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RS
Metropolitan
Transportation
Authority

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Los Angeles, CA
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TO: BOARD OF DIRECTORS

FROM: COLONUS MITCHELL *Colonus Mitchell*
EXECUTIVE OFFICER, PROCUREMENT

SUBJECT: PURCHASING CARD PROGRAM

ISSUE

Procurement is prepared to announce the expansion of the Purchasing Card Program. A pilot program with a limited number of departments and users was conducted over the past year. The reported results of the pilot program were favorable.

This program will now be available to all MTA Departments. This program is designed to streamline and simplify the requisitioning, purchasing and payment process for small dollar non-inventory items. Most purchases that are processed by using a yearly order, check request or petty cash are candidates for Purchasing Card use.

DISCUSSION

The purpose of the program is to establish a more efficient, cost-effective method of purchasing and payment for small dollar transactions. Cardholders will be able to obtain goods in a quick and convenient way. Paperwork and processing in the cardholder's department, Purchasing Department, and Accounting Department will be reduced.

The program is not intended to avoid or bypass appropriate purchasing procedures. The MTA's Purchasing Card Program will use internal management controls as well as reports from the bank provider to manage and audit the process to ensure that procedures are followed.

The Purchasing Card is a special type of VISA credit card. The face of each card is identified as a MTA Purchasing Card, so it cannot be mistaken for an employee's personal credit card. The expenditure controls established on the card will be determined by each cardholder's management and in accordance with appropriate purchasing procedures.

Cards will be issued at the request of Department Management and approved by the MTA Purchasing Card Administrator. Cardholders are the only authorized person entitled to use the card. Detailed transaction reports will be made available to the Approving Official in each department on a monthly basis.

The card can control usage in the following ways:

- Number of times a cardholder can use the Purchasing Card per day
- Number of times a cardholder can use the Purchasing Card per month
- Maximum dollar amount per single transaction
- Total spending limit per month per cardholder
- Commodities purchased.

The MTA is a "Participating Subdivision" of the agreement between the State of California and International Merchant Purchasing Authorization Card (I.M.P.A.C) Government Services, a division of U.S. Bank Nation Association. The VISA Procurement Credit Cards will be issued by U.S. Bank.

The Purchasing Department, in coordination with the Accounting Department, will administer the program and be responsible for overseeing the program. Participation by the cardholder and his/her department in this program is predicated upon following established Purchasing Card Program controls and maintaining expenditures within approved operating budget limits.

The cardholder will be responsible for:

- Security of the card
- Appropriate use of the card
- Compliance with Procurement policies and procedures
- Documenting monthly purchases
- Completing the Monthly Purchase Summary
- Resolving any questionable items or disputes that appear on the bank statement
- Reconciling the Monthly Purchase Summary with the bank statement within five working days after receipt of the bank statement.

The Department Approving Official will be responsible for:

- Reviewing all charges
- Ensuring all charges are appropriate
- Ensuring no prohibited items have been purchased
- Ensuring all required documentation is attached to the Monthly Purchase Summary report
- Assisting the cardholder in resolving disputed payments
- Forwarding documentation to Accounting Department within 10 working days from the date the bank statement was received by the cardholder

Approving authority will rest with the using department. Cardholders will be those employees that will physically purchase the goods and sign for the goods. Department management staff's role will be that of the Approving Official.

To ensure a clear understanding of the rules that govern this program, Procurement will conduct training classes for all approved card applicants. Each applicant will be required to attend a comprehensive training class prior to issuance of the purchasing card.

NEXT STEPS

The next action will be to release a memo to all MTA staff announcing the expansion of the Purchasing Card.

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