



# PURCHASING MANUAL & PURCHASING CARD INFORMATION



Approved by Commission  
March 26, 2013

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### **Introduction**

**The goal of the Purchasing Office is to promote the City's collective best interests through efficient, fair, economical, transparent, and controlled spending. This manual has been prepared to establish the necessary basic guidelines for effective and ethical procurement practices. All City employees will adhere to the procedures defined in the City of Callaway Purchasing Manual as it has been approved by the City of Callaway Board of Commissioners in effort to uphold the integrity of the City, and be in compliance with the ethics and procurement laws set forth by the Florida Legislature within the Florida Statutes.**

**As amendments to the manual for administrative or procedural changes become necessary by changes in law or for the purpose of internal work flow improvement supplemental pages will be issued to all City personnel.**

**Purchasing Policies**

- 1. It is the policy of the City of Callaway Commission to recognize the Purchasing Office as the department responsible for coordinating the City's consolidated purchasing effort.**
- 2. It is the intent of the City to provide all vendors with a fair and opportunity in which to compete for City business. (Local Preference – Ordinance #924)**
- 3. Goods and Services offered by State Contract pricing are considered to be competitively bid and to have satisfied the requirements for competitive bidding.**
- 4. It is the policy of the City of Callaway Commission to encourage local businesses to provide goods and services to the City of Callaway through the City's purchasing program.**
- 5. Goods and Services produced in the United States will be given preference when all other aspects in the bid selection process are equal.**
- 6. It will be the policy of the City to consolidate for purchase and bidding, all goods and services in a similar nature.**
- 7. It is the policy of the City to award a bid based upon the total aggregate items bid, when possible, rather than to segregate items out for individual awards.**
- 8. The City reserves the right to reject all, or portions of any bid when it is deemed in the best interest of the City.**
- 9. It is the policy of the City that all individual organizations desiring to do business with the City of Callaway are required to have a substance abuse policy subject to the same rules of conduct and tests as the employees of the City.**
- 10. All individuals or organizations desiring to do business with the City shall have an Equal Opportunity Employment Policy which prohibits discrimination in employment because of race, creed, color, religion, or national origin as defined by Executive Order 11246 and 11375, and subsequent amendments.**

**Purchasing Office Duties & Responsibilities**

1. The Purchasing Office shall be responsible for developing and administering the purchasing program for all City departments.
2. All purchases will be made pursuant to the provisions of the annual budget as adopted by the City Commission.
3. The Purchasing Office shall maintain adequate records for all purchasing transactions to include contracts, leases, and agreements.
4. The Purchasing Office shall assist City departments in soliciting quotes where formal bidding is not required.
5. The Purchasing Office will issue a purchase order number for goods or services over \$999.
6. The Purchasing Office will be responsive to department head requests for assistance with research in preparation for purchase requisitions or purchase orders.
7. The Purchasing Office will aid and facilitate departments in the formal bid process when a purchase is expected to exceed \$10,000, as approved by the City Commission.
8. The Purchasing Office will maintain all original bid documents. Copies will be provided to departments upon completion of the bid opening. For the preservation of original bid documents, only official copies will be used as exhibits or supporting material for subsequent contracts, leases, agreements, or agenda packages.
9. The Purchasing Office will maintain all purchasing related forms.
10. The Purchasing Office will ensure that all non-consumable tangible personal property valued greater than \$1,000 with a life expectancy greater than one year is capitalized and inventoried copies of invoices will also be provided to the Assistant to the Finance Director.
11. The Purchasing Office will perform periodic physical inventories to ensure accuracy of records and integrity of security controls. Annual inventories will be completed by the Assistant to the Finance Director or their designee.

**Requesting Department Duties & Responsibilities**

- 1. All City employees are responsible for following the purchasing policies and procedures adopted by the City of Callaway Commission.**
- 2. All City employees will use the appropriate forms supplied by the Purchasing Office for procurement of equipment, supplies, and services.**
- 3. Department staff is responsible for verifying that budgeted funds are available for purchases made by requisition, purchase order, or P-card.**
- 4. Employees issued P-cards are responsible to report lost or stolen cards immediately to the Purchasing Office.**

**Authorized Buyers**

**An Authorized Buyer is an individual with a defined level of purchasing authority.**

- **Level 1 Buyer - \$0 to \$499**
  - **Non-probationary employee designated by Department Head.**
  - **Authorizations must be updated each fiscal year with a memo to Purchasing Office.**
- **Level 2 Buyer - \$0 to \$999**
  - **Department Heads**
- **Level 3 Buyer - \$0 to \$10,000**
  - **City Manager**

- 1. Any purchases exceeding \$10,000 require a formal bid and must be approved by the Commission. (See Formal Bid Procedure.)**
- 2. Department Heads assume full responsibility for all purchases made by their departments. Authorization of a Level 1 – Buyer does not relieve the Department Head of responsibility.**

### **Purchase Requisition & Purchase Order Procedures**

**A Purchase Requisition is a written request to the purchasing office for supplies or services necessary to continue operating.**

- 1. A requisition must include:**
  - **Name and department requesting materials.**
  - **Vendor Name & Address.**
  - **Fund / Account number.**
  - **Total amount of order.**
  - **Contract Number or Authorizing Meeting Date.**
  - **Appropriate department level signature.**
  - **Detail to include description, units, part numbers, and cost.**
  - **Total cost of all items.**
  - **City Hall listed as the bill to address.**
  - **Delivery location and desired delivery date.**
  - **Single item purchases exceeding \$500 require an attempt to obtain at least three quotes, but no less than two.**
  
- 2. Requisitions should be completed by an authorized buyer and sent electronically to the Purchasing Office.**
  - **Upon receipt of the purchase requisition, the Purchasing Office will create a purchase order, assign a number, and place the order.**
  - **If a department wishes to place the order, specific instructions should be on the requisition for the Purchasing Office to create the purchase order, assign a number, and transmit the number back to the authorized buyer.**
  
- 3. Requisitions for services to City facilities which are generally shared by one or more departments will be prepared by the Purchasing Office. This includes, but is not limited to, repairs, cleaning, maintenance for buildings, telephones, faxes, copiers, printers, postage equipment, electrical, and plumbing.**
  
- 4. Requisitions for computer-related items will be generated by the appropriate department. Technical advice will be available through the Finance Department, or a professional consultant.**
  
- 5. Requisitions for travel should be prepared by the requesting department.**

**A Purchase Order is a formal notice to a vendor to furnish the supplies or services specified on the form. A purchase order is required for the procurement of any items or services unless there is a written contract or it qualifies as an exception. (See Purchase Order Exceptions)**

- 1. Purchase Orders will be issued after the submission of a properly executed purchase requisition, and the submittal of any other information required by this policy.**
- 2. If there is a work stoppage situation, the responsible authorized buyer may call the Purchasing Office for a purchase order number.**
- 3. No purchase order or encumbrance of City assets may be made without an authorized purchase order or check request.**
  - o Invoices received without prior issuance of a purchase order will be submitted with a written explanation to the City Manager for approval. Unapproved invoices will be paid by the personal funds of the department head.**
- 4. An emergency exception for the purpose of this manual will be defined as a situation that exists where inventory of material, supplies, parts, etc., are depleted and/or damaged such that it poses a threat to public health, welfare, or safety. Emergency purchases may be made with an emergency purchase order number (as listed below) in lieu of a standard purchase order number. Compliance with established purchasing procedures should take place no later than the morning of the next working day and will require the signature of the City Manager.**
  - o Water Division – WA99**
  - o Street Division – ST99**
  - o Solid Waste Division – SW99**
  - o Sewer Division – SE99**
  - o Parks & Recreation Division – PR99**
  - o Maintenance Division – MA99**
  - o Fire Department – FD99**
  - o Planning/Code Enforcement – PC99**
  - o General Government – GG99**
  - o Finance Department – FN99**
  - o City Manager – CM99**

### **Blanket Purchase Orders**

A blanket purchase order allows a department to make multiple purchases with one purchase order number. Blanket purchase orders are:

- Issued for a period of time no less than one month and not to exceed one year.
- Limited by the amount indicated.
- Used for operating expenditures only.
  - Blanket purchase orders used for capital expenditures will be dishonored and will be paid by the personal funds of the department head.

Departments will be notified in writing by the Purchasing Office of the blanket purchase order number, amount, and termination date. Each department must have their own blanket purchase order when purchasing from the same vendor.

Monthly blanket purchase order numbers will be provided to the departments with a form to reconcile their purchases weekly. This practice is intended to keep the department head aware of the current status of expenditures. The weekly reconciliation forms must be totaled, attached to invoices, and sent to the Purchasing Office by 9:00 a.m. each Monday morning.

### **Purchase Order Exceptions**

There are certain circumstances under which the processing of a purchase order is unnecessary. These circumstances include:

- Any purchase approved as to amount and vendor by the City Commission.
- Service contracts for a fixed monthly amount pre-approved by City Commission will be encumbered on the basis of the contract and approved blanket purchase order issued for auditing purposes. (See Blanket Purchase Order)
- During the period of a declared emergency by the City Commission, or Mayor Pro Tem, purchasing procedures are waived.
  - Requisitions, reports, invoices, and receipts must be completed and submitted to the Purchasing Office as soon as possible and require the signature of the City Manager.
- Vendors holding state or federal contracts are exempt from the competitive bid process.
- Petty cash purchases not to exceed \$50 as authorized at the discretion of the department head.
- Regular utility bills, telephone bills, insurance premiums, etc.
- Employee expenses, mileage, and meals for approved travel.
  - Amounts greater than \$999 require signature of the City Manager.

- **Travel receipts must be submitted to the Finance Department with the Travel Request, Reimbursement & Reconciliation Form (Appendix B Forms).**
  
- **If an employee is requesting advance payment of expenses, mileage, and meals a Travel "Advance" Request Form must be completed (Appendix B Forms).**
  
- **Pursuant to City of Callaway Resolution #06-01 City employees will be reimbursed at the Internal Revenue Service approved Standard Mileage Rate for approved work related travel expenses.**

**Purchasing Card Policy (P-Cards)**

**Due to the uniqueness of the purchasing card system, a stand alone policy has been developed and is included as Appendix A.**

Vendor Policies

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- 1. Open Competition.** It is the intent of the City to provide all vendors with a fair and impartial opportunity in which to compete for the City's business, with the exception of those on the State Department of Management Services Convicted Vendor List.
- 2. Public Entity Crime.** In accordance with F.S. 287.133, any entity listed on the State Department of Management Services Convicted Vendor List shall be denied the right to conduct business or render any type of service for any municipal department or division to the extent required by the debarment, suspension, or other determination of ineligibility by the State.
- 3. Qualifications for Construction Contracting.** According to F.S. 489.113(2), no person who is not certified or registered shall engage in the business of contracting in the State of Florida. Construction work may be done by non-certified persons if the work is completed under the supervision of a person who is certified or registered within the scope of the supervisor's license, provided there are not specific requirements listed in F.S. 489.105(3) (d-o).
- 4. Vendor List.** Any vendor can submit contact information to the Purchasing Office. It is the responsibility of the vendor to ensure that information on file is current and sufficient. Vendors removed from the Vendor List may be reinstated upon written request once the period of disbarment or suspension is over. A vendor may be removed from the City's vendor list without notice for:

  - Knowingly or negligently employing unauthorized aliens to work in the United States.
  - Non-compliance with the City's Drug Free Workplace Policy.
  - Delinquent City Tax Assessments. Proof of payment is required and should be submitted with all bids.
  - Failure to pay sub-contractors.
  - Failure to comply with F.S. 119, Public Records.
  - Failure to comply with terms and conditions of contract.
  - Being listed on the Public Entity Crime List (F.S. 287.133).
- 5. Litigation.** The City will not issue any purchase orders or contracts to any vendors currently involved in litigation with the City until a resolution is reached.
- 6. Vendors are required to submit a signed and completed Form W-9 to the Purchasing Office before receiving any payment from the City.**

**Formal Bid Procedure**

- 1) The requesting department in conjunction with the Purchasing Office will formulate specifications using guidelines depicted later in the document under Writing Specifications.
- 2) In an effort to ensure open and fair competition, the requesting department may solicit comments from local vendors to insure specifications, as written, do not preclude any given vendor from bidding.
- 3) The requesting department shall provide the Purchasing Office with specifications and a written request signed by the appropriate Department Head. The Purchasing Office will then complete a purchase requisition covering the expense of advertising and present it to the City Manager for approval. Upon receiving the City Manager's approval the Purchasing Office will formally advertise the bid.
- 4) The Purchasing Office shall determine the date, time and location for submitting bids, as well as the date, time, and location of the Public Bid Opening (F.S. 255.0518).
- 5) The Purchasing Office will advertise the request for bids at least once in a local newspaper and permit at least two weeks for the vendor(s) to respond. The Purchasing Office will also ensure the advertisement for bid is posted to the City's website.
  - a) In accordance with F.S. 255.0525(2), the solicitation of competitive bids or proposals for any county, municipality, or other political subdivision construction project that is projected to cost more than \$200,000 shall be publicly advertised at least once in a newspaper of general circulation in the county where the project is located at least twenty-one (21) days prior to the established bid opening and at least five (5) days prior to any scheduled prebid conference. The solicitation of competitive bids or proposals for any county, municipality, or other political subdivision construction project that is projected to cost more than \$500,000 shall be publicly advertised at least once in a newspaper of general circulation in the county where the project is located at least thirty (30) days prior to the established bid opening and at least five (5) days prior to any scheduled prebid conference.
  - b) EXCEPTION: The advertising requirement can be waived by the City Manager in the event of an emergency. In accordance with F.S. 255.0525, as used in this section, the term "emergency" means an unexpected turn of events that causes:
    - i) An immediate danger to the public health or safety;
    - ii) An immediate danger of loss of public or private property; or
    - iii) An interruption in the delivery of an essential government service.
- 6) The Purchasing Office will distribute bid documents for all bids that do not contain a document fee assessment to vendor's requesting the package. For those bids requiring a document fee assessment, the Purchasing Office or their designee shall distribute bids to those bidders from which payment of the document fee assessment has been received.

- 7) The requesting department will have representation at the Public Bid Opening and will review the submitted bids to ascertain the lowest and best bid that provides the best value to the City. All bids will be opened in public and read aloud by the Purchasing Office.**
- 8) Unless otherwise instructed, the requesting department will recommend the award of bid to the City Manager in writing with adequate justification.**
- 9) The City Manager will determine if adequate revenues are budgeted and available for the purchase, if so, the City Manager will place the item on the Commission agenda for approval if amounts exceed \$10,000.**
- 10) Cancellation of Invitations BEFORE Opening: The cancellation of an invitation for bids usually involves a loss of time, effort, and money spent by the City and bidders. Invitations should not be cancelled unless cancellation is clearly in the public interest; (1) where there is no longer a requirement for the services or supplies, or (2) where amendments to the invitation would be of such magnitude that a new invitation is desirable.**
  - a) Notice of Cancellation shall:**
    - i) Identify the invitation for bid by number, short title, or subject matter**
    - ii) Briefly explain the reason the invitation is being cancelled; and**
    - iii) Where appropriate, assure prospective bidders that they will be given an opportunity to bid on any re-solicitation of bids.**

**PIGGYBACK**

The City of Callaway Board of Commissioners, in lieu of employing competitive contract award procedures for the purchase of goods or services, may authorize purchases through the State of Florida's term contracts. The Commission may also authorize purchases through contracts competitively awarded by other counties or municipalities within the State if the vendors for such contracts agree to provide the City of Callaway the same goods or services, under the same conditions, terms and prices as the other governments' contracts. Such "piggybacking" of government contracts is common practice in public purchasing, and may provide favorable pricing while reducing the time delays and costs of the City of Callaway processing a competitive contract award on its own. The City shall be cautious when piggybacking another entity's bid. Changes to terms, conditions, time frames, and other criteria are not allowable. It is recommended that the requesting department contact the original bidding agency to confirm whether or not they would recommend piggybacking of the award (did the vendor perform appropriately?).

The following is required to be part of the procurement piggyback package:

- A full copy of the Invitation to Bid
- Vendor's price sheet
- Vendor's signature
- Notification of award
- Date of purchase order or contract and expiration date.

Only purchases can be piggybacked; sale or trade-ins must be sold separately.

### Sole Source / Non-Competitive Negotiations

Non-competitive negotiations may be used as a procurement method for purchases of supplies or services available from only one source; or sole brand or when it is determined by the requesting Department Head, Finance Director, or City Manager that competitive bidding is not feasible or not advantageous to the City. Sole Source means the only existing source of the items that meet the needs of the requesting department as determined by a reasonably thorough analysis of the marketplace. Sole Source purchasing of goods and services requires a written finding that only one qualified source is available; and also requires a written statement that a search for alternative source have been made; and a justification of why the only source is acceptable to fit the needs of the requesting department. A request for a proprietary item does not justify a sole source procurement if there is more than one potential bidder for the item. The Purchasing Office may negotiate with a sole source supplied under the following circumstances:

- The needed supply or service is available from only one source / brand.
- The supply or service is wanted for experimental trial or testing.
- Additional supplies or services are needed to complete an ongoing task.
- A supply or service is purchased from, or a sale is made to, another unit of government.
- The item is a component or replacement part for which there is no commercial distributor.
- Compatibility is the overriding consideration.
- The item is a used item, which his subject to immediate sale.

### Procedures for Processing Sole Source / Non-Competitive Negotiations

1. In processing requisitions for sole source / sole brand items, the Purchasing Office conducts negotiations as to price, delivery, terms, and conditions.
2. The Purchasing Office, in cooperation with the requesting department, prepares a recommendation for award.

### Design-Build Contracts

Contracts for the design-build of public construction projects for the City of Callaway Board of Commissioners shall be awarded in accordance with this procedure. Design-build contracts are single contracts with a design-build firm for the design and construction of a public project.

Design-Build Firms must be certified pursuant to Florida Statute 489.119 to engage in contracting through a certified or registered general contractor (as defined in F.S. 471.023, 481.219, or 481.319).

The City Manager, in conjunction with the Purchasing Office will determine if the design-build method is appropriate for a particular requirement. The following factors will be considered when making the determination:

- The potential for project cost savings and / or cost reduction.

- The need or potential for reducing the time to complete the project.
- The need or potential to expedite the completion, activation and operation of the project due to public service considerations or requesting department operational needs and requirements.
- The potential for collaboration to develop designs and construction methodology that could provide a project with enhanced qualities of aesthetics, innovative use of materials, economy of construction, operational efficiency, and / or functional effectiveness.
- The need or potential for protecting, preserving and enhancing the health, safety, and welfare of the public.

**Procurement Procedures for Design-Build Services**

Upon approval by the City Manager, procurement and contracting of design-build contract services shall be in accordance with the following procedures:

1. A Design Criteria Professional employed or contracted by the City shall prepare, produce and seal a design criteria package for use by the City in advertising for design-build firms, providing a basis for determining and selecting the most highly qualified design-build firms, soliciting competitive technical and price proposals from design-build firms, and providing a basis for awarding a design-build contract.
2. The Request for Proposals should contain a copy of the design criteria package, the scope of services including schedule and time frame, insurance coverage and bonding requirements, instructions regarding form, content, and manner in which the qualifications statement, technical proposal, and price proposal are to be submitted, weighted evaluation criteria for assessing the submitted proposals, a draft design-build contract including general and supplemental terms and conditions, and any other information deemed appropriate by the City.
3. The Notice of Intent (NOI) to solicit design-build services will be consistent with the City of Callaway Purchasing Manual, Section "Formal Bid Procedure".
4. Responding firms shall submit a technical and price proposal, in addition to other required documentation.
5. An evaluation team, comprised of either a contracted Design Criteria Professional or in-house staff, shall submit an alphabetical listing of the short listed firms, providing scoring sheets as back-up, to the City of Callaway Board of Commissioners for selection of one firm and up to two ranked alternates to negotiate and award a design-build contract with the selected firm, provided the final negotiated price does not exceed the price submitted in their proposal. The City may negotiate minor changes prior to the execution of the contract for the purpose of clarifying or refining the project requirements and the services to be performed.

**Florida Prompt Payment Act**

The Florida Prompt Payment Act was passed by the State Legislature in Special Session to insure that vendors who provide goods and services will receive payment or those goods and services in a timely manner. Invoices that remain unpaid after 45 days are subject to an interest penalty at the rate of one percent (1%) that is accrued on unpaid balances to vendors from the City.

**Auditing Compliance**

An invoice submitted to the Purchasing Office for payment shall qualify for payment if it is accompanied by a copy of the purchase order, an acknowledgment by City staff that the goods or services have been received, and is signed and dated by a City employee with appropriate level of authority that coincides with the monetary amount of the goods or services.

Request for payments of partial shipments must be accompanied by a duplicate of the purchase order indicating the item(s) received and then forwarded to the Purchasing Office with the appropriate signatures and date.

A Change Order will be processed to correct any discrepancies between the monetary amount on the invoice and the monetary amount of the processed purchase order, and will be signed by an employee with the appropriate signing authority.

**Tax Exempt Status / Tax Exempt Number**

All purchases made by the City of Callaway are exempt from all state and local use tax. It is the City staff responsibility to ensure that any time an order for goods or services is placed the vendor is provided the City's Tax Exempt I.D. Number. Personal use of the City's Tax Exempt I.D. Number is strictly prohibited. Any employee caught using the City's Tax Exempt I.D. Number for personal use will receive disciplinary action to include, but not limited to, 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 F.S. 775.082, 775.083, or 775.084.

**Tax Exempt Status Granted to Contractor**

The City of Callaway is exempt from payment of sales taxes. As such, it is exempt from the payment of sales tax for the performance of work under construction contracts when it is determined to be in the best interest of the City. Tax agreements, if applicable, will be identified in the bid documents.

**Risk Management Requirements**

The Contractor / Vendor is required to purchase and maintain minimum limits of \$500,000 per occurrence of all liability, which includes general liability and, if applicable, automobile liability.

The Contractor / Vendor agrees to hold the City harmless against all claims for bodily injury, sickness, disease, death or personal injury or damage to property or loss of use resulting from, arising out of the agreement, unless such claims are a result of the City's sole negligence.

The Contractor / Vendor shall purchase and maintain workers' compensation insurance for all workers' compensation obligations imposed by state law and employers liability limits of at least \$100,000 each accident and \$100,000 each employee / \$500,000 policy limit for disease. Even if the Contractor / Vendor is not required by state law to secure workers' compensation insurance, the Contractor / Vendor shall purchase and maintain workers' compensation insurance in order to perform work or provide services to the City of Callaway.

The Contractor / Vendor shall also purchase any other coverage required by law for the benefit of employees. Required insurance shall be documented in the Certificates of Insurance and shall be provided to the City Purchasing Office.

**Vendor Dispute Resolution Procedures**

In the event a dispute occurs between a vendor and a City Department the vendor shall submit a written statement via certified mail no later than 45 day from the time when the invoice was submitted to the City specifying the nature of the dispute regarding payment of the invoice.

In the event a City Department has a dispute with an invoice submitted by a vendor, the appropriate Department Head will send a written statement, via certified mail, not later than thirty days of the receipt of the improper invoice, to the vendor specifying the reasons for the dispute. A copy will be provided to the City Manager and the Purchasing Office. The Department Head should request the vendor respond within fifteen days of receipt of the certified letter indicating their agreement or disagreement with the letter.

Any dispute unresolved at the Department level will be reviewed by the City Manager, or his designee. Within ten days of being presented with an unresolved dispute the City Manager will recommend a final decision on the matter and inform the Department Head and vendor (via certified mail).

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# **CITY OF CALLAWAY**

## **PURCHASING CARD**

### **POLICY**

### **MANUAL**



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### **Purchasing Card Procedures**

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- A. PURPOSE.** These procedures have been developed to provide guidance and establish standards for the processes relating to the proper use of the City of Callaway Purchasing Card. The goals of the purchasing card program include:
1. Providing an efficient and cost effective method of purchasing and paying for goods and services required by the City's departments;
  2. Receipt of rebates from the issuing bank based upon dollar volume of total purchases;
  3. Ensuring Purchasing Card purchases are in accordance with the City of Callaway purchasing policy;
  4. Reducing the time and money spent processing low dollar transactions;
  5. Increasing the potential "float" on funds by reducing the number of payments issued;
  6. Increasing management information on purchasing histories;
  7. The ability to set and control purchasing dollar limits;
  8. The ability to control purchases to specific merchant categories and vendors; and
  9. Providing for disciplinary action if the purchasing cards are misused.
- B. SCOPE.** These procedures will apply to all City of Callaway employees participating in the program.
- C. BACKGROUND.** The City of Callaway has adopted these procedures to simplify the purchasing process for obtaining supplies, materials, services, and equipment by making available to certain City employees the authority to make purchases directly through a "Purchasing Card" system.
1. The City has two types of Purchasing Cards that are suitable for our various staff and management functions. The type one is a "general operating card" to be used by City's departments to purchase operating supplies, materials, and services for business purposes. In addition to type one uses, the second type of card, a "ghost card" will be used in Accounts Payable to pay for purchases made in accordance with the City's purchasing policies, for which the vendor accepts payment by the Purchasing Card.
  2. Certain controls have been developed for the Purchasing Card. These controls are designed to ensure that cards are used only for specific purchases and within specific dollar limits. Purchases which are made with a City authorized Purchasing Card are still required to have a properly authorized Purchase Order approved by the Department Head. All purchase orders which exceed \$999 require the approval of the City Manager.

- D. **CARD DESCRIPTION.** The face of the Purchasing Card includes: The City of Callaway, name of the cardholder, an account number, an expiration date and the bank's name.
- E. **PURCHASING CARD TYPES.** There are two types of cards. The card type determines the applicable expenditure limitations and appropriate card uses as follows:
1. **TYPE ONE:** Type one Purchasing Cards are plastic cards issued to City of Callaway, Department Heads and other employees who frequently purchase goods or services. For type one cards, the maximum invoice limit shall be \$999.00 per invoice unless a higher limit is approved by the City Manager and an individually established billing cycle limit based on the needs of the cardholder. Purchases may include multiple items, but the aggregate invoice cannot exceed \$999 (or the Cardholder's limit if different than \$999). Single purchases exceeding \$999 must be pre-approved By City Manager/designee. Purchases may not be split or staggered to stay within the aggregate purchase limit.
  2. **TYPE TWO:** A type two "Ghost Card" (number only) will be issued to the Accounts Payable Department. In addition to type one uses, the type two card will be used to pay for larger purchases made in accordance with Commission awarded contract or bids and capital equipment, (including computers, software, furniture and other items). The Accounts Payable Department will check with vendors who have issued regular invoices to determine if they will accept payment by the City's purchasing card. If so, the payment will be processed on the type two card which is issued to the Accounts Payable Department. Purchase limits for type two cards shall be established by the City Manager on an annual basis.
- F. **DEFINITIONS**
1. **Bank** - The financial institution, which has entered into an agreement with the City of Callaway to provide the Purchasing Card Program (currently Regions Bank).
  2. **Billing Cycle** - The monthly billing period that begins on a set date of each month and ends on the same date the following month.
  3. **Capital Equipment** - Assets with a cost of \$1,000.00 or more per item and having a useful life of one year or more, including but not limited to furniture, equipment, vehicles, computer hardware, and software.
  4. **Cardholder** - The employee responsible for making purchases for the City of Callaway.
  5. **Cardholder Acceptance** - The terms and conditions of the card issue that define Cardholder use of the purchasing card.
  6. **Ghost Card** - A type two purchasing card number issued to the Assistant to the Finance Director.
  7. **Merchant Category Code (MCC) Limit** - A method to control allowable spending. All merchants are assigned an industry-specific MCC code, which the City can restrict from

~~Purchasing Card access. Once an MCC code is blocked, attempted purchases from all merchants within that category will be declined.~~

8. **Monthly Limit** - The maximum dollar value of charges a Cardholder is authorized to make during the billing cycle.
9. **Purchasing Card** - A plastic charge card issued to an employee for the purpose of making authorized purchases on the City's behalf.
10. **Single Invoice Limit** - The maximum value of charges a Cardholder is authorized to make during a single transaction.

**G. PROCESS OVERVIEW:**

1. The City Manager or Designee will authorize the issuance of a Purchasing Card to an employee.
2. The Finance Director orders the card and coordinates issuance of a Purchasing Card to an employee.
3. A purchase order is obtained prior to any purchase by a Purchasing Card.
4. A Cardholder orders goods or services for purchase from a vendor who accepts Visa.
5. The vendor processes the card information to obtain authorization for the purchase.
6. The Bank verifies the account number and spending control limits on the card.
7. The Cardholder receives the merchandise and a copy of the receipt.
8. The Cardholder signs or initials the receipts and delivers it to the Purchasing Clerk who matches it to an approved purchase order.
9. When an invoice is received for the merchandise, it is forwarded along with the delivery receipt and purchase order to Accounts Payable.
10. The vendor receives payment for the merchandise within 3 days.
11. The City receives a monthly memo statement from the Bank.
12. The Assistant to the Finance Director reconciles all purchases and credit activity to the memo statement and records the ACH payment which the bank will draft from the City's checking account.
13. The payment register is forwarded to the Director of Finance for final authorization and committing of the electronic payment batch.

**H. RESPONSIBILITIES:**

1. **Cardholder** is responsible for the following:
  - a. Holding and securing the Purchasing Card and card number;
  - b. Obtaining a purchase order for all purchases;
  - c. Buying supplies and services;
  - d. Informing vendor of tax-exempt status prior to processing sale transaction;
  - e. Collecting and saving sales receipts;
  - f. Receiving and promptly inspecting all ordered materials and services;
  - g. Reporting discrepancies to vendor;
  - h. Reporting lost, stolen, or compromised cards to the Purchasing Card Administrator within 24 hours;
  - i. Disputing unauthorized transactions using the appropriate dispute form;
  - j. Reviewing/verifying charges with the Purchasing Clerk;

- ~~k. Ensuring that sufficient budget is available for purchases made;~~
  - l. Complying with City of Callaway's purchasing policy rules and procedures.
2. ***The Accounts Payable Clerk*** is responsible for the following:
- a. Reviewing & reconciling the monthly statement;
  - b. Assisting in the handling of disputed items;
  - c. Preparing the (electronic) payment request;
3. ***The City Manager*** is responsible for the following:
- a. Approving purchasing card holders and establishing appropriate limits;
  - b. Evaluating the need to cancel or reissue cards;
4. ***The Purchasing Clerk*** is responsible for the following:
- a. Training Cardholders;
  - b. Maintaining program policy and procedures, Cardholder guides and/or manuals and all Cardholder Application Forms, and a list of current Purchasing Card holders;
  - c. Pursuing supplier discount opportunities;
  - d. Evaluating Purchasing Card feedback from suppliers;
  - e. Coordinating program policy issues;
  - f. Participating in resolving billing disputes;
  - g. Ensuring compliance with all City of Callaway's policies and procedures and recommending disciplinary action to the Finance Director.
  - h. Collecting revoked cards from Cardholders.
5. ***The Finance Director*** is responsible for the following:
- a. Requesting cards for approved holders;
  - b. Organizing the issuance and cancellation of cards;
  - c. Monitoring internal controls and report infractions to the City Manager;
  - d. Assisting in ongoing program reviews;
  - e. Monitoring the program's aggregate monthly spending relative to the aggregate established credit limit with the Bank for potential required increases.
  - f. Conducting periodic audits and reporting findings.
  - h. Activating and deactivating purchasing cards
  - i. Approving the Payment Request Form.
6. ***The Bank*** is responsible for the following:
- a. Paying suppliers;
  - b. Provide electronic access to account information;
  - c. Providing via online monthly statements and reporting information;
  - d. Providing customer service.
  - e. Issuing 1099's to vendors paid with the P- card.

## I. PROCEDURES FOR OBTAINING AND USING THE PURCHASING CARD:

### 1. *Requesting a Purchasing Card*

- a. All requests for Purchasing Cards must be submitted by the Department Head to the City Manager on a Purchasing Card Application Form. No credit checks will be made against individual cardholders. The City Manager/designee must approve all requests for Purchasing Cards before a credit card is issued.
- b. At the time of the request, the Department Head must decide the account/center coding(s) under which the cardholder is authorized to expend.
- c. The approved request is forwarded to the Finance Director to coordinate the issuance of the Purchasing Card with the bank.
- d. The Bank issues the Purchasing Card and mails it to the cardholder, who must sign the back of the card.
- e. The Cardholder must sign the Cardholder Acceptance form and receive a copy of the City's Purchasing Card Policy Manual.
- f. The Cardholder Agreement form will be retained by the Finance Director.

### 2. *Modifying Purchasing Card Limits*

- a. All requests for modifications to Cardholder limits must be submitted by the Department Head to the City Manager in writing.
- b. Upon approval, the City Manager will forward the request to the Finance Director who will submit it to the Bank for processing.

### 3. *Using the Purchasing Card – General Information*

- a. **Placing Orders:** The Cardholder may pick up supplies or services, or place an order for these by telephone, facsimile or electronically. Internet purchases must be made over a secured transmission.
- b. **Back Orders:** The Cardholder must confirm that the vendor will charge the Purchasing Card when shipment is made so that receipt of the supplies may be certified on the monthly statement. (This is also a requirement of the vendor's contract with Visa). The supplies or services must be immediately available for pick up, shipment or delivery within the monthly billing cycle. The order should not be placed without this assurance. **No back ordering** is allowed when using the purchasing card.
- c. **Prohibited Purchases:** The Purchasing Card is to be used for City of Callaway authorized purchases only. Purchases for Federally funded projects are prohibited unless specifically approved on a named grant basis (some grants may not allow for this type of purchasing). The Purchasing Card cannot be used for any personal use. The cardholder is the only person authorized to use the assigned Purchasing Visa Card.

The following supplies and services **shall not be purchased** with the Purchasing Card:

1. Personal Items
2. Cash Advances
3. Gas and Oil Products (unless purchased for a City owned or leased vehicle)
4. Personal telephone calls
5. Items Stocked in the City's inventory

6. **Meals or Entertainment unless specifically allowed and pre-approved**
  7. **Capital Building Repairs under contract with type 1 cards**
  8. **Capital Equipment with type one card**
  9. **Medical Services**
  10. **Legal Services with type 1 cards**
  11. **Gifts or Gift Certificates unless specifically approved in the budget or grant**
  12. **Annual Contracts with type 1 cards**
  13. **All other supplies or services that may be prohibited by the City's Purchasing Policy**
- d. **Dollar Limits:** A purchase may consist of multiple items, but the total invoice (including shipping) cannot exceed the Cardholders single purchase limit. All purchases on type one cards over \$999 must be pre-approved by the City Manager. The single purchase limit for type two cards is \$100,000 approved by Commission. Charges for purchases shall not be split or staggered to stay within the single purchase limit.
- e. **Sales & Use Tax:** The City of Callaway is exempt from paying any State of Florida sales and/or use tax. It is the responsibility of the Cardholder to make the vendor aware that the transaction will be tax exempt prior to processing the sale. If the Florida vendor charges sales tax, the Cardholder must contact the vendor and obtain a credit equal to the amount of the sales tax. It is not permitted under these procedures for a vendor to issue cash to settle a sales tax error. If you have a problem with any vendor about sales or any other tax, please contact the Purchasing Clerk or the Finance Director.
- f. **Documentation:** For all transactions, the Cardholder must retain the original customer's copy of the summary charge slip, along with the detail receipt, which identifies every item purchased and the corresponding item cost. For telephone or internet orders, the Cardholder must retain the receipt and/or packing slip.
- g. **Missing Documentation:** Where supporting documentation is missing, the Cardholder must contact the vendor and request a duplicate receipt. If the Cardholder is still unable to obtain documentation the cardholder must contact the Purchasing Card Administrator. Failure to provide adequate documentation will result in disciplinary action and employees may be required to reimburse the City for unsupported transactions.
- h. **Credits:** When items are returned a receipt must be obtained to verify credit is received.
- i. **Denied Purchase:** The Cardholder must report a denied point of sale or other rejected purchases to the Accounts Payable Clerk. Information to be provided includes Cardholder name and account number, vendor and date of declined sale. The Accounts Payable Clerk shall inquire into the denied sale, take appropriate action and report back to the Cardholder.
- j. **Modification of Merchant Category Codes, (MCC's):** The card holder should report purchases denied due to blocked MCC to the Accounts Payable Clerk at once. Upon review of the denial and blocked code the Accounts Payable Clerk may, at their discretion, request the bank to make a temporary or permanent change to the blocked MCC in question.
- k. **Funding:** A cardholder must follow the city/department's administrative funding procedures to ensure that sufficient funds are available prior to making a purchase.
- l. **Purchase Orders:** Purchases paid for with a purchasing card still require an approved purchase order.

- ~~m. **Compliance:** Use of the Purchasing Card does not relieve the cardholder from complying with Federal, State, Local laws, ordinances, regulations, or City's purchasing policies and procedures. A cardholder may be required to substantiate necessity or official use. Misuse of the Purchasing Card shall be subject to the immediate payment of all improper charges by the card holder and revocation of Purchasing Card privileges. Resolution of situations involving improper use of the Purchasing Card will be handled by the appropriate authority in accordance with City's Purchasing Policies and Procedures. Misuse may result in penalties up to and including termination.~~
- n. **Questions:** Questions regarding Purchasing Card procedures should be directed to the Purchasing Clerk.
4. **Reconciling Monthly Statements**
- a. **The Bank** will provide the City with monthly memo statements, via their "iStatement" on line system, for verification of charges and reconciliation approximately 1-2 days after the end of each billing cycle.
  - b. **The Assistant to the Finance Director** must verify receipt of goods or services for all purchases on the monthly memo statement and match transactions to corresponding supporting documentation (such as invoices, charge slips, receipts and packing slips) and verify that all credit transactions were processed to the statement.
  - c. **The Assistant to the Finance Director** must verify that all purchases and credits are correctly entered into the City's accounting system.
  - d. **The Assistant to the Finance Director** prepares the Payment Request Form and submits it to the Finance Director along with any documentation as requested.
  - e. **The Purchasing Clerk** approves the Payment Request Form, certifying that all transactions have been made for a proper public purpose and in accordance with the procedures manual.
  - f. **The Finance Director** approves and commits payment of the statement in the City's accounting system.
5. **Payment**
- a. The vendor is paid by the bank within 3 days of the receipt of goods or services.
  - b. The City will pay the consolidated billing statements within 10 days from the receipt of the statement. The City of Callaway retains the right to dispute a charge up to 60 days after the statement date in which the transaction occurred.
6. **Resolving Returns and Credits, Disputes and Erroneous Charges**
- a. The Cardholder must attempt to resolve problems directly with the vendor. The vendor must issue a credit for billing errors, Florida sales tax, defective supplies or unacceptable services, returned supplies or canceled orders. This credit should appear on the Cardholder's statement within 60 days. Under no circumstances can the employee accept cash to settle a disputed amount.
  - b. If the Cardholder is unable to resolve the issue with the vendor, or Cardholder's credit does not appear on the monthly statement within 60 days, Cardholder (with assistance from the Assistant to the Finance Director) should contact the Bank's Commercial Card Customer Service Group at 1-888-934-1087 to resolve the matter. This group will Require the Cardholder to fax an Account Holder Dispute Form. A copy of the Dispute Form must also be sent to the Assistant to the Finance Director and the Finance Director.

- c. When an account is in a dispute status, the disputed amount will still be included in calculating the available money for authorizations (monthly limit). However, disputed items are removed from all finance charges, late charges, over-limit fees, past due amounts and payment calculations. Disputes must be brought to the bank's attention promptly to avoid payment of finance charges or payment of improper unauthorized or erroneous amounts.
  - d. After the item has been entered as a dispute, the Bank must determine who is responsible by researching the transaction including requesting a copy of the sales draft when necessary.
  - e. If the problem is resolved between the merchant and the Cardholder while the item is in dispute, the Cardholder should write the solution agreed upon on the bottom of the *Dispute Form* that was previously faxed to the Bank, and fax it to the Bank again as soon as possible. A copy must also be sent to the Assistant to the Finance Director and the Purchasing Clerk.
  - f. If it is ultimately determined that the Cardholder is actually responsible for the transaction, then the questioned amount will be added to the next monthly statement. If the Cardholder is not responsible for the transaction, the dispute is settled for the Cardholder and the charge-back process will be initiated against the merchant by the Bank.
  - g. If there continues to be problems with a particular merchant, the Cardholder should notify the Purchasing Clerk.
7. ***Reporting a Lost or Stolen Purchasing Card***  
If a card is lost or stolen, the Cardholder must immediately notify the Bank's customer service (at 1-888-934-1087) and the Finance Director. The Cardholder must provide the Bank with the purchasing card's 16-digit account number. Access to the card will be immediately blocked, and the Cardholder shall not be responsible for any charges after the card is reported lost or stolen. The Bank will also require the Cardholder to submit written confirmation by fax or by mail of the card cancellation request reported verbally. A replacement card will be issued by the Bank.
8. ***Purchasing Card Termination***
- a. **Employees leaving City Employment:** The Payroll Clerk will immediately notify the Finance Director of terminated employees who hold purchasing cards. The Finance Director is required to notify the Bank to cancel the card of an ex-employee within 24 hours of such termination.
  - b. **Exit Interview:** During the exit interview, the Department Head will obtain the Purchasing Card from the terminated employee. The Department Head must notify the Finance Director when purchasing cards belonging to terminated employees are not returned.
  - c. **Card Returned:** The Department Head must return purchasing cards to the Finance Director.
9. ***Revocation of Card***  
Purchasing Card privileges may be revoked upon the Cardholder's failure to follow the City of Callaway purchasing policy and procedures. The Department Head, the Finance Director,

and the City Manager will coordinate the revocation of Purchasing Cards. The Finance Director will immediately notify the bank to cancel any such cards.

- a. The Department Head will obtain the revoked Purchasing Card from the employee.
- b. The Department Head must return the revoked Purchasing Card to the Finance Director. The Finance Director must destroy revoked cards.

#### 10. *Violations*

Unauthorized purchases will result in disciplinary action up to and including termination and the employee will be required to make payment for any such transaction. When purchases are questioned, the Department Head is responsible for resolving the issue with the Cardholder. If the City Manager is not satisfied that the purchase was necessary and for official use, the Cardholder must provide either a credit voucher proving the item(s) were returned for credit or a personal check made payable to the City for the full amount of the purchase, plus applicable sales tax. Checks must be sent along with the statement to the Purchasing Clerk, with an explanation of why the violation occurred.

The following actions are prohibited:

- a. Purchases of items specifically prohibited by policy;
- b. Purchases that exceed the Purchasing Card limits;
- c. Not reporting lost or stolen cards;
- d. Purchases from vendors that create a conflict of interest (i.e., purchases from companies owned or operated by City employee(s) and/or their relatives, etc.);
- e. Inadequate record keeping and/or documentation of purchases;
- f. Acceptance of cash in lieu of a credit to the statement;
- g. Splitting or staggering of purchases within the single purchase limit.

Failure to comply with this policy may result in employee's removal from the Purchasing Card Program and other disciplinary action as appropriate in accordance with City of Callaway's disciplinary procedures.

**PURCHASING CARD APPLICATION FORM**

EMPLOYEE		PLEASE PRINT COMPANY		
Employee Name		Company Name	City of Callaway	
Business Tel. No.		Company Contact	Director of Finance	
Emp. ID/SS#		Address	6601 E Hwy 22	
Date of Birth		City, State, Zip	Callaway, Florida 32570	
		Telephone No.	850-871-6000	
		LIMITS	BUDGET	
Employee Home Address		Single Trans	Cost Center	
		Monthly Limit	G/L Number	
Employee Home Phone			Dept. Name	
<b>SIGN</b>				
Employee (Print)	(Sign)	DATE		
Department Head	(Sign)	DATE		
City Manager	(Sign)	DATE		
TO BE COMPLETED BY BANK (Please print or type)				
Bank Name:				
<input type="checkbox"/> SPECIAL HANDLING CODES:				
CORP	BIN		TYPE PROD	COM IND
COMPANY #		CENTRAL BILL ACCT #		
CARD TYPE	INST ID	# CARDS	CRED ASSOC	ANNUAL FEE
BILL DAY	BILL CODE	DIVERSION ACCOUNT NO.		
RPT LEVEL IND	RPT HIERARCHY	AUTH LEVEL IND	AUTH HIERARCHY ID	
MCC GROUP	MCC EQUAL IND	SINGLE TXN LIMIT AMT	G/L SUB ACCT	COST CENTER
DAILY SPEND LIMIT AMT	MONTHLY SPEND LIMIT AMT	EMPLOYEE ID	FEE FREQUENCY	
FI APPROVAL			DATE	

**CITY OF CALLAWAY CARDHOLDER ACCEPTANCE FORM**

**I AGREE TO THE FOLLOWING REGARDING THE USE OF THE CITY OF CALLAWAY PURCHASING CARD ASSIGNED TO ME FOR OFFICIAL CITY OF CALLAWAY BUSINESS ONLY.**

1. I understand that I am being entrusted with a powerful and valuable tool and will be making financial commitments on behalf of the City of Callaway and will strive to obtain the best value for the organization.
2. I understand that under no circumstances will I use the Purchasing Card to make personal purchases, either for myself or others. Willful intent to use the Purchasing Card for personal gain or unauthorized use may result in disciplinary actions up to and including termination of employment and prosecution to the extent permitted by law.
3. I will follow purchasing policies of City of Callaway, and the established guidelines for using the Purchasing Card. Failure to do so may result in either revocation of my card privileges or other disciplinary action.
4. I have been provided a copy of the Purchasing Card Policy and Procedures and have been given an opportunity to ask any questions to clarify my understanding of the Purchasing Card Program.
5. I agree to review and reconcile transactions within 72 hours and will maintain all applicable information and receipts.
6. I understand that I am responsible for all charges made against the card.
7. I understand that a lost or stolen card must be reported immediately by telephone to Region Bank (24hours a day 7 days a week, 1-888-934-1087). A report of the lost or stolen card must also be made to the Purchasing Card Administrator by the beginning of the next business day.
8. I understand that I must surrender my card upon termination of employment or transfer and no further use of the card is authorized.
9. I agree that, should I violate the terms of the Agreement, I will be subject to disciplinary action up to and including termination of employment and that I will reimburse the City of Callaway for all unauthorized charges and any costs related to the collection of such charges.

\_\_\_\_\_  
Cardholder Name (Print)

\_\_\_\_\_  
Cardholder Signature

\_\_\_\_\_  
Department Head (Print)

\_\_\_\_\_  
Department Head Signature

\_\_\_\_\_  
Date

Regions Bank Visa Card

**CARDHOLDER STATEMENT OF DISPUTED ITEM**

Date: \_\_\_\_\_ Account # \_\_\_\_\_ Replacement # \_\_\_\_\_  
Merchant: \_\_\_\_\_ Sale Date: \_\_\_\_\_  
Name: \_\_\_\_\_ Amount: \_\_\_\_\_ Reference #: \_\_\_\_\_

Please check the appropriate box, which pertains to your dispute. *Please sign below and return this form within five (5) days of receipt to insure prompt handling.*

- UNAUTHORIZED CHARGE.** I neither made nor authorized the above transaction.
- UNAUTHORIZED CHARGE.** Although I made a purchase with the above merchant, I neither made nor authorized the transaction described above. My card was in my possession at the time of this transaction. The correct charge was \$ \_\_\_\_\_ with a transaction date of \_\_\_\_\_. \*\*Please enclose a copy of the transaction receipt.
- PAID BY OTHER MEANS.** I have attempted to resolve this issue with the merchant. \*\*Please enclose a copy of the transaction receipt and/or a copy of the back and front of the cancelled check.
- MERCHANDISE NOT RECEIVED.** I did not receive the merchandise, which may have been sent by the merchant, nor did anyone authorized by me receive the merchandise. I expected to receive the merchandise on (date) \_\_\_\_\_.
- RETURNED MERCHANDISE.** I returned the merchandise to the merchant. \*\*Please enclose a copy of the credit transaction receipt. In addition, please state in writing that you requested a credit and the reason the merchandise was returned (i.e.: wrong size, color, quantity, etc.)
- DEFECTIVE SHIPPED MERCHANDISE.** I received damaged merchandise in the mail and attempted to return the merchandise on (date) \_\_\_\_\_. \*\*If only part of the merchandise was damaged or by courier, please state the dollar amount of the damaged portion \$ \_\_\_\_\_. Please provide a copy of your return receipt signed by the merchant.
- HOTEL RESERVATION CANCELLED.** I cancelled my hotel reservation. \*\*Please state the cancellation number \_\_\_\_\_ and the date cancelled \_\_\_\_\_. If you do not have the cancellation number, please obtain the cancellation number from the hotel.
- DIFFERENCE IN AMOUNT.** The amount on my transaction receipt differs from the amount on the statement. \*\*Please enclose a copy of the transaction receipt.
- CREDIT POSTED AS A PURCHASE.** A credit transaction posted as a purchase. \*\*Please provide a copy of your billing statement showing the original transaction and a copy of the credit transaction receipt.
- CREDIT NOT POSTED.** I received a price adjustment notice from the merchant on the above transaction. The credit has not posted to my statement, and it has been more than 30 days. \*\* Please enclose a copy of the adjustment notice.
- OTHER.** \_\_\_\_\_

\_\_\_\_\_  
Signature Date

\* Any comments or further explanation should be written on the reverse side of this form.