

JO DAVIESS COUNTY, ILLINOIS
PURCHASING CARD POLICY

PURPOSE: The purpose of this policy is to provide uniform purchasing card (P-Card) procedures to all county departments who purchase goods and services on behalf of Jo Daviess County. The purchasing card program is intended to replace the use of conventional credit cards by county departments. When used with good judgment and common sense, the policies and procedures conveyed herein will allow the County to obtain required supplies and services efficiently and economically. This manual intends to accomplish the following:

- A. To ensure that the procurement with p-cards is accomplished in accordance with the ordinances and rules established by the county.
- B. To ensure appropriate internal controls are established within each department procuring with p-cards so that they are used only for authorized purposes.
- C. To ensure that the county bears no legal liability from inappropriate use of p-cards.
- D. To provide a convenient adequate source of funding for employees who procure for the county by reducing the need for a purchase order, check request or petty cash slip.

Employees are expected to read and understand this policy. It is designed to be a fluid document and may be modified from time to time to conform to changes in legislation, technology, and actual practice. Although it may not answer every question related to purchasing practices, it does provide general guidelines for the use of county issued p-cards. Employees who need help dealing with specific situations not covered by the manual should contact one of the Program Administrators. Program Administrators include the County Administrator, County Clerk, and County Treasurer.

The Jo Daviess County Purchasing Card Program is intended to replace the use of credit cards by county departments and to establish uniform purchasing procedures for County Departments

Finally, it is intended that the policies established herein be viewed as minimum standards for departments, who may wish to establish additional controls beyond those suggested by this policy.

SCOPE: This policy is applicable to county departments who have selected employees to use p-cards to purchase goods, or for specific expenditures incurred under conditions approved by this policy. The decision of when a p-card is issued, and to whom, will be decided by the department head.

APPLICABILITY: This policy applies to all employees of Jo Daviess County.

BACKGROUND: The County has used various methods to accomplish the purchase of goods and services. Methods such as purchase orders, check requests and petty cash slips in certain instances tend to be costly and time consuming. To promote operational efficiency, a purchasing card program has been established. This program has a number of unique controls that do not exist in a traditional credit card environment. These controls ensure that the card can be used only for specific purposes based on the MCC code and within specific dollar limit. A Merchant Category Code (MCC) is a unique classification code that is assigned to a merchant based on the predominant business activity of the merchant. In addition, certification of all purchases is required by each cardholder, with verification performed by the department head or department coordinator before payment is made to the merchant.

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GENERAL INFORMATION:

- A. The Purchasing Card: The card will have the individual's name however the p-card issuer will not maintain individual cardholder credit records. The issuer will only maintain the last four digits of the cardholder's social security number for security identification purposes.
- B. Purchasing Card Authorizations:
1. P-cards usually require a merchant to obtain authorization if a purchase exceeds \$50.00. If for any reason the merchant fails to obtain authorization and subsequently the purchase is refused by the issuer, the merchant would be liable for the amount of sale. Almost all merchants now have a small machine called a "Point-of-Sale" terminal that requires sales clerks to run the p-card through the machine so that information is transmitted electronically to the card issuer for authorization. With a Point-of-Sale terminal, all transactions must be authorized regardless of the amount.
 2. Since the county, not the employee, will pay for the purchases made with the county p-card, additional controls have been added to these accounts. When authorization is sought for a purchase by the merchant, the p-card issuer's authorization system will check each individual cardholder's purchase limit and MCC authorization.
- C. Cardholder Spending Limits:
1. The "delegation of authority" that has been provided to each cardholder has set maximum dollar amounts for each single purchase (Single Purchase Limit), and a monthly limit (Monthly Purchase Limit) for all purchases made with a p-card within a given cycle (the 26th of the month through the 25th of the following month). Each time a cardholder makes a purchase with the p-card, the limits will be checked and the authorization request will be declined should the amount exceed those amounts.
 2. The cardholder's single and monthly limits along with the MCC authorization is determined by the department head. The department head will be authorized to override these limits if the need should arise.
- D. Card Restrictions:
1. The county p-card is not a personal credit card and remains the property of the county. The p-card is to be used for county business only as all outstanding charges on the card are the liability of the county.
 2. The county p-card shall not be used for personal identification or as a personal credit reference.
 3. Commodities and services related to fleet equipment shall not be purchased with a p-card except by department head or designee.
 4. No cash advances are allowed.
 5. Attempts to make purchases from vendors with unauthorized MCC codes will result in blocked transactions.
 6. All items purchased, whether in-person, by phone, fax or internet must be documented by invoice or packing slip. Such documentation should display the date of the purchase, quantity, description, and cost of item(s).
 7. The county retains the right to cancel the cardholder's p-card. Cards may be revoked for misuse or non-compliance of procedures.
 8. Department specific regulations may include further restrictions to this list.

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E. Cardholder Responsibility:

1. It is the responsibility of each cardholder to know and to comply with the procurement card policy as well as those of his or her department.
2. Sign the back of the p-card upon issuance.
3. Secure card when not in use. For some departments, this may be designated to the Department Head.
4. The p-card is for county purchases only. Cardholders cannot use the p-card for personal purchases with the intent of reimbursing the county at a later date.
5. Only the employee whose name is embossed on the card may use the p-card. No other person is authorized to use the card. It may not be transferred to, assigned to, or used by anyone other than the designated cardholder.
6. The County is exempt from paying sales tax on the purchase of certain goods. It is the employee's responsibility to notify the merchant, when applicable, that the purchase is tax exempt and to ensure that such taxes are not added to the prices of items purchased. Therefore, the County will only reimburse employees for sales tax paid on the purchase of eligible travel expenses per the Jo Daviess County Purchasing Policy (i.e. food and lodging). Employees are responsible for using the County's sales tax exemption when initially paying for travel expenses with personal funds, personal credit cards, or County purchasing cards. The exceptions are sales tax associated with food & lodging and online purchases that offer a lower taxed price than a tax exempt purchase from a conventional vendor. To justify a taxed online purchase, the cardholder must fill out a "Taxed Purchase – Cardholder Justification" form (Attachment A)
7. It is the responsibility of the cardholder to be acquainted with the purchasing ordinance, purchasing and travel policies of the county and to make purchases in accordance with these policies. Attempts to circumvent the policies shall be considered misuse and the violating cardholder shall be subject to disciplinary action.

F. Documentation: Any time a p-card purchase is made, an original receipt or invoice must support each purchase transaction. The amount of the receipt shall correspond to the amount of the transaction; receipts shall not be split in order to circumvent the transaction limit or to use another method of payment for part of the transaction. The documents will later be used to verify the purchases shown on the cardholder's Statement of Account.

1. When a purchase is made over the counter, the cardholder is to obtain a customer copy of the charge slip, which will become the accounting document.
2. When making purchases by phone, request that a detailed packing slip is included with the items sent. If items are back-ordered, the County may not be charged except upon delivery of the merchandise. The back-ordered merchandise must be received within the billing cycle in which the charge was made.
3. When making purchases on-line, ensure that the internet vendor has a secure site. The address window must start with https://. Look for a "lock icon" on the web page. When placing an order over the internet, the cardholder must confirm that the merchant will charge the P-Card only when shipment is made. Request that a detailed packing slip be included with the items sent. If items are backordered, the County may not be charged except upon delivery of the merchandise. The back-ordered merchandise must be received within the billing cycle in which the charge was made. The cardholder must print a copy of the on-line sales receipt at the time of the on-line purchase for reconciliation with detailed packing slip.

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- a) Supporting documentation (the receipt or invoice) shall include the following information:
- i. Merchant Name
 - ii. Date of Transaction
 - iii. Amount of Transaction
 - iv. Delivery location when applicable
 - v. Itemized descriptions of the items and services purchased.
 - If the receipt only includes the total purchase amount, the cardholder shall attach a detailed invoice, packing slip, or other documentation with the detailed information.
 - For meals, the itemized ticket must be included along with the summary receipt that shows meal cost, tip, etc.
- b) All documents with receipts should be completed and sent to the Department Head or department designee, when purchases are made.
- c) If the cardholder does not have documentation of the transaction to send with the statement, he or she must attach an explanation that includes a description of the item, date of purchase, amount of the transaction, merchant's name and why there is no supporting documentation.
- d) It is the cardholder's responsibility to return items for replacement or to receive credit on the purchase and or service. When problems arise with the merchant, the cardholder should submit a "Cardholder Statement of Questioned Item" (Attachment B) as outlined in the section for "Disputes."

G. Department Head or Designated Department Coordinator:

The Department Head or Designated Department Coordinator will be responsible for receiving completed documents from the cardholders, reviewing them, resolving any discrepancies on the purchases when matching them to the Statement of Account. The vendor number, account number, project number if applicable and description of the item shall be entered into the Procurement Card software. Then the completed statement with all documents shall be forwarded to Accounts Payable in the County Clerk's Office within ten days after the close of each billing cycle.

Should the department head or department coordinator not receive all of the documents, it will be their responsibility to contact the cardholders and have the documents furnished at once. All Statement of Accounts should be furnished to the County Clerk's Office at the same time and not mixed with any other documents for Accounts Payable.

NOTE: If a cardholder had no purchase activity on the p-card for a particular billing cycle, no Statement of Account will be generated for that cardholder (unless adjustments for previously billed transactions are processed during that cycle).

1. Approval of the transactions that cardholders have made using the procurement cards will not be totally defined in this policy. The department head or department coordinator, because of their knowledge of the job responsibilities of the cardholders, are required to look at each cardholder's purchases, and at the merchant who made the sale in order to determine if these

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items were for Official Use and if they were items allowed to be purchased in accordance with the instructions provided. The reviewer will question any unusual purchase and resolve the purchases with the cardholder. If they cannot be satisfied that the purchase was necessary and for Official Use, then the cardholder must provide a Credit Voucher proving the item(s) have been returned for credit, or a personal check for the full amount of that purchase. Resolution for improper use of the purchasing card will be the responsibility of the department head to resolve, and disciplinary action for misuse will also be the department's responsibility to process.

2. The department head will assign someone to approve the Statement of Account in his or her absence to assure it is forwarded to the Accounts Payable in a timely manner.
3. The department head is responsible for collecting cards from departing employees and then forwarding them to a designated Program Administrator.

H. Payment Procedures:

1. Purchases made by employees will be submitted into the monthly claims process by the County Clerk's Office once the Statement of Account has been approved.
2. Each department will generate one copy of the billing statement at the end of a billing cycle. This is called a "Statement of Account" and will have a listing of all items purchased in that billing cycle.
3. The Statement of Account requires the department head to review the statement and to note any errors on the bill. They will attach the documents with the receipt(s) (Sales drafts) received at the time of purchase to the statement and forward the approved Statement of Account to the County Clerk's Office. Non-compliance will result in denial of future use.
4. The department head will sign each Statement of Account approving all purchases made and send it to Accounts Payable.

I. Disputes:

1. If items purchased with the purchasing card are found defective or the services faulty, the cardholder is responsible for returning item(s) to the merchant for replacement or to receive a credit on the purchase or service. If the merchant refuses to replace or correct the faulty item, then the purchase of this item will be considered to be in DISPUTE.
2. Record disputed items on the cardholder's Statement of Account, and in addition, a "Cardholder Statement of Questioned Item" Form (Attachment B) must be completed by the cardholder with appropriate documentation attached, if necessary. This form shall be forwarded with the Statement of Account to a Program Administrator for adjustment with the p-card issuer. The Program Administrator will notify the department head and Account Payable of the action taken on disputed items.
3. It is essential that the time frames and documentation requirements established by the p-card issuer be followed to protect the cardholder's rights in a dispute. All questioned items must be communicated to the p-card issuer within 60 days of the cycle date when the item originally posted. During the investigation, a credit will be issued to the cardholder's account for the amount questioned. Upon completion of the investigation, the cardholder will be notified of the resolution. If the dispute is not settled in the cardholder's favor, the account will be charged for the disputed transaction amount. If the credit is not received by the time you settled with the

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procurement card issuer, you must pay for the disputed item. Do not deduct the amount from your payment. The credit will be processed in the next cycle.

J. Requests for Initial, Additional or Changes to Purchasing Cards:

1. All requests for new cardholders will be done by submitting a "Request for Purchasing Card" Form. This requires the approval of the department head. The form will be processed through a Program Administrator who will forward the request to the p-card issuer.
2. When the Program Administrator receives the p-card, the cardholder will be required to personally sign for their p- card. The Program Administrator will notify the department head and Accounts Payable of the issuance of a p- card to an employee.
3. The Department Head will be responsible for making changes for cardholders.

K. Semi-Annual Inventory of Purchasing Cards: On a semi-annual basis, the County Clerk's office will provide a list of p-cards issued to employees for each department. Departments must conduct a physical inventory of p-cards and provide a written report of the results of the inventory.

L. Lost or Stolen Purchasing Cards: When a card is lost or stolen, it is the responsibility of the cardholder to immediately notify the p-card issuer in addition to notifying the department head and a Program Administrator within 24 hours after discovery of the loss or theft of the card. The department head will be required to make a written report to the County Administrator's Office within 48 hours, that will include complete information on the loss, the date the loss was discovered, the location where the loss occurred, and any other information that may be needed. The telephone number of the p-card issuer will be provided when the p-card is issued to the cardholder.

M. Terminating Employee:

1. Purchasing cards are issued to individual employees and assigned to specific departments. If an employee leaves the department, their card must be collected and destroyed. The department head will be responsible to collect and turn in the card to a Program Administrator. The Program Administrator will destroy the card and will contact the financial institution that issued the card that the card has been destroyed.
2. Should a cardholder be transferred within the county to another department it will be the new department head who will determine if the cardholder should retain the p-card in their new position.
3. In the event the department head is not able to collect the p-card when the employee leaves, he or she shall notify a Program Administrator immediately to take action to ensure the p-card is voided. The Program Administrator will notify the card issuer to void the p-card to prevent any purchases after the employee leaves.

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**JO DAVIESS COUNTY
EMPLOYEE ACKNOWLEDGEMENT FORM**

I, _____, hereby acknowledge that I have received and read a copy of the Jo Daviess County Purchasing Card Policy, which provides guidelines on the use of the county's purchasing card program. I understand that any future changes made by Jo Daviess County with respect to this policy supersede and replace the information given here.

I accept responsibility for familiarizing myself with the information in this policy and will seek verification and clarification of its terms or guidance where necessary. I understand and I should consult my supervisor if I have any questions about the purchasing card program that are not answered in this policy.

Date _____

Employee Signature _____

Print Employee Name _____

Employee's Department _____

All original signed employee acknowledgement forms are to be forwarded to the County Administrator's Office.

TAXED PURCHASE - CARDHOLDER JUSTIFICATION

CARDHOLDER NAME

ACCOUNT NUMBER

CARDHOLDER SIGNATURE

DATE

TELEPHONE NUMBER

The transaction in question as shown on Statement of Account:

Transaction Date	Reference Number	Vendor	Amount	Statement Date
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Description of the item purchased: _____

Description of efforts taken to have taxes removed: _____

Explanation of cost savings realized: _____

ATTACHMENT A

CARDHOLDER STATEMENT OF QUESTIONED ITEM

CARDHOLDER NAME

ACCOUNT NUMBER

CARDHOLDER SIGNATURE

DATE

TELEPHONE NUMBER

The transaction in question as shown on Statement of Account:

Transaction Date	Reference Number	Vendor	Amount	Statement Date
_____	_____	_____	_____	_____

Please read carefully each of the following situations and check the one most appropriate in your particular dispute.

1. UNAUTHORIZED MAIL OR PHONE ORDER OR PHONE ORDER

I have not authorized this charge to my account. I have not ordered merchandise by phone or mail, or received any goods or services.

2. DUPLICATE PROCESSING-THE DATE OF THE FIRST TRANSACTION WAS _____

The transaction listed above represents a multiple billing to my account. I only authorized one charge from this merchant for this amount. My card was in my possession at all times.

3. MERCHANDISE OR SERVICE NOT RECEIVED IN THE AMOUNT OF \$ _____

My account has been charged for the above listed transaction, but I have not received the merchandise or service. I have contacted the merchant, but the matter was not resolved. (Please provide a separate statement detailing the merchant contract and the expected date to receive merchandise).

4. MERCHANDISE RETURNED IN THE AMOUNT OF \$ _____

My account has been charged for the above listed transaction, but the merchandise has since been returned. (Please provide a copy of postal or express mail receipt).

5. CREDIT NOT RECEIVED

I have received a credit voucher for the above listed charge, but it has not yet appeared on my account. (Please provide a copy of the credit voucher).

6. ALTERATION OF AMOUNT

The amount of this charge has been altered since the time of purchase. (Please provide a copy of sales draft showing the amount of which was signed). The difference of amount is \$ _____.

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7. INADEQUATE DESCRIPTION/UNRECOGNIZED CHARGE

I do not recognize this charge. Please supply a copy of the sales draft for my review. I understand that when a valid copy is sent to me, a Cardholder Statement of Questioned Item Form must be provided and will include the copy of the sales draft if a further dispute exists. If a copy of the sales draft cannot be obtained, a credit will appear on my account.

8. COPY REQUEST

I recognize this charge, but need a copy of the sales draft for my records.

9. SERVICES NOT RECEIVED

I have been billed for this transaction; however, the merchant was unable to provide the services.

Paid for by other means. My card number was used to secure this purchase, however final payment was made by check, cash, another credit card, or purchase order. (Please provide receipt, canceled check, copy of credit card statement, or applicable documentation demonstrating that payment was made by other means).

10. NOT AS DESCRIBED

The item(s) specified _____ do not conform to what was agreed upon with the merchant. (The cardholder must have attempted to return the merchandise and state so in their complaint).

11. If none of the above reasons apply, please describe the situation: _____

