



**COUNTY OF FREDERICK, VA**  
**Finance Department**

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# Purchasing Card Policies & Procedures

8/1/2011

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## **PURCHASING CARD POLICIES AND PROCEDURES**

### **PURPOSE**

The purpose of the county's purchasing card program is to provide county departments with an efficient and reliable way to make purchases. The purchasing card should be used as an alternative to vendor direct billing.

### **BACKGROUND**

While the purchasing card can simplify and expedite procurement, its use requires strict adherence to internal control procedures and a commitment to accompanying accounting procedures. In most cases, card use reduces staff procurement efforts, allows internet purchases and shortens delivery time; however, it may increase financial tracking and control efforts.

### **PARTICIPATION**

Unless otherwise specified, the authority to use the purchasing card (p-card) will be delegated to all county departments and agencies for which the county serves as fiscal agent, referred to as "Department" hereafter. A department or agency that wishes to establish a purchasing card program may do so by following the steps outlined in the *Department/Agency Checklist for Establishing a Purchasing Card Program*.

The rebate that is earned on qualifying purchases and paid by the issuing bank will be deposited in the County's General Fund for administrative and processing costs.

The Finance Department may terminate or suspend a department's p-card program. The Finance Department is authorized to suspend or close a particular individual card.

## **ROLES**

### Program Administrator

The Finance Director manages the purchasing card program at the county level and is responsible for establishing and enforcing countywide card related policies and procedures. Finance Department staff will serve as Administrator (Assistant Finance Director) and two backup Administrators (Accounting Techs).

### Program Manager

Designated by the using department director, the Program Manager is responsible for all aspects of the department's purchasing card program. While separation of duties prohibits the Program Manager from actually performing all tasks involved in managing department card activity, he or she remains responsible for overall management of the card program. The Program Manager will serve as the primary contact for the department.

### Card Custodian

The Card Custodian is the person responsible for the physical security of a staff card. In most cases, the card custodian also monitors card activity through the use of a card activity log, and ensures that vendor receipts, invoices and delivery documentation are retained for each purchase, in accordance with established policies and procedures.

### Cardholder

The Cardholder is an individual employee assigned a card with his or her name imprinted on it. The cardholder is responsible for card activity and retaining vendor receipts, invoices and delivery documentation. The cardholder is also responsible for submitting required documentation, in a timely manner, for coding and approval to the designated person in their department.

**RESPONSIBILITIES**

Cardholder/User Responsibilities	Approving Official Responsibilities
<ul style="list-style-type: none"> <li>▪ Comply with all Procurement Policies and Procedures</li> <li>▪ Place authorized orders for commodities to suppliers</li> <li>▪ Ensure receipt of product and/or services</li> <li>▪ Verify all purchases listed on their statement are correct and made for official purposes which meet business needs</li> <li>▪ Forwarding supporting documentation to authorized reconciler</li> <li>▪ Resolve delivery and credit disputes with suppliers</li> <li>▪ Ensure security of their card</li> </ul>	<ul style="list-style-type: none"> <li>▪ Review and certify that all charges on the cardholder’s statement are correct and were made for official purposes which meet the business needs of the county</li> <li>▪ Ensure purchases are reasonable, appropriate and cost effective</li> <li>▪ Ensure no prohibited items have been purchased</li> <li>▪ Ensure all proper documentation is attached to the monthly account reconciliation, including detailed receipts</li> <li>▪ Ensure that all procurement policies and procedures have been followed</li> </ul>

**PROCESS OVERVIEW**

Establishing an Individual Card Account **(recommended for all users)**

Departments request cards for an individual by submitting an application to the Program Administrator. This card will be imprinted with cardholder name. The application indicates the department, card limit requested, full name of cardholder and contact information.

Establishing a Department Card Account

Each department is required to have a department card in order to pay for purchases made with a County issued purchase order and/or utilities. This card will be imprinted with cardholder name. This card will not have a single purchase limit (SPL) and will be used ONLY to pay invoices that meet the following criteria:

- a. has an associated purchase order and/or
- b. is \$2,500 or greater and has a standing PO and/or
- c. is \$2,500 or greater and does not require a PO and/or
- d. utility payments (phone, cellular phone, cable, water/sewer, gas)

IMPORTANT: PO processing requirements remain the same. A PO is required to be issued by the Finance Department PRIOR to the order/purchase being made.

This card must be kept in a secure location in the department and be accessible by only the named cardholder. A log must be maintained which tracks all charges on the card. This card should have VERY tight internal control procedures.

Cards are requested by submitting an application to the Program Administrator. The application indicates the department, card limit requested and contact information. The department, unless extremely small in size, will not be permitted to have “department cards” only. Individuals should be issued cards.

#### Establishing a Staff Card Account

The Finance Department strongly discourages Staff Cards. They will be issued only in limited, pre-approved instances. Justification, along with the card application, for this type of card should be submitted to the Finance Department for determination of the need. Staff cards will not have an individual name imprinted on the card. Due to increased misuse and fraud liability associated with unnamed cards, special internal control procedures must be submitted. A usage log must be maintained by the card custodian and available for review.

#### Obtaining Cards from Bank of America Merrill Lynch

The Program Administrator receives/reviews the application and submits to BOA through WORKS. The bank establishes a new account and forwards the new card to the

Administrator. The Administrator distributes the card to the Program Manager and the cardholder activates the account.

### Card Use

The department uses the card in accordance with this policy and the department's own internal control procedures.

### Billing and Payment Process

The Program Manager will have access to a master departmental summary of charges. This will serve as a statement to reconcile charges. Once reconciled and reviewed (see process below) the departmental summary will be forwarded to accounts payable for payment through the regular scheduled bill cycle.

There is a 25 day grace period, from the statement date, to make payment in full. Payment in full MUST be made each month. This requires specific attention to timely submission of the monthly statement to accounts payable in order to make payments by the due date.

In order to meet the payment deadlines, it is advised that reconciliation be a continuous process throughout the month. This will expedite the process. The charges for the cardholder who serves as the Program Manager must be reviewed by another staff member.

### Reconciliation and Review

Purchasing card reconciliation is the process of verifying the accuracy of all posted card transactions (charges and credits). There are two (2) options for monthly reconciliation, reconciliation by the cardholder or reconciliation by the Program Manager

- Reconciliation by cardholders – The cardholder is responsible to reconcile the bank record of transactions to the actual receipts to verify that all charges are proper and the correct amounts have been charged. The monthly statement must be reconciled and sent to the Program Manager. It is essential that the following steps are taken when reconciling the monthly statement:
  - Compare backup documents to the transactions listed on the statement;
  - Ensure any exceptions are followed-up for corrections;
  - Sign the monthly statement (or individual receipts) documenting your review and certification that all purchases listed are correct and made for official purposes which meet the appropriate business needs;
  - Attach the receipts to the statement and forward all documents to the Program Manager for review.
- Reconciliation by Program Manager – The Program Manager is responsible to reconcile the bank record of transactions to the actual receipts, for all department cardholders, to verify that all charges are proper and the correct amounts have been charged. Receipts are submitted by the cardholder to the Program Manager. Receipts should include the cardholder signature.
  - Compare backup documents to the transactions listed on the department billing;
  - Ensure any exceptions are followed-up for corrections;
  - Sign the summary sheet documenting your review and certification that all purchases listed are correct and made for official purposes which meet the appropriate business needs;
- Review – Once all statements/receipts are received by the Program Manager from the cardholders, the Program Manager will prepare a payment summary which indicates the proper expenditure codes and payment amounts. The Program Manager should also review individual statements/charges to ensure compliance to the policies and procedures. The Program Manager will sign and date the payment summary and submit to the department head for approval.

Once approved the entire package will be forwarded to accounts payable for payment through the regular scheduled bill cycle.

- Electronic Allocation – As of January 1, 2010, all transactions are required to be allocated electronically. This is required in order to upload transaction data into the financial system. All electronic allocations must be complete on or before the p-card cut off date set by the finance department.
- Card Use by Reviewing Program Manager – Policy discourages the reviewer from being a card user; however, if the reviewer uses the card, the reconciliation must be reviewed by another staff member. The reviewer must sign and date the reconciliation.

**IMPORTANT:** Reconciliation is MANDATORY. Failure to comply with these procedures could result in disciplinary action and cancellation of your purchasing card privileges. Use of the p-card is subject to review at any time!

### Statement Due Dates

The billing cycle ends on the last business day of each month with the payment due around the 25<sup>th</sup> of each month. REMEMBER – transactions can be viewed online by the Program Manager at any time. This will expedite the process rather than waiting for the end of the cycle. Statements will be due to the Finance Department on dates set by Finance.

### **CARD USES**

Subject to the limitations discussed in this policy, the p-card may be used for the following:

- **Travel Expenses**, EXCEPT meals;
- All **goods and services**; and

- Telephone and Internet ordering.

Purchasing cards may **NOT** be used for the following:

- **Cash Advances;**
- **Meals** with the exception of catering, BOS meals, meals provided during an emergency and/or meals provided to non-County staff;
- **Personal Purchases** of any kind. For example, if viewing an in-room movie while traveling on county business, the traveler may not use the county p-card to pay the movie charge, even if the traveler later reimburses the county;
- **Purchases by Non-Employees;**
- **Split Purchases** – A split purchase is one in which the original purchase requirement for the same or related goods or services is broken into multiple smaller purchases which are made over a short period of time. In most cases a split purchase is created to circumvent the procurement policy and/or a card's single purchase or cycle spending limits; and
- **Other** purchases prohibited by county policy.

#### **CARD LIMITS**

Based on anticipated use, total number of cards, budget constraints and any other relevant factors, the department must set limits, as discussed below, for each card requested. Limits may be set at different levels for each individual card.

The County has established 12 card profiles. Each card must be a member of one of the profiles. The profiles are as follows:

Profile Name	Credit Limit	# TXNs/ Day	STL \$
CL\$1K/STL\$1K	1000	10	1000
CL\$2500/STL\$2499	2500	10	2499
CL\$5K/STL\$2499	5000	10	2499
CL\$10K/STL\$2499	10000	10	2499
CL\$25K/STL\$2499-INDV	25000	10	2499
CL\$25K/STL\$NONE-DEPT	25000	20	none
CL\$25K/STL\$4999- PURCHASER	25000	20	5000
CL\$50K/STL\$NONE	50000	20	none
CL\$150K/STL\$NONE	150000	20	none
CL\$250K/STL\$NONE	250000	20	none
CL\$1M/STL\$NONE	1000000	20	none
SUSPENDED	1	0	0

County policy restricts the single purchase limit to a maximum of \$2,499. Policy establishes maximums for other limits, as discussed below. Card limits provide an important safeguard against fraud and misuse. It is important that card limits be set as close as possible to anticipated use.

#### Single Transaction Limit (STL)

The amount spent on a single purchase, or transaction, from a single vendor. The maximum single transaction limit is for an Individual and/or a Staff Card is \$2,499 for general purchases. Departments may set STL lower than this limit, if appropriate. The Department Card may have the STL waived.

#### Cycle Limit (CL)

The maximum dollar limit of total purchases allowed for the month. This limit should be set at an amount slightly above anticipated monthly spending. An individual card CL may not exceed \$25,000. A department card CL may not exceed \$250,000 unless preapproved by the Finance Department.

#### Authorizations per Day

The maximum number of purchases allowed in one day.

### Merchant Category Code Group (MCC Group)

In an effort to ensure that cards cannot be used to make improper purchases, the Finance Department has blocked purchases from certain categories of vendors. Attempts to make purchases from those vendors will result in an “unauthorized purchase” message. Requests for changes to the MCC permitted on a card should be submitted on the P-Card Account Maintenance Form. These requests will be considered on an individual basis.

Frederick County has established five (5) MCCGs and they are as follows:

<b>FREDT001</b>	
<b>Explanation required to allow.</b>	
<b><u>Travel Table</u></b>	<b><u>Description</u></b>
3000-3349	Airlines
3350-3499, 7512	Rental Cars
3500-3999	Hotels
4112	Passenger Railways
4121	Limos/Taxi Cabs
4131	Bus Lines, Including Charters and Tour Busses
4511	Air Carriers, Airlines
7011	Lodging - Hotels, Motels, Resorts
7012	Time Shares
<b>FREDR001</b>	
<b>Explanation required to allow.</b>	
<b><u>Restaurant Table</u></b>	<b><u>Description</u></b>
5422	Freezer and Locker Meat Provisioners
5441	Candy, Confectionery, and Nut Stores
5451	Dairy Products Stores
5462	Bakeries
5499	Misc Food & Convenience Stores, Markets, Specialty Stores & Vending Machines
5811	Caterers
5812	Eating Places-Restaurants
5814	Quick Payment Service - Fast Food Restaurants
<b>FREDP001</b>	
<b>For Parks &amp; Recreation Staff</b>	
<b><u>Parks/Rec Table</u></b>	<b><u>Description</u></b>
4411	Cruise Lines/Steamships
4457	Boat Rentals/Leases
7832	Motion Picture Theaters
7841	Video Tape Rental Stores
7911	Dance Halls, Studios & Schools
7922	Theatrical Producers, Ticket Agencies
7929	Bands Orchestras & Misc.
7932	Billiard & Pool Establishments
7933	Bowling Alleys
7941	Commercial Sports, Athletic Fields, Professional Sports Clubs & Sports Promoters
7991	Tourist Attractions & Exhibits
7992	Golf Courses
7993	Video Amusement Game Supplies
7994	Video Game Arcades/Establishments
7996	Amusement Parks, Carnivals, Circuses, Fortune Tellers
7997	Membership Clubs, Country Clubs, Private Golf Courses
7998	Aquariums, Sea-aquariums, Dolphinariums

FREDF001	- MANDATORY - this table cannot be removed
<u>COV Fraud Table</u>	<u>Description</u>
4829	Money Transfer Merchants
5813	Bars, Cocktail Lounges, Discotheques, Nightclubs & Taverns - Drinking Places (Alcoholic)
5933	Pawn Shops
6010	Financial Institutions (Manual Cash Disbursements)
6011	Financial Institutions (Automated Cash Disbursements)
6050	Quasi Cash Member Financial Institution
6051	Quasi Cash Merchant
7273	Dating and Escort Services
7297	Massage Parlors
7995	Betting (Including Lottery Tickets, Chips at Gaming Casinos, Off - Track Betting & Wagers at Race Tracks)
9401	Food Stamps
5681	Furriers & Fur Shops
5698	Wig & Toupee Stores
5921	Package Stores, Beer, Wine and Liquor
5993	Cigar Stores and Stands
5960	Direct Marketing - Insurance Service
5977	Cosmetic Stores
6012	Financial Institutions
6211	Security Broker/Dealers
7230	Barber & Beauty Shops
7261	Funeral Services & Crematories
9211	Court Costs including Alimony & Child Support
9222	Fines
9223	Bail & Bond Payments
9751	U.K. Supermarkets, Electronic Hot File
FREDU001	Explanation required to allow.
<u>Utilities Table</u>	<u>Description</u>
4814	Telecommunication Services
4899	Cable & Other Pay Television
4900	Electric, Gas, Sanitary & Water Utilities

By default, purchases from all tables will be excluded (prohibited) from all cards. Indicate on the card application allowed tables (permitted) for each card.

### Split Purchase

Splitting a purchase to circumvent a card's spending or authorization limit is prohibited.

See page 6 of this document for further discussion of split purchases.

## **PROGRAM MANAGER**

### Primary Program Manager

The department director shall identify a Program Manager who will be responsible for all aspects of the purchasing card program within the department. The Program Manager is the Program Administrator's point-of-contact for the department. All requests for card information and/or card changes must come through the department Program Manager. The Program Manager is also responsible for maintaining a violation record in order to evaluate individual cardholder's infringements.

### Alternate Program Manager

If staff size permits, it is recommended that the department assign an Alternate Program Manager. This allows continued management of the program in the Program Manager's extended temporary absence.

### Replacement of the Program Manager and/or Alternate Program Manager

If the primary and/or alternate Program Manager will no longer perform as such, a written notification should be submitted to the Finance Department immediately. The notification should include the name of the replacement along with the completed and signed Program Manager Statement of Responsibilities. In order to participate in the p-card program, the department must have an active Program Manager at all times.

## **DEPARTMENT INTERNAL CONTROL PROCEDURES (ICP)**

Each using department must establish and adhere to its own internal control procedures that govern card security, use and accounting. Development of internal control procedures is delegated to the department because procedures may vary significantly from department to department. The department must submit their ICP to the Program Administrator for approval.

### Description of Duties

Procedures must describe the assignment of card related responsibilities and the flow of card related documentation within the department. Procedures for obtaining, safeguarding and returning cards should also be addressed. Procedures should identify staff members by position title rather than by name. This will minimize necessary revisions to procedures as staff members change.

### Separation of Duties

Procedures must include an appropriate separation of duties. The card custodian function and the final reconciliation function may not be performed by the same staff member. When these functions cannot be separated, a substantive supervisory review of transaction activities is required as a compensating control. The reviewer must sign and date the reviewed account.

### Management Review

Although not required if an adequate separation of duties is otherwise established, it is recommended that management staff periodically review card activity to assure activity is in conformance with policies and procedures. The reviewer should sign and date the document reviewed.

### Revisions

The department's ICP should be revised periodically to reflect any program changes. Agencies should submit their revised ICPs to the Program Administrator for approval.

## **PROGRAM TRAINING**

### Program Manager Training

All primary and alternate Program Managers are required to attend Program Manager training. Finance will provide this training to primary Program Managers, alternate

Program Managers and Department Heads. The training provides a detailed discussion of the procedures necessary to obtain, use and properly account for department cards.

### Card User Training

Departments are required to provide training to all cardholders and users prior to their first card use. The training should include, at a minimum, such subjects as:

- Departmental procedures for making card purchases, including required approvals and receipt handling;
- Departmental contact information for card problems and/or questions;
- Policy regarding the payment of sales tax; and
- Procedures to report a lost or stolen card.

### **CARD CHARACTERISTICS**

#### Card Plastic

Card plastics will include the county seal along with the following information:

FREDERICK COUNTY, VA – FOR OFFICIAL USE ONLY – TAX EXEMPT #V00301675F.

#### Card Imprint

Card names are assigned by the department. Card names may be either Staff Cards or individual “named” cards. It is strongly suggested that all cards are individual named cards. Each line has a maximum of 24 characters, including spaces.

- Staff Cards – Staff cards do not provide the level of security that individual named cards do. In addition, the bank does not offer the same level of dispute or fraud protection as it does for named cards.
  - Line 1 – Department name

- Line 2 – Optional – may add additional description for intended use of card, i.e. Team A or Trips & Excursions
- Named Cards –Individual cards offer a higher level of security and liability coverage than Staff Cards.
  - Line 1 – Individual’s legal name
  - Line 2 – Department name

### Signature on Card

Staff Cards: Although the card has a space for a signature on the back, Staff Cards should NOT be signed. “SEE COUNTY ID” should be written in the signature line.

Named Cards: Should be signed by the individual whose name appears on the card (includes Department and Individual Cards).

### Card Security

Except for cards in personal possession, cards should be kept in secure location while not in use. Access to the location should be limited to those individuals who are permitted to access the card.

### Card Custodian

The department must identify a custodian for a Staff Card. The custodian is responsible for the card’s physical security and the card activity/transaction log.

If operational requirements necessitate more than one custodian for the Staff Card, policy recommends that the department establish a method for tracking card responsibility, such as a chain-of-custody arrangement where one custodian remains responsible for the card until relieved by another custodian.

## **OTHER PROGRAM REQUIREMENTS**

### Adequate Funding

Departments must devise a method to assure that adequate funds are available before each purchase is made.

### Activity/Transaction Log

A system that tracks card transactions as they occur must be in place for the Department Card and a Staff Card. Entries should be immediate so that they provide up-to-date information on funds expended and should identify the card user. Activity logs must be maintained for ALL Staff and Department Cards.

### Sales Tax Exemption

Most county purchases are exempt from Virginia state sales tax. When making a p-card purchase, card users should remind the vendor of our tax exempt status and examine the receipt to verify sales tax was not charged. By state statute, the county is not exempt from sales tax for meals, catered events, lodging or other accommodations. The county is not exempt from sales tax imposed by other states on goods and services purchased outside of Virginia. Cardholders are provided with a "Tax Exempt Card" to accompany the p-card. Tax exemptions are ONLY to be used when making purchases for official County business.

### Employee Acknowledgement Disclosure Form

A Cardholder/User Agreement form must be signed before a new card is issued and at each instance that a card is re-issued to the same individual. This will include the reissue of expired cards. The form acknowledges the employee's responsibilities regarding card use and sets forth consequences for card misuse. The Program Manager shall maintain the signed forms at least 3 years following the employee's termination of employment.

### Department Director's Statement of Responsibility

This statement acknowledges the director's responsibility for the department's proper use of the purchasing card. The department director is required to sign this form prior to the department's initial participation in the p-card program.

### Receipts

Vendor receipt, invoice or credit slip must be retained for each transaction. Receipts should show all details pertinent to the transaction, including date of purchase, vendor name and location, item(s) purchased with corresponding description(s) and price(s), and the total amount paid. These documents should be attached with the appropriate monthly statement.

- Alternate Receipt –Department may use an alternate receipt, such as an internet screen print or faxed receipt. The receipt should contain the same level of detail required for an original receipt.
- Missing Receipt – If, for any reason, an original, alternate or photocopied receipt is unavailable, a Missing Receipt Affidavit providing the purchase details and reason why a receipt is not available must be included with the appropriate monthly statement. Documentation in lieu of missing receipts must be signed and dated by the Cardholder, Program Manager and the Department Director.
- Signature – ALL receipts will be authorized by the purchaser.

### Document Retention

Program documents must be retained for a minimum of three (3) years.

### Card Management Software

Bank of America Merrill Lynch provides WORKS p-card management software online at <https://payment2.works.com>. This software will allow a user to view transactions at any time, run reports, electronically allocate transactions, etc. Upon request,

Cardholders will only be granted access to view information of their own card account. Program Managers and Department Heads will be given greater access to create reports and manage all department cardholders. Requests for access to the WORKS system must be submitted on the WORKS Access Request form to the Program Administrator.

### Problem Resolution

The Program Manager should attempt to resolve disputes directly with the vendor and/or the bank. If unable to resolve directly within a reasonable time period, contact the Program Administrator for assistance. Any adjustment to billing will be made on subsequent statements.

### Dispute Procedures

Dispute procedures are defined by the county's purchasing card contract with Bank of America Merrill Lynch. The contract requires that disputed items be identified within 60 days of the billing close date for the cycle in which the disputed charge appears on the monthly statement. Disputed charges must be identified to BAML by completing the online dispute form in WORKS or by contacting BAML Customer Service and receiving the document in the mail. Although items identified outside the 60 day period may still be disputed, the county's legal standing in the matter is decreased. Dispute rights for department cards are significantly limited.

### Lost or Stolen Cards

Report a lost or stolen card to Bank of America Merrill Lynch immediately. The bank provides a 24 hour toll free telephone number for this purpose. The number is included on the paperwork that accompanies each new card. The department Program Manager must also notify the Program Administrator immediately. All card users should be aware of the procedure for reporting a lost or stolen card, including how to proceed if the department Program Manager is not available at the time the loss is discovered.

### Reissue of a Lost or Stolen Card

To request a replacement of a lost or stolen card, forward a memo from the department director to the Program Administrator. The memo should describe the circumstances surrounding the card loss and the steps taken to ensure against future losses. The Program Administrator will evaluate each incident on an individual basis to determine whether or not to issue a replacement card.

### Card Cancellation

If a department wishes to cancel a card, the Program Manager should submit the original cardholder application, with the effective date and reason for cancellation completed, to the Program Administrator. The Program Manager must destroy any cancelled card(s). If there is an urgent need to cancel a card, contact the Program Administrator for immediate assistance. Remember that lost or stolen cards may be reported directly to the bank through a 24 hour toll free number.

### Card Changes

If the department wishes to change any aspect of a card, including address and card limits, the Program Manager should submit card changes to the Program Administrator via the Pcard Account Maintenance Form. The form may be submitted by email ONLY from the email address of the Department Head, Alternate Program Manager or the Program Manager. Otherwise, the form must be printed and signed and submitted to the Finance Department.

### Finance Information Website

Information regarding the county's purchasing card program, including relevant forms and contact information, is available on the Intranet site at <http://10.18.10.26/intranet/Finance/index.html> .

## **POLICIES AND PROCEDURES VIOLATION**

The purchasing card is an opportunity for county staff to maximize efficiency in the procurement of goods and service; however, this concession can be terminated for violation of the policies and procedures outlined in the document. It is the responsibility of the Program Manager to maintain a violation log. If a user violates the policies and procedures, potential repercussions include, but are not limited to:

- Warning letter sent by the Program Manager/Department Head;
- Suspension of card privileges; and/or
- Employee termination.

Examples of violations include, but are not limited to:

- Personal purchases;
- Purchase of restricted commodities;
- Split purchasing;
- Failure to obtain and forward supporting documentation for all card transactions;
- Lack of timely and proper reconciliation of monthly statements; and/or
- Use of the card by anyone or any department other than the authorized user.

## **FRAUD AND MISUSE**

### Deterrence

The department is responsible to actively protect each of its purchasing cards from fraud and misuse. The following guidelines should be followed:

- Limit Card Access – Maintain Staff and Department cards in a secure environment. Limit access to this environment to provide greater security for the card. Consider card security prior to allowing an employee access to a card or card number, particularly if the employee is temporary or seasonal.

- Protect Card Information – Information regarding cards should be protected. This is to include card account number, name and expiration date. File reports that contain card numbers in locked file cabinets. When discarding reports or other paperwork containing card information, shred documents. Assure security of card materials that are maintained electronically. Do not send emails which contain card numbers and/or expiration dates.
- Establish Reasonable Card Limits – Establish reasonable spending and transaction limits. This will limit risk in the event the card or card number is lost or stolen.
- Maintain Adequate Separation of Duties – Divide the card custodian and the accounting/reconciliation duties among employees. Conduct proper upper management review of transactions and supporting receipts and associated documentation.

#### Occurrence of Fraud or Misuse

If fraud or misuse is suspected, the Program Manager should contact the Program Administrator immediately for further guidance. If fraud is confirmed, the Program Manager must also report the incident to County Administration and Human Resources.

#### **COMPLIANCE REVIEWS**

The card program is subject to review by the Finance Department, County Administration and both internal and external auditor.