

SECTION 27: PROCUREMENT CARD POLICIES AND PROCEDURES

SECTION I – INTRODUCTION

The Lee County Procurement Card Program is designed to improve efficiency in processing purchases from any vendor that accepts the Visa credit card.

This program allows the Cardholder to purchase approved commodities directly from our vendors. Each procurement card is issued to a named individual and Lee County BOCC is clearly shown on the card as the Governmental buyer of goods.

Procurement Management and Finance will monitor the performance of the program. All questions or concerns should be directed to:

Procurement related:	Katie Albright or Robert Franceschini	533-5450
Finance related:	Lucy Maldonado or Michelle Traeger	533-2100

A. PURPOSE – POLICIES AND PROCEDURES:

Provide an efficient and cost effective method of purchasing and paying for goods and services.

1. Reduce the use of small dollar purchase orders.
2. Ensure procurement card purchases are in accordance with the County's ordinances, policies and procedures.
3. Ensure that the County bears no legal liability for inappropriate use of procurement cards.
4. Provide for disciplinary action if the procurement cards are misused.
5. Establish the minimum standards for use of County credit cards.

B. HOW IT WORKS

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 Visa Procurement Card system checks the transaction against preset limits established by the employee's Department. Transactions are approved or declined (electronically) based on the Procurement Card authorization criteria established. The authorization criteria may be adjusted periodically as needed and may include, but is not limited to, the following:

- Single item purchase limit as set by Department Director (limits exceeding \$999.99 for commodities and \$5,000 for travel & travel related expenses must be specifically approved by the Procurement Management Director in writing prior to the purchase)
- Monthly spending limit
- Approved Merchant Category Codes

C. WHO DOES WHAT?

The following are the responsibilities of the individuals and organizations involved in the Procurement Card system.

1. Cardholder

- Hold and secure Procurement Card (at the discretion of Department Director the card may be held by Department fiscal personnel)
- Order materials
- Receive and inspect all ordered materials
- Collect receipts and turn them in to the Department Reconciler
- Identify and handle disputed and taxed charges
- Review monthly charges with Department Reconciler
- Cardholder is responsible for paying taxes if they are charged.

2. Department Procurement Card Reconciler (“Department Reconciler”)

[Individual designated by Department Director]

- Review monthly statement with Cardholder as needed
- Verify the appropriateness of cost center codes (i.e., fund/dept/div#/program/object code/subsidiary/project #/ cost center assigned to charges)
- Work with Cardholder on disputes if needed
- Forward Procurement Card Report with all original receipts to Finance
- Notify Department Director when Procurement Card documentation (eg. receipts/invoices) is not received from a Cardholder in a timely manner.
- Maintain copies of all supporting receipts
- Notify Procurement Card Administrator of terminated employees
- Forward properly documented copies of all fuel purchase receipts directly to Fleet Management if fuel was purchased for county vehicle, per

Administrative Code (AC) 5-7. Receipts should have the equipment number and odometer reading on it. (Transit and Solid Waste are exempt from this requirement.)

3. Department Director

- Request Procurement Cards for designated employees
- Set Card spending limits within established guidelines
- Designate representatives responsible for authorizing charges
- Collect cards from Cardholders who end employment
- Evaluate the need to cancel or maintain cards when employees transfer
- Notify the Procurement Card Administrator and/or Department Reconciler of terminated cards
- Appoint a Department/Procurement Card Reconciler
- Recommend employee to attend refresher Procurement Card training session as deemed necessary

4. Procurement Card Administrator

(Appointed by Procurement Management Director)

- Coordinate issuance and cancellations of Procurement Cards
- Coordinate program policy issues
- Participate in ongoing program reviews
- Participate in resolving billing disputes
- Maintain Policy and Cardholder guides/manuals
- Conduct mandatory training class for new Cardholders

5. Finance

- Receive approved monthly Procurement Card Report from Department Reconcilers
- Confirm that all charges are authorized by the Department incurring the charges
- Pay monthly charges from consolidated Procurement Card report that has been compared to the individual Cardholder statements
- File and store reports and receipts

6. Procurement Management Director

- Approve/disapprove requests for Procurement Card issuance
- Pursue merchant discount opportunities
- Evaluate Procurement Card feedback
- Coordinate and maintains internal controls
- Target new Cardholders and expand use of the Procurement Card
- Authorize increased spending limits for certain Procurement Cardholders as appropriate

7. Internal Auditor

- Conduct periodic operational and compliance audits

SECTION II – POLICIES AND PROCEDURES

A. ASSIGNMENT AND CONTROL OF THE PROCUREMENT CARD

1. REQUESTS FOR AND ISSUANCE OF PROCUREMENT CARDS

- a. Requests for new Cardholders or changes to current Cardholders must be submitted to the Procurement Card Administrator on the prescribed form.
- b. All requests for Procurement Cards must be signed by the Department Director.
- c. Procurement Cards will be issued to individual employees who frequently purchase goods and services for the County.
- d. Non county employees, such as the University of Florida Extension Services, working with the County may obtain a Procurement Card per the appropriate Department Director authorization.
- e. Contract employees may be issued Procurement Cards, if the Procurement Management Director and the requesting Department Director determine it is beneficial to the County.
- f. The Procurement Card will have the employee's name, the County name, and the expiration date embossed on the face of the card. The Procurement Card issuing company will not be provided individual Cardholder information other than the Cardholder's work address. No credit records, social security numbers, etc., of the Cardholder will be maintained by the issuing company.
- g. When the Procurement Card Administrator receives a Procurement Card from the issuing card company, the Cardholder will be required to sign a receipt form indicating they have taken possession of the Procurement Card. The Cardholder will be given a copy of the Procurement Card Policies and Procedures guide, a copy of the County tax exempt certificate, and an oral review of the program.
- h. Prior to receiving the Procurement Card, the employee must also sign an agreement authorizing the Clerk to deduct any unauthorized charges from their payroll check. The total amount of the unauthorized charge will be deducted from the next available paycheck. No extension with respect to repayment is permitted.

2. LOST OR STOLEN PROCUREMENT CARDS

- a. **If a procurement card is lost, stolen, or misplaced, the Cardholder must immediately notify the Procurement Card company and the Procurement Card Administrator of the loss. Bank of America Commercial Card Customer Services 1-888-449-2273.**
- b. The Cardholder will be responsible for reporting all information necessary to reduce the potential liability to the County for a lost or stolen card.

3. TERMINATION OR TRANSFER OF CARDHOLDER

- a. When an employee ends his or her employment, the Department Director or Designee must collect the Procurement Card, destroy it (cut it in half), and notify the Procurement Card Administrator.
- b. If the Department Director is unable to collect the Procurement Card when an employee terminates, then the Department Reconciler and Procurement Card Administrator should be notified immediately. The Procurement Card Administrator will ensure that the card is cancelled.
- c. When an employee is transferred to another County Department, the new Department Director will evaluate the need to maintain the existing Procurement Card.
- d. If it is determined that employee will maintain the existing Procurement Card, the Department Director must complete and submit a new request to the Procurement Card Administrator. The Procurement Card Administrator will notify the bank of the new statement address. The employee will retain the original assigned Procurement Card.

4. RENEWAL CARD

The Cardholder will be notified by the Procurement Card Administrator when the renewal card arrives. The Cardholder may authorize the Department Reconciler to pick up the Procurement Card by notifying Procurement Card Administrator.

B. CARDHOLDER USE OF PROCUREMENT CARD

1. CARDHOLDER USE ONLY

The Procurement Card may 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 should NOT sign the back of the Procurement Card. The Procurement Card Administrator will write in indelible ink the following:

SEE PHOTO ID.

2. COUNTY PURCHASES ONLY

The procurement card is to be used for County authorized purchases only. **Personal use of the Procurement Card is not authorized and is prohibited. Any violation of this provision will require immediate reimbursement and may be grounds for disciplinary action, including potential dismissal.**

Unauthorized charges may be deducted from wages, salary, vacation or sick benefits. Anyone abusing the credit card will lose the use of it. If unauthorized or personal use of the Procurement Card does occur, the Cardholder must submit a written explanation of the unauthorized use and the approximate amount as soon as possible (eg. upon return from the trip).

3. SPENDING LIMITS

- a. The Department Director approving the assignment of a Procurement Card will set two limits for each Cardholder: single purchase limit and 30-day limit. The maximum limits are \$999.99 for a single item purchase and \$5,000 for travel related expenses unless otherwise specifically authorized in writing by the Procurement Management Director. Additional limitations may be imposed by the requesting Department Director.
- b. Requests for spending limit changes must be initiated in writing and directed to the Procurement Management Director by the Department Director.
- c. For all Procurement Cards, other than those with an increased spending level approved under section II.B.3.d, a purchase may be made of multiple items, but each individual item cannot exceed

\$999.99 and the total purchase cannot exceed the cardholder's limit*. Purchases over \$999.99 for a single item must be made by Purchase Order under the County Procurement Policies and Procedures. Charges for purchases may not be split to stay within the single purchase limit. Splitting charges will be considered abuse of the procurement card program.

***NOTE: The formal quoting level for like type items still apply.**

- d. In order to take advantage of certain discounts and percentage reward programs available to the County, the Procurement Management Director, in conjunction with the County Manager, has the discretion to authorize increased spending limits for certain designated Procurement Cardholders. The purpose of the increased spending limits is to allow properly approved purchases or payments, otherwise meeting County standards and protocols, to occur using the Procurement Card. Both the Procurement Management Director and the County Manager must authorize the spending limit increase, in writing, for the designated Procurement Cardholder. The authorization may include conditions with respect to use or purchases involving the increased spending limit. Requests for authorization to increase the spending limit may be initiated by the Department Director, however, approval is at the discretion of the Procurement Management Director and County Manager.

4. OTHER CONDITIONS

- a. Candidates for employment with Lee County may be reimbursed for travel expenses. Approval by the Department Director *must* be set forth in writing prior to using the Procurement card. (See Administrative Code 3-21)
- b. BACK ORDERS ARE PROHIBITED. This includes orders purchased over-the-counter, online, or by telephone. All items purchased must be immediately available. If purchased by telephone or online, delivery must be within a 30-day billing cycle. No orders should be placed without these assurances.

5. PROHIBITED USES OF PROCUREMENT CARDS

The following types of items may not be purchased with a Procurement Card, regardless of the dollar amount:

- a. Vehicle repairs (excluding Fleet Management, Lee Tran and Solid Waste);
- b. Cash advances;

- c. Any items or services available on an Annual Quote (if use of the Procurement Card may negate the County discounts);
- e. Any additional goods or services specifically restricted by the individual County Department.

C. PROCEDURES FOR MAKING AND PAYING FOR PURCHASES

1. DOCUMENTATION OF OVER-THE-COUNTER PURCHASES

- a. For over-the-counter purchases, the Cardholder must obtain the customer's itemized billing copy of the charge slip.
- b. The charge slip must be submitted to the Department Reconciler for later submittal to Finance for payment.

2. TELEPHONE ORDERS

When placing a telephone order, the Cardholder must confirm the merchant will charge the Procurement Card when shipment is made so that receipt of the supplies may be certified on the monthly Bank statement.

3. SALES AND USE TAXES

The County is exempt from paying any State of Florida sales and or use tax, even if the purchase is made with the Procurement Card. If the vendor charges sales tax, the Cardholder must contact the vendor and obtain a credit equal to the amount of the sales tax. This may also apply to out of state purchases.

Cardholders are required to present the tax exempt certificate to the merchant before payment. Any problems experienced with a merchant regarding sales or any other taxes, must be reported to Procurement Management.

4. MISSING DOCUMENTATION

If for any reason the Cardholder does not have documentation of the transaction to provide to the Department Reconciler, then the Cardholder must provide the Department Reconciler with a notarized statement describing the purchase for attachment to the Department Reconciler's required report to the Finance Department. Continued incidents of missing documentation may result in the cancellation of the employee's Procurement Card.

5. PAYMENT AND INVOICE PROCEDURES

- a. The Bank will mail one consolidated statement for all Cardholders to Finance. Individual statements are available from the Bank online when needed. The Bank statement will list all transactions processed

during the previous billing cycle (usually 30 days). If no purchases were made on the Procurement Card during the billing cycle, no statement will be generated unless adjustments for previously billed transactions have been processed during that cycle.

- b. Account strings, amounts, etc. are to be inputted directly into the Bank's online program when reconciling. The Department Reconciler must run a report and export it into an Excel spreadsheet. The spreadsheet along with the original purchase documentation attached must be forwarded to Finance.
- c. The Department Reconciler must review the report against the purchase documentation provided by the Cardholder and note any errors or possible disputes. After review, the Department Reconciler will forward the report to the Accounts Payable Office of Finance. **All reports must be forwarded to Finance in accordance with the monthly statement cycle schedule. (A new monthly statement cycle schedule will be distributed by the Procurement Card Administrator each year.)** Copies of purchase documentation for all items listed on the report must be retained by the Department Reconciler for audit purposes for no less than five years after the statement date. The original receipts or purchase documentation must be sent to Finance along with the report.
- d. Finance will ensure that the Procurement Card charges are paid timely and that they are reconciled against the individual Cardholder Procurement Card Report. The Department Reconcilers will be notified when individual reports are not received in the allotted time. Continued failure to meet the deadlines may result in the revocation of Procurement Cards at the discretion of the Procurement Management Director and/or Finance Director.
- e. *Foreign Transactions/Fees.* If a transaction is made in currency other than U.S. dollars, Visa will convert the charge or credit into a U.S. dollar amount. The conversion rate on the processing date may differ from the rate on the date of the transaction. The exchange rate used by Visa will either be (i) a rate selected by Visa from a range of rates available in wholesale currency markets for the applicable central processing date, which rate may differ from the rate Visa receives; or, (ii) the government mandated rate in effect for the central processing date. The Bank will add a 1% fee to the U.S. dollar amount of any transaction made in foreign currency or outside of the United States even if the payment is in U.S. dollars (the "International Transaction Fee"). The International Transaction Fee will be shown in the Activity section on the billing statement.

D. DISPUTES

1. If items purchased with the Procurement Card are defective, the Cardholder must return the items to the vendor for replacement or credit. If the commodities paid for with a Procurement Card are 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, the purchase will be considered in dispute. If the quantity of items received is less than the invoice and charge billing, then the transaction must be disputed.
2. If it is not possible to resolve the issue with the merchant directly, then a dispute must be issued with the Bank within 60 days of the close of the billing cycle in which the transaction occurred.
3. To file a dispute, complete the Dispute Form obtained from the Bank. Make sure you have completed the form accurately and legibly. Provide all information required. Failure to provide all requested information, will delay the resolution of the dispute.
4. Fax the completed form to the Bank's Commercial Claims department and keep a copy of the faxed transmission report. A letter to the Cardholder at the address on file with the Bank will be mailed if the claims department requires more information. A response to the request **MUST** be filed, even if it's to say you have no more detail, or the dispute will be considered closed.
5. If a merchant charges sales tax on the purchase, the Cardholder is responsible for obtaining a credit in the amount of the tax or reimbursement to the County.

E. REVIEW OF PURCHASES BY DEPARTMENT RECONILCER

1. Department Reconcilers 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 Director or the Department Reconciler will be responsible for resolving the issue with the Cardholder. If the Department Director is not satisfied that the purchase was necessary and for official use, the Cardholder must provide either a credit voucher proving the items were returned for credit or the full amount of the purchase plus applicable sales tax will be deducted from the Cardholder's next available payroll check. A written explanation of why the violation occurred and the action taken to prevent reoccurrence must be submitted to the Finance Department along with the Cardholder's monthly report.
3. Any disputes over the validity of a purchase, between the Department Reconciler and the Cardholder will be settled by the Department Director.

4. Serious or repeated misuse of the Procurement Card will result in the revocation of the card. Employees incorrectly using their Procurement Card will be disciplined by the Department Director as necessary.
5. To help the Department in their reviews, management reports will be available from Procurement Management or Finance.

F. EMERGENCY CARDS

During Hurricane season or other disasters, a few Public Safety Cardholders, the Director of Procurement Management (up to \$100K), and other departments, as deemed necessary by the County Manager, will have their accounts activated to serve as Emergency cards. Their monthly limit will be increased to \$50,000 and will have more MCC codes opened to their account. The Procurement Card Administrator will update the accounts in the Bank's online program to reflect the increased spending limits. Once the emergency situation is over, the Procurement Cards will be returned to the previously approved spending limits by updating the accounts in the Bank's online program. Activation and deactivation of the emergency cards will be coordinated between the Procurement Management Director and the Public Safety Director.