



BUNCOMBE COUNTY PURCHASING CARD POLICY AND PROCEDURES

Board Adopted 09/16/2008

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1.0 PURPOSE / INTRODUCTION

The purpose of a purchasing card (also known as a procurement card) program is to provide an efficient, cost-effective method of purchasing and paying for goods (not services) costing less than \$5,000, as well as high-volume purchases. By using a purchasing card (PCard), the traditional requisition-to-check process and cost is greatly reduced. Employees who have been issued PCards may now initiate a transaction in-person, by telephone or by the internet, within the limits of these Policy and Procedures.

Benefits of the Purchasing Card Program

- Transactions are completed quickly and conveniently
- Lower processing costs and less paperwork
- Increased control of expenditures through complete and timely reporting
- Allows cardholder to purchase by phone and internet
- Reduces Purchase Orders and delivery time
- One monthly payment to one merchant enhancing cash flow

2.0 APPLICABILITY

These policy and procedures are applicable to all personnel who have a PCard.

3.0 DEFINITIONS

Program Administrator

Person responsible for all procurement card program details, including submitting requests for the new enrollment, maintenance and cancellation of cards and serves as the liaison between Bank of America and Buncombe County. The Program Administrator works with departments in setting up User's and Cardholders as well as troubleshooting and answering department inquires.

WORKS

Bank of America's web-based software application where transactions are posted.

Procurement Card

A VISA® card issued by Bank of America. Also known as a PCard and purchase card.

Cardholder

Buncombe County personnel who have been issued a procurement card and are authorized to make purchases in accordance with this Policy and Procedures.

Transactions

A transaction is created when a purchase is made using a PCard.

Proxy

Personnel who are responsible for reviewing and reallocating cardholder transactions in WORKS. Each cardholder must have a proxy.

Reconciliation/Reallocation

The process of assigning the correct Lawson General Ledger Account for each transaction in WORKS to assure all transactions post to the correct expense account.

Transaction Limit

- a. Single Transaction limit is the maximum amount of a single transaction: \$4,999.99.
- b. Monthly Transaction limit is the maximum amount of transactions during the billing cycle: \$10,000.

Split Transactions

Transactions that exceed the maximum amount of a single transaction but split into more than one transaction to avoid being over the limit.

Available Funds

Remaining balance from the Monthly Transaction limit of \$10,000.

Lawson Uploads

The process of pulling WORKS transactions into Lawson for posting to the General Ledger.

Lawson

Financial Operating System

Merchant Category Codes (MCC)

A series of codes that are used to restrict or block certain merchant types. If a cardholder attempts to use their card at a merchant that has been blocked, the charge will be rejected.

4.0 GENERAL PROVISIONS**Requesting a Card**

Department heads may propose personnel to be cardholders by completing the Purchase Card Request form (Attachment I) or by going to <http://intranet.buncombecounty.org/common/purchasing/PurchaseCardRequest.doc> Request forms should be forwarded electronically to the Finance Department attention Program Administrator for processing.

Each PCard will have the employee's name and department embossed on it and shall ONLY be used by that cardholder. **NO OTHER PERSON IS AUTHORIZED** to use that card. A violation may result in cardholders having their card revoked and

disciplinary action taken. Cardholders are responsible for all purchases charged on their card.

The Finance Department shall maintain records of all procurement card requests, limits, cardholder transfers and lost/stolen/destroyed card information.

Training

Cardholders that reallocate their own transactions must attend a training session before receiving their card. All Proxy personnel must also attend a training session as well.

Terms and Conditions

Each cardholder must acknowledge they have read this policy and agree to adhere to the terms within by submitting a signed copy of the Buncombe County Purchase Card Program Acknowledgement Letter and Employee Agreement Form (Attachment II).

New cardholders will receive an email at the time the card is requested with instructions and a link to the Policy. Current cardholders will be required to acknowledge and sign as their cards expire and will receive the same email. Before picking up their new card, the cardholder's acknowledgement must be on file with the Program Administrator. All transactions will be electronic.

5.0 CARD SECURITY

It is the responsibility of cardholders to safeguard their PCards and account numbers to the same degree they safeguard their personal credit information. Cardholders should not allow anyone else to use their card. A violation of this trust may result in cardholders having their card revoked and disciplinary action taken.

Lost or Stolen Card

Loss or theft of a card should be reported immediately to Bank of America by calling Customer Service at 1-888-449-2273. Cardholders should keep the customer service phone number in a safe place separate from the card for quick reference in the case of a lost card. After notifying the bank, cardholders should notify the Program Administrator and their supervisor.

Cardholder Transfers

If a cardholder moves from one division to another within the same County Department, a new card is not required. If a cardholder moves from one Department to another, a new card is required. The Department head must contact the Program Administrator when either event occurs.

Name Change

Changes to a cardholder's name should be reported to the Program Administrator in writing so a new card can be requested.

Employee Terminations and Retirement

Upon separation from Buncombe County due to dismissal, retirement or resignation, cardholders shall surrender their PCard and PCard invoices to their supervisor. The Program Administrator should be notified immediately by the supervisor to terminate the employee's PCard.

6.0 PURCHASING GUIDELINES

The PCard does not replace requirements to comply with existing State or County laws, regulations, or policies and procedures regarding purchasing and/or travel. It is designed to be an enhancement to the purchasing and payment process.

The PCard is simply a corporate VISA® card issued to Buncombe County. The PCard can be used at any merchant that accepts VISA® providing they are an approved merchant.

Buncombe County Policy states that *all* purchases \$5,000 or over require a Purchase Order.

Transaction Limits

The monthly maximum credit limit on any single PCard is **\$10,000**. The single transaction limit cannot be greater than **\$4999.99**. Transactions that cost more than this amount can not be broken into smaller purchases to meet the single transaction limit. Violations may result in card cancellation and disciplinary action taken; a possible Audit finding and a write-up in the Management Letter for the violating department. A lower limit may be assigned to your PCard as directed by your supervisor.

WORKS Software Application

All PCard transactions are reallocated in Bank of America's web based software application **WORKS**. Transactions that have not been reallocated, approved and signed off on will hold up the cardholder's available funds until all transactions have been processed.

Authorized PCard Use

PCards may be used at any approved merchant that accepts VISA® credit cards. Cardholders must comply with the County's purchasing and travel policies and procedures when using the PCard. The total value of a transaction shall not exceed a cardholder's single purchase limit. Transactions can not be split to avoid obtaining a Purchase Order. Examples of appropriate uses include purchases of:

- Materials
- Equipment
- Supplies
- Accommodations
- Airfare
- Training/Conference Registrations

Over the Counter Purchases

When purchases are made over the counter, the cardholder shall retain the invoice and “customer copy” of the charge receipt. For cardholders who do not reallocate their own transactions, all receipts must be turned in immediately to their Proxy for reconciling purposes. The following information should be listed on the receipt:

- Merchant name and address
- Date
- Quantity
- Complete description of items purchased
- The words “PCard Purchase”
- Account codes for reallocating charges

~~Internet and Telephone Purchases~~

~~When making purchases over the internet, the cardholder must obtain an electronic confirmation from the merchant and a print screen. These must be retained along with the packing slip or receipt for reconciling the charge. Make sure the correct card number has been used by the merchant.~~

~~When making purchases over the telephone, the cardholder must obtain a faxed/e-mailed confirmation order from the merchant with the name of the person taking the order. This must be retained along with the packing slip/receipt for reconciling the charge. For telephone/internet orders the following information should be listed on the packing list/shipping label:~~

- ~~• For phone orders — person talked to~~
- ~~• Date~~
- ~~• Cardholder’s name~~
- ~~• Complete description of items purchased~~
- ~~• The words “PCard Purchase”~~
- ~~• Account codes for reallocating charges~~

Allocation of Charges

All transactions are to be reallocated on a timely basis corresponding with scheduled uploads into the Lawson system. Cardholders that do not reallocate their own transactions should give receipts/invoices to the designated department supervisor or proxy as soon as the charge is made.

Returns and Exchanges

The cardholder is responsible for contacting the merchant when goods, equipment or supplies purchased with the PCard are not acceptable (incorrect, damaged, defective, etc.) and for arranging a return for credit or exchange. If items are returned for credit, the cardholder is responsible for obtaining a credit receipt from the merchant and retaining that receipt with the supporting documentation. If items need to be exchanged, the cardholder is responsible for returning the items to merchant and obtaining a replacement as soon as possible.

Disputed Transactions

Each cardholder or proxy is responsible for resolving any disputed item directly with the merchant. If resolution is not possible, the transaction can be disputed in Bank of America's software system WORKS.

Retention of Receipts/Invoices

~~Departments/cardholders are required to retain all PCard receipts/invoices for one (1) year following the annual audit. For example: All receipts for the fiscal year are to be retained until the audit for that year is completed. The approximate date for the audit to be complete is October 31 of each year. A notice will be posted on County Central when the audit has been completed.~~ Departments/cardholders are required to retain all PCard receipts/invoices for three (3) one (1) years-year with the exception of Grant related transactions which must be retained for five (5) years after the *close* of the grant or longer if specified in the grant.

~~Receipts/invoices for all Grant expenditures must be retained for five (5) years after the *close* of the grant or longer if specified in the grant. All grant related PCard receipts are to be scanned into the Document Imaging system.~~

All PCard receipts/invoices are to be scanned into the Document Imaging system. Until a process is in place to set the retention schedule for Grant related receipts in the Document Imagaing system, Departments are required to retain a file for the duration of the retention period as well as scan the receipts to the Document Imaging system. Notice will be provided to all Deapartments when the automatic process is in place.

Unauthorized PCard Use

Services

Do not use a PCard to pay a Buncombe County vendor for services they have provided to the County. Examples include but are not limited to: cleaning services, legal fees or medical services. Such expenditures *must* be reported on a 1099 Form for tax purposes and are to be paid through Accounts Payable.

Others

Cardholders must comply with the County's purchasing policies and procedures when using the PCard. Examples of unauthorized use include, but are not limited to:

- Personal purchases of any kind
- Purchases over the cardholder's transaction limits
- Transactions split to avoid or circumvent the single purchase limit
- Payment of services provided to Buncombe County
- Cash refunds or advances
- Meals when traveling (Per Diem should be requested)
- Gasoline for vehicles
- Business entertainment vendors

- ~~• Purchases requiring the use of a third party payment vendor such as PayPal. (Exceptions to the third party payment must have written prior approval from the Finance Director or their designee)~~

Unauthorized use by a cardholder may result in revocation of the card and/or other appropriate disciplinary action up to and including dismissal. Cardholders shall be personally responsible for any unauthorized expenditures and will be required to repay expenditures that are considered in violation of these policies. This does not include disputed charges or fraudulent charges.

If the PCard is accidentally used by the cardholder for a personal purchase, the cardholder shall immediately notify the Program Administrator in writing and provide payment via check or money order to “Buncombe County, NC” for the exact amount of the purchase. Habitual accidental use of the PCard may result in the revocation of the card or other appropriate disciplinary action.

Merchant Category Codes (MCC)

Each merchant that accepts credit cards has a standard code assigned to it that defines the category of goods or activity they are involved with. Buncombe County has restricted certain types of MCC’s to comply with established purchasing policies and procedures. If a cardholder feels their transaction is inappropriately denied due to the MCC, please notify the Program Administrator.

7.0 AUDITS

All PCard activity is subject to routine monitoring and audits to determine compliance with terms and conditions of the PCard program. The overall audit objective is to ensure proper management controls are maintained over the authorization and use of the PCard, to provide feedback for process improvements, and to focus on potentially fraudulent, improper or abusive purchases.

8.0 IDENTIFYING AND REPORTING FRAUDULENT, IMPROPER, OR ABUSIVE ACTIVITY

With the common goal to provide citizens of Buncombe County with an honest effective and efficient County government, it is the cardholder’s duty to report all suspected instances of fraud and abuse to the Internal Auditor or appropriate management. Should the cardholder be uncomfortable with reporting to the Internal Auditor or management, the cardholder may report it confidentially through the County’s Whistleblower Hotline toll-free at 1-866-908-7236.

Fraudulent Purchases

Use of the PCard to acquire goods or services that are unauthorized and intended for personal use or gain constitutes a fraud against the County. A cardholder’s unauthorized purchase of power tools for his home, a vendor’s intentional charges for items not provided, and the unauthorized use by a third party of a cardholder’s

compromised or stolen account for personal gain are examples of fraudulent PCard transactions.

Improper Purchases

PCard transactions that are intended for County use but are not permitted by law, regulations, or County policy generally are considered improper. Split transactions to circumvent the \$4999.99 single purchase limit is an example of an improper purchase.

Abusive Activity

Purchases of authorized items at terms (e.g. price, quantity) that are excessive, are for a questionable government need, or both are considered abusive. Purchases of items such as a \$300 day planner or allowable refreshments at excessive costs are examples of abusive activity.

9.0 QUESTIONS / CONTACT INFORMATION

Questions regarding issues not addressed in the Policy and Procedures Manual should be addressed to the Bank of America Program Administrators.

Program Administrators can be reached by calling the Finance Department at 250-4131.