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**CITY OF MARTINSVILLE  
ADMINISTRATIVE REGULATION**

**Regulation Title:** Purchasing Card (PCard) Program

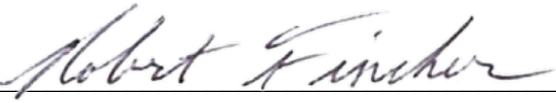
**Effective Date:** August 1, 2025

**Issued By:** Office of Budget and Procurement

**Last Reviewed:** July 1, 2025

**To:** Department Directors/Managing Supervisors

**Regulation Number:** 7.28

Approved:   
Robert Fincher, Acting City Manager

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**SUMMARY OF CONTENTS**

1. Purpose.....	2
2. Scope.....	2
3. Definitions.....	2
4. Responsibilities.....	3
5. Card Issuance and Training .....	4
6. Purchasing Guidelines .....	4
7. Making and Documenting Card Purchases.....	5
8. Declined Transactions.....	6
9. Purchasing Returns .....	6
10. Sales Tax Compliance.....	6
11. Card Security and Lost or Stolen PCards .....	6
12. Monthly Bank Statements and Records Management.....	7
13. Requesting New PCard or Changes to Existing Account.....	8
14. Unauthorized Use of the PCard .....	8
15. Disputed Items .....	9
16. Termination Clause.....	9
Appendix A: Purchasing Card Cardholder Agreement .....	10

## 1. PURPOSE

The purpose of the City of Martinsville Purchasing Card (PCard) Program is to provide a cost-effective and efficient method for purchasing small-dollar goods and services while maintaining compliance with applicable procurement laws, competition requirements, and delegated purchasing limits.

This policy outlines the rules and procedures governing the City's PCard Program. Cards may be issued to authorized employees as an alternative to the traditional purchase order and vendor payment process. Participation is a privilege extended to employees who agree to comply fully with the policy.

The PCard Program is based on trust between the City and its Cardholders. Cardholders are accountable for all transactions made using their card. Misuse or violation of this policy may result in reimbursement of unauthorized expenses, disciplinary action (including termination), and potential legal action. Cardholders are expected to act with integrity, professionalism, and fiscal responsibility.

## 2. SCOPE

This policy applies to all City departments and agencies that issue PCards and to all employees who are authorized to use them. All PCards are subject to the requirements of this policy and must be used in accordance with state law and the City of Martinsville's procurement regulations.

This policy also governs any employee who currently holds, or may be issued, a credit card for which the City is financially responsible. Any such cards must be transitioned into the PCard Program and will be governed by this policy.

## 3. DEFINITIONS

**Bank:** The financial institution selected by the City to administer the PCard Program.

**Purchasing Card:** The Purchasing Card (PCard) is a commercial credit card issued to authorized employees for small-dollar purchases of goods or services necessary for official City business.

**Cardholder:** A full-time, permanent employee designated by their Department Director to receive a PCard in their name for use under these policies and procedures. Cardholders and/or their designees are responsible for proper card use and compliance with this policy.

**Purchasing Card Program Administrator:** An employee in the Office of Budget and Procurement who will serve as the point of contact between the City of Martinsville and the bank for general oversight of the PCard Program.

#### **4. RESPONSIBILITIES**

##### **A. Office of Budget and Procurement**

- i. Develop and administer PCard policy and procedures.
- ii. Serve as the primary contact with the issuing bank, cardholders, and the administrative cardholder designees.
- iii. Approve and process PCard applications.
- iv. Establish transaction guidelines and spending limits.
- v. Maintain a current list of cardholders and account limits.
- vi. Coordinate training on PCard use, transaction processing, and approval through the Bank of America online system.
- vii. Update program guidelines as needed.
- viii. Suspend or cancel cards as necessary for noncompliance or upon request by Department Directors, the Finance Department, or the City Manager.
- ix. Review transactions for compliance and price agreement opportunities.
- x. Adjust limits as needed for emergency purchases.
- xi. Conduct random audits of PCard transactions.
- xii. Review and ensure timely reconciliation of monthly billing statements.

##### **B. Finance Department**

- i. Process the general ledger interface for PCard transactions.
- ii. Review and reconcile accounting entries to ensure monthly accounts are balanced.

##### **C. Department Directors**

- i. Recommend Cardholders and verify PCard applications or changes to card controls before submission.
- ii. Set appropriate limits established by Budget and Procurement for single transactions, monthly transactions, and merchant category restrictions.
- iii. Ensure PCards are issued within the guidelines established by the PCard Program Administrator.
- iv. Recommend suspension, cancellation, and/or collection of a PCard to Budget and Procurement (e.g., terminated or reassigned employees).
- v. Approve departmental transactions to ensure the proper use of City funds and prior budget authorization.
- vi. Educate Cardholders on budget limitations and restrictions.
- vii. Monitor and review card use, transactions, and receipts.
- viii. Ensure compliance and timely submission of documentation.
- ix. Designate a system to maintain receipts.
- x. Sign off on the monthly statement for each Cardholder within the Department reporting to them.

#### **D. Cardholders**

- i. Sign a Cardholder Agreement prior to PCard issuance.
- ii. Complete initial and annual training, as provided by Budget and Procurement.
- iii. Maintain possession and security of the card; do not allow anyone else to use the PCard issued in their name.
- iv. Use the card only for authorized purchases.
- v. Assume responsibility for the department's budget when making purchases.
- vi. Inform the merchant of tax-exempt status; reimburse the tax amount to the City if any is incurred on a charge.
- vii. Keep receipts and update transactions daily; **Cardholders may be held personally responsible for items purchased without supporting documentation.**
- viii. Immediately report lost or stolen cards to Budget and Procurement.
- ix. Make reasonable efforts to resolve disputed purchases with the vendor; report all unresolved disputed purchases to the Department Director and the Office of Budget and Procurement.

### **5. CARD ISSUANCE AND TRAINING**

All employees must sign a Cardholder Agreement (Appendix A) and complete the Budget and Procurement Office's PCard training before receiving a card. Annual refresher training is required to maintain cardholder status.

### **6. PURCHASING GUIDELINES**

#### **A. Purchasing Limits**

The maximum amount for a single-item purchase of supplies or materials will not exceed \$1,500 per transaction or \$3,500 per month. Exceptions to the per-month transaction limit (e.g., emergency or necessary transaction) are at the discretion of the PCard administrators, with guidance from the City Manager.

#### **B. Allowed Purchases**

PCards may be used to purchase any goods and services that are for immediate use and necessary for City business, provided the purchases:

- i. Do not exceed the Cardholder's single or monthly transaction limits.
- ii. Are not restricted or prohibited under law and this or any other City policy approved by the City Manager.
- iii. Are not intended to circumvent the City's existing standard purchasing procedures.

### **C. Prohibited Purchases**

The following purchases are prohibited unless otherwise noted:

- i. Personal expenditures
- ii. Cash advances, refunds, gift cards, or certificates
- iii. Food purchases, except when:
  - a. Pre-approved by the City Manager for business meals, guest functions, or retirement events
  - b. Needed in instances where City staff are required to work extended hours in response to critical events (e.g., inclement weather, utility failure, natural disasters, and public safety incidents)
- iv. Transaction amounts greater than the Cardholder's transaction limit, without prior approval from Purchasing, Finance, and the City Manager
- v. Single vendor purchases of \$1,500 or more without prior approval from Budget and Procurement, Finance, and the City Manager
- vi. Sales tax, unless exempted under State law (see Section 10)
- vii. Consulting services
- viii. Inventoried assets or controllable inventory (e.g., technological purchases such as tablets, computers, phones, and software); these purchases should be coordinated with IT and follow the purchase order process.
- ix. Prescription drugs or over-the-counter medications/drugs, unless purchased by Fire/EMS and the Sheriff's Office for operational reasons
- x. Purchases under contract from non-contracted vendors unless granted in an emergency exception
- xi. Separate, sequential, and component purchases or transactions intended to circumvent state law, any City policy, or transaction limits

These examples are not representative of all restrictions and may change without notice. Cardholders should consult Budget and Procurement for clarification prior to purchase to ensure the proper expenditure of funds.

## **7. MAKING AND DOCUMENTING PCARD PURCHASES**

### **A. Supporting Documentation**

In making a purchase, the Cardholder must abide by the following rules:

- i. The Cardholder must ensure that the item or service purchased is not restricted (see Section 6C).
- ii. Before purchasing an item or service, the Cardholder must ensure that sales tax is not included and must issue payment with the PCard.
- iii. The Cardholder must retain the itemized purchase receipt or credit slip.

**B. Lost Receipts and Alternative Documentation**

In instances where the receipt is lost, the Cardholder must obtain a copy at their own expense from the Bank or vendor.

For purchases made over the phone or on the Internet, alternative forms of documentation may constitute a logging system with unique transaction identifiers and a faxed copy or e-mail confirmation of the order.

If the receipt cannot be located, and no alternative documentation can be provided, the Cardholder may be held financially responsible for the expense and will have to reimburse the City.

**8. DECLINED TRANSACTIONS**

If a transaction is declined after attempting to make an approved purchase, Cardholders should document the instance and contact the PCard Administrator to determine the cause.

When reporting the issue, Cardholders should describe why the item or service is needed when it is not readily available through a city contract.

**9. PURCHASING RETURNS**

The Cardholder is responsible for obtaining a credit memo from the Vendor when the merchandise purchased with the PCard is later returned to the Vendor for any reason. The credit memo must be kept with the sales receipt.

**10. SALES TAX COMPLIANCE**

The City of Martinsville is a tax-exempt government agency, and Cardholders shall present a copy of the City's tax-exemption certificate to vendors to obtain tax-exemption whenever possible.

If sales tax is mistakenly applied, the cardholder is responsible for reimbursing the City or obtaining a corrected charge. In limited cases where State law does not exempt local governments (e.g., Hotel Tax), tax may be applied.

**11. CARD SECURITY AND LOST OR STOLEN PCARDS**

Because the PCard is issued in an employee's name, the employee is responsible for its security and any transactions made against the PCard. This card should be treated with the same level of care as the Cardholder would use with their personal charge cards.

**A. Considerations**

- i. Carry the card or keep it in a secure location.
- ii. Do not share the card with anyone.

- iii. Do not write the card number on outgoing emails or faxed orders. Instruct the supplier to call for the credit card information, and do not keep credit card numbers on file with suppliers.
- iv. Make sure security is in place before making any online orders.
- v. Guard personal and city information; do not provide any non-essential information online.
- vi. Remember the card's PIN number.

#### **B. Lost or Stolen PCards**

When it is determined that a PCard has been lost or stolen, **IT IS IMPERATIVE TO CANCEL THE CARD**. In addition, the Cardholder must also notify the PCard Program Administrator of the loss. The city is liable for all charges until the card is reported lost or stolen.

**The Cardholder may be responsible for all charges made against the PCard from the time it is lost or stolen until we are notified if the Cardholder fails to immediately notify the City upon discovering the loss or fails to discover the loss within a reasonable amount of time.**

### **12. MONTHLY BANK STATEMENTS AND RECORDS MANAGEMENT**

Monthly, each Cardholder will receive access to an online statement(s) identifying each transaction made with the PCard during the billing cycle. The Cardholder's billing cycle ends on the last day of each month, and all statements with att. The three-stage timeline for reconciling and verifying statements is as follows:

#### **A. Cardholder Reconciliation**

Upon availability of the statement, the Cardholder must complete the following:

- i. Match each transaction against retained receipts for accuracy.
- ii. Attach original, itemized receipts to the corresponding expense report.
- iii. Submit the expense report to their supervisor for review and approval.
- iv. Ensure the department retains a copy of all receipts and reports in a secure location, either digital or physical.

All reconciliations must be submitted to the Cardholder's supervisor for review and approval no later than the fifth (5<sup>th</sup>) of each month. Failure to meet timely submission requirements from Cardholders will cause suspension or cancellation of PCards as authorized by this policy.

#### **B. Supervisor Review and Submission to Finance**

Supervisors are required to assign account information and review statements for proper PCard use and attached documentation before signing off on the monthly statement for each Cardholder within the Department.

Statements must be reconciled and submitted to the Finance Department with required documentation and signatures by the tenth (10<sup>th</sup>) of each month, or the following business day if that deadline falls on a weekend.

**C. Finance Department Verification**

The Finance Department will reconcile submitted departmental reports against the City's monthly billing statement from the issuing bank. Discrepancies or missing documentation may be returned to departments for correction.

If the PCard reconciliation is not by the tenth (10<sup>th</sup>) of each month, the use of the card(s) may be suspended. Finance staff will notify Cardholders and supervisors of these deadlines and outstanding approval issues.

**13. REQUESTING NEW PCARD OR CHANGES TO EXISTING ACCOUNT**

The Cardholder must read and sign a Purchasing Card Cardholder Agreement (Appendix A) to request a new PCard.

To make changes to an existing PCard account, an email to the Department Director, Office of Budget and Procurement, and the Director of Finance will suffice.

**14. UNAUTHORIZED USE OF THE PCARD**

**A. Cardholder Justification/Explanation**

Any purchases that the PCard Program Administrator and/or Finance staff deem prohibited, as defined in Section 6C, will be sent back to the Cardholder for justification and/or explanation.

**B. Disciplinary Action**

If any prohibited charges appear, the following may occur:

- i. Purchasing and Finance staff will investigate all circumstances surrounding the alleged misuse of the PCard and, in cases where there is evidence of a procedure or policy violation, refer that information to the appropriate authority for investigations and/or disciplinary action.
- ii. Employees will be required to repay the City of Martinsville for the unauthorized action.
- iii. Termination of employment and forfeiture of the PCard are potential disciplinary actions for improper use.
- iv. In those cases where there is evidence of negligent use of the PCard, but no fraudulent acts have been committed, the Cardholder will be required to surrender the PCard with all further privileges revoked. Any employee knowing violations of this procedure or any other procedure or policy governing the use of the PCard must immediately report such activity to the PCard Program Administrator.



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- v. The PCard may be suspended or terminated if a Purchasing Cardholder is suspected of fraud, theft, or illegal drug use. The appropriate action shall be taken by existing City policies and procedures.

## **15. DISPUTED ITEMS**

Cardholders should raise disputes immediately. Disputes, if possible, should be resolved promptly between the Cardholder and the Vendor. Failure to do so will result in an authorized purchase that the department is responsible for paying, even though the charge is incorrect.

If the dispute cannot be resolved within ten (10) days, the Cardholder should notify the PCard Program Administrator and the Finance Department. A charge should not be disputed on the current statement if it was returned for credit after the billing cycle is closed. The credit should be reported on the next statement with a notation on the current statement that there is a disputed charge and expected credit.

## **16. TERMINATION CLAUSE**

The PCard is issued to an employee for the City's convenience and may be terminated at any time by Budget and Procurement. PCard privileges may be canceled for non-compliance with City policies and procedures. Transfer, resignation, or termination of employment are grounds for cancellation of the PCard.

It is essential to cancel a PCard immediately upon an employee's separation from employment. The Bank or the Credit Card Recovery Program will not cover any charges incurred between the employee's termination date and the date the card is canceled. The department will be responsible for payment of charges incurred by an employee no longer working in that department if a delay in canceling privileges results in the department's actions.

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**Appendix A**

*Purchasing Card Cardholder Agreement*

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**CITY OF MARTINSVILLE  
PURCHASING CARD CARDHOLDER AGREEMENT**

By signing this agreement, I agree to adhere to the responsibilities and terms outlined below:

1. I have received, read, and understand the City of Martinsville Purchasing Card Policy, and I agree to comply with all terms, conditions, and responsibilities outlined therein.
2. I understand that I am the only authorized user of the PCard assigned to me and will not share or delegate its use to any other employee.
3. I agree to use the PCard **only for official City business**, within the spending limits and guidelines established by the policy and my Department Director.
4. I understand that I am responsible for **obtaining and retaining original, itemized receipts** for all transactions and submitting timely reconciliations as required by the City's policy.
5. I acknowledge that **sales tax must not be charged** on applicable purchases and that I may be required to reimburse the City for taxes paid in error.
6. I agree to **immediately report any lost or stolen card** to the City's PCard Program Administrator.
7. I understand that **unauthorized use or misuse of the PCard** may result in revocation of the card, disciplinary action (including termination), and potential legal consequences.
8. Upon resignation, termination, or transfer, I will **immediately return the PCard** to my supervisor or the Office of Budget and Procurement and ensure that all outstanding charges are reconciled.

I verify that I have read the Purchasing Card Cardholder Agreement.

I further understand to direct any questions I may have to the Purchasing Manager.

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_ Dept: \_\_\_\_\_

Program Administrator Use Only

Card Number (Last 4 Digits): \_\_\_\_\_

Date Issued: \_\_\_\_\_

Spending Limits:

Restrictions Applied: Y/N

Single Transaction: \$ \_\_\_\_\_

Monthly Limit: \$ \_\_\_\_\_

Administrator Signature: \_\_\_\_\_

Date: \_\_\_\_\_