. )

By accepting City of Rock Island’s Commercial Card, the cardholder assumes full responsibility for its use and agrees to the conditions established in this document and in the City’s Policies and Procedures for Commercial Cards that was provided. Additionally, the cardholder agrees to comply with the spending and volume controls outlined on the Cardholder Account Form or equivalent document. A detailed listing of open and restricted Merchant Category Codes (MCC) for this account accompanies this document is hereby incorporated into the Cardholder Agreement.

The Commercial Card remains the property of JP Morgan Chase and is issued at the sole discretion of the City. The City reserves the right to suspend or cancel card privileges at any time for any reason. The cardholder agrees to surrender the card to the City’s Commercial Card Administrator upon request. Failure to relinquish the card may result in disciplinary action. Usage of the card for fraudulent purposes, or deliberate misuse, may subject the cardholder to disciplinary action as outlined in Policies and Procedures for Commercial Cards.

The City reserves the right to change the terms of this agreement, the Policies and Procedures for Commercial Cards, and the Cardholder Account Form. If the cardholder continues to use the Commercial Card thereafter, the cardholder will be considered to have accepted the changes as an amendment of this agreement. Failure to use the card according to the amended terms will be considered a violation of this agreement.

Any violations of the terms outlined in this agreement may result in the revocation of cardholder privileges without notice at the discretion of the Commercial Card Administrator and Finance Director.

By signing below, the cardholder acknowledges receipt of the Commercial Card specified below and agrees to use it as detailed in this document.

Cardholder Signature:		Date:	
Printed Name:			

---