

OFFICE OF THE COUNTY ADMINISTRATOR

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April 20, 2009

TO: Board of Supervisors
FROM: Dee F. Bruemmer, County Administrator
SUBJECT: Amendment to Purchasing Card Policy

In 2003, the County began the use of credit cards for at the point of sale purchases. The program administration is done by Operations Manager in Facility and Support Services, and the account administration by the Budget Manager and supported by Administration's Administrative Assistant. The change in personnel on the accounting side has given the staff the opportunity to look for process improvements to reduce staff time and overhead expense of the program that will save money.

The one program change being recommended is the change of the accounting period from two weeks to four weeks. This proposal is in line with the industry standard of monthly payment. The responsibility of the cardholder, department claims clerk and department head does not change. Department heads or their designee still must continue to review the purchase prior to submitting them for payment. Therefore, the change will not affect the accountability for the purchases.

Also, the review by staff has produced changes that have simplified the generation of reports and reduced the types of reports produced. These changes and the four week cycle will save \$4,275 in publication costs. The longer cycle reduces staff hours of 208 in Administration. The number of report types and the simplification of the method to generate the reports have saved an additional 182 hours a year. The yearly productivity savings in time will be \$11,700.

The policy has also been updated with current staff titles. As with any change, the process will be closely monitored to guarantee the results are successful.

XXVI. PURCHASING CARD POLICY

POLICY

It is the policy of Scott County to have a Purchasing Card Program. This program is intended to replace blanket orders, petty cash, and purchase orders used to purchase items of small dollar value (<\$2,500).

SCOPE

This policy is applicable to all offices and departments within Scott County Government.

BENEFITS

County Departments will be able to obtain supplies and repair parts much faster and easier than before. Department staffs will be able to consummate purchases without emergency claim voucher requests, filling out credit applications for vendors that will be only used once, or constant replenishment of petty cash. Paperwork and processing for department staff, the Purchasing Division, and Accounts Payable will be sharply reduced. These efficiencies will allow the various groups to focus their energies on the more important core aspects of their jobs.

ADMINISTRATIVE PROCEDURES

Program Administrator

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

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The Accounting Program Administrator shall be the Budget Manager. This Administrator shall coordinate the reporting, accounting and funds transfers for the Purchasing Card Program. This Administrator shall oversee and audit the period close-out process and liaison with claims clerks on close-out and reporting issues. This program administrator shall prepare the required period reports for the program (see Reports below).

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Both Administrators shall be cross-trained to allow for back up of

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duties in the event of and absence and shall provide for a further back-up person and training thereof. All persons performing Program Administrator functions shall ensure the integrity, consistency and compliance of the program with the policies and procedures herein.

Reports

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

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

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

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This report summarizes information including in the general ledger report into a smaller document with less detail for executive review.

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Policy Review and Revisions

This policy and these procedures shall be reviewed annually by the County Financial Review Committee for possible recommended changes. Said revisions or changes shall be prepared as recommended by the County Administrator or the Director of Facility and Support Services and forwarded to the Board of Supervisors for their consideration and action. The program administrators along with the Director of Facility and Support Services shall provide training for cardholders, claims processors and/or department heads as required for substantive changes to the policy or procedures herein.

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

General Responsibilities

This card is to be used to make county purchases as outlined herein. The transactions and credit limits on the card are determined by the Department Head within policy limits and are dependent upon the requirements of the cardholder's position and function. Department Heads should use lower transaction and period limits for cards wherever possible to ensure adequate program control and accountability. With the approval of the Purchasing Card application by the Department Head, the cardholder has been delegated expenditure and purchasing authority.

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

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

The County retains the right to cancel a cardholder's Purchasing Card. Employees must sign the *Acknowledgement of Scott County Purchasing Card Policy form* (attachment B) prior to being issued a purchasing card. Cards may be revoked for misuse or non-compliance with procedures. Additionally, disciplinary procedures up to and including termination may result from misuse of the Purchasing Card.

Personal Use of Purchasing Card

Cardholders cannot use the Purchasing Card for personal purchases with the intent of reimbursing the County. Cardholders are, under no circumstances, allowed to make personal purchases using the Purchasing Card. Violation of this provision will result in revocation of the purchasing card, disciplinary action, collection proceedings and possible criminal actions. Any violations of this provision shall be reported on the exception report.

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Purchasing Card and System Controls

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

- Maximum dollar amount of each transaction.
- Total spending limit per cycle
- Merchant Category Code (MCC)

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

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

The credit limit on each card was preset based on certain usage assumptions. If the credit limit on your card is not adequate to handle planned purchases, contact your department head who will determine if spending limits on the card need to be increased and will contact the Program Administrator.

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

Purchasing Card Security

Keep the Purchasing Card in a secure location at all times. The cardholder, should be the only one using the card. It is the cardholder's responsibility to ensure the security of the card and to make it accessible only to you.

Guard the Account Number carefully. Do not post it at your desk or write it in any place that is easily accessible to others. Similar to a personal credit card, if the Purchasing Card is lost/stolen you must immediately notify Wells Fargo Bank by phone (See Contact List-Attachment A). You must also notify the Program Administrator. The card will be immediately suspended and a replacement card will be issued.

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Card Issuance / Changes / Suspension / Cancellation

To request a Purchasing Card, additional cards, or changes to existing cards, Department Heads shall contact the Program Administrator and request card changes using provided request forms. All requests must be approved by the Department Head or their designated representative.

Purchasing Cards are issued to individual employees. If an employee leaves the department, whether transferred to another County Department or terminated, it is the department head's responsibility to obtain the Purchasing Card from the cardholder that is terminated/transferred, cut the card in half, and return it to the Program Administrator.

Purchasing cardholders that have 3 or more exceptions within a 6-month period shall have their cardholder privileges revoked and their card suspended until they are retrained on this policy. The matter will also be forwarded to the Human Resources Department for disciplinary action. If a second suspension is required the suspension shall be permanent and the employee will not be a cardholder within this program. A permanent suspension will also be forwarded to the Human Resources Department for disciplinary action.

Personal Credit Rating

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

Remember that you signed an agreement with the County prior to receiving the Purchasing Card and as such, you are responsible for any abuse as outlined in this policy.

Audits

To ensure the success of the Purchasing Card program and the County's financial responsibility, continual audits of a cardholder's Purchasing Card documentation and files will occur. The primary purpose of the audit is to ensure that complete and accurate record keeping is occurring and that all Purchasing Card program procedures are being followed.

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Guidelines for Card Use - Cardholder Responsibilities

It is the responsibility of each cardholder to be acquainted with the Purchasing Policies and guidelines of the County and to make card purchases in accordance with these policies. Whenever possible, purchases should be made from Scott County-based businesses.

Purchasing Cards shall be used for "point of sale" transactions only. That is defined as transactions where the credit card transaction occurs at the same time you agree to make the purchase. It is not acceptable to convert previously invoiced purchases to the purchasing card. This provision minimizes the potential for duplicate payment of county obligations. This provision does not preclude cardholders from making purchases remotely via the internet or telephone. It does, however prohibit contacting a vendor to charge a purchase to the purchasing card that was previously invoiced as a traditional bill. Invoices received that were not made via purchasing card must be paid via the traditional accounts payable methods to avoid duplicate payment and unnecessary confusion.

Examples of the types of transactions your Purchasing Card should be used for include:

- Office Supplies
- Repair Parts
- Miscellaneous Operating Supplies
- Items specified on County Contracts
- Travel expenses including airfare and hotel (no meals; employee portion only if traveling with others)
- Seminar and training registration fees

This list is by no means complete. It will be up to the cardholder to seek out potential opportunities for card usage. If you locate a supplier that will accept our purchasing card, but are unsure if it is an unauthorized use of the card, call the Program Administrator

Do not use your Purchasing Card on expenditures that impact the following items:

- Meals (due to IRS regulations regarding meal reimbursements when no overnight stay is required, and due to Possible non-covered spouse traveling to seminar/conference/training with employee, no meals will be allowed on purchasing card. Use existing Treasurer Travel Advance procedures or seek personal reimbursement from County within allowable meal guidelines found in the County's travel policy) NOTE: Sheriff Transportation Deputies are exempt from this provision

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- Items that are *not* within your departments authorized budget.
- Individual purchases which have been artificially separated from larger or bulk requirements to fall within spending limits
- Professional Services and 1099 Services

The cardholder is responsible for ensuring receipt of materials and supplies, and resolving any receiving discrepancies or damaged goods issues.

The County may have existing contracts with suppliers for guaranteed/discount pricing. The Purchasing Specialist will notify county departments of any and all preferred suppliers discounted contracts. Purchasing off competitively bid contracts for routinely purchased items is the most cost-effective method of procurement. Purchasing items from non-preferred suppliers when an agreement between the County and a supplier exists must be explained. Repeated violations will result in revocation of card privileges.

General Instructions On How To Purchase

- Identify a transaction that you wish to pay for with the Purchasing Card.
- Determine the transaction is not one of those prohibited by County/Departmental policy. If no, proceed with the transaction.
- Order Item
- Submit Purchasing Card to cashier. If purchasing over the phone or Internet give supplier Purchasing Card number and date.
- Notify the supplier that the County is tax-exempt and should not be charged Sales Tax. The Federal tax ID number and Illinois tax exempt number is located on the face of the card. Upon receiving invoice make sure that sales tax has not been charged.
- When ordering over the phone/internet provide the supplier with your complete shipping instructions including name, street address, and internal location information. Instruct the supplier to include in the delivery package a receipt or packing slip detailing what was purchased and the amount of each item.
- If purchasing in person, review sales slip to determine all amounts were properly charged, sales tax was not assessed, and retain the receipt.
- For all types of purchasing card transactions it is the *cardholder's responsibility* to obtain acceptable receipt(s) documenting the transaction. Said receipts should be obtained at the time of the transaction and turned into the claims clerk as

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soon as possible to avoid "end of the cycle" issues and to allow clerks the opportunity to reconcile periodically throughout the cycle. Acceptable receipts should be original (avoid photo copies and faxes) wherever possible. Acceptable receipts should include the card number (usually the last four digits) and detailed information about what was purchased. Cardholders should mark "PC" in bold, visible letters on the receipt to properly identify the receipt and facilitate routing to the proper accounting stream.

Sales Tax

The cardholder is responsible for indicating to the supplier that the County is tax exempt, and therefore, should not be charged sales tax. Repeated neglect by the cardholder to ensure that the supplier does not charge sales tax will result in card privileges being revoked. All sales tax should be avoided wherever possible. If sales tax appears on a purchasing card transaction, it is the cardholder's responsibility to reverse those charges or seek out credit for the tax amounts.

If Approval is Denied

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

- Example- the purchase exceeds the single dollar transaction limit on the card.
- Example- the account is over the set monthly limit.
- Example- transaction is a violation of the Merchant Category Code.

The supplier will not have information related to the reason for denial, nor does the cardholder have the authority to obtain this information from the Bank. If a transaction is denied, the cardholder should contact the Program Administrator for assistance.

Do not split a transaction into two or more transactions just to get below your single transaction limit. Exceptions to this policy will be noted and are considered serious violations of this policy. Cardholders that engage in or allow a vendor to split transactions to avoid card limits will be subject to card revocation (temporary or permanent, depending on the severity) and possible disciplinary action.

Disputed Billings

If you have a problem with a purchased item or billing of an item, you should first try to reach a resolution with the vendor that supplied the item. Most problems can be resolved expeditiously in this manner.

If the cardholder is unable to reach an agreement with the supplier,

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contact the Program Administrator. The Program Administrator can assist the cardholder in resolving the dispute and can involve Wells Fargo (the card issuer) in the dispute if necessary. Similar to all credit cards the County Purchasing Card program does have the ability to place transactions in a disputed status to give further time to resolve the dispute.

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

If Supplier Does Not Accept Credit Cards

Thank the vendor for their time and search for a vendor that will accept credit cards, or send a requisition to Purchasing to place the order.

Reconciliation Responsibilities (For claims clerks and Department Heads)

- Online statements are available continuously at www.wellsfargo.com.
- The billing cycle for the Purchasing Card is every ~~fourth~~ Thursday. Reconciliations by claims clerks with Department Head approval must occur on that day to ensure that documentation is provided as funds are transferred to Wells Fargo.
- Clerks are encouraged to reconcile ~~weekly~~ to reduce the amount of work at the end of the cycle.
- Verify transactions on the statement with actual sales receipts and packing slips. If there is a disputed billing, follow the procedures as noted.
- Cardholder is required to provide all sales receipts, packing slips for the transactions listed on the statement immediately. In the event a receipt is lost or misplaced; it is the cardholder's responsibility to obtain a duplicate.
- Claims clerks will print cardholder reconciliation sheets and attach all receipts. In addition, a department summary sheet must be attached with all cardholder sheets beneath. The signature of the Department Head or designee is required (similar to payroll and accounts payable).

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Approval of Card Use

Department Heads or designees, because of their knowledge of the job responsibilities of the cardholders, are required to look at each cardholder's purchases, and at the merchant who made the sale in order to determine if these items were for Official County Use and if they were allowed to be purchased in accordance with the instructions provided.

If for any reason the department head or designee questions the purchase(s), it is their responsibility to resolve the issue with the cardholder. If they cannot be satisfied that the purchase was necessary and for Official County Use, then the cardholder must provide a Credit Voucher proving item(s) have been returned for credit. Unauthorized use of the Purchasing Card will result in revocation, possible collection and potential disciplinary action, up to and including termination of employment.

SCOTT COUNTY PURCHASING CARD PROGRAM CONTACT LIST:

Program Administrator: Tammy Speidel, Operations Manager, Facility and Support Services
600 West 4th Street, Davenport, IA
Phone: (563) 328-3241
Fax: (563) 328-3245
E-mail: tspeidel@scottcountyiowa.com

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Accounting Program Administrator: Sarah Kautz, Budget Manager
600 West 4th Street, Davenport, IA
Phone: (563) 326-8651
Fax: (563) 328-3285
E-Mail: skautz@scottcountyiowa.com

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Wells Fargo Bank Customer Service: 800/932-0036

Contact Customer Service 24-hours per day/7-days per week to report lost or stolen cards (also report to Program Administrator)

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

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

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

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

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

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

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

Applicant: _____
Signature: _____
Date: _____
Social Security #: _____
County Dept. _____

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Scott County Purchasing Card Program

Request for Purchasing Card Issuance

Department: _____ Date: _____

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

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

Requested Cardholders:

- | | |
|------|------|
| 1) | 2) |
| SSN: | SSN: |
| 3) | 4) |
| SSN: | SSN: |
| 5) | 6) |
| SSN: | SSN: |
| 7) | 8) |
| SSN: | SSN: |

(use additional forms if request exceed eight cardholders)

Department Head Approval: _____

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

Department # _____

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