

# **GALVESTON COUNTY**

## **PURCHASING CARD (P-CARD) PROGRAM POLICY & PROCEDURES MANUAL**

**Revised: January 2017**

## Chapter Thirteen: Procurement Card Program

### 13.1 General Purpose:

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

The County has heretofore entered into agreement with the Texas Payment Card Consortium. This Contract provides for the use of commercial credit cards and associated services from a credit card provider. One of these credit cards is the P-Card.

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

- efficiency of online banking;
- increased transparency and security;
- reduction of purchase order numbers and corresponding invoice processing;
- faster methods of paying vendors;
- program rebates for volume purchases;
- easy online queries and transaction summaries;
- environmental savings through less paper used;
- free up Purchasing Department staff time to concentrate on more productive issues; and
- the card can be used 'virtually' to support e-procurement initiatives

### 13.2 Definitions:

**Cardholder**-A Department Head 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 Galveston County.

**Card Provider**-The 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. Currently, the Card Provider is J.P. Morgan Chase.

**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 and Department Heads) who approves their department employee's request for a P-Card using P-Card Request Form (Form PCPCRF), and who perform s the duties of a Department Coordinator or a Departmental Supervisor or assigns those duties to a Departmental Coordinator or a Departmental Supervisor to act in their stead, if desired.

**Department 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 .

**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.

**Disputed Charge-**A charge for goods determined to be defective or a charge for services not performed and on which a vendor refuses to replace , repair, adjust charges on, perform or otherwise correct. Disputed Charges 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-** 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.

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

**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. Currently it is the Administrative Coordinator.

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

**Smart Data On-Line-** Secure internet access to individual card transactions provided by J. P. Morgan Chase or a subsequent bank approved by the Commissioners' Card.

**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); or
- 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.

**Vendor-**The merchant with whom a Cardholder is making a purchase.

### **13.3 Eligibility to Participate**

In order to participate in the P-Card Program, a Department Head must first agree to abide by all terms and conditions of this Chapter. They must also agree to discipline and, if warranted, 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.

### **13.4 Responsibility & Authority:**

The Purchasing Agent and each Department Head is responsible for enforcing these guidelines. The Purchasing Agent, P-Card Program Administrator, the County Auditor and the County Treasurer are responsible for administering these guidelines .

These P-Card Guidelines are intended to be consistent with federal and state rules and regulations. In the event of an inconsistency between these guidelines and federal or state rules and/or regulations, such rules and/or regulations control but only to the extent of the inconsistency.

### **13.5 Conditions of Use:**

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

Cardholders, as a condition of being granted a P-Card agree to:

- ensure their use of the P-Card is used for legitimate business purposes only;
- ensure that sales tax is not charged at time of purchase;
- ensure that if capital purchases are made using the P-Card that the appropriate Fixed Asset Form code is used and forwarded to the Fixed Asset Property Manager (FAPM);
- indicate account number(s) for all purchases charged to the P-Card in the Card Provider On-Line system;
- maintain the P-Card in a secure location at all times;
- not allow or permit other individuals to use the P-Card;
- not provide account number or expiration date to other employees except Cardholder's Department Head, the P-Card Administrator, the Purchasing Agent or authorized IT Personnel;
- 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;
- 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 Card Provider On-Line;
- submit vendor receipts and approved on-line statement to their Department Head or, if authorized, their Department Coordinator or Department Supervisor in a timely manner;
- on purchases placed by telephone/fax 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 the Card Provider if the dispute or billing error is not satisfactorily resolved by faxing the 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 the Card Provider at the 24 hour, 800 number listed on Attachment No.1, Contact Information and on the Appendix;
- immediately notify their Department Head and the P-Card Administrator of a lost or stolen P-Card by telephone with written follow up as soon as is reasonably possible under the Circumstances;
- return the P-Card to the P-Card Administrator upon leaving employment with the County upon revocation of authorized usage;
- if a vendor does not accept credit cards, contact the Department Head and the P-Card Administrator for alternate purchasing instructions;
- report erroneous and emergency transactions to their Department Head and the P-Card Administrator during normal business hours; and
- reconcile vendor receipts to the Card Provider On-Line statement.

Failure to adhere to any of the above conditions of use will result in the automatic revocation of the P-Card, may subject the Cardholder to disciplinary action up to and including termination and, if warranted by the Criminal District Attorney, criminal charges being filed against the Cardholder.

### **13.6 Duties Of Parties Involved:**

#### **Purchasing Agent:**

- performs periodic audits of P-card usage and charges through the use of P-Card software to determine the appropriateness through the use of P-Card software;
- reports non-compliance of rules and regulations relating to usage to appropriate Department Head for disciplinary action;
- monitors usage of each Cardholders usage of P-Cards to determine if a renewal is warranted;
- reviews run reports on a monthly basis to monitor order splitting transactions and supplier purchase history; and
- performs other duties as necessary.

#### **P-Card Administrator:**

- acts as 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 receives 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);
- promptly initialize procedure to cancel P-card on Card Provider website when requested;
- will review requests and justifications for access to the P-Card software and will ensure that individuals having such access are set up to have review and report capability only.
- obtains Card Provider confirmation of cancellation;
- ensures that lost or stolen cards have been blocked by Card Provider;
- assists Department Heads with erroneous declines and emergency transactions;
- cancels P-Cards as warranted;
- recommends disciplinary action when there has been a violation of a term or condition of this policy by a Cardholder;
- maintains complete records that include requests for new accounts, Cardholder Agreements, records of any lost/stolen cards, records of any replacement cards, special P-Card restrictions and transaction limits, card cancellation requests and card provider confirmations for each P-Card issued; and
- performs other duties as necessary

#### **County Auditor:**

- sets-up and maintains authorized fully qualified expense accounts (Fund Cost Center and Object) within the financial system and authorized use within the P-card Program;
- audits and documents any policy/procedures violation with regard to P-card use;
- maintains and verifies Object Code dependencies to Fund Cost Centers in the Card Provider On-Line system;
- utilizes Card Provider On-Line system 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 financial system;
- Accounts Payable Division assembles, reviews, and retains for seven years Cardholder's receipts for audit by internal and external auditors;
- retains copies of transmittals and correspondence with Card Provider, billing statements, and reconciliation of accounting statements;

- monitors statements for inappropriate purchases and sales or use tax charges and, through the Accounts Payable Division forwards a list of discrepancies to the P-Card Administrator to help track and resolve them;
- performs on a monthly basis a detailed review of P-Card clearing accounts that do not have a zero balance;
- notifies the Department Head of any card holder who has not approved the P-Card charges in Card Provider On-Line system within two weeks of the statement monthly cut-off date;
- makes periodic audits of card use and charges for appropriateness through use of the Card Provider On-Line system for on-line reporting;
- monitors response time for submitting cardholder statement reconciliations, and receipts;
- prepares payment vouchers 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; and
- receives, reviews and approves as a claim for payment the individual charge card receipts supporting cardholder charges sent by the cardholders; and
- performs other duties as necessary

**County Treasurer:**

- pays Card Provider bill by authorized method (check, wire transfer, etc.) to Card Provider; and
- performs other duties as necessary.

**Information Technology - Finance Team:**

- maintains interfaces between Card Provider On-Line and the Financial system;
- monitors and maintains Card Provider On-Line functionality with respect to Galveston County's specific requirements;
- acts as liaison with Card Provider Customer Service and Help Desk;
- provides assistance and support to the P-Card administrator regarding system functionality;
- provides training and support to FSP Departmental personnel.
- troubleshoots and resolves system related issues; and
- performs other duties as necessary.

**Department Head, Department Coordinator, or Department Supervisor:**

- reviews and approves employee requests for a P-Card;
- submits 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 Card Provider On-Line statements;
- enters account data and card holder approval via On-Line, as designated;
- forwards all Cardholder 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 Form PC-TRD;
- notifies P-Card Administrator of lost or stolen cards;
- performs other duties as necessary.

### 13.7 Procedures Overview:

- P-Cards will be issued to County employees only.
- County employee's Department Head must approve their employee's request for a P-card.
- The Cardholder 's name will be embossed on the P-Card .
- P-Cards are not transferable between individuals or departments.
- Department Heads in departments with several users must assign both a Department Coordinator and a Department Supervisor to act on their behalf.
- Department Heads, and their Department Coordinators, Department Supervisors and Cardholders must adhere to instructions issued by the P-Card Administrator.
- Cardholders must make purchases using only established guidelines and must review their monthly Cardholder statement, on line via Card Provider's On-Line system.
- Cardholders must match receipts to on-line statement and notifies appropriate Department Head, Department Coordinator or Department Supervisor 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 Department Head for final approval where required.
- Department Coordinators, if designated, review transactions, ensures account codes are allocated appropriately and forwards receipts to Accounts Payable within seven (7) 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 by County Treasurer to Card Provider within 30 calendar days after the end of the billing cycle.

### 13.8 Rules & Regulations:

#### • **Obtaining a Procurement 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 criteria:

- a. an applicant must be an employee of Galveston County and have passed their probationary period;
- b. the P-Card Request Form (Form PC-PCRF) must identify the types of usage and the transaction limits desired;
- c. the Department Head, or, if applicable the Department Coordinator or Department Supervisor must approve an applicant's request for a P-Card;
- d. the applicant may be required to attend a training session before receiving their P-Card; and
- e. the applicant must sign a P-Card Cardholder Agreement (Form PC-CA) prior to receiving their P-Card.

#### • **Cardholder's Personal Credit Unaffected:**

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 it is used within these policy guidelines. P-Card access will be restricted to meet the authorized purpose approved by the Cardholder's Department Head or, if applicable their Department Coordinator or Department Supervisor.

•**Lost, Misplaced or Stolen P-Cards:**

Cardholders are required to immediately report their lost or stolen P-Card to Card Provider at the 800-number listed on Attachment No. 1, Contact Information (24 hours a day, 365 days a year). The Cardholder must also immediately notify his/her Department Head and the P-Card Administrator in writing about the lost or stolen card.

•**Renewal Process:**

Individual cards are originally issued for three (3) years. They are automatically renewed for an additional three (3) year period. Account numbers will remain the same; but Cardholders must call to activate new cards. Cards are sent directly to the P-Card Administrator.

•**Control of Procurement Card:**

Cardholders must safeguard their County P-Card and account number at all times. Cardholders must always treat the P-Card with at least the same level of care as their own personal credit cards. Under no circumstances may a Cardholder allow or permit another person other than their Department Head, the P-Card Administrator, the Purchasing Agent and authorized IT personnel access to their card or to the card account number and/or expiration date. If this regulation is violated, the P-Card will be automatically revoked and disciplinary action up to and including termination, and, if determined necessary by the Criminal District Attorney, criminal action will be taken. In addition, the P-Card must be immediately surrendered 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:**

Individuals, with access to the Card Provider online system are required to change their 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.

•**Authorized Purchases/Failure to Comply:**

P-Card usage is restricted to those authorized purchases previously approved by the appropriate Department Head. Purchases that exceed the authority approved on the P-Card Request Form (Form PC-PCIU) are not authorized. Cardholders may use their P-Card in lieu of requisitioning purchase orders for authorized purchases. Although not every Cardholder has the same privileges, authorized purchases may include: travel, meals, fuel and the purchase or rental of hardware, tools, equipment, replacement parts, materials, and office supplies. Dollar purchase limits will also be detailed in the approved P-Card application form.

Failure to comply with Department Head authorization or these program guidelines will result in immediate and permanent revocation of the P-card, notification of the unauthorized purchase to the Cardholder's Department Head and disciplinary measures up to and including immediate termination of employment. Unauthorized purchases will also be reported to the Criminal District Attorney.

•**Unauthorized Purchases:**

P-Cards are not to be used for any product or service not authorized by this policy for County use. Unauthorized purchases include, but are not limited to:

- a. items for personal use;
- b. a single transaction that exceeds the approved limit;
- c. multiple transactions per day with the same vendor that in total exceed the approved transaction limit;
- d. alcoholic beverages;



The Purchasing Agent has the sole authority to permit the purchase of any item through the use of a P-Card at such times as he/she determines is necessary. All authorizations that over-ride an unauthorized purchase will be reduced to writing as soon as is reasonably practicable under the circumstances.

• **Disputes or Fraudulent Charges:**

If goods 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 for credit or to decline approval of the purchase. In the event the Cardholder returns the item, he/she is to either secure a credit or a replacement item. If a Vendor refuses to credit, replace, repair, adjust charges or correct such defective goods the purchase of the item shall be considered to be in dispute.

If services rendered are unsatisfactory, the Cardholder has the responsibility to decline approval of payment for such services unless and until such services have become satisfactory or otherwise acceptable. If a Vendor refuses to improve their services, the purported tender of the services will be considered in dispute.

Vendors will issue all credits to the individual P-Card account for any item they have agreed to accept for return or for any bill for any service they have subsequently decided to withdraw. 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.

Purchases questioned by the P-Card Administrator or the County Auditor will 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-T RD) 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, all of whom being authorized to 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 the Department Head 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 by the Purchasing Agent.

• **Reconciliation and Payment:**

From the software provided on a monthly basis by the Card Provider, each Cardholder will access a statement of charges. Similarly, on a monthly basis, the Card Provider will provide the County Auditor with a billing statement of all charges made by Cardholders. Unquestioned purchases will be approved by the County Auditor and paid by the County Treasurer within the required time frame. Questioned purchases will be considered to be in dispute.

• **Cardholder Status Change/Revocation Account:**

The P-Card Administrator will close or revoke an account if:

- a. is requested by a Department Head to close an account for any reason or for no reason;
- b. a Cardholder transfers to a different department, moves to a new job, is fired, or otherwise terminates employment;
- c. the P-Card is used for a personal or unauthorized purchase, including unauthorized purchases described above;

- d. 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;
- e. the Cardholder authorizes, allows, permits or otherwise suffers the P-Card to be used by another individual for any reason ;
- f. the Cardholder splits a purchase to circumvent the limitations of the P-Card;
- g. the Cardholder uses another Cardholder ' s card to circumvent the purchase limit assigned to either the Cardholder or to the limitations of the P-Card ;
- h. the Cardholder fails on a timely basis to provide required receipts to the individual to whom such receipts are to be provided ;
- i. the Cardholder fails to provide, when requested , information about any specific purchase; or
- j. the Cardholder does not adhere to all of the P-Card policies and procedures;
- k. failure to properly safeguard a P-Card ; or
- l. any other reason deemed necessary by the Purchasing Agent or the P-Card Administrator.

Upon revocation of a P-Card, the P-Card Administrator will notify both the Department Head and the Cardholder of such revocation. Cardholders whose authorization to use a P-Card has been revoked must immediately surrender their P-Card to the P-Card Administrator .

In addition to closing the account, the Cardholder may be subject to disciplinary action up to and including termination . Also, restitution will be sought for any unauthorized purchase.