

County of Rockland - Department of General Services – Purchasing Division

Procurement Card Program GUIDELINES –

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I. PURPOSE:

The purpose of the County Procurement Card Program is to improve efficiency and streamline the purchasing process of small dollar items, thereby reducing the volume of individual purchase orders and payments processed by the County to suppliers. This program allows the cardholder to purchase approved commodities and services costing \$500 or less, directly from County suppliers. Each purchasing card is issued to a named individual and is designated with "County of Rockland" clearly shown on the card as the Governmental buyer of goods and services. The Purchasing Department, Finance Department, and County Auditor will monitor the performance of the program.

This Policy is intended to accomplish the following:

The intent of the Procurement Card Program is to provide an efficient method of purchasing and paying for goods and services costing \$500 or less. Exceptions to these limits may be allowed for emergency purchases, law enforcement extraditions, purchases that can only be made with a credit card, for special contract incentives that provide the county with additional discounts, and payment of invoices for goods and services as authorized by the Director of Finance. Exceptions shall be approved in advance and in writing, by both the Director of Finance and the Director of Purchasing. The use of procurement cards will:

- Provide a rebate incentive to the County when spend thresholds meet the pre-defined contract threshold.
- Eliminate petty cash accounts;
- Provide a better audit trail of low dollar purchases formally made with Petty Cash;
- Reduce the cost of processing routine transactions;
- Decentralize purchasing authority for routine non-contracted transactions up to \$500;
- Ensure purchasing card transactions are in accordance with the County's Procurement Policy and Procedures;
- Ensure that the County bears no legal liability from inappropriate use of purchasing cards;

- Provide for disciplinary action for misuse of the purchasing card;

Use of the card will obligate the County to make payment for the goods and services received, unless there is a dispute. Procurement Card Provider will bill the Finance Department and Purchasing Department for all Purchases made during the billing period. The Finance Department will allocate the charges back to individual department accounts for purchases made using the department's cards.

II. SCOPE

This policy will be applicable to those County departments who have requested and have been approved to use procurement cards to purchase goods and services for specific expenditures incurred under conditions approved by this policy.

III. APPLICABILITY

This Policy applies to all agencies and departments within County government. The policies and procedures provided herein are minimum standards. Departments may establish additional controls if necessary.

IV. BACKGROUND

The Purchasing Division has used various methods to accomplish the purchase of goods and services. The method of purchase requisitioning, has proven to be time consuming and costly. To promote operational efficiency and vendor acceptance the Purchasing Division and Finance Department initiated a limited trial Procurement Card program.

The Procurement Card system simplifies the procurement/disbursement process. Procurement responsibility is delegated to the ordering Department enabling an authorized cardholder to place an order directly with the vendor. When a purchase authorization is requested by the supplier at the point-of-sale, the Procurement Card system checks the transaction against preset limits. Transactions are approved or declined (electronically) based on the Procurement Card authorization criteria established.

The authorization criteria may be adjusted periodically as needed and shall include, but is not limited to, the following:

- Annual purchase limit as set by the Purchasing and Finance Departments
- Single purchase limit as set by the Purchasing and Finance Departments
- Approved Merchant Category Codes

The authorization process occurs through the electronic system that supports the Procurement Card processing services under the County's agreement with the bank.

V. RESPONSIBILITIES

The following are the responsibilities of the individuals and County Departments involved in the Procurement Card program.

1) Cardholder and or Department Representative (Individual(s) designated by Department Head)

- Hold and secure procurement card issued to self
- Ensure availability of funds and proper account codes
- Order/receive materials and services
- Inspect all ordered goods and services, making sure there are no sales tax or backorders
- Collect, save sales receipts, and invoices
- Match receipts with monthly card statement
- Review monthly statements for validity of all transactions
- Process all billing statements in a timely manner
- Identify disputed charges
- Review monthly charges with supervisor
- Comply with all purchasing and procurement card policies and procedures.

2) Department Representative [Individual(s) designated by Department Head]

- Acts as the Department or Division contact & coordinator in matters pertaining to the Procurement Card Program
- Review monthly statement with cardholder
- Make sure there are no sales tax or back-orders
- Ensure availability of funds in proper account codes
- Approve the monthly statement authorizing charges
- Verify the appropriateness of account codes (i.e., Department/Division/Function/Object Code)
- Forward payment authorization, summarized reconciliation of statement(s) and supporting receipts to Department Head or Designee for review and signature, then forward to the Procurement Card Administrator
- Provides annual review/training on use of cards, as needed.

- Comply with all purchasing and procurement card policies and procedures

3) Department Head or Commissioner

- Request Procurement Cards for designated employee(s)
- Process transfer of funds to Procurement Card Reserve Account
- Request Card spending limits within established guidelines
- Designate representatives responsible for authorizing charges and changes, (Designee)
- Collect cards from cardholders who end employment
- Evaluate the need to cancel or reissue cards when employees transfer
- Notify the Procurement Card Administrator of terminated cards
- Comply with all purchasing and procurement card policies and procedures
- Each department will establish internal controls to review purchases
- "Extraordinary or Emergency" purchases exceeding established limits will be processed through the Purchasing Department.

4) Procurement Card Administrator and Purchasing Department (Appointed by Purchasing Director or designee)

- Coordinate program policy issues
- Forward Procurement Card Transfer Requests to Finance Department
- Update Authorized Cardholder List and annual limits, and forward to the Legislature on a Quarterly basis for review.
- Provide initial training on use of card
- Coordinate issuance and cancellation of cards
- Target new cardholders and expanded use of card
- Maintain policy and cardholder guidelines/manuals
- Evaluate procurement card feedback from suppliers and from departments
- Monitor missing documentation and notify the Cardholder
- Notify the Department Head or Commissioner of any violations or discrepancies
- Pursue supplier discount opportunities
- Monitor and maintain cardholder accounts and access (e.g. transaction limits, annual limits and reporting access)
- Establish and monitor benchmarking objectives
- Conduct semi - annual inventory of procurement cards in conjunction with County Auditor.

5) Finance Department

- Transfer funds in an amount equal to each Procurement Card's Annual Spending Limit to the Procurement Card Reserve Account (Object of Expense E3190)
- Monitor charges for proper account codes and fund availability
- Receive approved monthly statements from all card holders
- Receive consolidated statements from procurement card administrator
- Confirm that all charges are authorized by department representatives
- Notify departments when approved monthly statements are not received
- Pay all non-disputed monthly charges from consolidated statement
- Process accounting data
- File and store statements, receipts, etc.
- Administer 1099 reporting
- Monitor missing documentation and notify the Procurement Card Administrator
- Notify the Procurement Card Administrator of any violations or discrepancies

6) County Auditor

The County auditor will perform periodic audits to ensure that the cardholders and their respective Department Head or Commissioner are adhering to proper policies and procedures. Internal Audits will include:

- Quarterly operational and compliance audits of all departments using the Procurement Card Program. Audit steps will include reviews to ascertain that:
 - Procurement cards are used for authorized purchases related only to County Business;
 - The County is not being charged sales tax for goods and services received;
 - Proper documentation is maintained to support procurement card transactions;
 - Supporting documentation and the related reconciliation are forwarded by the cardholder to the Purchasing Division and Finance Department.
- Perform semi-annual inspection of card possession by cardholders.

VI: ASSIGNMENT AND CONTROL OF THE PROCUREMENT CARD

1. REQUESTS FOR AND ISSUANCE OF PROCUREMENT CARDS

- a. Standard Procurement cards will be issued to individual employees who frequently purchase goods and services in single purchase amounts of \$500 or less.
- b. The procurement card will have the employee's name, the County name, notation stating the County's tax exempt status, and the expiration date embossed on the face of the card.
- c. All requests for new card holders, changes to current cardholders, or changes to authorization must be made by the Department Head or Designee by submitting a completed

application and request for transfer of funds forms (see Appendix A) to the Procurement Card Administrator.

d. When the Procurement Card Administrator receives a procurement card from the issuing card company, the cardholder will be required to personally take receipt of the card and sign the receipt form.

e. The Procurement Card Administrator will notify the requesting department and the Finance Department upon the issuance of all procurement cards.

2. LOST OR STOLEN PROCUREMENT CARDS

a. If a procurement card is lost or stolen, the cardholder or department representative must immediately notify the procurement card company – and the Procurement Card Administrator of the loss.

b. The cardholder will be responsible for reporting all information necessary to reduce the liability to the County for a lost or stolen card.

c. Disciplinary action will be taken in the event that the Procurement Card Administrator or bank is not notified.

3. TERMINATION OR TRANSFER OF CARDHOLDER

When an employee ends his or her employment or is transferred to another department, and does not require the card in the new position, the Department Head must collect the procurement card and destroy it. The department must then submit the destroyed card to the Procurement Card Administrator, who will notify the bank to cancel the card.

If the department is unable to collect the procurement card when an employee terminates, the Department Head must immediately notify the Procurement Card Administrator. The Procurement Card Administrator will ensure that the card is cancelled.

VII.: CARDHOLDER USE OF PROCUREMENT CARD

1. CARDHOLDER USE ONLY

The procurement card shall be used only by the employee whose name is embossed on the card. No other person is authorized to use the card. The cardholder is responsible and accountable for all transactions that occur on his/her card. The cardholder shall be held personally responsible for inappropriate charges.

Upon receipt of the Procurement Card, the cardholder should sign the back of the card.

2. COUNTY PURCHASES ONLY

The procurement card is to be used for County authorized purchases only. The procurement card cannot be used for any personal use and any such use will require immediate reimbursement and shall result in disciplinary action.

3. STANDARD SPENDING LIMITS

The Procurement Card Administrator and Department Head approving the assignment of a procurement card will set the annual limit for each cardholder. The maximum limit per transaction shall be \$500.

Requests for spending limit changes shall be initiated by a memo or email to the Procurement Card Administrator by the Department Head or Commissioner.

A purchase may be made of multiple items, but the invoice cannot exceed \$500 or the cardholder's limit if less. Splitting charges will be considered abuse of the purchasing card program, for example, artificially dividing similar purchases over different days and times to keep the total amounts below the limits for single purchases.

4. OTHER CONDITIONS

No back ordering is allowed. Card is not to be billed until order is shipped.

5. PROHIBITED USES OF PROCUREMENT CARDS

The following types of items will not be purchased with a procurement card, regardless of the dollar amount:

- a. Alcoholic Beverages
- b. Any Items for Personal Use
- c. Association Dues/Memberships
- d. Cash advances
- e. County Contract Items
- f. Professional Services
- g. Travel and Travel Related Expenses unless approved in advance in writing by the Commissioner of Finance.
- h. Travel Related Gasoline

6. VIOLATIONS

1. Using the Procurement Card for personal purchases.
2. Using the Procurement Card for purchases which solely benefit the cardholder.
3. Use of the Procurement Card by a suspended or terminated employee.
4. Assignment or transfer of an individual card to an unauthorized individual.
5. Making standard purchases that exceed the transaction limit of \$500. It is the responsibility of the ordering department to ensure all "extra" charges such as freight handling, set up, etc. are considered before a procurement card transaction is made. A vendor's willingness to honor a procurement card transaction exceeding \$500 does not authorize departments to make such purchases.

6. Purchases from vendors that create conflicts of interest.
7. Multiple procurement card transactions (splitting) to circumvent the limit.
8. Procurement card transactions referenced in "Prohibited Uses of Procurement Cards".
9. Failure to produce proper documentation, receipts, invoices, monthly statements in a timely fashion, to the Finance Department.
10. Failure to report lost or stolen procurement card as herein stated.

VIII.: PROCEDURES FOR MAKING AND PAYING FOR PURCHASES

1. GENERAL INFORMATION

When using the procurement card, the department will make the purchase at the best possible price utilizing local Rockland County businesses whenever possible.

2. DOCUMENTATION OF OVER-THE-COUNTER PURCHASES

- a. When a purchase is made, the cardholder must obtain the customer's copy of the charge slip in addition to the detailed invoice/receipt. The charge slip or related cash register slip/receipt must show in sufficient detail the type and number of items purchased with the unit cost. Should a detailed receipt not be available, the cardholder shall submit a written detail along with the receipt.
- b. The charge slip and detailed invoice/receipt will be retained by the cardholder or by the department representative until forwarded to the Procurement Card Administrator in the PLOT (Procurement Log of Transactions) envelope with the monthly statement. The County is exempt from sales tax. The cardholder must ensure that the vendor is aware of this.

3. TELEPHONE ORDERS

When placing a telephone order, the cardholder must confirm that the vendor will charge the procurement card when the item is shipped. Absolutely no back-orders will be allowed. Ensure the vendor knows that the County does not pay sales tax.

4. MISSING DOCUMENTATION

If for some reason the cardholder does not have documentation of the transaction to send with the statement, the cardholder must try to obtain a copy and if this is not possible, a description of the purchase must be attached. The description will include a description of each item, the number of items purchased, the unit cost, the date of purchase, the vendors name and why there is no supporting documentation. Continued incidents of missing documentation shall result in the cancellation of the employee's procurement card.

5. STATEMENT AND PAYMENT PROCEDURES

- a. The procurement card administrator will forward the consolidated statement for each billing cycle to the Finance Department. Cardholders and or Department Representatives

will be notified via email that their statements are available for reconciliation. The statement will list all transactions processed during the current billing cycle. If no purchases were made on the procurement card during the billing cycle, no statement of account will be generated unless adjustments for previously billed transactions have been processed during that cycle.

- b. The cardholder must review the statement and note any errors and apply the appropriate the accounting code (object of expense) for each transaction. Procurement card slips/receipts for all transactions listed on the statement should be placed in the PLOT envelope. The cardholder shall mark the statement reviewed, attach the statement to the outside of the PLOT envelope, and forward for approval. The Department Representative and the Department Head or Designee shall review and approve the statement. By signing the statement the designated department representative and Department Head or Designee are certifying that all charges are appropriate, funds are available, and payment is authorized based on the attached receipts. Once all reviews are completed, the statements and forms shall be summarized for the department (like Department and object of expense Codes grouped) and forward to the Purchasing Division within seven (7) working days after notification. The Procurement Card Administrator will reconcile the county wide combined statement and forward all to the Finance Department.
- c. The Finance Department will ensure that the procurement card charges are paid on a timely basis and that the consolidated statement received is reconciled against the individual cardholder statements forwarded from the departments. Department Heads will be notified when individual statements are not received in the allotted time. Continued failure to meet the seven (7) working day deadlines may result in the revocation of procurement cards at the discretion of the Procurement Card Administrator.

6. DISPUTES

1. If items purchased with the procurement card are defective, the cardholder must return the items(s) to the vendor for replacement or credit. If the service paid for with procurement card is faulty, the vendor must be notified and asked to correct the situation or provide a credit. If the vendor refuses to replace or correct the faulty item or service, the purchase will be considered in dispute.
2. It is essential that the time frames and documentation requirements established by the procurement card issuer be followed to protect the cardholder's rights in dispute.
3. The cardholder contacts the Merchant about the transaction and supplies the necessary information to begin the resolution process, and; only if a resolution can not be reached, the cardholder completes a Dispute Form and faxes it to the Purchasing Division explaining the reason(s) for the dispute as well as a copy of the statement if the item has posted. The Purchasing Division will contact the bank. The bank will then place the transaction into a dispute status.
4. A disputed item must be explained with a note on the cardholder's statement of account before the statement is forwarded to the Purchasing and Finance Departments for payment.
5. If an agreement cannot be reached the following steps will be completed:
 - a. After the item has been entered as a dispute, the bank must determine who is

responsible by researching the transaction including requesting a copy of the sales draft when necessary. When responsibility for the transaction is determined, the dispute will be settled on-line.

- b. When an account is in dispute status, the disputed amount is still included in calculating the available money for authorization (monthly limit). At the time the item is placed in dispute, it is removed from all finance charge, late charge, over limit fee, past due amount, and calculations. Finance charges which accrue from posting until the item is placed in dispute must be handled according to County policy. Any cardholder statements generated while the account is in dispute will display the following message:

YOUR ACCOUNT IS IN DISPUTE FOR \$XXX.XX THIS AMOUNT HAS NOT BEEN INCLUDED IN THE FINANCE CHARGE OR PAYMENT CALCULATIONS.

- c. If the cardholder is actually responsible for the transaction, the dispute is settled in favor for the bank and no further actions are required. If the cardholder is not responsible for the transaction, the dispute is settled for the cardholder and the chargeback process may be initiated against the Merchant.
- d. If there continues to be a problem with a particular merchant, the cardholder should notify the Procurement Card Administrator of the problems.

IX.: REVIEW OF PURCHASES BY DEPARTMENTS

1. Because of their knowledge of the job responsibilities and requirements, department representatives are required to review each procurement card expenditure (item purchased, amount, and vendor) to ensure the goods or services were necessary, and for official use.
2. When purchases are questioned, the Department Head or designated department representative will be responsible for resolving the issue with the cardholder. If the Department Head cannot be satisfied that the purchase was necessary and for official use, the cardholder must provide a credit voucher proving the item(s) were returned for credit.
3. All misuse must be reported to the Procurement Card Administrator by the Department Head or Designee, or the Finance Department.

X.:PURCHASING DEPARTMENT USE OF CARD & SPECIAL CARD USAGE

1. The Purchasing Director and the Assistant Director of Purchasing or designee shall be issued a card with a limit of \$50,000 for emergency and non-emergency purchases needed by the County.
2. The Purchasing Department shall be able to use the procurement card for purchases if the vendor accepts no other form of payment.