



DOUGLAS COUNTY GOVERNMENT
POLICY FORM

SUBJECT PURCHASING	POLICY NO. III.1.5
TITLE PURCHASING CARDS	APPROVAL DATE 12/18/07
	REVISION DATE 09/15/16

PURPOSE: To provide guidance to all Elected/Appointed Officials and Employees who have been issued a County purchasing card as an alternate procurement method.

DEPARTMENT
RESPONSIBLE: Finance

DEPARTMENT(S)
AFFECTED: All

POLICY:

- 1) **General Information:** The purchasing card program is designed as an additional procurement tool for individuals making purchases on behalf of the County for which the County is financially liable. When using a county-issued purchasing card, the cardholder certifies that all purchases are within their spending authority and all purchases adhere to all County policies. Purchasing cards may be used to procure goods and/or services and pay for business-related travel expenses. This program improves the efficiency in processing purchases from any business establishment that accepts MasterCard. Most purchasing cards are issued to a named individual; Douglas County is clearly identified on the card as the buyer of the goods and/or services. All purchases made within the State of Colorado are exempt from Colorado State and local sales tax.

The success of this program depends entirely upon the commitment of each individual cardholder to follow the policies and procedures established to govern the administration of this program. It is important that you review this Policy, since you will be responsible for compliance, whether you are a cardholder or an approver of expenses. The level of trust inherent in this program requires that each cardholder be fully accountable for all purchases charged against their purchasing card and to take every precaution necessary to safeguard the card from unauthorized use.

- 2) **Program Administrator:** The Purchasing Card Program Administrator can be reached by contacting the Douglas County Finance Department at 303-660-7430. The Program Administrator should be contacted if any of the following situations occur:
- New card requests or changes to existing cards
 - Questions regarding purchasing card policy and/or procedure
 - Problems encountered with purchasing card use or merchant authorization
 - Lost or stolen cards
 - Cardholder transfer or termination

- 3) **Eligible Cardholders and Card Request Information:** All Elected/Appointed Officials and full/part time Employees are eligible to participate in the purchasing card program.

Purchasing cards will be issued upon written authorization (e-mail or memorandum) by the Elected/Appointed Official, Department Director or his/her designee. All card requests must specify the cardholder's name, employee identification number, date of birth, business unit that charges should default to, single transaction limit, monthly credit limit, and a statement indicating whether the employee should have the ability to make travel-related purchases. After receipt of the request, the purchasing card will be ordered and should be received in seven to ten business days. All requests to make changes to a current purchasing card must be in writing.

Replacement cards will be automatically mailed to the Program Administrator and will be distributed to the department representative prior to the card expiration date.

- 4) **Differences Between the County's Purchasing Card and a Personal Credit Card:** The purchasing cardholder should be aware of the following differences:
- a) All purchasing cards have an embedded chip for increased security. All purchasing cards will be activated with the cardholder employee ID number. During the activation process, the cardholder will be asked to set-up a PIN number, as some merchants will require a PIN number to complete the transaction.
 - b) Douglas County is financially responsible for all charges made on a purchasing card. Unlike personal credit cards that have a limited liability if lost or stolen, the County is liable for all purchases made with a purchasing card until it is reported lost or stolen to the issuing bank.
 - c) There is no personal liability to the named cardholder unless the cardholder violates the terms of the card use set forth herein or as specified in the cardholder agreement.
 - d) All transactions charged to a purchasing card are billed directly to the County.

- e) All purchasing cards should be treated with as much care as the cardholder would give to their personal credit card(s). All purchasing cards are County property and the cardholder is responsible for its security. All purchasing cards and related card information should be kept in a secure place; it is the responsibility of the cardholder to safeguard their card from inappropriate use by any other individual.
 - f) Cardholders should not knowingly use their purchasing card to make purchases for personal, family, or household purposes either for themselves or for others. If any such charges are inadvertently made, the cardholder must reimburse the County immediately.
 - g) All purchasing cards are issued with the County name and logo on them. The cards have been specially designed so that they will not be confused with a cardholder's personal credit card(s). The only person authorized to use the purchasing card is the cardholder whose name appears on the face of the card. Cardholders should not lend or share their purchasing card with another person.
- 5) **Acceptable Uses:** It is the responsibility of the cardholder to restrict the use of their purchasing card to legitimate and appropriate business-related purposes. Purchasing cards should never be used to circumvent the county purchasing limits. Examples of purchases that would normally be considered appropriate uses of a County purchasing card include:
- Materials, supplies, equipment, and/or services required for normal and emergency operation of Douglas County business, while being subject to the annual contract awards
 - Work-related subscriptions to periodicals, trade magazines, and/or books
 - Professional membership dues
 - Registration for conferences, conventions, seminars, and training
 - Business-related transportation and lodging expenses

When placing a telephone, fax, or Internet order, always verify the availability of the item being charged; back orders should not be charged until they are available for shipment. Verify that the total cost, including freight, does not exceed the authorized transaction dollar limit and does not include Colorado State and local sales tax. Cardholders should get a confirmation number and request a detailed packing slip/invoice for the order.

- 6) **Unacceptable Uses:** The following items are examples of purchases that would be considered an inappropriate and unacceptable use of a County purchasing card; this list is not considered to be all-inclusive:
- Personal items and/or services
 - Alcoholic beverages
 - Circumventing the cardholder's single transaction limit by dividing an order
 - Cash advances, traveler's checks, and/or the use of an ATM
 - Any merchandise, product, and/or service normally considered to be an inappropriate use of County funds and/or in violation of County policy

In the event that it is suspected that a cardholder is using their purchasing card in an inappropriate manner, the Program Administrator will notify the responsible Elected/Appointed Official or Department Director and discuss the reason for suspicion. If the Elected/Appointed Official or Department Director concurs that the card has been used in a manner that violates this policy, the purchasing card will be canceled and any inappropriate charges will be immediately reimbursed by the cardholder. If the cardholder fails to reimburse the County for any unauthorized charges, Douglas County has the right, to the extent of the law, to deduct any unauthorized charges from the cardholders next and subsequent, if necessary, pay until all unauthorized charges are paid in full.

Unresolved disputes will be directed to the County Manager. Inappropriate use of a County purchasing card may result in disciplinary action up to and including termination.

- 7) **Tax Exemption:** All transactions conducted within the State of Colorado are exempt from state and local sales tax. The County tax-exempt number is imprinted on the face of each purchasing card. Please note that the County is not exempt from paying lodging taxes that might be incurred.

At the time of purchase, the cardholder should advise the merchant that the purchase is for official County business and therefore is exempt from state and local sales tax. If the merchant insists on charging tax, the purchase may still be made but their refusal must be noted on the receipt.

- 8) **Purchasing Card Use:** Each cardholder account is set-up with controls in place that restrict the dollar amount and types of goods and services that can be purchased. These limits are determined by the Elected/Appointed Official, Department Director, or his/her designee. If the card is presented to a merchant that is classified under one of the categories that has been restricted, the transaction will be automatically declined. Likewise, if the transaction amount exceeds the cardholder's single transaction limit, the transaction will be automatically declined. If there is a question as to the reason why a transaction was declined, the County Program Administrator should be contacted for further information. All declined transactions (regardless of the reason for the decline) are reviewed every two weeks, by the Program Administrator, on the decline detail report.

When placing an order via telephone, fax, or Internet, the cardholder should request that their name be noted on the shipping label to expedite delivery. A receipt should always be requested to be included with the order and the receipts retained for all purchases. All receipts must be scanned and attached to the reconciled statement; all statement transactions must include an explanation of the charges. The cardholder should always remind the merchant of the County's tax-exempt status.

All transactions are public record and are subject to review by internal staff and external auditors for compliance with sound business practices, County policies and procedures, and any applicable laws and regulations.

- 9) **Documentation and Lost Receipts:** The cardholder is responsible for obtaining itemized receipts for all transactions. A receipt that does not itemize purchases is not a valid receipt. When an itemized receipt is not available, supporting documentation must accompany the receipt. If a receipt is lost, the cardholder must complete a Lost Receipt Form and submit it in place of the receipt. Under certain circumstances, the cardholder may be required to reimburse the County for any expenses for which an original detailed receipt is not provided.

All statements must be approved by the cardholder and the cardholder's supervisor. If the cardholder is not available to process their statement, the County Program Administrator should be contacted for further direction.

Documentation requirements for travel-related expenses are specified within the Meals, Mileage, Travel, and Miscellaneous Expenses Policy (III.6.1).

- 10) **Returns, Credits and Disputes:** If a problem is encountered with an item or service that has been purchased, the cardholder should take the steps outlined below to remedy the situation. The cardholder should always keep in mind that they only have sixty (60) days from the original transaction date to request assistance from J.P. Morgan Chase regarding the dispute.
- a) The cardholder should first try to resolve the problem with the supplier/merchant. In most cases, disputes can be resolved in this manner.
 - b) If an item has been charged but has not been received, the cardholder should contact the supplier/merchant to verify the shipment date. If the item has been or will be shipped soon, it is recommended that the charge be approved at the time of the statement. If the charge is approved and the merchandise is not received by the next statement date, the cardholder should contact the Program Administrator for assistance in resolving the problem.
 - c) If an item needs to be returned, the cardholder will be responsible for contacting the vendor directly to obtain instructions on their procedures for processing the return. A credit must be made to the purchasing card account that was originally charged. The vendor has thirty (30) days from the receipt of the returned item to credit the cardholder's account. The cardholder is responsible for requesting a copy of the credit slip and verifying that the credit appears on a subsequent statement.

- d) If the dispute cannot be resolved with the supplier/merchant, the cardholder should contact J.P. Morgan Chase directly. Upon contacting the bank, the cardholder will be forwarded dispute forms which should then be completed, including all back-up documentation, and returned to the bank. The bank will then research the charge and credit the cardholder's account, when applicable.
- 11) **Change in Employment Status:** Upon termination of employment, whether for retirement, voluntary separation, resignation, dismissal, or at the end of the term in office for an Elected Official, the cardholder will surrender their card to their department representative, the Program Administrator, or the Human Resources Department. In the event of a transfer to another department/division, the cardholder, with written approval from the new Elected/Appointed Official or Department Director to the Program Administrator, may continue to use the same purchasing card. The cardholder may be asked to surrender their card at any time deemed necessary by the Elected/Appointed Official, Department Director, or Program Administrator.
- 12) **Lost or Stolen Cards:** If a purchasing card is lost or stolen, it is the responsibility of the cardholder to immediately contact the issuing bank; representatives are available twenty-four (24) hours a day. In addition, the cardholder must contact the Douglas County Program Administrator at 303-660-7430. The Program Administrator will contact the bank to confirm that the card has been cancelled and request that a replacement card be issued. Issuance of the replacement card may take ten (10) business days; the department representative will be contacted when the new card arrives. Prompt notification of lost or stolen cards is encouraged, as it will help protect the County from fraudulent purchasing card use.
- 13) **Attachments:**
- a) Purchasing Card Agreement Form
 - b) Lost Receipt Form