

04. PROCUREMENT POLICIES AND PROCEDURES

4.5. Purchasing Card

BOS Approved - August 17, 2016

4.5.1. Purpose. The County of Fluvanna's (the "County") Purchasing Card Policy (the "Purchasing Card Policy") states the rules for use of the Purchasing Card and is intended to provide County departments and agencies with an efficient and reliable way to procure and pay for small dollar goods and services as a type of Small Procurement.

4.5.2. Background. This Purchasing Card Policy is intended to reduce the volume of accounts payable transactions and the associated administrative costs by eliminating vendor invoices and consolidating multiple vendor payments into one monthly payment to the "**Purchasing Card Contractor**". Vendors are paid directly by the Purchasing Card Contractor. The County is part of a cooperative contract through the Commonwealth of Virginia who has contracted with Bank of America Merrill Lynch as the Purchasing Card Contractor. In addition, the Purchasing Card Contractor provides a variety of management information reports to assist the County in maintaining control over purchases and payments via the Purchasing Card Contractor's online program management system (hereinafter "Works").

4.5.3. Definitions. For purposes of this Purchasing Card Policy, the following definitions apply:

- A. Cardholder – The individual employee who is assigned a Purchasing Card.
- B. Credit Limit – The maximum dollar amount a Cardholder is authorized to spend during a single monthly statement billing cycle.
- C. Industry Restrictions – Certain categories of vendors (i.e., travel, car rental, gas/oil, restaurant, and lodging) that, in an effort to ensure that Purchasing Cards cannot be used to make improper purchases, the PCA has blocked purchases from based on their MCC. Attempts to purchase goods or services under Industry Restrictions will result in an "unauthorized purchase" message. Requests for changes to the Industry Restrictions permitted on a Purchasing Card should be submitted to the PCA on the Card Maintenance Form, included herein in Appendix A.
- D. Merchant Category Code ("MCC") – Is a four-digit **code** used by the Purchasing Card Contractor to classify a vendor or a merchant's primary business.
- E. Purchasing Agent – The Fluvanna County Administrator who oversees the Small Purchasing Procedures, including this Purchasing Card Policy. For administrative efficiency, the authority to oversee and administer this Purchasing Card Policy is delegated to the Purchasing Card Administrator. Nothing herein, shall limit the Purchasing Agent's authority under the Small Purchasing Procedures, see Section 4.4 of the Procurement Policies and Procedures, and he shall have the right and authority to do anything that the Purchasing Card Administrator could do under this Purchasing Card Policy; and to delegate his authority in writing to another

responsible County employee if he so deems appropriate.

F. Purchasing Card – The Purchasing Card is any Purchasing Card Contractor credit card procured by the County and issued to a Cardholder.

G. Purchasing Card Administrator (“PCA”) – The PCA is the Fluvanna County Director of Finance who: (i) monitors all activities relating to the Purchasing Card Policy; (ii) is registered with the Purchasing Card Contractor; and (iii) is authorized to take all actions relating to the Purchasing Cards consistent with this Purchasing Card Policy. The PCA will serve as the primary contact for the County departments and agencies participating in the Purchasing Card program. The PCA can assign some of his or her responsibilities to a designee(s), however the PCA is ultimately responsible for implementing, overseeing and enforcing the Purchasing Card Policy. The PCA is the County's primary representative to both the State Department of Accounts and the Purchasing Card Contractor. The PCA serves at the convenience of the Purchasing Agent, and the Purchasing Agent may remove the acting PCA at any time, by written notice to the PCA of such removal. The Purchasing Agent may name a successor PCA in writing, or if one is not so named, the Purchasing Agent will be the PCA hereunder.

H. Purchasing Card Contractor (“PCC”) – See definition in Section 4.5.2, *supra*.

I. Rebate – A Rebate earned based on qualifying purchases and paid to the County by the PCC. Any such Rebate received shall be deposited into the County’s General Fund for payment of the administrative and processing costs of this Purchasing Card Policy.

J. Single Transaction Limit (“STL”) – The maximum dollar amount a Cardholder is allowed to spend on any one purchase or transaction.

K. Split Purchase – An unauthorized purchase or transaction where either the Cardholder, or Cardholders acting together, break a transaction or purchase of the same or related goods or services into multiple transactions or purchases to circumvent the STL, the Credit Limit or this Purchasing Card Policy in any way.

4.5.4. Participation

A. Application for a Purchasing Card. Any County employee who would like to be issued a Purchasing Card must first obtain their Department Head’s approval, then the Department Head must fully complete a Purchasing Card Program – Application/Agreement (the “Application”) and submit the original signed Application to the PCA. The PCA has final authority to approve the issuance of Purchasing Cards, or not, in accordance with this Purchasing Card Policy. The Application is included herein in Appendix A.

B. Issuance of Purchasing Card. Purchasing Cards will not be issued to a Cardholder by the PCC unless and until the PCA approves and signs the Application request. The PCA will notify Cardholders when their card has been received and is ready to be picked up. Cardholders must sign for their card and will be given a copy of this Purchasing Card Policy at that time.

C. Activating a Card. Cardholders must call the PCC's Customer Service Department to activate a new Purchasing Card.

D. Authorized Use

1. The County is liable for authorized charges made using the Purchasing Cards that are within the STL. Purchasing Cards shall be used for **ONLY** official County purchases. ***Use of the card for personal items is not permitted, even if the County will be reimbursed later.*** The County does not accept liability for the following: unauthorized use of the Purchasing Card, fraudulent use of Purchasing Card Account Number, and Purchases made with a stolen or lost Purchasing Card.

2. Authorized use of the Purchasing Card is limited to the person whose name appears on the face of the card. The Purchasing Card must not be loaned to another person.

3. Cardholders must exercise good stewardship of the County's resources and make no excessive or unnecessary purchases. Efforts should be made to use the card where appropriate in order to maximize administrative cost savings. If you have questions on the appropriate use of the Purchasing Card, please contact the PCA.

E. Requirements for Competition. Requirements for competition prior to purchasing with a County Purchasing Card are generally based on the dollar amount of the purchase or transaction, and all purchases and transactions are subject to the County Procurement Policies and Procedures, and specifically, the County Small Purchasing Procedures, see Section 4.4 *supra* (collectively the "County's Purchasing Policies").

F. Technology Items. Computer and other technology items charged to the Purchasing Card must be made in accordance with the County's Purchasing Policies, Information Technology requirements, computer uses, and approved in advance by the Purchasing Agent if more than \$100.

G. Violations. Individuals who violate this Purchasing Card Policy may have their Cardholder privileges suspended or permanently revoked, may face additional disciplinary action including termination of employment or, if appropriate, the County may take any other action against such individual permitted under law, equity or otherwise.

4.5.5. Roles & Responsibilities

A. Responsibilities of the Purchasing Card Administrator. The **Purchasing Card Administrator**, is responsible for implementing, overseeing and enforcing this Purchasing Card Policy, including, but not limited to, the following:

1. Communicating with the PCC including maintaining and reporting all Cardholder and Purchasing Card information;

2. Issuing, cancelling, terminating or suspending any Purchasing Card;

3. Setting appropriate purchase, transaction, Industry Restrictions, STLs and/or Credit Limits on each Purchasing Card based on the Cardholder's purchasing needs and the County's Procurement Policies and Procedures;

4. Ensuring that at least annually an analysis of each Cardholder's Purchasing Card usage and Credit Limit is performed and documented;

5. Monitoring on a regular basis, and at minimum monthly, the statements for the Purchasing Cards to ensure compliance with this Purchasing Card Policy;

6. Ensuring that if the paper bill from the PCC is not received within eight (8) days of the close of the Purchasing Card statement cycle that a copy of the monthly statement is downloaded from Works;

7. Managing any Purchasing Card issues including contacting vendors when goods or services are not received or for incorrect charges. If resolution cannot be made dealing directly with the vendor, then the PCA shall notify the PCC through Works;

8. Ensuring Cardholders are not paying past due invoices;

9. Periodically reviewing accounts to identify inactive Purchasing Cards, cancelling the same and notifying the Cardholder of the cancellation;

10. Removing, either permanently or temporarily any Industry Restrictions, on a Cardholder's Purchasing Card on a case-by-case maintaining adequate supporting documentation;

11. Training Cardholders at least annually in proper Purchasing Card usage and security;

12. Ensuring Cardholder compliance with this Purchasing Card Policy;

13. If there be any potential, suspected or confirmed fraudulent use of any Purchasing Card, taking any steps necessary to stop the threat of any future fraudulent use and to remedy any fraud that has already occurred; and

14. Ensuring that if a Purchasing Card ordered is not received in seven (7) business days, it is cancelled for security reasons, and a request for a new one is made.

B. Responsibilities of the Cardholder. The **Cardholder** is responsible for complying with this Purchasing Card Policy including, but not limited to, the following:

1. Complying with this Purchasing Card Policy, the County's Purchasing Policies, and all rules governing the use of the Purchasing Card;

2. Ensuring that the Purchasing Card is not, under any circumstances, used for personal expenditures, cash advances, or to obtain store credit;
3. All of the Cardholder's Purchasing Card activity;
4. Requiring and retaining all transaction or purchase documentation, including, but not limited to, vendor receipts, invoices and delivery documentation;
5. Submitting any required documentation related to the transaction or purchase to the appropriate recipient(s), in a timely manner, for coding, approval or otherwise;
6. Ensuring that no transaction or purchase made on the Purchasing Card is a Split Purchase;
7. Complying with STL and Credit Limits;
8. Placing only authorized orders and complying with Industry Restrictions;
9. Ensuring receipt of any product and/or services purchased on the Purchasing Card;
10. Verifying all purchases listed on their Purchasing Card statement are correct and made for only for official County purchases;
11. Ensuring that past due invoices are not paid with the Purchasing Card;
12. If the Purchasing Card is lost or stolen, immediately notifying the PCA;
13. Resolving delivery and credit disputes with vendors, or if such cannot be resolved by the Cardholder within seven (7) days notifying the PCA of the same; and
14. Ensuring the security of their Purchasing Card and any document containing their Purchasing Card Account Number.

4.5.6. Spending Limits. Credit Limits are set at or below the one quotation threshold established under the County's Small Purchase Procedures. Purchasing Card Credit Limits and STLs provide an important safeguard against fraud and misuse. It is important that Purchasing Card Credit Limits be set as close as possible to anticipated use. Each employee of the County can only have one Purchasing Card issued to him or her. The PCA shall choose a "Purchasing Card Type" from the table below for each Cardholder with the Credit Limit and STL as so noted prior to the issuance of any Purchasing Card. The PCA may change the "Purchasing Card Type" at any time by written notice to the Cardholder. The County has established 10 (Ten) "Purchasing Card Types". Each Purchasing Card must be one of the Purchasing Card Types listed below:

Purchasing Card Type	Credit Limit	Single Transaction Limit
CL \$500/STL \$100	\$500.00	\$100.00
CL \$500/STL \$500	\$500.00	\$500.00
CL \$1000/STL \$500	\$1,000.00	\$500.00
CL \$1000/STL \$1000	\$1,000.00	\$1,000.00
CL \$2000/STL \$1000	\$2,000.00	\$1,000.00
CL \$2000/STL \$2000	\$2,000.00	\$2,000.00
CL \$3000/STL \$1000	\$3,000.00	\$1,000.00
CL \$3000/STL \$1500	\$3,000.00	\$1,500.00
CL \$3000/STL \$2000	\$3,000.00	\$2,000.00
CL \$3000/STL \$3000	\$3,000.00	\$3,000.00

4.5.7. Card Uses

A. Proper Purchasing Card Uses. Subject to any Restrictions on a Cardholder's Purchasing Card and any limitations in this Purchasing Card Policy, the Purchasing Card may be used for the following:

1. Books, magazines, journal subscriptions, publications, etc.;
2. Car Rental;
3. Conference registration;
4. Food/Restaurant;
5. Gas for rental vehicles;
6. Lodging;
7. Office supplies;
8. Express mail service and freight service;

9. Professional organization dues, fees, and licenses;
10. Airline tickets; and
11. Travel expenses.

B. Improper Purchasing Card Uses. Purchasing Cards shall **NOT** be used for the following:

1. Cash advances;
2. Personal purchases of any kind;
3. Purchases by non-employees;
4. Split Purchases;
5. Other purchases prohibited by the VPPA or the County's Procurement Policies and Procedures; and
6. Fuel Purchases subject to the County Fuel Card Management Policies.

4.5.8. General Ordering Guidelines

A. Taxes. Tell the vendor the County is exempt from sales tax, and, if requested, the County Finance Department will fax or mail a Commonwealth of Virginia, Sales and Use Tax Certificate of Exemption to the vendor. **The County is not exempt from sales tax on restaurant, catering, and lodging charges.**

B. Shipping. Be sure to include the Cardholder's department name as part of the billing and shipping address. Try to negotiate FOB Destination, freight prepaid and allowed shipping terms. Request Inside Delivery, if applicable. Request that the vendor NOT put the Purchasing Card number on the exterior of the shipping container.

C. Supplier Information. Information to obtain from supplier: Order confirmation or tracking number; Base cost of purchase; Promised or anticipated delivery date; and Freight costs. If a fixed amount can't be provided, get a not-to-exceed amount.

D. Documentation. Save all documentation pertaining to the purchase, including such items as shipping papers and packing slips. Remember to print internet pages showing your order or confirmation of order. This type documentation must be kept on file at least three years by the Cardholder's department for reconciliation to the charge card statement, and for audit purposes.

E. Returning Purchases. The Cardholder should contact the vendor and process the return with the vendor. Be sure to save original receipts, as they will expedite credits to the Purchasing Card. The Cardholder **MUST** follow these guidelines when returning purchases, or

for other disputed items such as sales tax charged: (i) Returns should be handled as credits to the Purchasing Card (not store credits) and treated as separate transactions; (ii) A separate purchase must be made to re-order the correct item, if applicable; and (iii) **Cash refunds are not allowed.**

4.5.9. Internal Controls

A. **Cardholder Reconciliation Procedures and Responsibilities.** Cardholders shall review their monthly Cardholder statement for accuracy by comparing statement charges to the supporting documentation for each purchase.

1. Cardholder must report disputed charges as soon as possible.
2. For each transaction on the monthly Cardholder statement, the Cardholder must note on the statement near each charge that will not be charged to the default budget code, the budget code for the purchase.
3. For travel and local subsistence charges, the name of the conference attended and/or purpose of the trip and the person attending must be noted near the charge.
4. Cardholders are responsible for making sure that educational training/travel related charges to their purchasing card are included in the appropriate section of any related Travel Expense and Reimbursement Form, **BUT ARE NOT INCLUDED IN THE REIMBURSEMENT SECTION** of the Travel Expense and Reimbursement Form.
5. Either on the statement or attached to the statement, the Cardholder must **summarize all charges by budget code.**
6. Cardholders must sign the monthly statement to certify the charges and approve payment.
7. Cardholders are responsible for obtaining their monthly Cardholder statements and ensuring that the properly reconciled original signed statements are submitted to their Department Head with all original supporting documentation in a timely manner.
8. After the Cardholder statement is approved and signed by the Department Head, the Cardholder must make a copy of the Cardholder statement and attach all original supporting receipts and documentation of charges to the copy and retain for audit purposes for at least three (3) years. Then, the Cardholders **MUST** deliver the original statement with 2 signatures and a copy of the supporting documentation to the Finance Department by the deadline in the following section.

B. Department Head Responsibilities

1. Department Heads will receive electronically all Cardholder statements each month.

2. Department Heads are responsible for developing internal control procedures to ensure that its employees **original Cardholder statements, properly signed, with necessary expenses properly explained and coded for payment, are received in the Finance Department no later than three (3) business days prior to the AP cutoff for payments to be made on the SECOND PAYMENT CYCLE of each month.** For those departments that do not meet the deadline, continued delinquencies shall be cause for suspension or termination of their Purchasing Card privileges.

3. Department Heads are responsible for assigning a default budget code, i.e., VISA Holding line for each Purchasing Card.

4. Department Heads are responsible for maintaining copies of each Cardholder statement, with appropriate backup documentation, for a period of at least three (3) years.

5. Department Heads, or his or her designee, sign the original Cardholder statement to certify the charges and approve payment. The person who signs in addition to the Cardholder must verify that the charges are legitimate (other than those being disputed), the documentation is appropriate, and payment is approved. The second signature must be on the Finance Department list of persons authorized to approve County disbursements.

C. Signatures. As required above, two original signatures are required on each original Cardholder statement, the Cardholder's signature and the Department Head's signature. Statements should also be signed by the PA, or his or her designee, to approve accounts payable.

D. Errors. For any charges on the Purchasing Card that should be charged to a budget code other than the default code, but were erroneously not so indicated on the Cardholder statement sent to the Finance Department, prepare a cost transfer to change the charge to the proper budget code and send the cost transfer form to the Finance Department in a timely manner.

4.5.10. Disputing Charges

A. The County has sixty (60) days after the billing statement date to give the PCC written notice of a disputed charge.

B. The Cardholder should try to resolve the issue with the vendor and shall get written confirmation of any credit to be issued. If the Cardholder is unsuccessful in resolving the issue, the Cardholder must **immediately** fax the completed Dispute Form, included herein in Appendix A, form to PCC's Customer Service Department and notify the PCA. In any event if any issue remains unresolved more than seven (7) days after the billing statement date, then such shall be reported to the PCA immediately.

C. Payment of disputed charges properly reported to the PCC is not required while the PCC investigates the dispute. A credit will be issued upon the PCC's receipt of the written dispute. If the charge is found to be in error, the credit remains. If the charge is found to be accurate, the credit will be reversed and the department will be responsible for payment on their next billing cycle. The average time for billing dispute resolution after the receipt of the written

notice is 45 – 60 days.

4.5.11. Cancellation. The Department Head is responsible for returning a Cardholder's card to the PCA when the employee terminates employment, misuses the card, transfers to another department, or no longer needs the card. The Cardholder may personally return the card to the PCA.

4.5.12. Reissuing. As Purchasing Cards approach their expiration date, they will automatically be reissued by the PCC **UNLESS**: (i) otherwise requested; (ii) the card has not had any transaction activity for 18 consecutive months; or (iii) the Cardholder's account is currently delinquent. Reissued cards are sent to the PCA. The Cardholder will be required to pick up and sign for the new card from the PCA. Cardholders must activate the reissued card the same way the original card was activated and turn in the old card to the PCA to be destroyed.

4.5.13. Changes. The PCA can make most changes to the Purchasing Card needed by the Cardholder. The Department Head must request any requested change using the "Card Maintenance Form" in Appendix A.

4.5.14. Payment Guidelines

A. Under the supervision of the PA, the Finance Department is responsible for processing payments to the PCC for the amount certified by Department Heads on the monthly Cardholder Statements. Due to the length of time allowed for the County to pay the PCC's corporate monthly billing statement, the PCA may authorize payment from the master billing statement prior to receiving statements from all individual Cardholders. The Finance Department will process and authorize payment in time for payment to be included in the County's AP run to ensure payment is made prior to the due date. If it appears the payment cannot be made in the normal AP run in time to meet the due date, a manual check may be requested.

B. Upon receipt of the corporate monthly billing statement a representative from the Finance Department responsible for AP entry will reconcile the corporate billing statement charges with the individual Cardholder statements submitted. Charges shall be coded as indicated by the department on the Cardholder statement. If a Cardholder fails to submit a Cardholder statement, the charges shall be coded to the Cardholder's default budget code.

4.5.15. Reports. The PCA can generate Project Administrator Management Reports from Works. Cardholders will have access to online reporting, including printing of monthly statements.

4.5.16. Fraud & Misuse. Each Department Head is responsible for actively protecting each of its Purchasing Cards from fraud and misuse. The following guidelines **MUST** be followed:

A. Limit Card Access – Maintain Staff and Department Purchasing Cards in a secure environment. Limit access to this environment to provide greater security for the Purchasing Card. Consider Purchasing Card security prior to allowing an employee access to a Purchasing Card or Purchasing Card Account Number, particularly if the employee is temporary or seasonal.

B. Protect Card Information – Information regarding Purchasing Cards should be protected. This is to include Purchasing Card Account Number, name and expiration date. File reports that contain Purchasing Card numbers in locked file cabinets. When destroying reports or other paperwork containing any Purchasing Card information, shred documents; however make sure to keep all documentation for at least three (3) years for audit purposes pursuant to Subsection 4.5.8.D herein. Assure security of Purchasing Card materials that are maintained electronically. Do not send emails which contain Purchasing Card Account Numbers or other identifying information.

C. Establish Reasonable Card Limits – Establish reasonable spending and transaction limits. This will limit risk in the event the Purchasing Card or Purchasing Card number is lost or stolen.

D. Maintain Adequate Separation of Duties – Divide the Purchasing Card custodian/accounting/reconciliation duties among employees. Conduct proper upper management review of transactions and supporting receipts and associated documentation.

E. Occurrence of Fraud or Misuse - If fraud or misuse of a Purchasing Card is suspected or confirmed by any person, such must be immediately reported to the PCA who will conduct an investigation. If fraud is confirmed, the PCA must report the incident to County Administrator.

F. Compliance Reviews - The Purchasing Card program is subject to review by the Finance Department, County Administrator, and internal or external audits.

4.5.
APPENDIX A - FORMS

See Separate Attachments