



# **LUBBOCK COUNTY**

## **PURCHASING CARD PROGRAM POLICY & PROCEDURES MANUAL**

**AUGUST, 2011**



The purpose of the Lubbock County Purchasing Policy and Procedures Manual is to set forth guidelines for the use of a Purchasing Card. The Purchasing Card is offered as a procurement tool to work in conjunction with the Lubbock County Purchasing Policy. It is a tool that offers flexibility for the user but is a liability for the County. As such, we have set forth the following policies and procedures to help keep that liability low.

Tom Head

Tom Head  
County Judge

Bill McCay

Bill McCay  
Commissioner, Pct. 1

Gilbert A. Flores

Gilbert Flores  
Commissioner, Pct. 3

Mark Heinrich

Mark Heinrich  
Commissioner, Pct. 2

Patti Jones

Patti Jones  
Commissioner, Pct. 4

Stephen Chandler

Stephen Chandler  
Purchasing Director

Jackie Latham

Jackie Latham  
County Auditor

8/22/11

Date

Bm

## **PURPOSE**

To establish policies and procedures to be used in determining requirements for cardholders of the Lubbock County Purchasing Card program and criteria for the use of the Purchasing Card.

The Purchasing Card is a procurement tool designed to allow maximum flexibility. It is the users' responsibility to ensure that all goods and services are acquired in accordance with Federal, State and Lubbock County requirements.

## **PURCHASING CARD PROGRAM OVERVIEW**

- Purchasing Cards will be issued to Lubbock County employees only.
- The Cardholder's name must be embossed on the Purchasing Card.
- Purchasing Cards will not be transferable between individuals or departments.
- Employee's Department Director or the Elected/Appointed Official must approve the request for a card.
- Cardholder make purchases using established guidelines
- Cardholder submits receipts to the Department Reconciler for review and approval of transactions.
- Department Reconciler reviews cardholder charges, approves the on-line charges and notifies the Department Director or Elected/Appointed Official for final approval where required.
- Card Provider sends email via Smart Data Online (SDOL) to the Department Director and/or Reconciler and the Elected/Appointed Official at the end of the monthly billing cycle, which is the 5th of each month or the next business day.
- Supporting documentation for purchases should be returned to the Credit Card Manager in the Auditor's Office within five (5) business days from the date Smart Data Online (SDOL) notifies the Department Director and/or Reconciler by email that the final statement is ready for review.
- Department Director, the Elected/Appointed Official or designated staff must notify the Credit Card Manager in the Auditor's Office of Cardholder terminations immediately to expedite cancellations.

## **PARTIES INVOLVED**

### **Card Provider**

The official contractor for Lubbock County who will maintain the card account; issue cards to Cardholders; send monthly billing statements to the County Auditor; pay merchants in a timely manner; and receive reimbursement from Lubbock County. The Card Provider will also resolve disputes between the County Cardholder and vendors.

### **Lubbock County**

The organization that contracts with the Card Provider to have Purchasing Cards issued to approved employees and agrees to accept liability for the use of the cards.

### **Credit Card Manager**

The individual designated by the County Auditor as the official point of contact for the Lubbock County Purchasing Card Program; Coordinates the purchasing Card Program of the County and acts as the County's liaison with the Card Provider and Cardholders.

### **County Auditor**

The County department responsible for processing payment to the Card Provider, maintaining required accounting records and storing original card receipts that support approved card statements.

### **Purchasing Director**

The County official authorized to make purchases for the County and "adopt the rules and procedures necessary to implement"(Texas LGC §262.011 (o)) Purchasing Policies. The Purchasing Director also has the authority to suspend or terminate usage of Purchasing Cards.

### **Department Director or Elected/Appointed Official**

The County official who approves employee request for a Purchasing Card and submits the Lubbock County Purchasing Card Request Form to the County Auditor's Office. The Department Director or Elected/Appointed Official may also be the approving authority required for reconciliation or may delegate a Department Reconciler.

### **Department Reconciler**

County official that is delegated by the Department Director or Elected/Appointed Official to certify monthly billing statements, and review and approve Cardholder transactions. Also responsible for ensuring transactions are for legitimate business expenses, classified appropriately, and in compliance with the guidelines before receipts are submitted to the County Auditor's Office.

### **Cardholder**

"A person who is authorized by the county purchasing agent to use a county purchasing card while making a county purchase is considered an assistant of the county purchasing agent to the extent the person complies with the rules and procedures

prescribed for the use of county purchasing cards as adopted by the county purchasing agent." (Texas LGC §262.011(l))

**Vendor**

The merchant with whom a Cardholder is making a purchase.

**DEFINITIONS**

**Disputed Charge**

A charge for goods or services that are determined to be defective for which a vendor refuses to replace, repair, adjust charges, or correct such defective goods or services. Disputed charges may also be fraudulent charges.

**Fraudulent Charge**

A charge appearing on the Cardholder's monthly statement of account which was not authorized by the Cardholder.

**Lubbock County Purchasing Card**

The official credit card (Purchasing Card) to be utilized for authorized purchases.

**Statement of Account**

A monthly statement from the Card Provider of all purchases and credit transactions made by the Cardholders.

**Smart Data On-Line**

Secure internet access provided by JP Morgan Chase to individual card transactions.

**Expense Report**

Report generated through Smart Data Online after the monthly reconciliation process is complete. It is submitted to the Credit Card Manager in the Auditor's Office with receipts attached.

**Unauthorized Purchase**

Purchases that exceed authorized dollar limits, are on County contract, or are otherwise disallowed in the Lubbock County Purchasing Card Program Policies and Procedures Manual or Lubbock County Purchasing Policy.

**Unauthorized Use**

Use of the County Purchasing Card by a person other than the Cardholder or in a manner not in compliance with the Lubbock County Purchasing Card Policies and Procedures Manual or Lubbock County Purchasing Policy.

## **GENERAL**

### **Obtaining a Purchasing Card**

To obtain a County Purchasing Card, the requestor must complete and sign a Lubbock County Purchasing Card Request Form, which must be approved by the requestor's Department Director or Elected/Appointed Official, and by the Credit Card Manager.

### **Cardholder Eligibility**

To be eligible to receive a Purchasing Card individuals must meet the following criteria:

- Applicant must be a Lubbock County employee with at least 90 days of employment with Lubbock County.
- The Department Director or Elected/Appointed Official must approve applicant's request for a Purchasing Card.
- Each individual Cardholder must sign a Lubbock County Purchasing Card Cardholder Agreement prior to receiving Purchasing Card.
- The Lubbock County Purchasing Card Request Form must identify the types of usage and the credit limit desired.

### **Lost, Misplaced or Stolen Purchasing Cards**

Cardholders are required to immediately report any lost or stolen Purchasing Card to Card Provider at 1(800)890-0669 24 hours a day, 365 days a year. The Cardholder must also immediately notify his/her Department Director or Elected/Appointed Official and the County Credit Card Manager about the lost or stolen card at the first opportunity during normal business hours.

### **Renewal Process**

Individual cards are originally issued for two years and automatically renewed at that time for a two year period unless cancelled by the Credit Card Manager. Account numbers will remain the same. Cards are sent directly to the Credit Card Manager.

### **Authorized Purchases**

Cardholders may use the County's Purchasing Card in lieu of purchase orders, provided the purchase follows Lubbock County Purchasing guidelines and limits, for travel expenses and other authorized purchases needed during the course of business. Purchases that exceed the authority approved on the Lubbock County Purchasing Card Request Form are not authorized.

### **Unauthorized Purchases**

The County Purchasing Card is not to be used for any product or service considered inappropriate for County use. Unauthorized purchases include (but are not limited to):

- All items for personal use.
- Any single transaction exceeding the approved limit except as authorized by the Purchasing Director.
- Multiple transactions per day with the same vendor that in total exceed the approved transaction limit.
- "Inventoriable Items" will be purchased with a Purchase Order. "Inventoriable Item" is defined as a single non-consumable item costing more than \$1,000.00.
- Computer hardware, software and peripherals & telecommunication equipment except as authorized by the Lubbock County Information Services and Purchasing Director.
- Alcoholic beverages or any substance, material, or service, which violates policy, law or regulation, pertaining to the County.
- Food or meals unless previously approved by Commissioner's Court. Approval for food or meals is required on an annual basis. See Lubbock County Employee Handbook 9.06 County Credit Cards Section A. 2. a.
- Equipment repair or maintenance services on County property unless the Cardholder has verified with Purchasing Director that the contractor has provided adequate insurance and has agreed to indemnify and hold harmless the County against any and all claims, losses, damages, or cause of action.
- Pay Pal Transactions.
- Any purchase including Texas State Sales Tax.

### **Disputes or Fraudulent Charges**

If goods or services purchased with the Purchasing Card are found to be defective, or if information for any item charged is incorrect, the Cardholder has the responsibility to secure a credit for such defective goods or services, and if necessary, to return defective goods to the Vendor for credit or replacement. If a Vendor refuses to replace, repair, adjust charges or correct such defective goods or services, the purchase of this item shall be considered to be in dispute. Fraudulent charges, defined as unauthorized charges appearing on a Cardholder statement, are also considered to be in dispute. When charges are determined to be in dispute, the Department Director, Elected/Appointed Official or Department Reconciler will contact the JP Morgan Dispute Department at (888)297-0768. If an acceptable resolution is not obtained, the Department Director, Elected/Appointed Official or the Department Reconciler will inform the County Credit Card Manager.

In the event the Cardholder or County Management does not agree with the Card Provider's dispute decision, the Credit Card Manager may escalate the dispute for a final disposition.

### **Reconcilement and Payment**

On a monthly basis, the Card Provider will provide the Department Director, Appointed/Elected Official and/or the Department Reconciler with an email notification

that all charges by Cardholders are available and ready for review and upload. The Accounts Payable Reconciler will make payment within the required time frame.

### **Cardholder Status Change**

The Credit Card Manager will close an account if a Cardholder:

- transfers to a different department,
- moves to a new job
- terminates employment

Any of the following reasons may also cause an account to be closed and/or suspended by the Purchasing Director and may subject Cardholder to disciplinary action in accordance with Lubbock County Purchasing Card Policies and Procedures Manual, the Lubbock County Purchasing Policy and the Lubbock County Employee Handbook relating to disciplinary action and termination for cause, which may include criminal prosecution.

- The Purchasing Card is used for personal or unauthorized purposes.
- The Purchasing Card is used to purchase alcoholic beverages or any substance, material, or service, which violates policy, law or regulation, pertaining to the County.
- The Cardholder allows the card to be used by another individual.
- The Cardholder splits a purchase to circumvent the limitations of the Purchasing Card.
- The Cardholder uses another Cardholder's card to circumvent the purchase limit assigned to either Cardholder or the limitations of the Purchasing Card.
- The Cardholder fails to provide the County Auditor's Office with required receipts within five (5) business days from the date Smart Data Online (SDOL) notifies the Department Director and/or Reconciler by email that the final statement is ready for review.
- The Cardholder fails to provide, when requested by the Department Director, Elected/Appointed Official or Credit Card Manager, information about any specific purchase.
- The Cardholder does not adhere to all of the Purchasing Card policies and procedures.

### **Purchasing Card Abuse**

Cardholders shall safeguard their County Purchasing Card and account number at all times and should never permit anyone to use their County Purchasing Card. Under NO circumstances should a Cardholder allow another person to use their card either by physically having the card in their possession or by giving a card number to another individual or vendor so as to allow someone other than the designated Cardholder to use the card. If abuse of the Purchasing Card occurs, disciplinary actions (including termination) will be taken, along with forfeiture of the Purchasing Card, and restitution to the County for the full value of items purchased. Abuse of the Purchasing Card may also constitute theft and could subject the abuser to criminal prosecution. Supervisory

employees who knowingly allow unauthorized practices by Cardholders under their supervision are also subject to similar disciplinary actions including termination.

## **RESPONSIBILITY AND AUTHORITY**

The Purchasing Director is responsible for these guidelines.

The Purchasing Director and the County Auditor are responsible for administering and enforcing these guidelines.

The Lubbock County Purchasing Card Program Policies and Procedures Manual is consistent with Federal, State and Lubbock County Commissioners' Court requirements. These Guidelines do not supersede any of the competitive bid requirements as required by the State of Texas, Local Government Code, and the Lubbock County Purchasing Director.

Each authorized Cardholder will be required to certify, in writing, that they have read and will follow the Lubbock County Purchasing Card Program Policies and Procedures Manual and the Lubbock County Purchasing Policy by signing the Lubbock County Purchasing Card Cardholder Agreement.

### **Cardholder Responsibility**

The Purchasing Card is a corporate charge card which will not affect the Cardholder's personal credit; however, it is the Cardholder's responsibility to ensure that the card is used within stated guidelines. The Purchasing Card access will be restricted to meet the authorized purpose approved by the appropriate Department Director or Elected/Appointed Official. Failure to comply with program guidelines may result in permanent revocation of the card, notification of the situation to management, and further disciplinary measures that may include termination. Abuse of the Purchasing Card Account may also constitute theft and could subject the abuser to criminal prosecution.

- Ensure the Purchasing Card is used for legitimate business purposes only.
- Ensure sales tax is not charged at time of purchase.
- Maintain the Purchasing Card in a secure location at all times. Cardholder should always treat the Purchasing Card with at least the same level of care as their own personal credit cards.
- Not allow other individuals to use the Purchasing Card.
- Not provide account number to other employees or vendors so that they might use the Purchasing Card to make purchases.
- Adhere to the purchase limits and restrictions of the Purchasing Card and ensure the total transaction amount of any single transaction does not exceed authorized limits.
- Ensure that split transactions are not utilized to circumvent the daily transaction limit.
- Obtain sales receipts for all transactions.

- Attempt to resolve disputes or billing errors directly with the vendor.
- Ensure that an appropriate credit for the reported disputed item or billing error appears on a subsequent Cardholder statement.
- Immediately report a lost or stolen card to Card Provider at 1(800)890-0669 24 hours a day, 365 days a year.
- Immediately notify Department Director, Elected/Appointed Official and Credit Card Manager of a lost or stolen Purchasing Card at the first opportunity during normal business hours.
- Return the Purchasing Card to Department Director, Elected/Appointed Official or Credit Card Manager upon terminating employment with the County or transferring Departments within the County.
- Report erroneous and emergency transactions to the Department Director, Elected/Appointed Official and Credit Card Manager during normal business hours.
- Under no circumstances should a Cardholder accept cash in lieu of a credit to the Purchasing Card account.
- Submit vendor receipts to Department Director in timely manner. If order is electronic, the Cardholder should supply a copy of the order blank or a description of order and attach this documentation with the appropriate receipt.

#### **Department Director or Elected/Appointed Official**

- Review and approve employee requests for a Purchasing Card.
- Submit Lubbock County Purchasing Card Request Form to the Credit Card Manager.
- Delegate transaction authority to the Cardholder.
- Assign Departmental Reconciler (optional).
- If a Department Reconciler is not assigned, the Department Director and/or Elected/Appointed Official will also be responsible for the following:
  - \* Compare vendor receipts to statements.
  - \* Forward all Cardholder charge slips and receipts to the Credit Card Manager.
  - \* Attempt to resolve any disputes with vendor and/or Card Provider not resolved by Cardholder.
  - \* Notify Credit Card Manager of any unresolved disputes.
  - \* Notify Credit Card Manager of lost or stolen cards.
  - \* Immediately request Credit Card Manager to cancel Purchasing Cards upon Cardholder termination, transfer, or loss of Purchasing Card privileges.
  - \* Collect canceled cards from Cardholders and forward to Credit Card Manager.
  - \* Assist Cardholders with erroneous declines and emergency transactions.

#### **Department Reconciler Responsibilities**

Each Department Director may designate one or more Reconcilers for their department. Responsibilities include:

- Compare vendor receipts attached to the approved Smart Data On-Line statements.
- Forward all Cardholder charge slips and receipts to the Credit Card Manager.
- Attempt to resolve any disputes with vendor and/or Card Provider not resolved by Cardholder.
- Notify Credit Card Manager of any unresolved disputes.
- Notify Credit Card Manager of lost or stolen cards.
- Immediately request Credit Card Manager cancel cards upon Cardholders' termination, transfer, or loss of Purchasing Card privileges.
- Collect canceled cards from Cardholders and forward to Credit Card Manager.
- Assist Cardholders with erroneous declines and emergency transactions.

### **Credit Card Manager**

The County Auditor will assign an Assistant County Auditor as the Credit Card Manager to be responsible for the over-all Purchasing Card program. Responsibilities include:

- Liaison with Card Provider and Cardholders.
- Utilize Purchasing Card software from Card Provider as applicable.
- Review Department approved applications for completeness of required information.
- Submit completed application to Card Provider and receive Purchasing Card from Card Provider.
- Train Departmental Management before releasing Purchasing Cards.
- Train Cardholder before releasing Purchasing Card.
- Have Cardholder sign Lubbock County Purchasing Card Cardholder Agreement, signifying acceptance of the terms of the Purchasing Card program and verifying receipt of card.
- Handle disputed charges/discrepancies not resolved by Cardholder or Departmental Director or Elected/Appointed Official.
- Secure revoked Purchasing Cards, promptly submitting cancellation requests to Card Provider, and obtaining Card Provider confirmation of cancellation.
- Ensure that lost or stolen cards have been blocked by Card Provider. Any verbal notice should be followed up with a written notice and request for confirmation from the Card Provider that accounts are closed.
- Assist the Departmental Director or Elected/Appointed Official with erroneous declines and emergency transactions.
- Responsible for canceling credit cards due to a Cardholder transferring to a different department, moving to a new job or terminating employment.
- Informing the County Auditor and the Purchasing Director when there has been repeated and flagrant abuse by a Cardholder.
- Maintain complete records for each Purchasing Card issued. File should include requests for new accounts, Cardholder Agreements, records of any lost/stolen cards, records of any replacement cards, documentation of any procedural

violations, special Purchasing Card restrictions and transaction limits and card cancellation requests and Card Provider confirmations, if applicable.

- Receive and review the individual charge card receipts supporting Cardholder charges sent by the Cardholders.
- Reconcile Card Provider's bill to Card Provider's electronic file and to the transaction totals posted to County's accounting system.
- Review and retain Cardholders' charge slips and receipts for audit by internal and external auditors. Receipts for purchases will be maintained electronically for 7 years.
- Retain copies of transmittals and correspondence with Card Provider, billing statements, and reconciliation of accounting statements.
- Monitor statements for inappropriate sales and use tax charges and keep a list of discrepancies to help track and resolve.
- Make periodic audits of card use and charges for appropriateness.
- Monitor response time for submitting Cardholder statement reconciliations, and receipts

#### **Purchasing Director**

- Make periodic audits of card use and charges for appropriateness through the use of Purchasing Card software and report non-compliance to appropriate Department Director, Elected/Appointed Officials, and Commissioner's Court.
- Monitor usage of Purchasing Cards to determine if they are still needed.
- Run reports on a monthly basis to monitor order splitting transactions and Supplier Purchase History.
- Revoke Purchasing Card privileges as warranted.

#### **Accounts Payable**

- Pay Card Provider bill. Accounts Payable will prepare payment voucher and check or wire transfer to pay Card Provider. Voucher will be prepared in a timely manner, so that payment will reach Card Provider no later than 30 calendar days after the close of the billing cycle of the previous month.
- Post transactions on the County's website to maintain Financial Transparency.

#### **Commissioners' Court**

- Authorize changes to the Purchasing Card Program Policies and Procedures Manual.