

26. PURCHASING CARD POLICY

POLICY

It is the policy of Scott County to have a Purchasing Card Program. This program is intended to replace blanket purchase orders, purchase orders used to purchase items of small dollar value, and purchases within Department Head/Elected Official or Designee authority.

SCOPE

This policy is applicable to all offices and departments within Scott County Government and other component units that participate in the Scott County Purchasing Card program. The County may utilize the purchase card provider for accounts payable purchases and the use of accounts payable credit accounts.

BENEFITS

Department staff will be able to make purchases to support their core functions in a much more effective manner, will require fewer trips away from the workplace, and will be able to receive items much quicker. These efficiencies will allow staff to focus their energies on the core aspects of their jobs. This policy and the program structure will support efficiency while maintaining accountability and approval structures. The use of a purchase card program may enable the County to reduce expenditures through a revenue sharing agreement with the merchant card provider.

GENERAL PROGRAM PROVISIONS

This card is to be used to make county purchases as outlined herein. With the approval of the Purchasing Card application by the Department Head/Elected Official, the cardholder has been delegated expenditure and purchasing authority. Said authority is delegated only as it applies to the scope of the cardholder's job and as outlined by the cardholder's immediate supervisor and Department Head/Elected Official. The implied purchasing and expenditure authority of the purchasing card is NOT intended to supersede nor enhance the fiscal authoritative limitations that exist within each Department/Office. For the cardholder: you are only authorized to make purchases for which your supervisor, or Department Head/Elected Official, has expressly granted and delegated you proper authorization.

The Purchasing Card is not a personal credit card and remains the property of the card issuer. The liability for all outstanding charges on the card is with the County; therefore, the card must only be used for purchases required in the normal course of business.

The Purchasing Card that the cardholder receives has their name embossed on it. It may not be transferred to, assigned to, or used by anyone other than the designated cardholder.

Employees must attend a training session prior to card issuance. Each card holder must sign the *Acknowledgement of Scott County Purchasing Card Policy form* (Attachment B) prior to being issued a purchasing card.

It is the responsibility of each cardholder to be acquainted with the Purchasing Policies and guidelines of the County and to make card purchases in accordance with these policies.

The cardholder is responsible for following department guidelines for making purchases, being fiscally responsible with county funds, ensuring receipt of materials and supplies, obtaining acceptable detailed receipts and resolving any discrepancies or damaged goods issues. The cardholder is responsible to assure that the purchase made with public funds has a public purpose.

Cards may be revoked for misuse or non-compliance with procedures. Additionally, disciplinary procedures up to and including termination may result from misuse of the Purchasing Card. The County retains the right to cancel a cardholder's Purchasing Card.

ADMINISTRATIVE PROCEDURES

Program Administrator

Two Program Administrators will coordinate the Purchasing Card Program. The Cardholder Program Administrator will be the Director of Facilities and Support Services who will follow procedures set forth in this policy. This Program Administrator shall be the liaison between the cardholder and the purchasing card system. This Program Administrator shall issue cards, make card changes, help with transaction disputes and other cardholder related tasks. This Program Administrator shall also facilitate the training required by this policy.

The Accounting Program Administrator shall be the Director of Budget and Administrative Services who will follow the procedures set forth in this policy. This Program Administrator shall coordinate the reporting, accounting and funds transfers for the Purchasing Card Program. This Administrator shall oversee and audit the period close-out process and liaison with claims clerks on close-out and reporting issues. This Program Administrator shall prepare the required period reports for the purchasing card program (see Reports below).

Both Administrators shall provide for a backup within their department, and shall provide adequate training thereof. All persons performing Program Administrator functions shall ensure the integrity, consistency and compliance of the program with the policies and procedures herein.

Reports

The Accounting Program Administrator shall download period transaction information at the conclusion of each four-week accounting period. The transaction information shall be audited for completeness and compliance with the county chart of accounts. If necessary, revisions to the transactions shall be made to ensure data integrity for the import into county accounting data systems.

The Accounting Program Administrator shall prepare and distribute the following purchasing system reports following the close of the current purchasing card cycle:

1. Exception Report - this report documents any transactions that are not in compliance with provisions of this policy including unwarranted sales tax, missing receipts, incomplete receipts, etc.
2. General Ledger Report - this report documents the information that will be imported into the county accounting data system including department, vendor, account, amount, posting date, etc. for each individual transaction during the period.
3. Newspaper Report - this report summarizes and sub-totals the amount paid to each vendor for publication in the newspaper.

Policy Review and Revisions

This policy and these procedures shall be reviewed annually. Said revisions or changes shall be prepared as recommended by the County Administrator, Director of Budget and Administrative Services and the Director of Facility and Support Services. Such recommendations will be forwarded to the Board of Supervisors for their consideration and action. The Cardholder Program Administrators shall provide training for cardholders, claims processors and/or Department Heads/Elected Officials as required for substantive changes to the policy or procedures herein.

This program is designed to be easy to use and flexible. Therefore, user feedback is crucial. In order to make this program as effective as possible, Purchase Card users must notify the Program Administrators of all problems encountered with the card. Users should also communicate any comments related to the reporting, documentation, procedures, and use restrictions related to the Purchasing Card Program. This program is designed to be an important tool to help card users perform their job.

General Responsibilities

This card is to be used to make county purchases as outlined herein. The transactions and credit limits on the card are determined by the Department Head/Elected Official

within policy limits and are dependent upon the requirements of the cardholder's position and function. Department Heads/Elected Officials should select the appropriate credit level for each cardholder based on their projected use. Higher limits should only be used when necessary to afford the cardholder the ability to efficiently make higher dollar purchases routinely required for their job. All purchases are to be documented with an itemized receipt. Failure to provide a receipt of the purchased transactions could result in personal liability of the transaction.

Personal Use of Purchasing Card

The Purchasing Card is not a personal credit card and remains the property of the card issuer. The liability for all outstanding charges on the card is with the County. Cardholders shall under no circumstances use the Purchasing Card for personal purchases. Violation of this provision may result in revocation of the purchasing card, disciplinary action, collection proceedings and possible criminal actions. Any violations of this provision shall be reported on the exception report.

Cash Advances

The Purchasing Cards are not set up to allow nor intended to be used for any type of a cash advance.

Purchasing Card and System Controls

The Purchasing Card is different from a personal MasterCard/Visa. It has the ability to control use in the following ways:

- Maximum dollar amount of each transaction (see section "Card Limits")
- Total spending limit per cycle
- Merchant Category Code (MCC)

The "Delegation of Authority" that has been provided to each cardholder sets the maximum dollar amount for each single purchase or transaction (Single Purchase Limit), and a total for all purchases made within a given billing cycle (28 days).

Each time a cardholder makes a purchase, the limits will be automatically checked and the authorization request will be declined should the amount exceed those limits.

The credit limit on each card was preset based on certain usage assumptions. If the credit limit on a purchase card is not adequate to handle planned purchases, the cardholder should contact their Department Head/Elected Official who will determine if spending limits on the card need to be increased. The Department Head/Elected Official will contact the Cardholder Program Administrator, authorizing an increase to a card holder's limits.

The Merchant Category Code (MCC) allows for restriction of card use by type of business. Each business is classified by the services or products that it supplies and is given a specific MCC. Therefore the Purchasing Card can be restricted for use at specific types

of businesses by excluding specific MCC Codes from authorized use.

Card Limits

	Per Transaction	Per Billing Cycle
Standard	\$3,000.00	\$50,000.00
Enhanced	\$9,999.99	\$50,000.00
Department Head/ Elected Official/ Manager	\$24,999.99	\$50,000.00

A Department Head or Elected Official shall evaluate the anticipated limit needed for each card holder and select the appropriate card limit.

Emergency Raised Card Limits

The County Administrator may request additional higher emergency spending limits/authorization for certain emergency or special situation such as: natural disasters, disaster recovery, business continuity, etc. Such request should be made during a regular Board of Supervisors meeting when possible, but may be made pursuant to the emergency procedures in Policy 11.

Purchasing Card Security

It is the card holder's responsibility to immediately sign the back of the card upon issuance. The Purchasing Card should be kept in a secure location at all times. The cardholder is the only one authorized to use his or her purchasing card. It is the cardholder's responsibility to ensure the security of the card.

The cardholder shall guard the account number carefully. It should not be posted or written down in any place that is easily accessible to others.

Similar to a personal credit card, if the Purchasing Card is lost/stolen you must immediately notify the card issuer by phone (See Contact List-Attachment A). You must also notify the Cardholder Program Administrator and your immediate supervisor. The card will be immediately suspended and a replacement card will be issued.

Card Issuance / Changes / Suspension / Cancellation

Department Heads/Elected Officials may request either temporary or permanent credit limit changes by written request to the Cardholder Program Administrator. Requests for additional cards may be requested by submitting the completed request form. All requests must be approved by the Department Head/Elected Official or their designated representative.

If an employee leaves the department, whether transferred to another County Department or terminated, it is the Department Head/Elected Official's responsibility to obtain the Purchasing Card from the cardholder that is terminated/transferred, notify the Cardholder Program Administrator to cancel the card, cut the card in half, and return it to the

Cardholder Program Administrator.

Exceptions are issues relating to purchases or transactions that are not in compliance with the provisions of this policy. Each reporting cycle, these issues are reported on the Exception Report.

Cardholders will have the opportunity to resolve minor exceptions (sales tax, missing, inaccurate or incomplete receipts) and have the issues removed from the exception report if resolved within 30 days. Once removed, the exceptions will not count against a Cardholder. Major infractions (personal charges, split transactions, inappropriate use, etc) will NOT be removed, even if resolved. Repeat violators of the policy will also not have the opportunity to remove items from the exception list. Major infractions with blatant disregard for the provisions of this policy may result in immediate revocation and/or suspension of card holder privileges.

Cardholders that have 3 or more minor exceptions within a 6-month period shall have their cardholder privileges revoked and their card suspended until they are retrained on this policy. Under the discretion of the Cardholder Program Administrator or Accounting Program Administrator an employee may be required to complete training on the policy for a single minor exception. A permanent revocation of the purchasing card and privileges may result from a blatant major infraction(s) or habitual minor infractions and repeated suspensions. The Program Administrator will notify the Human Resources Director of any actions taken.

Personal Credit Rating

The Purchasing Card and all the charges on it are County liabilities. Therefore, it has no impact on your personal credit rating.

Audits

To ensure the success of the Purchasing Card program and the County's financial responsibility, continual audits of a cardholder's Purchasing Card documentation and files will occur.

The primary purpose of the audit is to ensure that complete and accurate record keeping is occurring and that all Purchasing Card program procedures are being followed.

Auditing and oversight occurs at many levels within the program. Claims clerks audit purchases as part of the reconciliation process. Department Heads/Elected Officials or designees review department purchases as they approve the submission of the reconciliation documents. The Accounting Program Administrator reviews all purchases and receipts for policy compliance and proper accounting. The Auditor's Office reviews all purchases, documentation and accounting of the program. The County's independent annual financial audit includes a sample audit of the program each year.

Guidelines for Card Use - Cardholder Responsibilities

Purchasing Cards shall be used for “point of sale” transactions only. Those are defined as purchases made at a physical location. This provision does not preclude cardholders from making purchases remotely via the internet or telephone. It does, however, prohibit contacting a vendor to charge an invoice to the purchasing card that was previously invoiced as a traditional bill. Invoices received that were not made via purchasing card must be paid via the traditional accounts payable methods to avoid duplicate payment and unnecessary confusion.

Examples of the types of transactions your Purchasing Card should be used for including, but not limited to:

- Office supplies
- Repair parts
- Miscellaneous operating supplies
- Items specified on County Contracts
- Travel expenses (employee portion only, if traveling with others)
 - airfare
 - hotel
 - ground transportation/parking fees
- Seminar and training registration fees

If you locate a supplier that will accept our purchasing card, but are unsure if it is an unauthorized use of the card, contact the Cardholder Program Administrator

The cardholder is responsible for ensuring receipt of materials and supplies, and resolving any receiving discrepancies or damaged goods issues. The cardholder is responsible to assure that the purchase made with public funds has a public purpose.

General Instructions - How to make a purchase

- Identify a transaction that you wish to make with the Purchasing Card.
- Determine the transaction is not prohibited by County/Departmental policy. If not prohibited, proceed with the transaction.
- Order item via in-person purchase, internet or phone transaction.
- Submit Purchasing Card to cashier or submit card number and expiration date via the phone or internet. Vendors may also require the 3-digit security code located on the back of the card and billing address. Verify that websites used provide for encryption or other security to safeguard cardholder information. Never type purchasing card number into a free text field or send your entire credit card number and expiration date in the body of an email. Reputable sites clearly post security information. If you are unsure if the site you are trying to use is adequately secure, contact the IT Department for advice or assistance.
- Notify the supplier that the County is tax-exempt and should not be charged sales

tax. The Federal tax ID number and Illinois tax exempt number is located on the face of the card. Upon receiving the receipt make sure that sales tax has not been charged.

- Processing fees should not exceed the benefit of processing the payment through a purchasing card. Percentage benefit of associated revenue share will be distributed to all departments for general use and knowledge.
- When ordering over the phone or internet provide the supplier with the complete shipping instructions including name, street address, and internal location information. Instruct the supplier to include in the delivery package a receipt or packing slip detailing what was purchased and the amount of each item.
- When making purchases on line, ensure that the internet vendor has a secure site. The address window must start with <https://>. Look for a “lock icon” on the web page. When placing an order over the internet, the cardholder must confirm that the merchant will charge the purchasing card only when a shipment is made. The card holder must also request that a detailed packing slip be included with the items when sent. If items are back ordered, the County may not be charged except upon shipment of the merchandise. The back ordered merchandise must be received in the billing cycle in which the charge was made. The card holder must print a copy of the on-line sales receipt at the time of the on-line purchase for use as the receipt for reconciliation purposes.
- If purchasing in person, review sales slip to determine all amounts were properly charged, sales tax was not assessed, and turn in the receipt to the department claims clerk.

For all types of purchasing card transactions, it is the *cardholder's responsibility* to obtain acceptable receipt(s) documenting the transaction. Said receipts should be obtained at the time of the transaction and turned into the claims clerk as soon as possible to avoid “end of the cycle” issues and to allow claims clerks the opportunity to reconcile periodically throughout the cycle. Acceptable receipts should be original (avoid photo copies and faxes) wherever possible. Acceptable receipts should include the last four digits of the card number and detailed information about what was purchased. Cardholders should mark “PC” in bold, visible letters on the receipt to properly identify the receipt and facilitate routing to the proper accounting stream.

Should a required receipt be lost or not obtained by the employee, a signed statement by the employee and Department Head/Elected Official explaining the circumstance and documenting the expense should be completed by the employee for the Program Administrator’s review. If the expense is deemed reasonable by the Program Administrator it shall be paid through the purchasing card. Transactions documented in this manner will be reported on the Exception Report as a minor exception. Unreasonable transactions and those not approved by the Department Head/Elected Official will require documentation by the vendor, and/or reimbursement to the County.

Sales Tax

The cardholder is responsible for indicating to the supplier that the County is tax exempt, and therefore, should not be charged sales tax. Repeated neglect by the cardholder to

ensure that the supplier does not charge sales tax will result in card privileges being revoked. All sales tax should be avoided wherever possible. If sales tax appears on a purchasing card transaction, it is the cardholder's responsibility to reverse those charges or seek out credit for the tax amounts or document the cost benefit of discounts applied through point of sale transaction. A receipt for each incorrect charge as well as the credit and/or recharge should be obtained and turned into the claims clerk.

Unauthorized Uses

Cardholders shall NOT make purchases with the county purchasing card that are not for authorized county uses and specifically approved within the management structure of their particular department, elected office, or agency.

Further, certain types of purchases are strictly forbidden per this policy regardless of Department Head/Elected Official, or agency authorization.

- Personal Use - Cardholders are, under no circumstances, allowed to make personal purchases using the Purchasing Card. Violation of this provision will result in revocation of the purchasing card, disciplinary action, collection proceedings and possible criminal actions.
- Meals - No meals will be allowed on the purchasing card. Food provided as part of training or meeting events, where the County is the training or meeting event organizer, and as approved by the Department Head/Elected Official or the designee may be purchased. Sheriff Transportation Deputies while transporting inmates are exempt from this provision.
- Items that are *not* within your departments authorized budget.
- Individual purchases which have been artificially separated from larger or bulk requirements to fall within spending limits.
- Professional Services and 1099 Services.

Why Approval May Be Denied

If a supplier advises that card approval has been denied, it is most likely a violation of one of the established levels of authority checks.

- Example- the purchase exceeds the single dollar transaction limit on the card.
- Example- the account is over the set cycle limit.
- Example- transaction is a violation of the Merchant Category Code.
- Example- the expiration date or three-digit security code was incorrectly entered by the merchant.

The supplier will not have information related to the reason for denial, nor does the cardholder have the authority to obtain this information from the card issuer. If a transaction is denied, the cardholder should contact the Cardholder Program Administrator for assistance. Please allow 24-48 hours for that information to become available.

Disputed Charges

If there is a problem with a purchased item or charges for a transaction, the card holder should first try to reach a resolution with the vendor that supplied the item. Most problems can be resolved expeditiously in this manner.

If the cardholder is unable to reach an agreement with the supplier, they should contact the Cardholder Program Administrator. This Program Administrator can assist the cardholder in resolving the dispute and can involve the card issuer in the dispute if necessary. Similar to all credit cards the County Purchasing Card program does have the ability to place transactions in a disputed status to give further time to resolve the dispute.

Any disputed charges are placed in a suspended account and subtracted from the payment due. Once final resolution is reached the charge is either reapplied to the balance due, or permanently removed from the account.

Reconciliation Responsibilities (For claims clerks, Department Heads, Elected Officials and agencies)

- Online statements are available continuously at the website designated by the card provider.
- The billing cycle for the Purchasing Card is every fourth Thursday. Exceptions to this may occur due to holidays when cycle periods may be shortened to allow for reconciliation on regularly scheduled workdays. Reconciliations by claims clerks with Department Head/Elected Official/Agency approval must occur on that day to ensure that documentation is provided as funds are transferred to the card provider.
- Claims clerks are encouraged to reconcile throughout the cycle to reduce the amount of work at the end of the cycle.
- Cardholders are required to provide all sales receipts, for the transactions listed on the statement immediately. In the event a receipt is lost or misplaced; it is the cardholder's responsibility to obtain a duplicate receipt. Cardholders are required to verify transactions on the statement with actual sales receipts and packing slips. If there is a disputed billing, follow the procedures as noted.
- Claims clerks will print cardholder reconciliation sheets and attach all receipts. In addition, a department summary sheet must be included with all cardholder sheets beneath. The signature (real or digital) of the Department Head/Elected Official or Designee is required on the department summary sheet.
- NOTE: If a cardholder had no purchase activity on the purchasing card for a particular billing cycle, no Statement of Account will be generated for that cardholder unless adjustments for previously billed transactions are processed during that billing cycle.

Approval of Card Use

Department Heads/Elected Officials or Designees, because of their knowledge of the job responsibilities of the cardholders, are required to look at each cardholder's purchases,

and at the merchant items were purchased in order to determine if these items were for official County use and if they were allowed to be purchased in accordance with the instructions provided.

If for any reason the Department Head/Elected Official or Designee questions the purchase(s), it is their responsibility to resolve the issue with the cardholder. If they cannot be satisfied that the purchase was necessary and for official county use, then the cardholder must provide a credit receipt proving item(s) have been returned for credit. Unauthorized use of the Purchasing Card will result in revocation, possible collection and potential disciplinary action, up to and including termination of employment.

Non-substantive modifications to appendices may be updated without approval of the Board of Supervisors.

Attachment A

SCOTT COUNTY PURCHASING CARD PROGRAM CONTACT LIST:

Cardholder Program Administrator:

Director of Facilities and Support Services, Facility & Support Services
600 West 4th Street, Davenport, IA
Phone: (563) 328-3241
Fax: (563) 328-3245
E-mail: Tammy.Speidel@scottcountyiowa.gov

Accounting Program Administrator:

Director of Budget and Administrative Services
600 West 4th Street, Davenport, IA
Phone: (563) 326-8651
Fax: (563) 328-3285
E-Mail: David.Farmer@scottcountyiowa.gov

Purchasing Specialist

600 West 4th Street, Davenport, IA
Phone : (563) 326-8604
Fax: (563) 328-3285
E-Mail Renee.Luze-Johnson@scottcountyiowa.gov

Wells Fargo Bank Customer Service: 800/932-0036

Contact Customer Service 24-hours per day/7-days per week to report lost or stolen cards. This should also be reported to the Cardholder Program Administrator and the cardholder's immediate supervisor.

Attachment B

**ACKNOWLEDGMENT OF SCOTT COUNTY
PURCHASING CARD POLICY IN EXCHANGE FOR ISSUANCE OF
BANK PURCHASE CARD**

Scott County ("County") is pleased to present you with this purchasing card. It represents the County's trust in you and your empowerment as a responsible agent to safeguard and protect our assets.

I, _____ (Print Name), hereby acknowledge receipt of a Scott County Wells Fargo Purchasing Card, number (last 8 digits) _____. As a Corporate Cardholder, I agree to comply with the terms and conditions of this Agreement, including the "Scott County Purchasing Card - Policies and Procedures" outlined in cardholder training and contained in Scott County General Policy 26.

I acknowledge receipt of said Agreement and Procedures and confirm that I have read and understand the terms and conditions. I understand that the County is liable to Wells Fargo Bank for all County charges.

I agree to use this card for County approved purchases only and agree not to charge personal purchases. I understand that the County will audit the use of this card and report any discrepancies.

I further understand that improper use of this card may result in disciplinary action, up to and including termination of employment. Should I fail to use this card properly, I authorize the County to deduct from my salary that amount equal to the total of the discrepancy. I also agree to allow the County to collect such amounts even if I am no longer employed by the County.

I understand that the County may terminate my right to use this card at any time for any reason. I agree to return the card to the County immediately upon request or upon termination of employment.

Applicant: _____

Signature: _____

Date: _____

Department / Agency: _____

Attachment C

Scott County Purchasing Card Program

Request for Purchasing Card Issuance

Department:_____ **Date:**_____

As Department Head/Elected Official of the above named department I am requesting the issuance of purchasing cards to the following individuals under my span of control. I understand that each cardholder must attend training as required by the Purchasing Card Program Administrator prior to card issuance and activation. Said training is intended to inform and orient cardholders to the policies and procedures regarding the Purchasing Card Program, Scott County General Policy #26.

I understand that the use of purchasing cards by our department must only occur in accordance with the above-mentioned policy.

Requested Cardholders:

1)	2)
SSN:	SSN:
Card Limit	Card Limit
Default FUND	Default FUND
Default DEPT	Default DEPT
Default PROGRAM	Default PROGRAM
Default STATE PROGRAM AREA	Default STATE PROGRAM AREA
Default STATE OBJECT CODE	Default STATE OBJECT CODE

3)	4)
SSN:	SSN:
Card Limit	Card Limit
Default FUND	Default FUND
Default DEPT	Default DEPT
Default PROGRAM	Default PROGRAM
Default STATE PROGRAM AREA	Default STATE PROGRAM AREA
Default STATE OBJECT CODE	Default STATE OBJECT CODE

5)
SSN:
Card Limit
Default FUND
Default DEPT
Default PROGRAM
Default STATE PROGRAM AREA
Default STATE OBJECT CODE

6)
SSN:
Card Limit
Default FUND
Default DEPT
Default PROGRAM
Default STATE PROGRAM AREA
Default STATE OBJECT CODE

7)
SSN:
Card Limit
Default FUND
Default DEPT
Default PROGRAM
Default STATE PROGRAM AREA
Default STATE OBJECT CODE

8)
SSN:
Card Limit
Default FUND
Default DEPT
Default PROGRAM
Default STATE PROGRAM AREA
Default STATE OBJECT CODE

Department Head/Elected Official Approval: _____

Are there currently other cardholders in the department? Y / N

Department # _____