RESOLUTION NO. 14-513

A RESOLUTION ESTABLISHING A CREDIT CARD POLICY FOR THE TOWN OF MOUNT CARMEL, TENNESSEE.

WHEREAS, there are occasions during the transaction of Town business where using a Town credit card more easily facilitates business; and

WHEREAS, having a credit card requires certain safeguards and restrictions to prevent misuse; and

WHEREAS, the public health and welfare require it;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Mayor and Aldermen of the Town of Mount Carmel as follows:

SECTION I. That the attached "Credit Card Policy" is adopted by the Board of Mayor and Aldermen of the Town of Mount Carmel.

THIS Resolution shall become effective immediately, the public welfare demanding it.

ADOPTED this the 25th day of February, 2014.

LARRY FROST, Mayor

ATTEST:

MARIAN SANDIDGE, Recorder

APPROVED AS TO FORM:

C. CHRISTOPHER RAINES, JR., Attorney

FIRST READING	AYES	NAYS	OTHER
Alderman Eugene Christian	X		
Alderman Wanda Davidson	X		
Alderman Leann DeBord			absent
Alderman Frances Frost	X		
Alderman Carl Wolfe	X		
Vice-Mayor Paul Hale	X		
Mayor Larry Frost	X		
TOTALS	6	0	1

PASSED FIRST READING: February 28, 2014

TOWN OF MOUNT CARMEL
CREDIT CARD POLICY

A WRITTEN POLICY GOVERNING PURCHASES AND THE CONTROL AND USE OF CREDIT CARDS

POLICY: The purpose of credit cards is principally for use in the purchase of lodging, transportation and travel expenses, and registration costs pertaining to training sessions for Town employees and elected officials. Credit cards may be used for other authorized purchases when all other methods of procurement have been exhausted or when it is the only acceptable form of payment by the vendor. Credit card purchases are intended to be small in scope and of a "non-capital" nature and shall not exceed limits established in the Town's Purchasing Procedure Manual. This policy may be amended from time to time by the Board of Mayor and Aldermen.

The Finance Director is responsible for issuing, accounting for, monitoring, retrieving and generally overseeing compliance with the Town of Mount Carmel's Credit Card Policy. Credit cards and the credit card log will be stored in a secure location.

All purchases by Town employees must be approved by their department head. Purchases by Town officials other than the Mayor must be approved by the Mayor.

I. Use of Credit Card

A. The Cardholder must sign out the credit card by filling out the credit card log located at City Hall.
B. The Cardholder must provide the purpose for use of the credit card, who will be making the charges, the vendor's name and purchase total if known, and the date(s) of purchase, in accordance with the Town of Mount Carmel's Purchasing Procedure Manual.
C. The Cardholder is responsible for the credit card and all purchases made while in his/her possession.
D. Only authorized Town personnel and officials can use the credit card.
E. The Cardholder shall take all necessary precautions to keep the card and card number in a secure location.
F. The credit card is to be used for Town purchases only.
G. The Cardholder must be able to justify that the use of the credit card was necessary and for an official Town business purpose.
H. Use of the credit card should be restricted to costs of training such as registration fees, lodging, and travel expenses (gas and meals).
I. The credit card should only be used for purchase of materials if other methods of payment are not feasible or not accepted by the vendor.
J. The Cardholder's department is responsible for all documented charges incurred on the Credit card including service fees and finance charges.
K. Questions regarding the Credit card accounts and procedures should be directed to the Finance Director.
L. The Cardholder must return the credit card to the Finance Director immediately after use and record date and time of return on the credit card log.

II. Cardholder Limits

A. Town employees and officials may be Cardholders in accordance with this policy.
B. The maximum dollar amount for a single purchase shall not exceed $200 without written authorization from the mayor as stated in the Town's Purchasing Procedure Manual.

C. The Finance Director will maintain a list of credit cards owned by the Town including established credit limits and expiration dates.

D. Established credit card limits will be reviewed periodically by the Finance Director and increased or decreased, if deemed necessary, upon written approval by the Mayor.

III. <u>Documentation</u>

A. Documentation must be retained as a proof of purchase any time a purchase is made using the credit card.

B. Purchase Orders must be filled out completely in accordance with the Town's Purchasing Procedure Manual prior to all purchases.

C. Documentation showing a purchase total only is <u>not</u> acceptable. Receipts must show exactly what was purchased in detail and the price for each item.

D. The Cardholder must sign receipts whenever possible.

E. If a receipt has charges for more than one Town employee or official, the charges must be clearly identified with each individual's name.

F. If, for any reason, documentation for a transaction is not available from the vendor, the cardholder must complete a "Missing Receipt Affidavit" and submit it to the Finance Department for review. This is not an acceptable routine practice and will be monitored closely.

IV. <u>Card Restrictions</u>

A. The following uses of a Credit card are strictly prohibited:

1. Cash Advances.
2. Personal purchases. A Cardholder may not charge any personal items on the Town Credit card.
3. Alcoholic Beverage purchases.
4. Entertainment of any kind that is illicit or pornographic.

B. The Cardholder shall comply with any applicable departmental restrictions on usage.

C. The Cardholder shall not violate the Town's Purchasing Policy, when using the Town credit card.

V. <u>Reconciliation and Payment</u>

A. The Cardholder must submit a supporting documentation to the Financial Director within three (3) days of usage.

B. All Purchase Orders must be completed fully and signed by the employee and/or the department head and the Mayor, if necessary prior to the purchase.

C. The Finance Director will reconcile the monthly billing statement and verify that documentation has been submitted for all charges.

D. Payment will be made promptly before the due date to avoid service or finance charges.

E. The Finance Director will research any discrepancies and contact the appropriate employee and/or department head.

F. Any employee not responding promptly to the request for information from the Finance Director delays the timely monthly payment of the Credit Card Account. Said employee may be assessed the finance charges imposed by the issuing financial institution.

VI. <u>Disputes</u>

A disputed item could result from numerous circumstances including defective purchases and unauthorized use. The proceeding steps should be taken when an item is being disputed:

A. Whenever possible, return item(s) to Vendor for replacement or credit.

B. If Vendor refuses to replace the item(s) or credit the account, complete the "Statement of Disputed Item" form.
C. If unauthorized charges occur, complete the "Statement of Disputed Item" form.
D. Contact the Finance Director who will contact Customer Service or send written correspondence to the Credit Card Company within thirty (30) days.
E. Forward a copy of the "Statement of Disputed Item" form to the Finance Director.

VII. Lost or Stolen Cards

Should any Cardholder lose, suspect of having lost or have their Credit Card stolen, it is their responsibility to immediately notify the Finance Director of the loss.

VIII. Termination/Resigning Employees

A. Credit cards, any receipts, and any other related forms are to be returned to the Town immediately upon ending employment with the Town.
B. Elected City Official(s) must return the credit card to the Finance Director after each purchase along with any receipts, and any other related forms as required by the Town's Purchasing Procedure Manual.

IX. Policy Violations

Failure to follow this policy may result in loss of Cardholder privileges and, for employees, may result in disciplinary action, including termination of employment or legal action

TOWN OF MOUNT CARMEL

MISSING RECEIPT AFFIDAVIT

I, ______________________________________ have either misplaced or not received a receipt for a card purchase.

This form is submitted in lieu of the original receipt.

Vendor Name: ____

Transaction Date: ______________________ Amount: $_____________________________

Items Purchased: ____

____

____

I certify that the goods shown above were purchased for the Town of Mount Carmel's operating purposes as outlined in the policies and procedures for card use.

Cardholder signature: _______________________________**Date:** ______________________

Department Head: _________________________________ **Date:** ______________________

Town of Mount Carmel
CREDIT CARD USER AGREEMENT

I have received the Town of Mount Carmel Credit Card Policy. I understand the procedures and requirements for using the credit card and for providing the required documentation for each transaction made on these cards.

I understand that any violation of the terms of this agreement may result in disciplinary action, up to and including termination of employment. I understand that where allowed by State and Federal law the Town may deduct from my compensation the money amount equal to the total of any discrepancies, of the total amount of any personal gain, and/or of any fees related to the collection of such money. I understand that the Town may elect to collect this money and make also recover the reasonable costs of said collection, even if the Town no longer employs me.

______________________________ ______________________________

Employee/Official Name (print) **Department**

______________________________ ______________________________

Employee/Official Signature **Date**

Town of Mount Carmel
Credit Card
Statement of Disputed Item

Instructions: You should first make a good-faith effort to settle a claim or disputed charge directly with the vendor. If unable to resolve the dispute with the vendor, complete this form and fax to the Credit Card Issuer. Forward a copy of this statement to the Finance Division if you are not satisfied with the results of the Credit Card Issuer.

Send form to: ____________________________
____
____
____

Cardholder Name: ______________________ Account Number: ____________________________

This charge appears on our statement (billing close date): ________________________________

Transaction Date: _________________________ Reference Number: _______________________

Vendor Name: ____

Posted Amount: ____________________________ Disputed Amount: _______________________

Please check only *one* of the following:

○ **Unauthorized Transaction**
I did not authorize, nor did I authorize anyone else to engage in this transaction. No goods or services represented by the above charge were received by me or anyone I authorized. My credit card was in my possession at the time of the transaction.

○ **Charge amount does not agree with the order authorizing the charge**
The amount entered on the sales receipt was changed from $______________ to $___________.
I have enclosed a copy of the unaltered sales receipt.

○ **Merchandise or Services Not Received**
I have not received the merchandise or services represented by the above transaction. The expected delivery date or services was _________________ . (On city letterhead, please describe any attempts to resolve this matter with the vendor, the date(s) you contacted them and their response.)

○ **Disputed Transaction**
I did engage in the above transaction, which I am now disputing. I have contacted the vendor, but I have been unable to return the merchandise and /or I have been unsuccessful in reaching an acceptable resolution with them. (On letterhead, please describe your attempt to resolve this matter with the vendor, the date(s) you contacted them and their response.)

○ **Double or Multiple Charges**

My credit card account has been doubled charged. The first charged appeared on the ___________ (date) billing statement.

○ **Defective or Wrong Merchandise**

I returned the merchandise on_______________ because it was: (check one)

____defective ____wrong size ____wrong color ____wrong quantity

(Please enclose proof of return)

Other (Explain): ____

____

____

______________________________________ ________________________

Cardholder **Date**

THE TOWN OF

MOUNT CARMEL

100 East Main Street • P.O. Box 1421 • Mount Carmel, Tennessee
37645
(423) 357-7311

PURCHASING PROCEDURE MANUAL

PURCHASING PROCEDURE MANUAL

I. INTRODUCTION

1.1 **PURPOSE OF MANUAL:** This Manual is intended primarily to serve as a policy for the procurement of materials, supplies, equipment and services for the Town of Mount Carmel. It is to be referred to by all departments during the purchasing process.

1.2 **CONTENTS OF MANUAL:** The procedures and policies to be followed when engaging in any facet of the procurement process are found in this Manual. Should any situation arise which is not covered in the following pages, it shall be dealt with as good business practices warrant. However, approval of the Town Administrator should be obtained in non-covered circumstances.

1.3 **REVISIONS:** From time to time, there may be revisions and/or additions to this Manual, subject to the approval of the Board of Mayor and Aldermen. Check to see that you are following the latest edition.

II. CODE OF ETHICS

2.1 Every person engaged in procurement for the Town of Mount Carmel shall act to procure equipment, materials, supplies, and services at the lowest price, in a timely manner, in the proper quality, quantity, and reliability to meet the demands of the Town.

2.2 Town employees and members of their family shall not accept or solicit gifts or gratuities offered because of the employee's duties, functions or responsibilities as an employee of the Town. This does not pertain to gifts of a general commercial advertising nature having a small value (less than $10.00) or to food and drink consumed by the employee at the time of receipt at an appropriate social or Town business occasion. (See Mount Carmel Municipal Code §4-201 and §4-206.)

2.3 No employee or agent of the Town of Mount Carmel shall participate in any procurement decision which affects his/her personal financial interest or the interest of his/her immediate family or of any corporation, partnership, or association of which he/she is a partner, member, creator, or stockholder. (See Mount Carmel Municipal Code §4-201 and §4-206.)

2.4 No contractor, vendor, or potential contractor or vendor shall bribe, coerce, or attempt to bribe, coerce, or otherwise improperly influence an employee or agent of the Town of Mount Carmel. Any attempt to do so must be reported to the Town Administrator.

III. PURCHASE ORDERS

3.1 **a.** REQUISITION/PURCHASE FORM: The Requisition/Purchase Order form is to be completed by the department wishing to purchase supplies, material, or equipment. It authorizes procurement of these items and charges them against the appropriate designated account. It is also a statement that the items being requested are necessary for the proper operation of the Town of Mount Carmel and the funds for these items are appropriated in the current budget. Once the Requisition/Purchase Order is completed and has an authorized signature, it is then sent or delivered to the vendor. A Requisition/Purchase Order is required from all departments when ordering materials, supplies, and equipment from vendors except for the following instances:

> regular lease purchase payments, monthly utility billings, routine fund transfers, bonding transfers, insurance premiums, intergovernmental transfers, monthly service contracts, (e.g., copier, computers, waste collection, professional services, etc.)

b. AUTHORIZED SIGNATURE. The Requisition/Purchase Order form must bear the signature of the Town Administrator, or his designee(s). Exceptions are made for purchases under $200.00 and for emergency purchase orders. **Emergency** is defined as a situation where lives and/or property are at stake.

3.2 WHEN PREPARING ALL REQUISITION/PURCHASE ORDER FORMS DEPARTMENT HEADS SHOULD INCLUDE:

a. Requisition date and requesting department;

b. Requested by: insert name of person making the request;

c. Quantity: the amount or number of materials or supplies to be ordered;

d. Name and address: of the vendor if possible;

e. Description: this column should clearly state the description of the item(s) desired. Any information such as model number, type, or catalog number, brand name, color if required, etc. should be included. It is important that all items be described as completely as possible so that there is no confusion when ordering merchandise;

f. Account number: insert the proper account number (fund, department, line item to which the merchandise is to be charged). ***Double check to make sure the account number is correct, that funds were budgeted, and that the budgeted funds are still available.*** (This is especially important in the final quarter of each fiscal year.)

g. Unit price and amount: provide an estimated cost for the merchandise. The requisition must include (at a minimum) an estimated price.

3.3 The Requisition/Purchase Order form is to be completed in quadruplicate. The requesting department receives the yellow copy, the white copy is sent to the vendor, and the pink and gold copies are returned to the Account Payable Department. Accounts Payable will attach invoices to the pink copy of the purchase order and prepare for payment including verification of the amount and the account number.

3.4 SMALL PURCHASE ORDERS. Department Heads are authorized to initiate purchases for $200.00 or less depending on Town finances and/or department finances as determined by the Town Administrator. All conditions under 3.2 must be met. Open purchase orders are not permitted.

3.5 SPECIFICATION. Accounts Payable may request that the requesting department furnish specifications for its requirements. The determination of the quality and quantity of the goods to be purchased shall rest with the Department Head. In case of any disagreement, the Town Administrator shall have the authority to resolve the disagreement.

3.6 SOLE SOURCE SUPPLIES. When inquiry and investigation reveals there is only one source of procurement of supplies or materials, there need not be a formal bid, but the Requisition/Purchase Order form should be noted ***"Sole Source"*** and the Order should be signed by the Department Head or his designated representative directly under the notation. Purchases over $1,000.00 must be reported to the Board of Mayor and Aldermen (See Mount Carmel Municipal Code §1-803(2).)

3.7 EMERGENCY PURCHASE. During emergency situations Purchase Orders for materials and supplies may be completed after-the-fact. The emergency procedure is not intended to, nor will it be allowed to, correct poor planning. (See Mount Carmel Municipal Code §1-803(3).) Purchases over $1,000.00 must be reported to the Board of Mayor of Aldermen.

IV. RECEIVING

4.0 RECEIVING OF SUPPLIES, MATERIALS, and EQUIPMENT:

4.0.1 Whenever possible, merchandise will be delivered to the department.

4.0.2 When the merchandise is received, it will, in the case of complete shipments, be marked ALL GOODS RECEIVED, APPROVED TO PAY with signature and date on the packing slip. The packing slip copy of the Purchase Order will be sent to Accounts Payable.

4.0.3 In the case of partial shipment, the pink copy will remain in the ***pending file*** until all merchandise has been received, or until the remainder of the order is cancelled, at which time both the pink copy of the Purchase Order and all of the invoices will be processed for payment.

4.0.4 When merchandise is received for another department at City Hall, that department will be called. All merchandise must be picked up within two (2) working days of delivery.

4.1 VENDOR PAYMENT, INTERNAL ACCOUNTING PROCEDURES: Upon receipt of invoices, Accounts Payable will check the ***pending file*** for complete documentation. Accounts Payable will check for pricing errors, errors in the total, as well as the department and account number.

4.2 WHEN MERCHANDISE HAS NOT BEEN RECEIVED: The ***pending file*** will be researched before the issuance of any check for any invoices or receiving reports for which all of the paperwork is not in. When the unpaid invoice remains in the ***pending file*** for thirty (30) days, Accounts Payable will research the matter. The same will hold true for merchandise received but not invoiced.

V. SMALL PURCHASES

5.0 SMALL PURCHASES:

5.1 Application: The provisions of this Manual apply to the procurement of services, construction or items of tangible personal property having a value not exceeding Five Thousand Dollars ($5,000.00). The methods of procurement set forth provide alternatives to the competitive bid and competitive proposal methods of procurement. If the procurement methods set forth in this Manual are not used, the competitive bid or competitive proposal methods shall apply.

5.2 Division of Requirements: Procurement requirements shall not be artificially divided so as to constitute a small purchase under this Section. (See Mount Carmel Municipal Code §1-803(1) and (4).)

5.3 Competition for Small Purchases between $1,000.00 and $5,000.00:

5.3.1 Procedure:

a. Insofar as it is practical for small purchases of services, construction or items of tangible personal property having a value between One Thousand Dollars ($1,000.00) and Five Thousand Dollars ($5,000.00), the Department Head is required to contact at least three (3) vendors for written or oral offers before selecting a vendor.

b. Prior to award, the contents of any quotation ***shall not be*** disclosed to anyone.

c. Quotations from businesses may be obtained by telephone and written documentation of the business name, items, quotes, and dates must be attached to the Purchase Order before it is submitted to the purchasing agent. The purchasing agent shall disregard all quotations submitted by Department Heads whenever there is any indication that Subparagraph b., above, has been violated.

5.3.2 Award:
Award shall be made to the vendor offering the lowest and best acceptable quotation. Whenever possible, purchase will be made from vendors from Mount Carmel, then Hawkins County, and then other areas.

5.3.3 Records:
The names of the vendors submitting quotations, the date and the amount of each quotation shall be recorded and maintained as a public record. Department Heads shall be responsible for maintaining these records.

5.3.4 Request for proposals and bids are subject to review by the Recorder:
The Recorder is responsible for compliance to purchasing regulations and State law. Therefore, the Recorder will be responsible for the distribution of all requests for sealed bids or proposals over Five Thousand Dollars ($5,000.00). The Town Administrator shall be responsible for the final processing and the Department Heads are responsible for following this procedure.

VI. PROFESSIONAL SERVICES

6.0 Procurement of Professional Services:
Application: The Town Administrator may procure professional services having a value not exceeding Twenty Thousand Dollars ($20,000.00).

VII. BIDS

7.1 When Competitive Sealed Bids or Written Invitations for Quotations are Required: Any purchase which exceeds Five Thousand Dollars ($5,000.00) will require advertisement and competitive bids. (See Mount Carmel Municipal Code §1-803.)

7.2 Invitations for Sealed Bids or Written Quotes: The Recorder in consultation with the Town Administrator and the Town Attorney, shall approve all invitations for bid, which shall contain:

7.2.1 The specifications for the services, construction or items of tangible personal property to be procured;

7.2.2. Contractual terms and condition applicable to the procurement;

7.2.3 The location where bids or quotes are to be received; and

7.2.4 Date, time, and place of the bid or quote opening.

7.3 Bidders: Any vendor requesting an invitation for a bid package shall, at the time of the request, provide to the purchasing officer its current mailing address.

VIII. PROPOSALS

8.1 Competitive Sealed Proposals: Competitive sealed proposals may be used when:

8.1.1 Procuring professional services; or

8.1.2 When the Town Administrator determines that the use of a competitive sealed proposal is advantageous to the municipality and the cost is expected to exceed Five Thousand Dollars ($5,000.00).

8.2 The Competitive Sealed Proposal Method differs from competitive sealed bidding in three (3) important ways:

8.2.1 The proposal may or may not include price;

8.2.2 It permits discussions with competing offers and changes in their proposals including price; and

8.2.3 It allows comparative judgmental evaluations to be made when selecting among acceptable proposals for award of the contract.

8.3 Request for Proposals: Competitive sealed proposals are solicited through a request for proposals and shall include the same material that invitation for bids includes.

8.4 Receipt and Registration of Proposals: Proposals may be opened publicly or may be opened in the presence of one or more witnesses. Proposals should be held in a secure place until the established due date and time. Proposals shall not be open to public inspection until after award of the contract.

IX. GENERAL POLICIES

9.1 Public Notice: The request for proposals or competitive sealed bids shall be published not less than ten (10) calendar days prior to the date set for the receipt. The request for bids or proposals must be published once in a newspaper of general circulation in the Town.

9.2 Brand Name or Equal Specifications: Where brand name or equal specifications is used in a solicitation, the solicitation shall contain explanatory language that the use of the brand name is for the purpose of describing a standard of quality, performance and characteristics desired and not intended to limit or restrict competition.

9.3 Procurement Under Existing Contracts: Department Heads and the Town Administrator may contract for services or construction of items of tangible personal property without use of competitive sealed bids or competitive sealed proposals, as follows:

9.3.1 With a vendor which has a current contract or price agreement with the State of Tennessee purchasing agent or central purchasing office for the items, services or construction meeting the same standard specifications as the items that are to be procured if the following conditions are met:

a. The quantity purchased does not exceed the quantity which may be purchased under the applicable contract; and

b. The Purchase Order adequately identifies the contract relied upon by number, if applicable, or by other appropriate reference. (See Mount Carmel Municipal Code §1-801.)

9.4 Award to Other Than Low Bidder: When the award is given to other than the lowest priced bidder, a full and complete statement of reasons must be prepared and filed with all papers relating to the rejection of the lowest priced bidder. The statement shall be submitted to the Board of Mayor and Aldermen for approval prior to any public award release.

NOTE: In-state preference of 5% may be allowed for all Tennessee based vendors.

9.5 Rejection of Bids: The Town reserves the right to accept or reject any or all bids, whether informal or formal, and to waive informalities.

9.6 Table of Major Points of Purchasing Procedure Manual

Cost of Goods/Service	Department Head	Accounts Payable	Town Administrator	Town Attorney	Town Recorder	Board of Mayor and Aldermen
$ 0.00 - $ 200.00	Signs Purchase Order	Processes Payments				
$ 200.01 - $ 999.99	Obtains 3 quotes (written, fax or oral)	Processes Payments	Signs Purchase Orders			
$1,000.00-$4,999.99	Prepares Requirements & Specifications. Obtains 3 quotes (written, fax or oral)	Reviews the 3 quotes, prior to issuance of Purchase Order, Process Payments	Signs Purchase Orders		Preserves Records of Sole Source Suppliers	Receives Report, on Sole Source Suppliers
$5,000.00 and over	Prepares Requirements & Specifications, Sends bid forms to likely bidders	Process Payments	Prepares and Approves Specifications, Sends bid forms to likely bidders, Signs Purchase Orders	Approves Specifications	Advertises for and opens bids	Approves Purchases