

	<b>CHAPTER:</b>	<b>POLICY:</b> Purchasing Card (Credit Card)
		<b>PAGES:</b> 6
<b>SUBJECT:</b> County Issued Credit Cards		
<b>RELATED POLICIES:</b> Purchasing Policy	<b>ENABLING RESOLUTION:</b>	Res. 293-1985
	<b>RESOLUTION DATE:</b>	Res. 207-2004
	<b>REVISED RESOLUTION &amp; DATE:</b>	Res. 284-1995, 12/06/95 Res. 180-2001, 12/5/01
<b>OFFICE WITH PRIMARY RESPONSIBILITY:</b> Finance		

### **I. PURPOSE**

This policy establishes an orderly process for the authorization, handling, and use of Sedgwick County credit cards. This policy is applicable to all County elective offices, divisions, and departments pursuant to the authority granted under K.S.A. 19-101(a), 19-101(b) and Sedgwick County Charter Resolution No. 57. It applies to all purchases and purchase-related documents prepared or processed by Sedgwick County departments regardless of the source of funds. The responsibilities, authorities and contracts set forth in this policy and related policies and procedures must be adhered to by all Sedgwick County elected officials, divisions, departments, and the eighteenth judicial district.

These procedures apply to Sedgwick County credit cards only. The Controller, Purchasing Director or Chief Financial Officer may grant exemptions and/or exceptions.

### **II. POLICY STATEMENT**

To promote operational efficiency and to simplify our internal ordering process for purchase of goods and services, Sedgwick County has opted to use the Purchasing Card. The Purchasing Card has been established to provide a convenient, efficient means to purchase commodities and services from vendors and reduce costs associated with initiating purchase orders and paying for those transactions. The purchasing card is intended only for County business transactions. This program is designed to delegate authority and responsibility to purchase items directly to the departments. The controller is responsible for managing the program and each unit is responsible for managing its cardholder accounts in a manner that conforms to this policy and guidelines established by the controller. A number of unique controls have been developed for the purchasing card program that does not exist in a traditional credit card environment. These controls ensure that the cards can be used only for specific purchases and within specific monthly dollar limits. In addition, each cardholder is required to certify all purchases, with verification performed by the Program Administrator within the cardholders unit before the bill is submitted for payment.

### **III. DEFINITIONS**

Approving Official – Division or department head responsible for certifying purchase card charges are for official County business.

Cardholder – Employee of Sedgwick County or District Court who is issued a Card and who has authority to use it for Sedgwick County business.

Eligible Goods – All commodities and capital items that cost less than \$1,500 **except:**

- Materials or inventory maintained in the County database (SAP)
- Worker compensation purchases

**Note:**

- If goods are on County contract, but an inventory is not kept in SAP, cardholders are encouraged to use their credit card, but the goods must be purchased with the contracted vendor.
- Cardholders may use their credit card when purchasing technology goods, but they must first either: obtain approval of the Technology Review Committee to purchase the technology; or purchase technology which meets an existing standard of the Technology Review Committee for that technology.

Eligible Services – All services that cost less than \$1,500 **except:**

- Services on County contract
- Worker compensation purchases

Program Administrator – An individual within a unit who is assigned the responsibility of Purchasing Card coordination including: security, monthly reconciliation and tracking the use of the Card accounts for their unit.

Purchasing Card (Card) – A credit card issued for official Sedgwick County business.

Single Purchase Limit – A combination of transaction limits established by the controller for each card based on the anticipated business need of the cardholder. The single purchase limit may take the form of a dollar amount, commodity type, or vendor type. For example, a card issued to a maintenance worker may have a single purchase limit of \$500, which can be spent only for building supplies and small tools, and only at hardware stores.

Unit – A department, division, or district court.

Workers Compensation Purchase – Any medical service, treatment or equipment related to an on-the-job injury.

#### **IV. PROCEDURES**

##### ***The Card***

The purchasing card is a credit card, similar to a personal credit card, which authorizes a cardholder to buy eligible goods and services. The card is specifically designed showing the Sedgwick County seal and “For Official Use Only” imprinted on it to avoid being mistaken for a personal credit card. The card is also imprinted with “Sales Tax Exempt Under K.S.A. 79-3606”. The card is subject to existing County purchasing resolutions and policies.

The purchasing card is the primary method for making County purchases of \$1,500 or less. The objectives in using the purchase card are to expedite procurement and reduce purchasing and related payment paperwork by reducing the number of purchase order transactions for eligible purchases valued at \$1,500 or less and reducing administrative processing costs. Under no circumstances is the purchasing card to be used for personal purchases.

##### ***How to obtain the Card***

Department/Division heads will:

- Decide who will be designated as the Program Administrator for their unit.
- Decide who, within their unit, may apply for a Purchasing Card.
- Recommend transaction and monthly purchase limits for their cardholders.
- Forward Purchasing Card application forms to the County Controller.

Card applicants will:

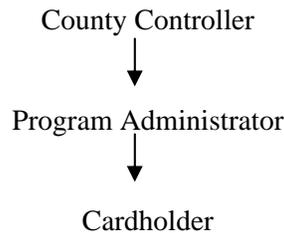
- Complete a Purchasing Card application form and submit it to their Department/Division head.
- Sign a cardholder agreement form before receiving their Purchasing Card.

County Controller will:

- Approve or deny Purchasing Card applications.
- Set single purchase and monthly spending limits.
- Submit approved applications to the Purchasing Card vendor.
- Distribute Purchasing Cards to Cardholders.
- Retain Cardholder agreement forms.

### ***Authority and Responsibility***

The Division of Finance provides the management of this program. The hierarchal structure follows:



#### ***County Controller***

The County Controller is responsible for the implementation and oversight of the program. The Controller will:

- Develop a process for Program Administrators to reconcile card accounts each month.
- Monitor accounts for inappropriate or illegal use.
- Revoke card privileges for inappropriate or illegal use.
- Suspend card privileges for failure to provide transaction documentation in a timely manner.
- Increase or decrease card-spending limits as necessary.

#### ***Program Administrator***

An administrator is designated in each unit to be the point person for the Purchase Card Program.

The administrator will:

- Receive and distribute information from the County Controller pertaining to the Purchase Card.
- Gather all supporting purchase documentation from employees for each purchase transaction.
- Identify and record the account number for each purchase transaction.
- Review and approve cardholder documentation and reconciliation.
- Route documents to approving official for signature on credit card purchase certification sheet.
- Forward all documentation to Accounts Payable.
- Notify County Controller of suspected inappropriate or illegal use.

Department heads will reconcile the program administrator's purchase card transactions with the monthly statement. Under no circumstance will the program administrator approve his/her own purchases.

#### ***Cardholder***

The cardholder is the individual to whom the card is issued. The purchase card bears the Cardholder's name and may only be used by the Cardholder. No other person is authorized to use the card. Cardholders may purchase eligible goods and services within their authority, as required by the County, subject to funds availability. The cardholder is responsible for all purchases made with the card. All purchases that will be paid using the card must comply with Sedgwick County purchasing resolutions, policies and department policies.

The Cardholder will:

- Reconcile the purchase documentation with the monthly card statement.
- Record a brief description of each purchase and indicate the intended use.
- Sign the credit card purchase certification sheet.
- Forward all documentation to your Program Administrator

### ***How to use the Purchase Card***

The same basic procedures are followed for mail and phone order purchases, although the supplier may request additional information such as the cardholder's shipping address.

### ***Over-the-Counter Purchases***

Although the process may vary slightly, the following steps give a general overview of how the purchase card works. A Cardholder using the purchase card should:

1. Identify the purchase needed and determine funds availability.
2. Determine if the purchase amount is within their pre-approved single purchase limit. If yes, proceed to the next step. If no, check with their supervisor for details on how to proceed.
3. Purchase goods/services. Provide merchant with the purchase card. Inform the merchant that the purchase is for "official County business" and is not subject to state or local sales tax. Pay sales tax if merchant refuses to waive it.
4. Retain receipt (i.e. cash register receipt, purchasing card charge slip).
5. Give receipt and supporting documentation to the Program Administrator.

### ***Telephone Orders***

An employee using the purchase card to order by telephone should:

1. Identify the purchase needed and determine funds availability.
2. Determine if the purchase amount is within the pre-approved single purchase limit. If yes, proceed to the next step. If no, check with their supervisor for details on how to proceed.
3. Contact the merchant and place the order.
4. Purchase goods/services. Inform the merchant that the purchase is for "official County business" and is not subject to state or local sales tax. Pay sales tax if merchant refuses to waive it. Provide merchant with the card number and expiration date.
5. Relay all pertinent information to supplier, e.g., Cardholder name, shipping address, etc.
6. Inspect and verify order accuracy, quality, and price when merchandise arrives.
7. Retain shipping documents and receipts received with the merchandise.
8. Give all related documents to the Program Administrator.

### ***Internet Orders***

1. Identify the purchase needed and determine funds availability.
2. Determine if the purchase amount is within the pre-approved single purchase limit. If yes, proceed to the next step. If no, check with their supervisor for details on how to proceed.
3. Locate the merchant's web site and place the order.
4. Purchase goods/services. Enter card number and expiration date. Some web sites will recognize that the purchase is tax exempt. If not, indicate that the purchase is tax exempt. Note that the Cardholder should check to see if the web site they are accessing is secure before entering their purchase card account number. Check the Internet browser software and any information posted on the web site being accessed for more information regarding the level of security provided.
5. Relay all pertinent information to supplier, e.g., Cardholder name, shipping address, etc. Note: If downloading a purchased product from the Internet, print out the electronic confirmation and include it with the transaction documentation.
6. Inspect and verify order accuracy, quality, and price when merchandise arrives.
7. Retain shipping documents received with merchandise.
8. Give all related documents to the Program Administrator.

### ***Tax Exemption***

The Purchase Card is imprinted with the statement, “Sales Tax Exempt Under K.S.A. 79-3606”. Charges for most purchases that are billed directly to Sedgwick County are exempt from sales tax. Merchants can determine whether an account is exempt from sales tax by looking at the account number. For large purchases where the merchant refuses to waive the tax, the cardholder can present a state tax exemption letter. Contact the Purchasing Department for a copy of the letter.

### ***Cardholder Responsibilities***

Purchasing resolutions, policies and procedures place upon the Cardholder direct responsibility for the proper and lawful execution of purchasing actions. No employee of the County has authority to issue instructions or approve a procedure that is in direct violation with the law or County resolutions, policies or procedures. Any act exceeding that individual’s authority is no longer an act of the County but becomes a personal responsibility. **This may include personal financial responsibility for the purchase and consideration of disciplinary action up to and including removal from position and possible criminal prosecution.**

All employees must maintain the highest standard of conduct. Any conflict of interest or appearance thereof, between County responsibilities and personal lives must be avoided.

Cardholder responsibilities are to:

- Make eligible purchases within authorized spending limits and funds availability. Use the card only for purchasing items in accordance with County policies.
- Pay sales tax if the merchant refuses to waive it. The cardholder must first inform the merchant that the purchase is for “official County business” and is not subject to state or local sales tax. The card is imprinted with the statement, “Sales Tax Exempt Under K.S.A. 79-3606”. For large purchases where the merchant refuses to waive the tax, the cardholder can present a state tax exemption letter. Cardholders can get a copy of the letter from the Purchasing Department.
- Maintain purchase cards in a secure fashion and prevent unauthorized charges to the account.
- Maintain adequate documentation of all purchases. This responsibility includes documentation of funds availability, receipts, packing lists, invoices, etc.
- Give purchase documentation to Program Administrator in a timely manner to ensure prompt payment.
- Notify the Program Administrator and the County Controller immediately if the card is lost or stolen.

### ***Card Security***

The cardholder is responsible for safeguarding the purchase card at all times. **The Cardholder should never allow anyone else to use the card or account number and should never use the card to procure personal items.**

### ***Lost/Stolen Cards***

When a purchase card is lost or stolen, the cardholder should contact the County Controller and the Program Administrator to report the lost/stolen card. Contact should be immediate so that the highest level of detail regarding account activity leading up to the lost/stolen date can be provided.

### ***Separation of Cardholder***

Prior to separation from the Cardholder’s unit or assignment to another function that does not require cardholder authority, the Cardholder will surrender the card to the County Controller who will destroy it. The Cardholder will review with the Program Administrator the status of any unreconciled, questionable, partially approved, unresolved, and disputed transactions, and identify any supplies and/or services which have been ordered but not yet received, so appropriate action can be taken to complete these activities.

### ***Purchase Card Changes***

There may be occasions when the information about the cardholder in the bank's master file must be changed (e.g., location change, default accounting change, authorization limits). The County Controller or his/her staff will make the appropriate change.

### ***Card Misuse/Fraud***

Misuse of the purchase card will require the purchase card to be withdrawn from the cardholder. Disciplinary actions may be taken against the cardholder. The cardholder may be liable for payment of the purchase.

### ***Competition***

Purchases within the dollar threshold can be awarded without soliciting competitive price quotations if the price is reasonable. Such purchases must be distributed equitably among qualified suppliers. When practicable, a quotation should be solicited from other than the previous supplier prior to placing a repeat order. The administrative cost of verifying the reasonableness of the price of purchases not in excess of \$1,500 may more than offset potential savings in detecting instances of over pricing. Therefore, actions to verify the reasonableness of the price need be taken only when:

- Information indicates that the price may not be reasonable (e.g. comparison to previous price paid, personal knowledge of the item involved, comparison to similar items).
- Purchasing a supply or service for which no comparable pricing information is readily available (e.g., an item that is not the same or similar to other items recently purchased).

### ***Authorization***

The purchasing card is the preferred means to purchase and pay for eligible goods and services that cost less than \$1,500. Cardholders are encouraged to use the purchase card instead of other modes of payment for County purchases to the maximum extent practicable.