



Cuyahoga County Procurement Card Program Policies and Procedures, October 2008 Effective 2/1/2012 (Amended 3/27/2012)

Background

Procurement cards are designed to make small-dollar purchases in accordance with Cuyahoga County's Procurement Procedures.

The procurement card reduces paperwork and processing time. The program is an alternative to the traditional purchasing process and can significantly reduce the number of purchase orders and payments processed.

Benefits include an expanded list of merchants from whom purchases can be made, accelerated payment to the vendor, expedited delivery of goods, reduced paperwork, lower overall transaction processing costs per purchase, and the ability to set and control purchasing dollar limits.

(Amended 3/27/2012 by Ordinance No. O2012-0006)

Authority

Ohio Revised Code (ORC) Section 301.29 permits counties to use procurement cards. The Office of Procurement & Diversity formulated the policy for the use of the cards. The approval/Ordinance shall set limits for spending, activity and allowable expenditures as well as administrative controls that the County determines will be sufficient for use of a procurement card. The County Fiscal Officer shall develop internal accounting controls in consultation with the Auditor of State.

(Amended 3/27/2012 by Ordinance No. O2012-0006)

General Information

The procurement card program is not intended to avoid or bypass the competitive bid requirements of ORC 307.86, appropriation of funds process, approval or payment processes. Rather, the program complements the existing processes. Informal competitive bidding is encouraged for these types of purchases. Expenditures may not exceed appropriations under current County policy under any circumstances.

The card can be used for in-store purchases as well as mail, e-mail, Internet, telephone and fax orders. It is not an ATM (automated teller machine) card or a debit card. The card is not to be used for personal or non-work-related purchases.

A “cardholder” is an individual who has been approved by an appointing authority to pay for certain work-related expenses with a procurement card. The cardholder is responsible for the security and physical custody of the card, and is accountable for all transactions made with the card. The cardholder must comply with the programs record-keeping requirements (including retention of original receipts) for the protection of both the cardholder and the County. The cardholder is also responsible for timely reconciliation of the billing statement. Employees have a responsibility to report instances where the County’s policies and procedures are not being followed.

The card program carries corporate, not individual, liability. The cardholder’s personal credit history is not impacted in any way, and credit checks are not done on individual cardholders. Billings for authorized purchases will be paid with County funds.

(Amended 3/27/2012 by Ordinance No. O2012-0006)

Policies and Procedures

1. Selection of the procurement card issuer

The procurement card provider is selected through the County’s Request for Proposal (RFP) process. As part of the evaluation process, the contractor’s ability to support the County in the following areas shall be assessed and supported:

- Maximum practical use of the procurement card to make low-dollar value, high-volume purchases of goods and services as well as to pay for travel-related expenses
- Maximum return to the County in the form of a rebate/revenue-sharing awards program
- No cost to County (such as no annual fees, no interest charged on current balances, no fixed fees, transaction fees or late payment charges)
- Soft-dollar savings as a result of increased administrative efficiency and better resource allocation for County staff

- Internet-based/online program administration including workflow processes for card application, approval, suspension and cancellation; maintenance of cardholder profiles; control of approved merchant commodity codes; transaction reporting; account review and reconciliation
- Standard and custom reporting capabilities
- Ability to directly upload transactional data into the County's accounting system
- Ability for the County to pay the card issuer electronically
- Outstanding customer service through a toll-free, 24-hour, 365 day-a-year telephone number
- Recognizable card including County's name, logo and phrase "For Official Use Only – Tax Exempt" printed on the face, and toll-free customer service telephone number printed on the back

(Amended 3/27/2012 by Ordinance No. O2012-0006)

2. Agencies' policies

The County requires departments and elected officials to apply for participation in the program with the Office of Procurement & Diversity and receive training for cardholders and agency coordinators in the use of procurement cards and related processes.

(Amended 3/27/2012 by Ordinance No. O2012-0006)

3. Designation of the program administrator and agency coordinators

Cuyahoga County designates an employee of the Office of Procurement & Diversity as administrator for the procurement card program. This person will be responsible for administration of the countywide contract and for establishment of the countywide policy adopted through approval/Ordinance. Specific duties include, but are not limited to, processing applications, troubleshooting problems encountered with care use or vendor authorization, following up on lost or stolen cards, training of agency coordinators and card users and acting as mail liaison with the procurement card vendor.

In addition, each County agency/department that participates in the procurement card program will name a program coordinator. The agency coordinator will be responsible for processing its cardholder, activity logs, suspensions, and cancellations; resolving disputes with merchants, reviewing and reconciling card activity; and maintaining cardholder profiles.

(Amended 3/27/2012 by Ordinance No. O2012-0006)

4. Establishment of card limits

In addition to any applicable county ordinances, individual procurement cards are subject to the following maximum limits:

- Daily spending per card: \$ 1,000
- Monthly spending per card: \$ 10,000
- Daily number of transactions per card: 5
- Monthly number of transactions per card: 100

Single transaction limit shall be as provided in the Contracting and Procurement Ordinance.

Purchases may not be split to bypass the single transaction limit.

Through the cardholder application process, agencies may also further define limits for specific cardholders, not to exceed the limits established above.

Cuyahoga County shall provide approval of the above card limits and number of cards issued to determine an estimated dollar amount of work-related expenses in accordance with Ohio Revised Code Sections 301.29 (F)(1) or 301.29 (F)(2).

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5. Designation of allowed/disallowed transactions

The card may be used to purchase duty-related goods and items specific and coded to the specific agency subject to the limits established above.

The cards may not be used to pay for the following:

- Capital equipment
- Entertainment
- Alcoholic beverages
- Long-distance telephone charges
- County-issued credit card purchases otherwise authorized by O.R.C. 301.27

The procurement card issuer must maintain an annual record of all transactions that are 1099 reportable. Summarized transactions, including the vendors' tax identification number, name address and dollar amount paid, must be supplied in a manner acceptable to the County Fiscal Officer's office no later than the second Monday in January of the following year.

ATM, cash advance and all other cash-related transactions are strictly prohibited.

Through the cardholder application process, agencies will define allowed merchant commodity codes for specific cardholders within the parameters established above.

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6. Sales and use tax

Purchases made with the County procurement cards are tax-exempt. The name of the County agency and the words “tax-exempt” will be on each card.

If tax is charged inappropriately, the agency should present a tax exemption certificate to the vendor and receive a credit for the unnecessary tax.

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7. Application for procurement card and subsequent profile changes

Cards will be issued either in the name of the office of the appointing authority or in the designated individual’s name, with the appropriate name clearly indicated as the buyer on the card. An individual cardholder must be a current full-time County employee.

The application will specify monetary and transaction limits, as well as approved merchant commodity codes for the individual cardholder in compliance with sections 4 and 5 above. The agency coordinator will prepare the application, obtain the written approval of the agency’s director or top executive and forward it to the program coordinator. The program administrator also approves the application and submits it to the card issuer. The issuer assigns a card number and notifies the program coordinator who, in turn, notifies the County Fiscal Officer and the agency coordinator.

Once a card has been issued, an agency may later wish to modify the card’s limits such as adding approved merchant commodity codes or raising the daily dollar limit within those established in Section 4 above. Any changes or updates to a cardholder’s name, job title, address, telephone number, spending limits or merchant commodity codes should be initiated by the agency coordinator and approved by the program administrator, who will take any recommended changes to the appropriate board for approval as required.

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8. Cardholder acknowledgment and responsibilities

The card holder is responsible for the physical custody of card, and for maintaining confidentiality of all information relating to the card such as the account number and

expiration date. The card is not to be loaned to anyone or used by anyone other than the person designated to do so.

The cardholder will sign a written acknowledgment indicating that the cardholder understands the intent of the program and agrees to adhere to the policy and guidelines established by the approving authority. The program administrator will retain the signed acknowledgment, and maintain current record of all card holders.

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9. Making purchases; record-keeping

a. Contract Encumbrance

A contract encumbrance will be established in the name of the card issuer based on estimates of approved card use within the monetary and transaction limits established for the card by the County to ensure that expenditures do not exceed available appropriations.

For accounting purposes a contract encumbrance will be established for each procurement card to ensure that individual charges, reconciliation and payments are prompt and accurate.

b. Original receipts

When making a purchase, the cardholder should obtain and retain the original receipt. The receipt must contain the vendor's name, date of purchase, itemized description of purchase, and per unit price and extended price if applicable. The cardholder will match and attach receipts to billing statements as part of the account reconciliation.

c. Internet, telephone and fax purchases

Procurement cards may be used to purchase goods over the Internet, telephone or fax. The purchases must be evidenced by either the original packing slip that accompanied the purchased goods or an original or faxed itemized receipt.

When using the Internet, the cardholder must make sure the web site where the card information is being placed is secure, and that all account numbers are encrypted while being passed electronically. A cardholder can determine if the web site address is secure in two ways:

1. An Internet web site is secure when the address changes from <http://www> to <https://www>. The "s" stands for secure.

2. A symbol resembling a “lock” will appear at the bottom of the browser. The “lock” symbol signals that the web site is secure and that all card numbers will be encrypted when passed.

Cardholders will be held responsible for all orders placed, even those with vendor that turn out not to be legitimate businesses.

The cardholder should inform the vendor that the purchase will be paid through the County procurement card, and that the purchase is tax exempt. The cardholder should also ensure the vendor will comply with the requirements of items c (above), and e and f (below).

d. Declined attempts

The procurement card will be declined if one of the embedded limits is exceeded, if the merchant commodity code is blocked, if the card issuer has a security concern because of the spending pattern, or, sometimes if the “bill to” address does not match the “ship to” address.

e. Agent, acceptance or service fees

The County will not pay agent, acceptance or service fees in order to process a procurement card charge. If fees of these types are not disclosed upfront the cardholder shall dispute the fee immediately, regardless of amount.

f. Vendor invoices

Vendors should not invoice the cardholder for purchases made with the procurement card. The vendor will be paid by the card issuer, not by the county. However, the cardholder must always receive an itemized receipt or order confirmation.

g. Purchasing log

Each cardholder will maintain a purchasing log. The log records the transaction date, vendor name, the merchandise purchased, dollar value of sale, how the order was place (via Internet, phone, fax, mail or in person) and countywide or individual contract number (if applicable). A separate line is required for each purchase. The receipt for each purchase should be stapled to the log to expedite reconciliation with the billing statement. The log must be reviewed and signed by the agency coordinator or someone designated by the appointing authority. Cardholders cannot review and authorize their own purchasing logs.

h. Monitoring card activity

Certain County employees, such as the program administrator, agency coordinators, and County Fiscal Officer staff, will have access to view and monitor card activity. This review can occur at any time.

i. Inventory

Any items purchased with procurement cards considered attractive for personal use must be identified and inventoried in accordance with Ohio Revised Code Section 305.18 and County policy as applicable.

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10. Account reconciliation and payment of procurement card billing

The program administrator will receive a comprehensive statement identifying all transactions made during the billing cycle. The cardholder and their agency coordinators will reconcile the statement's accuracy against the purchasing log and receipts and forward to the program administrator. Next, the program administrator and agency coordinators will communicate on a regularly scheduled basis to reconcile the comprehensive statement prior to making payment to the card issuer. Payment cannot be made until the cardholder confirms receipt of the goods and services. A quote or backorder notice is not substantive evidence of the occurrence of the transaction.

The agency coordinator is responsible for reviewing the log for the appropriateness of purchases made with the card and for approving the statement for each cardholder under their supervision. The approval must be evidenced by the agency coordinator's signature. Once all charges are approved for payment, the program administrator must submit the original comprehensive statement, purchasing log and supporting receipts to the County Fiscal Officer, who will issue payment to the card issuer by warrant.

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11. Returns, credits and dispute Ordinance

Problems associated with procurement card purchases may include broken merchandise, a billed amount which does not match the quote, a billed amount that includes sales tax, the statement contains a charge not recognized by the cardholder, or the statement contains duplicate charges from a vendor. In these instances, the cardholder should try to resolve the dispute with the supplier or merchant. If the purchased item needs to be returned for any reason, a credit to the procurement card account should be requested. The cardholder shall notify the agency coordinator so

they can verify that the credit appears on a subsequent statement. The cardholder cannot accept cash or a rain check instead of a vendor credit.

If the dispute cannot be resolved, the cardholder should contact the program administrator.

12. Late fees or finance charges

No late fees or finance charges shall be paid by the County under terms of the procurement card program.

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13. Lost or stolen cards

If the card is lost or stolen, the cardholder must notify the card issuer immediately. Upon receipt of the phone call, further use of the card will be blocked. Prompt action will reduce the liability for fraudulent charges. The cardholder must confirm the phone call by written notification to the card issuer via mail or fax, with copies to the program administrator, the agency coordinator and the County Fiscal Officer. The date and time of the phone report of the lost or stolen card should be included in the written notification. The program administrator will initiate issuance of a replacement card.

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14. Suspension or cancellation of card

The agency coordinator will initiate suspension or cancellation of the card, and will notify the program administrator and the County Fiscal Officer that such action has been requested. Cardholders who terminate their employment or whose job duties change and no longer include purchasing must surrender the card immediately. The agency coordinator will cut canceled cards in half. Cardholders on extended leave or reassignment may have their card suspended or revoked. Intentional use of the card for personal purchases or for purchases made in violation of County policy will result in card cancellation.

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15. Penalties for improper use of card

The card is to be used only by the cardholder to pay for authorized, work-related expenses. The cardholder is not allowed to lend the card to someone else. The card may not be used to pay for personal transactions. Improper use of the card can be considered misappropriation of County funds and may result in disciplinary action up to and including termination of employment. Improper use can result in revoking

the card. In addition, the cardholder is personally liable for payment of improper purchases, including those in excess of dollar amounts appropriated or authorized by the County and subject to criminal prosecution under terms of Ohio Revised Code Section 309.29 (G)(4). Misuse of a procurement card is a violation of law for purposes of Section 2913.21 of the Ohio Revised Code.

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