

ORDINANCE NO. 1626

**AN ORDINANCE ESTABLISHING A MUNICIPAL PROCUREMENT
CARD PROGRAM FOR CERTAIN OFFICERS AND EMPLOYEES
OF THE CITY OF FAIRHOPE**

Section 1. The City of Fairhope is desirous of providing efficient, cost-effective methods of purchasing and paying for those purchases, applying Risk Assessment techniques to methods being considered. The City Treasurer has investigated in detail the Distributed Card Program offered by BBVA Compass, which is used across Alabama and the country by a multitude of municipal and county governments, and local and county Boards of Education.

Based on Best Practices for Purchasing Card Programs document produced by the Government Finance Officers Association (GFOA), the City Treasurer believes this type of program can be an efficient and cost-effective alternative to the traditional purchasing process for certain specific categories and purposes of City purchasing that make sense from a risk assessment perspective.

Benefits to the City of Fairhope include:

- Simplified purchasing and payment processes
- Lower overall transaction processing costs per purchase
- Expedited access to needed materials & supplies, etc., in critical situations
- Increased management information on purchasing histories and patterns
- Reduced paperwork (and thus reduced cost as noted above)
- Ability to set and control purchasing dollar limits and specific merchant categories and vendors
- Rebates from BBVA Compass Program based on dollar volume of total purchases

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FAIRHOPE, ALABAMA, as follows:

1. That the City adopt the use of BBVA Compass' Distributed Card Program (also known generically as Procurement Card or P-Card program);
2. That the City Treasurer is authorized to issue "Procurement" Cards (P-Cards) to certain officers and employees of the City based on the judgement of the City Treasurer;
3. That the judgement of the City Treasurer will determine limits regarding the use of the P-Cards for each specific individual and/or Department regarding dollar amounts (overall limits, daily use limits and per transaction limits); and specific categories of authorized uses based on Merchant Category Codes, specific vendors and/or specific locations;
4. That the overall initial credit limit for the Distributed Card Program be \$50,000.00 with the City Treasurer having the authority to increase the overall credit limit as the use of the program warrants to a maximum of \$250,000.00;
5. That holders of P-Cards (as determined by the City Treasurer) are authorized to incur charges on said P-Cards only for purposes related to the lawful and proper operation of City functions;
6. That holders of each P-Card be required to reconcile their P-Card account online monthly within the issuing entity's program software, with each transaction supported by electronically attached receipt and/or appropriate documentation;

7. That any P-Card holder whose use of their P-Card is determined to be NOT in conformity with purposes related to the lawful and proper operation of City functions, will be required to reimburse the City the amounts so determined to be personal, with reimbursement being direct and timely or appropriate personal charges deducted from any sum then or in the future owed by the City to such employee;
8. That an employee with repeated and/or egregious personal use of their P-Card be subject to termination;
9. That the City Treasurer & Purchasing Manager will ensure that proper accounting controls are in place by producing a Procurement Card Policies & Procedures Manual;
10. And that with respect to purchases and expenditures on behalf of the City, all such purchases and expenditures shall be in conformity with all written purchasing policies and procedures of the City.

Severability. The sections, paragraphs, sentences, clauses and phrases of this ordinance are severable, and if any phrase, clause, sentence, paragraph or section of this ordinance shall be declared unconstitutional by a court of competent jurisdiction, then such ruling shall not affect any other paragraphs and sections, since the same would have been enacted by the municipality council without the incorporation of any such unconstitutional phrase, clause, sentence, paragraph or section.

Effective Date. This ordinance shall take effect upon its due adoption and publication as required by law.

Adopted and Approved this 27th day of August, 2018



Karin Wilson, Mayor

ATTEST:



Lisa A. Hanks, MMC
City Clerk