



CHARLESTON
■ COUNTY ■
SOUTH CAROLINA

Charleston County

Procurement Card Program

Policies and Procedures Manual

September 2009

CHARLESTON COUNTY PROCUREMENT CARD POLICIES AND PROCEDURES

PARTIES INVOLVED:

Card Program Administrator - The central Administrator located in the County of Charleston's Procurement Department who coordinates the Procurement Card program for the County of Charleston and acts as the County's intermediary in correspondence with the card issuer.

Cardholder - An employee of the County of Charleston who is approved by his/her Department Head to use the Procurement Card to execute transactions on behalf of the County of Charleston.

Card Issuer -Bank of America's services include issuing Visa Procurement Cards to Organization employees, providing electronic transaction authorizations, and billing the Organization for all purchases made on the cards.

Organization -Arranges with Bank of America to have Procurement Cards issued to approved employees.

Department Head - County official who must 1) set internal controls for their department's usage of the procurement card; 2) approve issuing the employee a Procurement Card; 3) assign their Department Liaison; 4) sign approval on department liaison's monthly purchases; 5) designate default accounting code for purchases on the Procurement Card; and 6) submit application to the Card Program Administrator. ***Department Head approval delegates transaction authority to the Cardholder .***

Department Liaison - An employee in each department designated by the Department Head to be responsible for reviewing transactions of individual Cardholders to make sure the transactions are legitimate business expenses and are classified appropriately, as dictated by the Department's internal controls.

Vendor - The merchant from whom a Cardholder is making a purchase.

CARDHOLDER RESPONSIBILITIES

The Cardholder must use the Procurement Card for legitimate County business and County travel only. The Procurement Card may be used for travel, hotel reservations, conference/ seminar registration fees, rental cars and gas for rental cars only. Gift cards, computer hardware or software purchases, scanners, uniforms and other categories as defined by the Procurement Department are not allowed. ***Note: The County P-card cannot be used for County vehicle expenses incurred within Charleston County limits. The County P-card may be used only as a last resort when towing is not obtainable through the Roadside Assistance program.** Misuse of the card will subject Cardholder to disciplinary action in accordance with County Policies and Procedures relating to disciplinary action and termination for cause. **Misuse of the procurement card may constitute fraud and criminal charges may be instituted against the cardholder.**

The Cardholder must:

1. Ensure the Procurement Card is used for legitimate County business and County travel only.
2. Maintain the Procurement Card in a secure location at all times.
3. Not allow other individuals to use their Procurement Card.
4. Adhere to the purchase limits and restrictions of the Procurement Card and ensure the total charge, including tax, shipping and handling, and any other applicable fees for any single transaction **does not exceed \$5,000.**
5. Obtain all sales slips, register receipts, and provide same to Department Liaison for reconciliation, approval, and allocation of transactions.
6. Notify Department Liaison if the default accounting code should be changed on an individual transaction.
7. Attempt to resolve disputes or billing errors directly with the vendor.
8. Not accept cash in lieu of a credit to the Procurement Card account.
9. Immediately report a lost or stolen card to Bank of America at 1-800-538-8788 (24 hours a day, 365 days a year).
10. Immediately notify Department Liaison of a lost or stolen Procurement Card at the first opportunity during normal business hours.
11. Return the Procurement Card to Department Liaison upon terminating employment with Charleston County or transferring Departments within the County. The Procurement Card may also be presented to the Human Resource Department during their exit interview if it has not been collected by the Department Head, Department Liaison, or their designee prior to the exit interview.
12. Report erroneous and emergency transactions to the Department Liaison during normal business hours.

PROCUREMENT CARD PROGRAM OVERVIEW:

1. Procurement Cards will be issued to County employees *only*. The employee's name will be entered on the card as it is shown on their Driver's License.
2. Computers, printers and scanners are not allowed on the p-card, unless prior written approval has been received by the ITS department. All requests for said hardware and software must be routed through the ITS department prior to any order being placed. Contact the ITS department for assistance, if needed.
3. Uniforms are not allowed to be purchased on the p-card. Departments requiring employees to wear uniforms should contact the Controller's Office for the information regarding uniform policies.
4. Gift cards are not allowed to be purchased using the p-card.
5. Requests to have grocery stores unblocked for special meetings and training purposes, must be submitted in writing, on departmental letterhead, to the Director of Procurement and signed by the Department Head or Appointed/Elected Official of the requesting office.
6. Procurement Cards are not transferable between individuals. Each Cardholder will be assigned to a Department Liaison. Each Card will be assigned default accounting codes. Supervisors may use their p-card to register multiple departmental staff members for conferences if no other charges, i.e., hotel, per diem, etc., will be incurred.
7. Travel transactions, i.e., hotel reservations, conference/seminar registration, rental car and gas for rental cars only, and air fare, are allowed to be placed on the p-card according to established procedures. No food purchases are allowed unless previous approval is received from the Procurement Department. ***Note: The purchase of gas for County or personal vehicles is not allowed on the p-card. Please contact the Fleet Operations Department regarding gas cards for County vehicles. Gas for personal vehicles and food per diem will be included in the employee's paycheck.***
8. Department Liaison may be the auditor for more than one division/department
9. Department Head or their designee, must approve the request for a card, provide the default account number and assign the Department Liaison for the Cardholder.
10. Cardholders make purchases (using established guidelines) and receive a monthly Cardholder statement from Bank of America which is delivered to the individual Department Liaisons.
11. Liaison matches receipts to monthly statement for review and retention, as directed by Department Procedures.
12. Liaisons will be responsible for reconciling all transactions to the proper accounting data, if different from the default accounting codes assigned to the cardholder's account.
13. Bank of America sends individual cardholder statements and a consolidated invoice to the County at the end of the monthly billing cycle which is the 27th of each month.

14. An ACH payment is made to Bank of America within 25 days after the end of the billing cycle.

DEPARTMENT LIAISON RESPONSIBILITIES:

Each Department Head must establish internal controls for their department's use of the procurement card, and designate a department liaison and an employee to act in the liaison's absence for their department. The Department Liaison and their assistant must receive training before any employee in the department receives a Procurement Card.

Responsibilities include:

1. Reviewing vendor receipts and attaching to the Bank of America Cardholder statements at the end of each month.
2. Retaining all Cardholder receipts for audit by internal and external auditors.
3. Requesting the Card Program Administrator to change default accounting codes for cardholders.
4. Attempting to resolve any disputes with vendor and/or Bank of America not resolved by Cardholder.
5. Notifying Card Program Administrator within 3 to 5 days of any unresolved disputes, noting the reason for dispute.
6. Notifying Card Program Administrator of lost or stolen cards.
7. Requesting Card Program Administrator to cancel a Cardholder's card (e.g. termination, employee transferring to another department, loss of procurement card privileges) **within 24 hours of termination or change in status of employee**, as approved by Department Head.
8. Collecting canceled cards from Cardholders and forwarding cards to Card Program Administrator, or as directed by the Card Program Administrator. **Note:** If an employee terminates employment through the Human Resources department without notifying their department head or department liaison, the Human Resources Department will be responsible for asking the employee if they have a County p-card and receive the procurement card from the employee. The Human Resources Department will then forward the card to the Card Program Administrator.
9. Assisting Cardholders with erroneous declines and emergency transactions.
10. Notifying the Card Program Administrator of cardholder requests to have Bank of America contact vendor to accept Visa cards.
11. Liaisons reconciling their own p-card purchases must sign the bottom of their monthly p-card statement on the line provided for the Cardholder's signature. The statement is then sent forward to their Department Head for review and approval of all transactions. If approved, the Department Head must on the Manager's signature line on the liaison's monthly p-card statement. If the transactions made by the liaison are reviewed and reconciled by someone other than the liaison, the liaison and Department Head are not required to sign the monthly statement.

CARDHOLDER ELIGIBILITY:

The criteria to receive a Procurement Card is as follows:

- ▶ Applicant must be an employee of the County.
- ▶ Applicant's request for a Procurement Card must be approved and issued by their Department Head.
- ▶ Applicant must be assigned a Department Liaison selected by their Department Head.
- ▶ Applicant must receive training on the p-card program before or at the time they receive their Procurement Card. This training may be provided by the Card Program Administrator or their designee, i.e., department liaison.
- ▶ Each individual Cardholder must sign a Cardholder Agreement and it must be presented to the Card Program Administrator before the card will be turned over to the employee or Department Liaison.

CARDHOLDER LIABILITY:

The Procurement Card is a corporate charge card and will not affect their personal credit. It is the cardholders responsibility to ensure that the card is used within the stated guidelines of this Manual. Failure to comply with the program guidelines may result in permanent revocation of the card, notification of the situation to management, and disciplinary action in accordance with County Policies and Procedures relating to disciplinary action and termination for cause. **Misuse of the County's Procurement Card may constitute fraud and criminal charges may be issued against the cardholder.**

FRAUD; MISUSE/ABUSE:

Fraud: Fraud involves unauthorized use of the card by the cardholder, someone other than the individual whose name is on the card, or individuals outside the organization. This can include stolen or counterfeit cards, or identity theft. It could also involve non-employees or former employees working in collusion with current employees of the County.

Merchant Fraud: This is another unauthorized activity and involves charges for goods or services not provided by a merchant/vendor.

Misuse/Abuse: Misuse or abuse involves unauthorized activity or purchasing by the employee to whom the card is issued. Misuse covers a wide range of violations, some more severe than others. *Misuse* can include poor asset management resulting from buying a larger quantity than necessary, purchasing materials or goods of a higher quality than the organization would deem appropriate, or buying from unauthorized suppliers. **Using the purchasing card for personal gain would represent a serious abuse of the card and could result in termination of employment and/or criminal charges being filed against the cardholder**

CARD TERMINATION:

The Card Program Administrator is required to close an account if a Cardholder: (a) transfers to a different department, (b) moves to a new job in which a Procurement Card is not required, (c) terminates employment, or (d) for any of the following reasons which will also subject Cardholder to disciplinary action in accordance with County Policies and Procedures relating to disciplinary action and termination or cause:

- ▶ The Procurement Card is used for personal or unauthorized purposes.
- ▶ The Procurement Card is used to purchase alcoholic beverages or any substance, material, or service which violates policy, law, or regulation pertaining to the County of Charleston.
- ▶ The Cardholder allows the card to be used by another individual.
- ▶ The Cardholder splits a purchase to circumvent the **\$5,000** per purchase limitations of the Procurement Card.
- ▶ The Cardholder uses another Cardholder's card to circumvent the purchase limit assigned to the Cardholder or the limitations of the Procurement Card.
- ▶ The Cardholder fails to provide Department Liaison with required receipts.
- ▶ The Cardholder fails to provide, when requested, information about any specific purchase.
- ▶ The Cardholder does not adhere to all of the Procurement Card policies and procedures.

A request for closing a Cardholder account will be processed by the Card Program Administrator. *If a plastic card exists for the Procurement Card account being closed, it must be returned to the Department Liaison immediately. **The Department Liaison will cut the card in half and return it to the Card Program Administrator for disposal.***

LOST, MISPLACED OR STOLEN PROCUREMENT CARDS:

Report any lost or stolen Procurement Card immediately to Bank of America toll-free at 1-800-449-2273. Bank of America representatives are available to assist 24 hours a day, 365 days a year. Be sure to notify Department Liaison about the lost or stolen card at the first opportunity during normal business hours. The Department Liaison must notify the Card Program Administrator immediately or on the next business day if the card is reported lost/stolen after normal County business hours.

SPENDING CONTROLS:

The Procurement Card is to be used only for the purchase of supplies and travel. County spending parameters for Procurement Cards are set at \$5,000 per transaction, including all fees and taxes with a maximum of \$5,000 per month, per card. The County will adjust limits as determined by demonstrated need. Monthly limit adjustments must be requested by the Department Head and approved by the Procurement Director.

ERRONEOUS DECLINES:

There may be certain situations when a vendor receives a decline message when processing a Procurement Card transaction. If the reason for the decline is unknown, contact the Department Liaison or Program Administrator to research the decline. If the decline was due to the Merchant Category Code (MCC) being blocked, the Card Program Administrator can process an override if the department liaison confirms that the order is in compliance with purchasing guidelines. Once the override is in place, the vendor will have a limited time to reprocess the charge. This time frame will be determined between the Cardholder, Department Liaison, and the Card Program Administrator. If a purchase is being made outside of normal business hours, the employee must find an alternate payment method or terminate the purchase and contact the Card Program Administrator during normal hours.

EMERGENCY TRANSACTIONS:

Emergency transactions over \$5,000 may not be handled with the Procurement Card. For any transaction that does not meet the spending controls assigned to the card, the Cardholder must contact their buyer in the Procurement Department for assistance.

CREDITS:

Under no circumstances should the cardholder accept cash in lieu of a credit to the Procurement Card account. The vendor should issue a credit to the card account for any item they have agreed to accept for return. This credit will appear on a subsequent statement. Please note: Credits can be given by the bank against a card even if it has been closed. This enables continuity for auditing purposes.

UNRESOLVED DISPUTES AND BILLING ERRORS:

The cardholder or Department Liaison should always attempt to resolve any disputes or billing errors directly with the vendor. In most cases, the vendor will issue a credit to the card account. If an agreement cannot be reached with the vendor, the cardholder or Department Liaison should complete and sign the Bank of America's Dispute Form and mail or fax to 1-800-253-5846. The Bank of America Dispute Form is included as an attachment to this manual (Attachment 1).

Nearly all issues can be resolved using this process. If the cardholder is unable to obtain an acceptable resolution, the cardholder must contact the Department Liaison for assistance. The total amount billed by Bank of America will be charged to the individual departmental

accounts and credits for disputed transactions will be posted to departmental accounts when the credit appears on the Bank of America billing.

PROCUREMENT CARDS:

Cardholders should always treat the Procurement Card with the same level of care as one does their own personal credit cards. The card should be maintained in a secure location and the card account number should be carefully guarded. The only person entitled to use the card is the person whose name appears on the face of the card. ***The card may not be loaned to another person for any reason.***

PROGRAM DOCUMENTATION:

The Department Liaison assigned to each Procurement Card will maintain the Cardholder's vendor receipts/packing slips/charge slips. All other documentation concerning the Procurement Card program is maintained by the Card Program Administrator located in the Procurement Department. This documentation includes, but is not limited to, applications, Cardholder Agreements, reconciliation of accounting statements, WORKS programs, and copies of transmittals and correspondence with Bank of America. The Controller's Department will maintain the master p-card billing monthly statements.

VENDOR BLOCKING:

Transactions will be blocked at the point-of-sale level if a purchase is attempted at a vendor whose Merchant Category Code has been blocked by the County of Charleston.

PROCUREMENT CARD SET UP, MAINTENANCE, AND CLOSURE:

All contact with Bank of America for Procurement Card set up, maintenance and closure (except for reporting lost or stolen cards outside normal business hours) will be handled by the Card Program Administrator.

CARD SET UP:

- ▶ Department Head or designate representative sends a request for a new card to the Card Program Administrator (See Attachment 2). This request should identify the cardholder's name as it appears on their Driver's License, the default org key and object code to be assigned to the card, and any special instructions or comments. This Department Head request delegates transaction authority to the Cardholder.
- ▶ Card Program Administrator processes request to Bank of America via Bank of America's WORKS program.
- ▶ Upon receipt of the Procurement Card from Bank of America, the Card Program Administrator will notify the Department Liaison and request the submission of the signed Employee Agreement, signifying agreement with the terms of the Procurement Card program, prior to the card being released to the department liaison or cardholder.
- ▶ The Department Liaison or Card Program Administrator will conduct a training session with the Cardholder prior to issuing the card.

CARD MAINTENANCE:

- ▶ Department Liaison will forward all maintenance requests to the Card Program Administrator. These requests include name change, increase/decrease in spending limits, etc.
- ▶ Card Program Administrator will process all maintenance requests through the WORKS program.

CLOSURE FOR LOST OR STOLEN CARDS:

- ▶ Cardholder must immediately report the lost/stolen card to Bank of America at 1-800-449-2273.
- ▶ Cardholder must also notify the Department Liaison who will contact the Card Program Administrator to close the account and notify Bank of America.

TERMINATED OR TRANSFERRED EMPLOYEES:

- ▶ Department Liaison is to secure Procurement Cards from terminated employees and employees who transfer to another County department.
- ▶ The Department Liaison will notify the Card Program Administrator **within 24 hours of termination or transfer** via phone or e-mail of the termination or transfer.
- ▶ The Card Program Administrator will close the account using the WORKS program immediately upon receipt of notification.

- ▶ All Procurement Cards are to be returned to the Card Program Administrator for disposal unless otherwise instructed.
- ▶ **Other Card Revokes/Closures** - Card Program Administrator will notify Bank of America immediately of all revokes and closures.

RECONCILIATION, APPROVAL & ALLOCATION OF BILLING:

RECEIPT AND PAYMENT OF BANK OF AMERICA BILLING:

- ▶ At the close of the monthly billing cycle, Bank of America will send a paper billing statement to the County.
- ▶ The Department Liaison ***must*** reconcile all of the previous billing cycle's purchases ***no later than the 10th of each month.*** The Charleston County Controller's Office will review the bill and issue payment in full to Bank of America.
- ▶ An ACH will be transmitted in accordance with Bank of America's instructions.

ALLOCATION OF CHARGES TO COUNTY DEPARTMENTS:

A default accounting code will be assigned to each Procurement Card issued. Each day, Bank of America will submit to the County an electronic file of the previous day's receipts. These charges will automatically default to the default accounting code assigned until they are reconciled by the Department Liaison.

Department Liaisons are to perform weekly reconciliations which must be completed by 10:00 a.m. each Wednesday morning. This will allow the Card Program Administrator to effectively and efficiently process the weekly encumbrance. Department Liaison will assemble and retain Cardholders statements, charge slips and receipts for audit by internal and external auditors. Receipts for purchases must be maintained for 3 years.

- ▶ The total amount billed by Bank of America will be charged to the individual departmental accounts and credits for disputed transactions will be posted to departmental accounts when credit appears on the Bank of America billing statement.
- ▶ The Controller's Office will reconcile the detailed electronic billing statement to the amount paid Bank of America.

AUDIT:

THE COUNTY'S INTERNAL CONTROL POLICIES AND PROCEDURES ARE AS FOLLOWS:

CARDHOLDER WILL:

- ▶ Submit vendor receipts and Cardholder statement to Department Liaison. If order is by telephone/fax, the Cardholder should supply a copy of the order form or a description of order to Department Liaison.
- ▶ When necessary, indicate alternate account number for purchases to be charged, if different than the default account number assigned to the Procurement Card.

DEPARTMENT LIAISON WILL:

- ▶ Review and maintain Cardholder receipts and statements.
- ▶ With the approval of the Department Head or their designee, enter alternate default codes on the daily transactions received from Bank of America.
- ▶ Reconcile all previous billing cycle charges no later than the 10th of each month.
- ▶ Retain all receipts and vouchers for audit by internal and external auditors. Receipts for purchases are to be maintained for 3 years.

CARD PROGRAM ADMINISTRATOR WILL:

The Card Program Administrator has the authority to audit all procurement card transactions for appropriateness at any time through the WORKS on-line reporting system. Areas to be monitored include, but are not limited to, compliance with the County's Procurement Card regulations, and compliance with County regulations. Non-use of card by cardholders will also be monitored. Administrator may perform random on-site audits.

CONTROLLER WILL:

- ▶ Notify department liaisons of transactions that have not been reconciled by the 10th.
- ▶ Process upload of departmental charges to Departmental accounts for charging individual departments.
- ▶ Reconcile monthly billing statement to the electronic reporting file.