

GALVESTON COUNTY

PURCHASING CARD (P-CARD) PROGRAM

POLICY & PROCEDURES MANUAL

OCTOBER 31, 2005

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PURPOSE

The purpose of this manual is to establish policies, procedures and criteria to be used in determining requirements for cardholders of the Galveston County P-Card (P-Card) program.

The P-Card is a procurement tool designed to allow County employees maximum flexibility in obtaining County authorized goods and services.

The County entered into Contract #946-A1 with the State of Texas Building and Procurement Commission's Purchasing Co-operative Program. This Contract provides for the use of commercial credit cards and associated services from a credit card provider.

DEFINITIONS

Disputed Charge

A charge for goods determined to be defective or for services not performed and which a vendor refuses to replace, repair, adjust charges on, perform or otherwise correct. It also includes fraudulent charges.

Fraudulent Charge

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

Galveston County P-Card

The official credit card (P-Card) issued by Galveston County to be utilized for authorized purchases.

Personal Use

Use of a P Card for the purchase of an item, commodity or service other than those permitted by Galveston County adopted policy.

Smart Data On-Line

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

Statement of Account

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

Unauthorized Purchase

Purchases that exceed authorized dollar limits,--are made with Vendors without an approved Merchant Category Code(s) (MCCs), are made for Personal Use or, are otherwise not allowed.

Unauthorized Use

Use of the County P-Card by a person other than the Cardholder.

PARTIES INVOLVED

Card Provider

The State contractor who maintains the card account, issue cards to Cardholders, sends monthly billing statements to the County Auditor, pays merchants and receives reimbursement from the County Treasurer. Also, assists in resolving disputes between the County Cardholder and Vendors.

Galveston County

The political subdivision of the State of Texas that contracts with the Card Provider to have P-Cards issued to Galveston County approved employees and agrees to accept liability for the use of the cards.

P-Card Administrator

The coordinator and the liaison official between the County and the Card Provider who administers the P-Card Program for the County. The P-Card Administrator is appointed by the Purchasing Agent.

County Auditor's Department

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

County Treasurer's Department

The department responsible for paying P Card purchases.

Department Head

County official (including elected and appointed officials) who approves their department employee's request for a P-Card using P-Card Request Form (FORM PC-PCRF), and who performs duties of Department Coordinator or Departmental Supervisor or assigns those duties to Departmental Coordinator or Departmental Supervisor to act in their stead, if desired.

Department Supervisor

Department Employee who is delegated by the Department Head to review transactions to ensure they are for legitimate and permitted County business expenses, and thereafter certify and approve for payment to the Department Head.

Departmental Coordinator

Department employee designated by the Department Head to enter charge account data and card holder approval via Smart Data On-Line (where applicable), and send these receipts to Auditor's Office.

Cardholder

A Department employee who is approved by their Department Head to have a Galveston County P-Card, issued in their name, and is authorized to execute legitimate P-Card transactions on behalf of the County.

Vendor

The merchant with whom a Cardholder is making a purchase.

PURCHASING CARD PROGRAM BRIEF OVERVIEW

- Employee's Department Head or the Elected/Appointed Official must approve their employee's request for a card
- P-Cards will be issued to County employees only.
- The Cardholder's name will be embossed on the P-Card.
- P-Cards are not be transferable between individuals or departments.
- Department Heads in departments with several users assign both a Departmental Coordinator and Department Supervisor to act on their behalf.
- Department Heads, and their Departmental Coordinators, Department Supervisors and Cardholders must adhere to instructions issued from time to time by the P-Card Administrator.
- Cardholders make purchases (using established guidelines) and review their monthly Cardholder statement, on line via Smart Data On-Line.
- Cardholder matches receipts to on-line statement and notifies appropriate Departmental staff for purposes of review and approval of on-line transactions.
- Department Supervisor, if appointed, reviews cardholder charges and approves the on-line charge and notifies the Department Coordinator, or the Elected/Appointed Official for final approval where required.
- Departmental Coordinators, if designated, review transactions, ensures account codes are allocated appropriately and forwards receipts to Accounts Payable within fourteen (14) business days of the close of the card monthly period.
- Department Heads or Department Coordinators must notify the P-Card Administrator of Cardholder terminations immediately to expedite cancellations.
- Card Provider sends consolidated invoice to the County Auditor at the end of monthly billing cycle, which is the 5th of each month or next business day.
- Payment is made to Card Provider within 30 calendar days after the end of the billing cycle.

RULES AND REGULATIONS

Obtaining a Purchasing Card

To obtain a County P-Card, the requestor must complete and sign a County P-Card Request Form, (FORM PC-PCRF). This form must be approved by the requestor's Department Head and by the P-Card Administrator.

Cardholder Eligibility

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

- The Department Head must first agree to abide by all terms and conditions of this Manual. They must also agree to discipline and, if warranted, as set forth below, terminate and not rehire any Cardholder who intentionally or knowingly uses or permits the use of a P-Card for either an Unauthorized Use or a Personal Use.
- Applicant must be an employee of the County.
- The Request Form (FORM PC-PCRF) must identify the types of usage and the transaction limits desired.
- The Department Head must approve applicant's request for a P-Card. Applicant may be assigned a Departmental Supervisor or Coordinator selected by his/her Department Head.
- Employee must attend a training session before receiving their P-Card.
- Each individual Cardholder must sign a Cardholder Agreement (FORM PC-CA) prior to receiving P-Card.

Cardholder Personal Credit

The P-Card is a corporate charge card. Use of the P-Card will not affect the Cardholder's personal credit; however, it is the Cardholder's responsibility to ensure that the card is used within these policy guidelines. P-Card access will be restricted to meet the authorized purpose approved by the Cardholder's Department Head.

Lost, Misplaced or Stolen P-Cards

Cardholders are required to immediately report any lost or stolen P-Card to Card Provider at the 800 number listed in Exhibit No. 1 (24 hours a day, 365 days a year). The Cardholder must also immediately notify his/her Department Head and the P-Card Administrator 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 earlier by the P-Card Administrator. Account numbers will remain the same; but cardholders must call to activate new cards. Cards are sent directly to the P-Card Administrator.

Authorized Purchases

The P-Card access will be restricted to meet the authorized purpose approved by the appropriate Department Head. 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 P-Card Account may also constitute theft and could subject the abuser to criminal prosecution. Designated Procurement personnel may use

the County's P-Card in lieu of purchase orders. Other Cardholders may use the P-Card for travel expenses and other approved purchases needed during the course of business. Purchases that exceed the authority approved on the card request form (FORM PC-PCRF) are not authorized. Approved purchases may include: purchase or rental of hardware, tools, equipment, fuel, replacement parts, materials, and office supplies. Dollar purchase limits will also be detailed in the approved P-Card application form.

Unauthorized Purchases

The County P-Card is not to be used for any product or service not authorized by this policy for County use. Unauthorized purchases include (but are not exclusive):

- All items for personal use.
- Any single transaction exceeding the approved limit except as authorized by the Purchasing Agent.
- Multiple transactions per day with the same vendor that in total exceed the approved transaction limit.
- High Technology equipment customarily purchased by the IT Department – except as authorized by IT Department and Purchasing Agent.
- Alcoholic beverages.
- Chemicals, such as pesticides and herbicides, that have not been first properly documented and approved in writing by the Galveston County Purchasing Agent and County's Risk Manager.
- Equipment repair or maintenance services on County property unless the Cardholder has verified with Purchasing Agent that the person or company that is providing the repairs or services 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.

Disputes or Fraudulent Charges

If goods or services purchased with the P-Card are found to be defective, or if information for any item charged is incorrect, the Cardholder has the responsibility to return the item or to decline approval of the service and to either secure a credit or a replacement item in the case of defective goods or monitor the service until they are acceptable. 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 appearing on a Cardholder's account are also considered to be in dispute.

When charges are determined to be in dispute, the Cardholder shall complete a Cardholder Statement of Dispute Form (FORM PC-TRD) and mail or fax it, along with any supporting documentation, to the Card Provider to document the reason for the dispute. A copy of the dispute form must be sent to the Department Head, the County Auditor, and the P-Card Administrator, either of which may assist the employee if an acceptable resolution is not obtained. The cardholder shall keep the Department Head, the County Auditor, and the P-Card Administrator informed about the status of a dispute on a monthly basis until such time as the dispute is resolved.

In the event the Cardholder or County Management does not agree with the Card Provider's dispute decision, a final decision that is binding on the Cardholder and the County will be rendered.

Reconciliation and Payment

On a monthly basis, the Card Provider will provide the County Auditor with a billing statement of all charges by Cardholders and the County Auditor and the County Treasurer will make payment within the required time frame. From the software provided by the Card Provider, each Cardholder will access a statement of charges. The Cardholder designee is responsible for following card holder responsibilities.

Credits

- Vendors will issue all credits to the individual P-Card account for any item they have agreed to accept for return. This credit will appear on a subsequent statement.
- Under no circumstances may a Cardholder accept cash in lieu of a credit to the P-Card account.

Cardholder Status Change

The P-Card Administrator will close an account if it is requested by a Department Head if a Cardholder: (a) transfers to a different department, (b) moves to a new job; or (c) terminates employment.

Any of the following reasons will also cause an account to be closed, the Cardholder to be terminated, and restitution to the County sought:

- The P-Card is used for personal or unauthorized purposes.
- The P-Card is used to purchase alcoholic beverages or any substance, material, or service, which violates County policy or any state or federal law or regulation.
- The Cardholder authorizes, allows, permits or otherwise suffers the card to be used by another individual for any reason.
- The Cardholder splits a purchase to circumvent the limitations of the P-Card.
- The Cardholder uses another Cardholder's card to circumvent the purchase limit assigned to either Cardholder or the limitations of the P-Card.

Any of the following reasons may cause an account to be closed and will subject the Cardholder to disciplinary proceedings up to and including termination:

- The Cardholder fails to provide the Departmental Coordinator with required receipts.
- The Cardholder fails to provide, when requested, information about any specific purchase.
- The Cardholder does not adhere to all of the P-Card policies and procedures.

Control of Purchasing Card

Cardholders must safeguard their County P-Card and account number at all times. Cardholders must always treat the P-Card Card with at least the same level of care as their own personal credit cards. Under no circumstances may a cardholder allow, suffer or otherwise permit another person other than their Department Head and the P-Card Administrator access to their card or to the card's account number and/or expiration date. If this regulation is violated disciplinary actions (up to and including termination) will be taken, and the P-Card will be cancelled and returned to the P-Card Administrator. Department Heads, Department Supervisors, and Department Coordinators who are aware of or who allow unauthorized practices by Cardholders under their supervision are also subject to similar disciplinary actions.

System Security and Password Requirements

IT System Administrators will review requests and justifications for access to the P-Card software and will ensure that individuals having access to it are set up to have review and report capability only.

Individuals, with access to the P-Card software are required to change passwords every 90 days. System Administrators are required to change passwords every thirty days. Failure to change passwords will result in access to the software system being denied. If access to a P-Card has expired, contact the P-Card Administrator.

RESPONSIBILITY AND AUTHORITY

The Purchasing Agent and each Department Head is responsible for enforcing these guidelines.

The Program Administrator and the County Auditor are responsible for administering these guidelines.

The P-Card Guidelines are consistent with Federal, State and Galveston County requirements.

Each authorized cardholder will be required to certify, in writing, that they have read and will follow the P-Card Guidelines.

Cardholders must:

- Ensure the P-Card is used for legitimate business purposes only.
- Ensure sales tax is not charged at time of purchase. The tax exemption number appears on the P-Card.
- Ensure that if capital purchases are made using the card that the appropriate Fixed Asset Form code is used and forwarded to the Fixed Asset Property Manager (FAPM).
- Indicate account number for all purchases charged to the P-Card in the Smart Data On-Line program.
- Maintain the P-Card in a secure location at all times.
- Not allow, permit or suffer other individuals to use the P-Card.
- Not provide account number or expiration date to other employees except Cardholder's Department Head.
- Not provide account number or expiration date to vendors except as necessary to make an authorized purchase
- Adhere to the purchase limits and restrictions of the P-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 and reconcile all sales slips with register receipts, and/or P-Card slips with Smart Data On-Line.
- Submit vendor receipts and approved on-line statement to Department Head in a timely manner. If order is by telephone/fax, the Cardholder should supply a copy of the order blank or a description of order and attach this documentation to the statement.
- Attempt to resolve disputes or billing errors directly with the vendor.
- Notify Card Provider if the dispute or billing error is not satisfactorily resolved by faxing Card Provider the required Cardholder Statement of Dispute Form (FORM PC-TRD).
- 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 the 24 hour 800 number listed on Attachment No. 1.
- Notify Department Head and P-Card Administrator of a lost or stolen P-Card by telephone and followed up in writing as soon as possible.
- Return the P-Card to P-Card Administrator upon leaving employment with the County, transferring Departments within the County or upon request of Department Head or P-Card Administrator.
- If a vendor does not accept credit cards, contact the Department Head and P-Card Administrator.
- Report erroneous and emergency transactions to the Department Head and P-Card

- Administrator during normal business hours.
- Reconcile vendor receipts to the Smart Data On-Line statement.

DUTIES OF PARTIES INVOLVED

Purchasing Agent

- Performs periodic audits of card use and charges for appropriateness through the use of P-Card software and report non-compliance to appropriate Department Head.
- Monitor usage of each Cardholders usage of P-Cards to determine if a renewal is warranted.
- Run reports on a monthly basis to monitor order splitting transactions and Supplier Purchase History.

County Auditor

- Sets-up and maintains authorized GL Fund Cost Centers for P-Cards
- Creates and maintains Excel spread sheet of authorized GL Object Codes for each authorized GL Fund Cost Center.
- Forwards Excel spread sheet of authorized GL Object Codes to Information Technology Finance Team for loading into the Smart Data On-Line Software.
- Maintains and verifies Object Code dependencies to Fund Cost Centers in the Smart Data On-Line software.
- Utilizes Smart Data On-Line software to generate electronic audit reports, statements, and other reports as required.
- Reconciles Card Provider's bill to Card Provider's electronic file and to the transaction totals posted to County's accounting system.
- The Auditor's Accounts Payable Division will assemble, review, and retain Cardholders' charge slips and receipts for audit by internal and external auditors. Receipts for purchases will be maintained for 7 years.
- Retains copies of transmittals and correspondence with Card Provider, billing statements, and reconciliation of accounting statements.
- Monitors statements for inappropriate sales and use tax charges. The Accounts Payable Division will forward a list of discrepancies to the P-Card Administrator to help track and resolve them.
- Each month performs a detailed review of P-Card clearing accounts which do not have a zero balance. Notify the Department Head of any card holder who has not approved the P-Card charges in Smart Data On-Line within two weeks of the statement monthly cut off date.
- Makes periodic audits of card use and charges for appropriateness through use of the Smart Data On-Line software for on-line reporting.
- Monitors response time for submitting cardholder statement reconciliations, and receipts.
- Prepares payment voucher within 5 days after receipt of the Card Provider bill and processed so that payment will reach Card Provider no later than 30 calendar days after the close of the billing cycle of the previous month
- Receives, reviews and approves as a claim for payment the individual charge card receipts supporting cardholder charges sent by the cardholders.

County Treasurer

- Pays Card Provider bill by check or wire transfer to Card Provider.

P-Card Administrator

- Liaison with Card Provider.
- Utilizes P-Card software from Card Provider as applicable.
- Reviews Department approved applications for completeness of required information.
- Submits completed application to Card Provider and receive P-Card from Card Provider.
- Trains Departmental Management before releasing P-Cards.
- Trains Cardholder before releasing P-Card.
- Has Cardholder sign Cardholder Agreement (FORM PC-CA), signifying acceptance of the terms of the P-Card program and verifying receipt of card.
- Helps resolve disputed charges/discrepancies not resolved by Cardholder or Departmental Coordinator (FORM PC-TRD).
- Secures revoked P-Cards, promptly submitting written cancellation requests to Card Provider, and obtaining Card Provider confirmation of cancellation.
- Ensures 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 (FORM PC-PCRF).
- Assists Department Heads with erroneous declines and emergency transactions.
- Cancels credit cards and recommends disciplinary action when there has been a violation of a term or condition of this policy by a Cardholder.
- Maintains complete records for each P-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 P-Card restrictions and transaction limits and card cancellation requests and card provider confirmations, if applicable.

Information Technology - Finance Team

- Maintains interfaces between Smart Data On-Line and the IFAS system
- Monitors and maintains Smart Data On-Line functionality with respect to Galveston County specific requirements.
- Liaison with Card Provider Customer Service and Help Desk.
- Provides assistance and support to the P-Card administrator in regard to system functionality.
- Assists with Training of Departmental Personnel to include Department Heads, Department Supervisors, Department Coordinators, and Cardholders prior to release of P-Cards.
- Provides training and support to FSP Departmental personnel.
- Troubleshoots and resolves system relate issues.

Department Head (or Department Supervisor):

- Reviews and approves employee requests for a P-Card.
- Submit P-Card Request Form (FORM PC-PCRF) to the P-Card Administrator.
- Delegates transaction authority to the Cardholder.
- Notifies the P-Card Administrator of Cardholder request(s) to have Card Provider set up a vendor to accept credit cards.
- Collects cardholder original receipts.
Compares vendor receipts to approved Smart Data On-Line statements.
- Enters account data and card holder approval via Smart Data On-Line, as designated.

- Forwards all Cardholder charge slips and receipts to the Accounts Payable Department in the County Auditor's Department.
- Forwards requests for cancellation of P-Card upon cardholders' termination, transfer, or loss of P-Card privileges to the P-Card Administrator.
- Collects canceled cards from Cardholders and forwards to P-Card Administrator.
- Assists Cardholders with erroneous declines and emergency transactions.
- Attempts to resolve any disputes with vendor and/or Card Provider not resolved by Cardholder.
- Notifies P-Card Administrator in 3 to 5 days of any unresolved disputes, noting the reason for dispute using attachment FORM PC-TRD.
- Notifies P-Card Administrator of lost or stolen cards.
- Notifies P-Card Administrator of Cardholder request(s) to have Card Provider set up a vendor to accept credit cards.
- Assists Cardholders with erroneous declines and emergency transactions.