

Subject: PROCUREMENT CARDS

Date: 11/30/2011

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Replaces Policy Dated: May 25, 2011

I. PURPOSE The Pinal County Procurement Card (P-Card) is a convenient, efficient and cost effective means of purchasing and paying for goods. Use of the Card eliminates paperwork and expenses throughout the purchasing process. Orders can be placed quickly and goods/supplies are received timely. The purpose of this policy is to establish consistent procedures governing the use of P-Cards assigned to and used by select County employees. This policy is intended to accomplish the following:

1. To ensure that purchases made with P-Cards are for an appropriate public purpose and represent good value for the funds being expended.
2. To ensure appropriate internal controls are established within each department and that P-Cards are used only for authorized purposes.
3. To ensure that the County bears no legal liability from inappropriate use of P-Cards.
4. To provide a convenient and simple payment process by reducing the need for purchase orders and individual warrants.

II. POLICY

1. Use of the P-Card is limited to authorized purchases that are necessary to conduct County business. The P-Card shall NOT be used for personal or unauthorized purchases. No alcohol may be purchased with a P-Card. **Procurement Cards can only be used for the purchase of goods and supplies. Due to Internal Revenue Service 1099 reporting requirements, P-Cards may not be used for the purchase of any type of service.**

2. The card is assigned only to the cardholder and is embossed with the card holder's name. It cannot be given out or used by any other individual to make a purchase. Cardholders are expected to safeguard the card account number by not posting it in a conspicuous place or leaving the card unattended. Cards should be kept in an accessible, but secure location.

3. All orders for supplies or goods costing less than \$1,000 are required to be processed on a P-Card (instead of a purchase requisition) except for computer equipment. Computer equipment such as Desktop Computers, Laptops, Printers, Monitors, and Software may be purchased on a P-Card only through the Pinal County Web Order Program because the County IT Department must approve the purchase. Computer Accessories such as Keyboards, Mice, Batteries, etc., may be purchased on a P-Card. Departments will continue to use a purchase requisition for all computer equipment and service requests outside of the Pinal County Web Order Program. In order to assure that pricing is competitive and to comply with the Pinal County Procurement Code, cardholders should make purchases from a firm listed on the Finance Department's list of contracted P-Card vendors whenever practicable (see "documents" tab on the Finance website). P-Card purchases may be made from a non-contract vendor if the item(s) needed are not available from a contract vendor, or for emergency situations, field purchases or when otherwise impractical to use a firm on the list. Purchases from non-contract vendors shall not exceed \$1,000 without advance authorization from the Finance Department Procurement Card Program Administrator (P-Card Administrator).

4. The total of a single purchase on a P-Card may consist of multiple items, but cannot exceed the authorized single purchase limit. Purchases cannot be split in order to stay within the single transaction limit or to avoid competitive actions required by the Procurement Code.

5. Cardholders are expected to obtain advance approval for all purchases in accordance with internal department policies. Cardholders are also accountable to obtain and turn in original receipts for all purchases in order to reconcile and process their monthly statement. Departmental internal policy may delegate reconciliation to an individual other than the card holder, however, the cardholder is ultimately responsible for reconciliation. In addition, cardholders are expected to use their card; inactive cards are subject to cancelation and will be revoked after six (6) months of inactivity.

6. The Finance Department will monitor cardholders' compliance with this Policy. Use of the P-Card for personal or unauthorized purchases may result in card suspension or revocation, disciplinary action, termination, civil and/or criminal prosecution. The cardholder will be responsible for reimbursing Pinal County for any unauthorized purchases.

III. NEW CARD REQUESTS AND CARD HOLDER SPENDING LIMITS

1. All requests for new cards must come from the Department Director or Elected Official (Department Heads). The request must be submitted on the proper form to the Finance Department Purchasing Manager. Department Heads will establish the single transaction limit and the monthly credit limit in conjunction with the Chief Financial Officer or his/her designee. Each time a cardholder makes a purchase with the P-Card, these limits will be checked, and the authorization request will be declined should the transaction amount exceed these limits.

2. When the new card is received by the P-Card Administrator, he/she will notify the cardholder, provide training, and require the card holder to sign a Cardholder Agreement (See Attachment A) to receive their P-Card. Upon mutual agreement, the P-Card Administrator may delegate these activities to the Department.

3. Occasionally, a situation may require a transaction over a card holder's established limits. The Department Director or Elected Official may request card limit increases, whether temporary or permanent by notifying the P-Card Administrator in writing or via e-mail. All card limit changes must be approved by the Chief Financial Officer or his/her designee. Upon approval, the P-Card Administrator will increase the cardholder's spending limits and notify the requestor.

4. When requesting a new P-Card, the Department Head (or supervisory designee) will designate an account code on the Request Form that authorizes the Finance Department to pay invoices using the predetermined account for all P-Card expenses incurred by the cardholder. The designated Waiver Account Code must be "live" and have budget dollars in it. Departments must notify the P-Card Administrator whenever the Waiver Account Code changes.

IV. CARD USAGE

1. The cardholder is responsible to obtain any required department approvals to make P-Card purchases, and shall obtain and keep a receipt, invoice, or confirmation for each card transaction. The receipt, invoice, or confirmation must show itemized totals, tax, shipping (if applicable), and date.

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2. All items purchased using the card, including over the counter, telephone or online orders must be immediately available or the charge must be held until the items are shipped. No card charges for back ordered items is allowed.

3. If items purchased with a P-Card are found to be defective, the cardholder is responsible for returning item(s) to the supplier for replacement or to receive a credit for purchase. If the supplier refuses to replace or correct the faulty item, the cardholder should contact the P-Card Administrator for instructions on reporting disputed purchases that can't be resolved with the supplier. Disputed amounts must be paid to ensure Pinal County does not incur late fees, but will later be credited after the dispute is settled with the bank.

4. At the end of the billing cycle (or more frequently as directed by your internal department policy), the Cardholder will turn in receipts and verify that all purchases appearing on the monthly statement were made and that the goods were received. When extended leave is scheduled, it will be the responsibility of the card holder to provide his/her Department Head (or designee) with the monthly P-card receipts.

5. Should any employee lose or have their P-Card stolen, it is their responsibility to immediately notify the P-Card Administrator of the loss, as soon as the loss is discovered. If the loss is discovered during non-business hours it is the cardholder's responsibility to immediately notify the bank. The cardholder is responsible to notify the P-Card Administrator the next business day.

V. DOCUMENTATION, RECONCILIATION AND PAYMENT PROCEDURES

1. Each department will appoint one or more P-Card statement coordinators who will download and process monthly statements. Departments must notify the P-Card Administrator who their statement coordinator(s) will be. At the end of the billing cycle, each department's statement coordinator is required to download copies of the billing statement for his/her department from the P-Card bank website. Copies are to be distributed to the person responsible for matching and verification. The Department Head or statement coordinator is responsible for appointing a representative to reconcile the monthly statement for any absent employee(s).

2. Departments will have 5 business days to match statements to receipts and when necessary, reallocate their billings to other accounting object codes. If the department does not complete this operation within the defined timeframe, the billing will be paid against the Waiver Account Code specified on the original Request Form and against which the department has pre-approved for Finance to pay. All Payment Requests, statement reports and original receipts must be turned in to the Finance Department. The P-Card Administrator may request additional or alternate statement coordinators if statements are submitted late two or more times in a twelve month period.

3. Supporting documentation shall be sorted so that receipts follow the same order as shown on the statement they belong to. If the cardholder does not have documentation of the transaction to verify the monthly statement, he/she must attach an explanation that includes a description of the item, date of purchase, vendor's name and why there is no supporting documentation. The cardholder will sign the explanation document.

4. The Department Head (or designee) is required to review all cardholder purchases in order to determine if the items purchased were for Official Use and properly authorized. This review will be documented by signing the Monthly Statement Report. This signature must be an original signature; no stamps or photocopies are acceptable. If for any reason the Department Head (or supervisory designee) questions the purchase(s), it is their responsibility to resolve the issue with the cardholder. If they cannot

be satisfied that the purchase was necessary for Official Use, then the cardholder must provide documentation verifying item(s) have been returned for credit, or have written a personal check for the full amount of that purchase. Resolution for improper use of the P-Card will be the responsibility of the Department to resolve, and disciplinary action for misuse will be that office's responsibility. The P-Card Administrator may also suspend or revoke the card for misuse.

VI. TERMINATING OR TRANSFERRING

1. The Department Head (or supervisory designee) is responsible to collect and destroy cards for terminating or transferring employees and to provide notification to the P-Card Administrator verifying destruction. The P-Card Administrator will arrange to cancel the card. In the event that the Department Head (or supervisory designee) is not able to collect the P-Card, he or she must notify P-Card Administrator immediately by telephone and follow-up with a memo to ensure that the P-Card is voided.

2. Should a cardholder be transferred within the County to another Department Head's area of responsibility, it will be the responsibility of the new Department Head to determine if the card holder should be issued a new Procurement Card and to contact the P-Card Administrator.

VII. INFRACTIONS

1. The P-Card Administrator is responsible for tracking card usage and to monitor compliance with this policy. Program infractions and violations will be tracked by assessing points on a progressive scale as outlined herein. If a Cardholder accumulates five (5) points within a two year period, they will be required to attend a refresher training course. If a Cardholder accumulates eight (8) points within a two year period, their Card privileges will be terminated unless successfully appealed by the Department Director or Elected Official. The two year tracking period will begin on the date of the first infraction. If a violation is due to a personal or unauthorized purchase, the Cardholder shall reimburse the County and the Department should determine if disciplinary action is necessary.

2. As card usage is reviewed by the P-Card Administrator, infractions or violations will be reported to the cardholder and the Purchasing Manager, and copied to the Department Director or Elected Official (or designee), the Chief Financial Officer, and appropriate Assistant County Manager. All violations can and should be challenged so a correction can be made by the P-Card Administrator to the master list if warranted.

3. Once 8 points have been accumulated the Cardholder's Director/Elected Official (or designee) will be allowed to submit a written response or recommendation that will be considered prior to possible revocation of the card. Card revocation shall be the final decision of the Chief Financial Officer.

Level 1 Infraction (1 point each occurrence)

- The source of supporting documentation does not provide line item information including line item descriptions, quantity, and dollar amounts
- Supporting documentation is not sorted in the correct order (i.e. receipts do not follow the statement they belong to)
- Supporting documentation is not easily legible (i.e. poor fax or photocopy used)
- Supporting documentation is missing (original packing slip, paid invoice or register receipt)

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Level 2 Infraction (3 points per occurrence)

- The Card was used to pay for a service
- Department Director, Elected Official or their designee did not sign the Monthly Statement Report
- A purchase exceeding \$1000 was made at a non-contracted vendor without advance approval from the P-Card Administrator
- The reconciled statement and supporting documentation, including the Payment Request form was not received in Finance within 5 business days after the 17th of each month
- The purchase was made by an individual other than the Cardholder

Level 3 Infraction (5 points per occurrence)

- Repetitive purchases (splitting) from the same non-contract vendor resulting in circumvention of the Pinal County Procurement Code
- Use of card for personal purchase
- Card used for an unauthorized purchase (i.e. purchase not approved by department supervisor)

VIII. Attachments

- Procurement Cardholder Agreement

ATTACHMENT A
PROCUREMENT CARDHOLDER AGREEMENT

Requirements for Use

In accordance with the policies and procedures provided herein, you are hereby authorized to accept, use and be responsible for a Procurement Card (P-Card) issued to you by Pinal County. This authorization shall become effective upon the date issued, and shall remain effective until terminated by your Department Head, the Chief Financial Officer, the Finance Department Procurement Card Program Administrator (P-Card Administrator), the card issuer, or upon your reassignment or termination of employment.

As an employee of Pinal County, you are required to comply with strict rules of accountability. In addition, you must comply with the procedures and rules for Conflict of Interest as detailed in Pinal County Policy 3.35 and the Arizona Revised Statutes, Article 8, 38-501 through 38-510. You must report violations or possible violations to the appropriate supervisor(s) through the appropriate channels.

All purchases must be made in accordance with the Procurement Card Policy, applicable State of Arizona statutes and the limitations imposed by the card issuer.

Subject to appropriate authorization by your department and when funds are available, you may make purchases FOR OFFICIAL GOVERNMENT USE ONLY. The following purchases are not allowable:

- Your card is setup to prevent cash advances
- Alcohol may not be purchased
- Due to IRS 1099 reporting issues, services are prohibited.
- Items that must be back ordered unless the card is not charged until the item(s) are shipped. (This is to ensure receipt of the items prior to the end of the billing cycle.)
- Travel; all travel must be done through the Travel Credit Cards and through the travel reimbursement process.
- Fuel for County vehicles is purchased with the "fuel" credit cards.
- Personal purchases or expenses are prohibited.

Your duties and responsibilities include:

- Obtaining charge/cash register receipts or order confirmations;
- Unless delegated by Department policy, reconciling your card holder's monthly statements and forwarding with receipts, order confirmations and cash register receipts to your Department Head (or supervisory designee) within five business days of receipt of the statements;
- Reading and complying with the requirements of Pinal County policies and procedures regarding use of the P-Card;
- Ensuring that items ordered conformed to your requirements;
- Reporting discrepancies to the vendor for resolution. If further assistance is needed then contact the P-Card Administrator;
- Receiving and applying training about the P-Card program rules and procedures...

Your authority may be suspended or revoked and you may be financially responsible for unauthorized purchases under (but not limited to) any one of the following conditions:

- Artificially splitting transactions to avoid your single purchase limit or competitive bidding requirements;

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- Receipts are not obtained and turned in with the statement reconciliation and/or if the reconciliation is not performed timely and in accordance with Pinal County policies Purchases are made without adequate funds being available.
- Violation of generally acceptable public procurement standards.

Procurement Card Account Number:

Single Purchase Limit:

Received by:

Monthly Credit Limit

Printed Name/ Department

Signature:

Date:

My signature above certifies that I have read, understand and will comply with Pinal County Procurement Card Policy 9.20

Date:

Finance Department Procurement Card Program Administrator:

Signature