

BOARD OF PREBLE COUNTY COMMISSIONERS
PROCUREMENT CARD POLICY

BACKGROUND:

Procurement cards are designed to make small-dollar purchases in a manner that reduces paperwork and processing time. This policy can also help eliminate the need for the use of personal funds. The benefits for this policy are to accelerate payments to a vendor, expedite delivery of goods, reduce paperwork, and the ability to set and control purchasing dollar limits.

The Ohio Revised Code Section 301.29 permits counties to use procurement cards. The policy shall set limits for spending activity and allowable expenditures as well as administrative controls that the Board determines will be sufficient for use of a procurement card.

For administrative control purposes, the Board of Preble County Commissioners has restricted the definition of a "Procurement Card". The Board of Preble County Commissioner's recognize permissible procurement cards as an "account card". With an account card, there is no third party involved. The vendor that the county department is making a purchase from will directly bill that county department for payment. The account card is designed for small-dollar purchases made via in-store, mail, email, internet, telephone or fax. Wal-Mart, Kmart, Lowes, Sam's Club, Carter Lumber, and Sears are examples of account cards.

Credit cards, debit cards, ATM cards and other cards that involve a third party that permit purchases from multiple vendors are not permitted under the Preble County Commission Procurement Card Policy. The account card is not to be used for personal or non-work related purchases.

GENERAL INFORMATION:

The procurement card policy is not intended to avoid or bypass the competitive bid requirements of Section 307.86 of the Ohio Revised Code. This procurement card policy is not intended to circumvent policies outlined in the Preble County Purchasing Manual. Expenditures may not exceed appropriations under any circumstances.

A "cardholder" is an individual who has been approved by an appointing authority to pay for certain work-related expenses with an account card. The cardholder is responsible for the security and physical custody of the account card, and is accountable for all transactions made with the account card. The cardholder must comply with the policy's record-keeping requirements (including retention of original receipts) for the protection of both the cardholder and Preble County. The cardholder is also responsible for timely reconciliation of the billing statement. Employees have a responsibility to report instances where the County's policy is not being followed.

POLICIES AND PROCEDURES:

Selection of the Account Card Providers:

The account card providers will be selected on an on-going basis. A legal advertisement regarding the on-going selection process will initially be advertised twice in a local newspaper in Preble County. A notice to the effect will be posted permanently on the Board of Preble County Commissioners' website. Upon receipt of a vendors' application form and terms, the Board of Preble County Commissioners will evaluate and assess the vendor's ability to support Preble County in the following areas:

- *Restrict usage to a single business**
- *No annual fees and no interest charged on current balances**
- *Customer service availability**
- *Maintenance of cardholder profiles, transaction reporting/account review and reconciliation.**
- *Recognizable card including County's name and Tax Exempt printed on the face and toll-free customer service telephone number printed on the back.**

The Board of Preble County Commissioners shall consider a resolution authorizing the use of all account cards for Preble County departments and shall further execute all account card applications. The Board reserves the right to request proposals or applications from vendors directly. A list of approved vendors for account cards will be maintained on the Commissioners' website. Vendors with Preble County accounts at the time of the implementation of this policy will not be required to go through this process of approval if the permissible use of their existing card adheres to the Board's policy. All vendor accounts with Preble County will be subject for periodic review during the County Department's annual budget hearing. A detailed report of that year's procurements with each account card vendor shall be reviewed with the Board of Preble County Commissioners during that department's annual budget hearing. Four (4) copies of the report shall be provided at the budget hearing. The Board of Preble County Commissioners reserves the right to cancel or close any accounts as it deems appropriate in its sole discretion.

In order to remain accountable, the Board of Preble County Commissioners will ask each county department on a yearly basis to provide information on their account card(s) that they are in possession of and which have been authorized by the Board of Preble County Commissioners via Board Resolution. Those departments with account cards shall report the name of the vendor, the account card number and the resolution number approved by the Board of Preble County Commissioners which authorized the use of the account card. This procedure is similar to the "Update of Credit Card Information" which is done on a yearly basis.

DESIGNATION OF PROGRAM ADMINISTRATOR:

Each county department that participates in the procurement card policy shall name a program administrator. The department's program administrator shall be responsible to review and to reconcile account card activity, resolve disputes with merchants and maintain cardholder profiles for their department's account cards.

ESTABLISHMENT OF CARD LIMITS:

Individual account cards are subject to the following maximum limits:

- 1. Daily spending per card: \$1,000.00**
- 2. Monthly spending per card: \$5,000.00**
- 3. Single Transaction Limit: \$1,000.00**
(May not exceed \$1,000.00 per Ohio Revised Code Section 5705.41)
- 4. Daily Number of Transactions Per Card: 3**
- 5. Monthly Number of Transactions Per Card: 15**

Purchases may not be split to bypass the single transaction limit.

DESIGNATION OF ALLOWED/UNALLOWED TRANSACTIONS:

The account cards may be used to purchase the following:

- *Subscriptions**
- *Books**
- *Office Supplies**
- *Training Materials**
- *Data Processing Equipment**
- *Building Maintenance Supplies**
- *Building Maintenance Materials**
- *Clothing**
- *Food**
- *Small Equipment Purchases**

The account cards may not be used for the following:

- *Capital Equipment**
- *Entertainment**
- *Alcoholic Beverages**
- *Services that are 1099 Eligible**
- *Long-Distance Telephone Charges**
- *Travel Related Items**
- *Cannot Benefit Through an Awards Program**

SALES AND USE TAX:

All purchases made with a Preble County account card are tax-exempt. The name of the County agency and the words "tax-exempt" will be on each card. If tax is charged inappropriately, the agency should present a tax exemption certificate to the vendor. Sales Tax will not be paid on any purchase.

APPLICATION FOR PROCUREMENT CARD AND SUBSEQUENT PROFILE CHANGES ALONG WITH CARDHOLDER ACKNOWLEDGMENT AND RESPONSIBILITIES:

Account cards can be issued either in the name of the office of the appointing authority or in the designated individual's name, with the appointing authority's name clearly indicated as the buyer on the account card. An individual cardholder must be a current full-time Preble County employee. If the agency elects to have an agency card, it is strongly encouraged that the number of employees authorized to use the account card be limited to provide more accountability.

The cardholder is responsible for the physical custody of the account card and for maintaining confidentiality of all information relating to the account card such as the account number and expiration date. The account card is not to be loaned to anyone.

The cardholder will sign a written acknowledgment indicating that the cardholder understands the intent of the program and agrees to adhere to the policy and guidelines established by the Board of Preble County Commissioners. The appointing authority will retain the signed acknowledgment and will forward a copy to their program administrator.

MAKING PURCHASES:

An encumbrance(s) must be established for projected purchases to be made with each account card. The purchase order shall be opened in the name of the account card, in other words to a "specific vendor". No account card shall be paid with an "open" purchase order. The purchase order amount shall be set based on the monetary and transaction limits established for the account card and in accordance with Preble County's Procurement Card Policy limits set. This helps ensure that expenditures do not exceed available appropriations. A purchase order for any account card shall expire after 90 days from the date opened.

When making a purchase, the cardholder shall obtain and retain the original receipt. The receipt must contain the vendor's name, date of purchase, itemized description of purchase, per unit price and total price.

Approved account cards may permit the purchase of goods over the internet, telephone or fax. These purchases must be evidenced by an order confirmation along with either the original packing slip that accompanied the purchased goods or an itemized receipt. When using the internet, the cardholder must make sure the website where the account card information is being placed is secure, and that all account numbers are encrypted while being passed electronically. A cardholder can determine if the website address is secure in two ways:

1. An internet website is secure when the address changes from <http://www> to <https://www>. The "s" stands for secure.
2. A symbol resembling a "lock" will appear at the bottom of the browser. The "lock" symbol signifies that the website is secure and that all card numbers will be encrypted when passed.

MAKING PURCHASES – CONTINUED

Cardholders will be held responsible for all orders placed, even those with vendors that turn out not to be legitimate businesses.

The cardholder should inform the vendor that the purchase will be paid by an account card and that the purchase is tax exempt.

RECORD-KEEPING:

Each cardholder will maintain a purchasing log. The log records the transaction date, vendor name, description of purchase or return, total amount purchased or returned, how the order was placed (via internet, phone, fax, mail or in person). A separate line is required for each purchase.

The receipt for each purchase should be stapled to the log to expedite reconciliation with the billing statement.

This report shall be reviewed at the County Department's annual budget hearing. This report can also be reviewed at anytime by the County Department's appointing authority, supervisor, program administrator and the County Auditor.

ACCOUNT RECONCILIATION AND PAYMENT OF ACCOUNT CARD BILLING:

Each cardholder will receive a statement identifying all transactions made during the billing cycle. The cardholder will reconcile the statement's accuracy against the purchasing log and receipts. The reconciled statement, the purchasing log and the supporting receipts should then follow the County agency's standard process for paying bills. Payment cannot be made until the cardholder confirms receipt of the goods or services. A quote or backorder notice is not substantive evidence of the occurrence of the transaction.

The appointing authority or their designee is responsible for reviewing the log for appropriateness of purchases made with the account card and for approving the statement for each cardholder under their supervision. The approval must be evidenced by the approver's signature. Once approved for payment, the agency must submit the original statement, purchasing log and supporting receipts to the County Auditor. The County Auditor will issue payment by warrant. Timely completion of the reconciliation is imperative.

RETURNS, CREDITS AND DISPUTE RESOLUTION:

Sometimes, there is a problem with a purchased item or service. Examples include broken merchandise, the billed amount does not match the quote, the billed amount includes sales tax, the statement contains a charge not recognized by the cardholder, or the statement contains duplicate charges from a vendor. In these instances, the cardholder should try to resolve the dispute with the supplier or

RETURNS, CREDITS AND DISPUTE RESOLUTION – CONTINUED

merchant. If the purchased item needs to be returned for any reason, send the item back to the supplier and request a credit to the account card. Notify your department's program administrator so they can verify that the credit appears on a subsequent statement. The cardholder cannot accept cash or a rain check instead of a vendor credit.

If the dispute cannot be resolved, the cardholder should contact their department's program administrator.

LATE FEES OR FINANCE CHARGES:

No late fees or finance charges shall be paid. If a service fee is charged because of a payment time period not met, then the service fee is not the responsibility of the County, but that of the department and/or cardholder. **SERVICE FEES WILL NOT BE PAID FROM TAXPAYER'S MONEY.**

LOST OR STOLEN ACCOUNT CARDS:

If your account card is lost or stolen, the cardholder must notify the card issuer immediately. Upon receipt of the phone call, further use of the card will be blocked. Prompt action will reduce the liability for fraudulent charges. The cardholder must confirm the phone call by written notification to the card issuer via mail or fax, with copies promptly given to your department's program administrator, your appointing authority and to the County Auditor. The date and time of the phone report of the lost or stolen card shall be included in the written notification. The program administrator will initiate issuance of a replacement account card.

SUSPENSION OR CANCELLATION OF AN ACCOUNT CARD:

Your department's program administrator will initiate suspension or cancellation of the card, and will notify your appointing authority and the County Auditor that such action has been taken. Cardholders who terminate their employment or whose job duties change and no longer include purchasing must surrender the account card immediately. The program administrator will cut account cards in half. Cardholders on extended leave or reassignment may have their account cards suspended. Intentional use of the account card for personal purchases or for purchases made in violation of this policy and the Preble County Purchasing Manual will result in account card cancellation.

PENALTIES FOR IMPROPER USE OF CARD:

The account card is to be used only by the cardholder to pay for authorized, work-related expenses. The cardholder is not allowed to lend the card to someone else. The account card may not be used to pay for personal transactions. Improper use of the account card can be considered misappropriation of County funds. This may result in disciplinary action up to and including termination of employment. Improper use can result in revoking the card. In addition, the cardholder is personally liable for payment of improper purchases and subject to criminal prosecution.

DEPARTMENTAL PROCEDURES WHEN SECURING AN ACCOUNT CARD

Each department can observe the approved account card vendor's list which is located on the Commissioners' website. Each department will be responsible for securing their own account card application with an approved vendor. Each department will be responsible for completing the account card application and submitting it to the County Prosecutor's Office for approval as to form and then sending it on to the Board of Preble County Commissioners for final execution. Each department will be responsible for communicating to the Board of Preble County Commissioners the name of the account card vendor, the department name, and a list of those employees authorized to use the account card. Once this information and the account card application is submitted to the Board of Preble County Commissioners, the Board shall execute all account card applications and shall issue a resolution approving the same listing the account card vendor's name, department name and those employees authorized to use the account card.

BOARD OF PREBLE COUNTY COMMISSIONERS

**Commissioner Christopher M. Day, President
Commissioner Robert Stonecash
Commissioner David Wesler**

Policy Adopted this 10th day of September, 2012