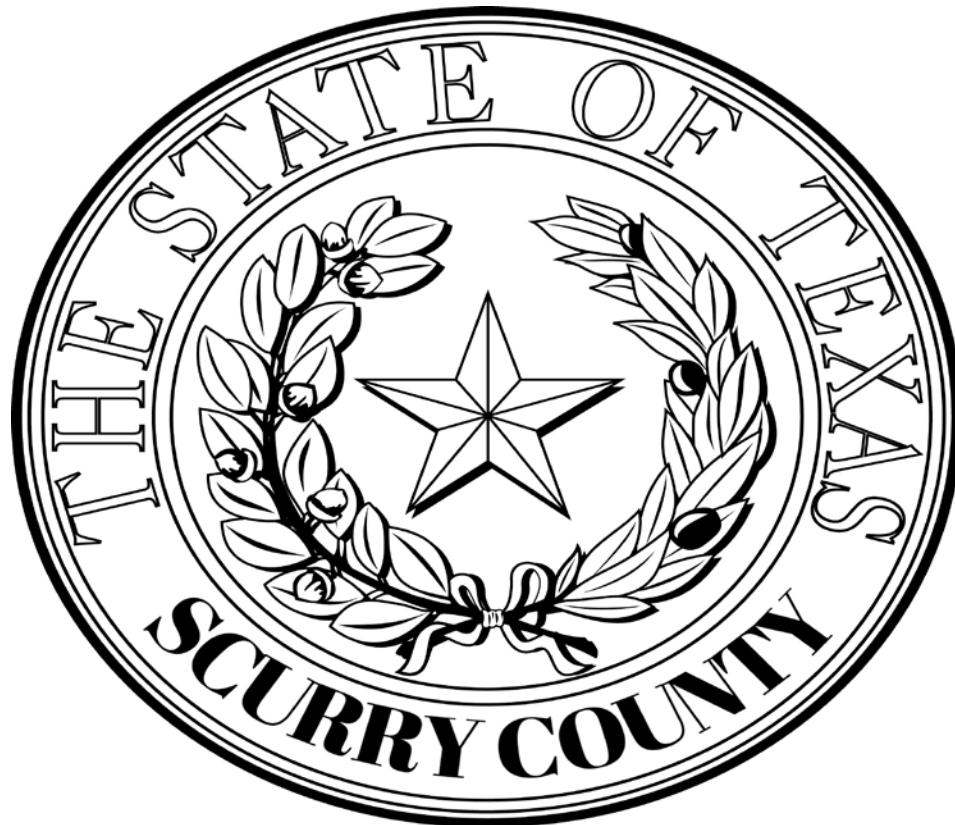


SCURRY COUNTY



PURCHASING CARD POLICY & PROCEDURES

**SCURRY COUNTY PURCHASING CARD POLICY &
PROCEDURES
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SCURRY COUNTY PURCHASING CARD POLICY AND PROCEDURES

1. **PURPOSE**

To establish policies and procedures for procuring goods using a Purchasing Card. Purchasing Card are referred to throughout this policy as “P-Card.” The purchasing card program is designed to streamline the purchasing and accounts payable process by reducing the paperwork generated by smaller dollar, high volume transactions facilitating quick payment to vendors.

This policy includes procedures for the following:

- Establishing Purchasing Limits
- Establishing Allowable/Prohibited Purchases
- Security
- Charge Transaction Declines
- Merchandise Returns
- Report Processing
- Reconciliation
- Payment Processing
- Records Management

2. **SCOPE**

This policy applies to all Scurry County departments and individual, permanent employees. All Purchasing Cards shall be governed by this policy and used in a manner that complies with State Law and Scurry County policy regulating the procurement of goods and services.

3. **POLICY**

Employees who use the P-Card to perform official County business will use the Card as provided in this policy.

4. **DEFINITIONS**

Purchasing Card – The P-Card is a commercial credit card for small dollar purchases of goods necessary for official county business. The P-Card may be issued to an individual, permanent employee only.

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Purchasing Card Program Administrator – The designee who will serve as a single point of contact between Scurry County and the Bank for general oversight of the Purchasing Card Program.

Purchasing Cardholders – Full-time, permanent employees that have been designated by the Elected Official or Department Head to be issued a P-Card for their use under these policies and procedures.

Bank – The bank selected by the County to provide the P-Card program.

5. **RESPONSIBILITIES**

5.1 It shall be the responsibility of the Auditor's Office to:

- 5.1.1 Develop policy and procedures for the use of P-cards that comply with State Law.
- 5.1.2 Administer the P-Card Program, to include the following responsibilities:
 - Serve as primary contact with the Bank for P-Cards.
 - Serve as primary contact with the department heads and elected officials. Approve/process applications for the issuance of P-Cards for users in compliance with the requirements as stated in the policy.
 - Establish guidelines and criteria for transactions and cumulative dollar limits for P-Cards.
 - Approve/process changes to Cardholder limits and restrictions as authorized by Elected Officials, Department Heads.
 - Keep a current list of Cardholders, card numbers and card limits. Coordinate training on P-Card usage and small purchase policies and procedures.
 - Review departmental compliance/submission of approved expense reports with receipt reconciliations.
 - Cancel and suspend cards as requested by Elected Officials, Department Heads, or Commissioner's Court.
 - Coordinate any system updates needed to interface with the County's accounting system.
 - Review transactions for verification of small dollar purchases and price agreement opportunities.
 - Spending limits may be adjusted at the Auditor's Office discretion to accommodate emergency purchases.
 - Process General Ledger interface for monthly County P-Card purchases.
- 5.1.3 Establish General Ledger hierarchy for P-Card purchases.
- 5.1.4 Review Semi-Monthly expense reports and monthly billing statement from the bank and ensure timely payment of indebtedness.
- 5.1.5 Review or perform necessary accounting transactions to process all

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departmental charges and ensure the reconciliation account zeros out monthly.

- 5.1.6 Conduct random audits of P-Card transactions to act as a check on departments carrying out their responsibility for audit and compliance with State Law and County policies.
- 5.2 It shall be the responsibility of all Elected Officials or Department Heads to:
- 5.2.1 Designate which employees will receive a P-Card and set limits for each Cardholder's account. Cardholder limits will include monthly spending limits, number of transactions per day, number of transactions per billing cycle, and merchant category restrictions. These limits will be based on the Cardholder's purchasing requirements and will not exceed the limits established by P-Card Program Administrator.
 - 5.2.2 Approve or authorize personnel to approve all departmental transactions for processing by Auditor's Office.
 - 5.2.3 Recommend suspension or cancellation of a card to P-Card Program Administrator.
 - 5.2.4 Notify P-Card Program Administrator to cancel card privileges, if employee is terminated or changes positions; collection of card from employees.
 - 5.2.5 Tracking and responsibility for the following:
 - Monitor purchases made by Cardholders within their department.
 - Enforce timely compliance of submission requirements; review receipts and expense report reconciliations for submission to the P-Card Program Administrator.
 - Code general ledger account numbers and description of purchase to online card transactions before submission for payables process.
 - Obtain original signatures of card holders and authorized approvers for payables on expense reports for submittal to Payables.
 - 5.2.6 Suspend use of P-Card's beginning December 4th through December 31st of each fiscal year for supplies or materials for end of year accounting.
 - 5.2.7 Designated Cardholders will be responsible for the following:
 - Read and sign a Purchasing Card Cardholder Agreement prior to being issued a P-Card.
 - Assume responsibility for all purchases made with the P-Card, adhering to this policy insuring that no unauthorized purchases are made. Unauthorized purchase could be considered misappropriation of County funds.
 - Inform merchant of tax exempt status; cardholder will be responsible for notifying vendor for tax credit or reimbursing the tax amount to the County. Reimbursement to the county by cardholder shall be in the form of check, money order or cash.
 - Keep itemized receipts.
 - Verify charges posted on expense report and sign report.
 - Immediately report lost or stolen cards to the P-Card Program Administrator/County Auditor by phone and then submit a lost or stolen card form to the Auditor's Office.

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- Make every reasonable effort to resolve disputed purchases with the vendor.
- Immediately report all unresolved disputed purchases to the P-Card Program Administrator/County Auditor.

6. PROCEDURES

6.1 Purchasing Limits – The maximum credit limit amount per P-Card assigned to a department head or elected official will be set at \$2,500 per month. For any other cards requested under a department head or elected official for a department, the department head/official and the P-Card Administrator will work together to set the appropriate monthly credit limit. The maximum amount of a single-item purchase of supplies or materials will not exceed \$2500. Cardholders must have prior approval from the P-Card Administrator for any purchases over the established dollar limit, or purchases that cannot be obtained any other way.

6.2 Purchases Allowed with the Purchasing Card - Purchasing Cards may be used to purchase any item for immediate use not prohibited by law, this policy, or other policies approved by the Commissioners Court. The total purchase with the P-Card will not exceed the limits established for that Card. All other purchasing policies remain in effect and P-Cards should not be used to circumvent them.

6.3 Purchases Prohibited with the Purchasing Card:

- Personal expenditures. Cash Advances or refunds.
- Sales tax except in cases where State law does not exempt local governments.
- Entertainment of any kind, including the purchase of alcohol or patronage of drinking establishments.
- Purchases under contracts, unless an emergency exception is granted. Separate, sequential, and component purchases or transactions made with the intent to circumvent State Law or County policy.
- Purchases that are split to stay within card transaction limits. Transaction amounts greater than Cardholder's transaction limit. An expenditure that is subject to 1099 reporting.
- Other purchases specifically excluded in other County policies or by law.

6.4 Security – The Cardholder is responsible for the security of the card. This card should be treated with the same level of care as the Cardholder would use with his/her own personal charge cards.

6.5 Supporting Documentation for Card Purchases -All transactions must be supported by **itemized** receipts (An itemized receipt is defined as a receipt with each item listed on the receipt.) or credit slips. If cardholder fails to get an itemized receipt, and cannot get a copy from vendor, cardholder must write out an affidavit and submit with expense report. In instances where the receipt is lost,

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Cardholder must obtain a copy at their own expense from the vendor or bank. If, after numerous attempts, a copy is not provided to cardholder, cardholder must write out an affidavit, sign and submit with expense report. For purchases made over the phone or on the Internet, a logging system with unique transaction identifiers should be maintained and a faxed copy or e-mail confirmation of the order retained as the receipt.

6.6 Declined Transactions - If a Vendor receives a "Decline" response from the Bank after attempting to put through a P-Card transaction, Cardholders should contact the P-Card Program Administrator with the following information for resolution:

- Account number
- Business where decline occurred
- Total transaction amount of the decline
- Date the decline occurred

After determining the reason for the "Decline" it may be necessary for the P-Card Program Administrator to contact the issuing bank and deactivate the card and request a new card issuance.

6.7 Using the Card - A need for an item is established when it is not readily available through a County contract. In making a purchase, the Cardholder must abide by the following rules:

- The Cardholder must ensure that item purchased is not restricted under paragraph 6.3.
- In purchasing an item the Cardholder must ensure that sales tax is not included in the purchase price before issuing payment with the P-Card.
- The Cardholder must retain the purchase receipt and attach it to the Semi-Monthly expense report. After being signed by the appropriate personnel, the expense report should be submitted to Payables.

6.8 Purchasing Return - The Cardholder is responsible for obtaining a credit memo from the Vendor when merchandise purchased with the Card is later returned to the Vendor for any reason. The credit memo will be attached to the expense report along with the sales receipt.

6.9 Reports - When the reconciliation process is complete, the expense report will be signed by the cardholder and the Elected Official, Department Head or authorized personnel with original signatures and returned **by the designated day** to Payables. Failure to meet timely submission requirements from Cardholders to Payables may cause suspension or cancellation of P-Cards as authorized by Commissioners Court. If a late charge is incurred due failure to turn in necessary documents for payment the department is responsible for late fees. The Auditor's office will reconcile all Departmental expense reports to the billing statement.

6.10 Lost or Stolen Purchasing Cards—

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- When it is determined that a P-Card has been lost or stolen, **IT IS IMPERATIVE TO FIRST CANCEL THE CARD WITH THE BANK BY CONTACTING THE COUNTY AUDITOR'S OFFICE.** In addition, they must complete a Purchasing Card Lost/Stolen Card Form and forward it to the P-Card Program Administrator/ County Auditor.
- Once a P-Card is discovered lost or stolen, it is imperative to cancel the card immediately. The County is liable for all charges until the card is reported lost or stolen. **Thus, the Cardholder may be responsible for all charges made against the P-Card from the time it is lost or stolen until the time the Bank is notified, if the Cardholder fails to immediately notify the County Auditor upon discovering the loss or fails to discover the loss within a reasonable amount of time.**

6.11 Unauthorized Use of the Purchasing Card - Any purchases that the P-Card Program Administrator deems prohibited as defined in paragraph 6.3 will be sent back to the Cardholder for justification and/or explanation. If any prohibited charges appear in the Cardholder's transactions and expense report, the following may occur:

- The P-Card Program Administrator/County Auditor will investigate all circumstances surrounding alleged misuse of the P-Card 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.
- Failure of cardholder to submit itemized receipts or credit slips with expense report could result in suspension of P-Card.
- Termination of employment and forfeiture of the P-Card are potential disciplinary actions for improper use of the card.
- In those cases where there is evidence of negligent use of the P-Card, but no fraudulent acts have been committed, the Cardholder will be required to surrender the P-Card with all further privileges revoked.

Any employee having knowledge of violations to this procedure or any other procedure or policy governing the use of the P-Card must immediately report such activity to the P- Card Program Administrator/County Auditor.

The P-Card may be suspended or terminated if a Purchasing Cardholder is suspected of fraud, theft, or illegal use. Should the suspicion prove founded, appropriate action shall be taken in accordance with existing County policies and procedures.

6.12 Disputed Items - Disputes, if possible, should be resolved promptly between the Cardholder and the Vendor. Cardholders should raise disputes immediately. As 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 10 days, the Cardholder should submit a Dispute Form to the P-

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Card Program Administrator/County Auditor. A charge should not be disputed on the current expense report if it was returned for credit after the cut-off date. The credit should be reported on the next expense report with a notation being made that there is a disputed charge and expected credit.

- 6.13 Termination Clause - The P-Card is issued to an employee for the County's convenience and may be suspended or terminated at any time by the County for non-compliance with County policies and procedures. Transfer, resignation, or terminations of employment are grounds for cancellation of the P-Card. The P-Card should be turned into the P-Card Administrator/County Auditor immediately.

It is important to cancel a card 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 cancelled. 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 resulted from the department's actions.

7. LEGAL REFERENCES

This policy statement of the Purchasing Agent is pursuant to Texas Local Government Code 262.01 *l(l)* & *(o)*.
County Purchasing Act, Texas Local Government Code, Chapter 262, Subchapter C.

By this policy, the Scurry County Commissioners Court authorizes the use of County provided purchasing cards. The purpose of the purchasing cards is to provide the County with an efficient and controllable method of making small dollar, high volume commodity, service and travel purchases. The purchasing card will be primarily used in place of small purchase orders that are issued on a routine basis. This card policy is not intended to replace, but rather supplement existing purchasing, travel and other County policies.

The County Auditor will be the Purchasing Card Program Administrator and is responsible for all activities related to the County Purchasing Card Program.

SCURRY COUNTY PURCHASING CARD POLICY
AND PROCEDURES
COMMISSIONERS' COURT APPROVAL

Scurry County Purchasing Policy & Procedures

Dan Hicks, Jr. County Judge

Terry Williams, Commissioner Pct. #1

Trisha Cockrell, Commissioner Pct. #2

Shawn McCowen, Commissioner Pct. #3

Jim Robinson, Commissioner Pct. #4

Date: _____

Attest:

Melody Appleton, County Clerk