

MUSKEGON COUNTY BOARD OF COMMISSIONERS

PURCHASE CARD POLICY

AMENDED POLICY NO. 2011-329

AMENDMENT DATE: OCTOBER 25, 2011

A policy to define, authorize and regulate the use of purchase cards, and to establish procedures for utilizing purchase cards for appropriate expenses in the conduct of official County of Muskegon business and empowering selected employees with the responsibility for protection, custody and proper usage of purchase cards.

1. The Program Administrator located in the Accounting Department designated by the Finance and Management Services Director, is responsible for the issuance of purchase cards for use by selected County employees; the accounting, monitoring, retrieval and general overview of this Purchase Card Policy; and the establishment of Purchase Card Program Procedures consistent with this Purchase Card Policy and applicable laws and ordinances (referred to below as the "Purchase Card Procedures").
2. Purchase cards may be used only by an employee for the purchase of goods or services for official County of Muskegon business in accordance with the provisions of the Purchase Card Procedures and within spending limitations authorized for each employee. Purchase cards may not be used for cash advances or personal use. Purchases may not be divided into several transactions in order to avoid compliance with this Purchase Card Policy or the Purchase Card Procedures.
3. The employee using the purchase card is responsible for its protection, custody and proper usage, and for compliance with this Purchase Card Policy and the Purchase Card Procedures. The employee shall enter into an agreement with the County of Muskegon, for the use and care of the purchase card, before such purchase card shall be placed in their custody for use. Further, said agreement shall, among other things, hold the employee responsible for immediately notifying the County if the purchase card is lost or stolen.
4. The employee using the purchase card must submit documentation detailing the goods or services purchased, cost, date of the purchase and the description of the official business transacted as outlined in the Purchase Card Procedures.

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5. Employees to whom purchase cards are issued will, upon request of their Department Director, Court Administrator, Elected Official and/or designated departmental assignee, cooperate and furnish information documenting the use of said purchase card.
6. The Department Director, Court Administrator, Elected Official, and/or designated departmental assignee will be responsible for all activities relating to purchase cards in their department including, but not limited to the following:
 - a. Selection of employees authorized to use County purchase cards.
 - b. Execution of the Purchase Card Cardholder Agreement between the County of Muskegon and the employee for the use and care of the purchase card, before such purchase card is placed in the employee's custody for use.
 - c. Review of and proper implementation of this Purchase Card Policy and the provisions of the Purchase Card Procedures.
 - d. Determination of the specific official County business for which purchase cards may be used by departmental employees.
 - e. Determination of the type of categories of goods or services within the department for which the purchase cards may be used to purchase.
 - f. Determination of spending authorization limits for each employee receiving a purchase card in compliance with the Purchase Card Procedures.
 - g. Review and authorize all documentation necessary submitted by the employee using the County purchase card including, but not limited to: (1) documentation of the goods or services purchased (2) the cost of the goods or services (3) date of purchase (4) the official County business for which purchased. All documentation must be submitted by the employee with the monthly statement to the Department Director, Court Administrator, Elected Official and/or designated departmental assignee for approval within the timeframe outlined in the Purchase Card Procedures.
 - h. Monitor the system, policies and procedures within the department to ensure employee's responsibility for the purchase cards within the department and immediately notify the Program Administrator in the Accounting Department of any fraudulent or irresponsible use of purchase cards. Department Directors, Court Administrators,

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Elected Officials and/or designated departmental assignee may implement special procedures as the department may require for purchase card delivery, usage and storage. The Program Administrator in the Accounting Department may terminate a purchase card without notice to Department Directors, Court Administrators, Elected Officials and/or designated departmental assignee should any purchase card policy or procedure be abused.

7. An employee that engages in an unauthorized or improper use of a County purchase card will be subject to disciplinary measures, up to and including discharge, and may be subject to civil/criminal prosecution consistent with applicable laws. The employee found to have inappropriately used the purchase card will be required to reimburse the County of Muskegon for all costs associated with such improper use.
8. An employee that is issued a purchase card is responsible for its protection and custody and shall immediately notify the Department Director, Court Administrator, Elected Official and/or designated departmental assignee, if the purchase card is lost or stolen. In the case of an employee, it is the responsibility of the Department Director, Court Administrator, Elected Official and/or designated departmental assignee to notify the Program Administrator in the Accounting Department to cancel the purchase card. Each cardholder is responsible for safeguarding the account number and posting any purchase card information is strictly prohibited.
9. An employee issued a purchase card shall immediately return the purchase card to the Department Director, Court Administrator, Elected Official and/or designated departmental assignee upon separation of employment with the County.
10. Approval of purchase card invoices and accounting controls to monitor the use of County purchase cards shall be in accordance with the Purchase Card Procedures.

COUNTY OF MUSKEGON
PURCHASE CARD PROCEDURES

I. Overview:

- A. The Purchase Card provides the County of Muskegon organization with an alternate method to petty cash, check requests and purchase orders for purchasing low dollar goods and services. The program is intended to streamline and simplify the procurement process. The Purchase Card is a tool that reduces transaction costs, facilitates timely acquisition of materials and supplies, automates data flow for electronic commerce and accounting purposes, and offers flexible controls to help ensure proper usage. The program is NOT intended to avoid or bypass appropriate Purchasing Policies & Procedures, Financial Policies and/or policies and procedures set by the Board of Commissioners.
- B. The Purchase Card Program is not intended to avoid or bypass the current purchase order system, but rather complement the existing processes. The card is a credit card issued by Bank of America. Record keeping is essential to ensure the success of the Purchase Card.
- C. These Purchase Card Procedures provide information about the process, the types of purchases that can and cannot be made, records that must be maintained and reconciled for each cycle and a variety of other program information.
- D. Please remember as public employees you are entrusted with funds that belong to the taxpayers of the County of Muskegon. These funds must be expended only for purchases specifically related to the delivery of governmental services to the citizens as appropriated in the budget adopted by the Board of Commissioners. You are the person responsible for all charges made to the purchase card, which has been issued to you. Intentional misuse or fraudulent abuse may result in disciplinary action up to and including dismissal.
- E. The Purchase Card will have no impact on your personal credit. Although the Purchase Card lists an individual's name; the purchase card is actually issued to the County of Muskegon. Purchase Cards are intended for use by designated employees of the County of Muskegon.

II. Obtaining a Purchase Card:

- A. Complete a Purchase Card Request Form. You and your Department Director, Court Administrator, Elected Official and or designated departmental assignee must sign this form. Return the completed Purchase Card Request Form to the Program Administrator in the Accounting Department.
 1. MAXIMUM LIMITS ARE AS FOLLOWS (GENERAL COUNTY EMPLOYEES):
 - a) Single Purchase Limit \$999
 - b) Daily Purchase Limit \$1,500 (Multiple purchases at one vendor in one day will be strictly prohibited)
 - c) Monthly Purchase Limit \$5,000.00
 - d) Number of Transactions per day = 5
 - e) Number of Transactions per month = 30
- B. The Program Administrator in the Accounting Department will forward a copy of the Purchase Card Procedures, County Purchase Card Request form and a Purchase Card Cardholder Agreement to the employee. The signed Purchase Card Cardholder Agreement must be returned to the Program Administrator in Accounting Department and the Purchase Card will be ordered.
- C. Upon receipt of the Purchase Card Request form, a meeting will be scheduled with the employee to review the policies and procedures and to answer any questions. The Purchase Card will be presented to the employee for signature. The purchase card will be activated for immediate use.

III. Purchase Card Restrictions

- A. The Purchase Card **IS NOT** to be used for:
 1. Personal purchases
 2. Cash advances
 3. Certain County blocked products and services
 4. Commodities and services on contract with Purchase Orders (Note: Cardholders will be advised by the Finance and Management Services Director of certain Purchase Orders that can be included).

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- B. Under no circumstances may a transaction be split into two separate receipts to bypass the single transaction dollar limit, the purchase policies or any other County policies and/or procedures. Transactions will be electronically monitored.
- C. The Purchase Card will be issued in your name. By accepting the Purchase Card, you assume responsibility for it. **The Purchase Card is not transferable and may not be used by anyone other than you, the Cardholder.**
- D. The Purchase card may not be issued as a “departmental purchase card.” Due to insurance requirements of the bank, each purchase card must be issued to an individual.

IV. Making a Purchase using the Purchase Card

The Purchase Card can be used at any vendor who accepts “Mastercard” and is in a Merchant Category group that was approved for your purchase card. Your Purchase Card also has been given specific spending limits.

- A. If you are purchase in person:
 - 1. Present the Purchase Card to the merchant and inform the vendor that your transaction should be tax exempt. The tax exempt number is printed on the purchase card.
 - 2. Check the receipt to be sure you are not paying taxes. Any tax concerns should be corrected at the point of transaction.
 - 3. Sign the charge receipt.
 - 4. Retain all charge receipts and cash register tapes.
 - 5. Purchasers **must** keep a record of all purchases in order to reconcile purchases monthly.
- B. If you are purchasing by phone or mail:
 - 1. Supply the vendor with your Purchase Card number, expiration date, “ship to” address and tax exempt number.
 - 2. Ask the supplier to include the receipt with the goods when the product is shipped; all receipts must be forwarded to the Department Director, Court Administrator, Elected Official and/or designated departmental assignee with a printed and signed statement.

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3. Cardholder, or designated departmental assignee, must keep a record of purchases.
4. When goods are received, check products and keep all receipts, shipping records as well as keep a record of the purchases to verify for accuracy online; receipts must be sent to your designated departmental purchase card assignee with your statement, then to the Accounting Department.

V. Tax Exemption:

All County purchases are tax exempt. Be sure to advise suppliers that your Purchase Card transaction is tax exempt. The County's Federal Tax Identification Number is embossed on the front of the Purchase Card. The number is exclusively for use relative to County business. If documentation is requested, a Michigan Sales and Use Tax Certificate of Exemption is available and can be obtained by contacting the Purchase Office at purchasing@co.muskegon.mi.us.

VI. Incorrect Shipment or Returns

If a shipment is incorrect, the Cardholder should contact the vendor to arrange for a return, exchange or credit. If the vendor agrees to issue a credit, the Cardholder should verify that the credit is properly reflected in the next online Account Detail.

VII. Reconciling Monthly Purchases

- A. Each Cardholder, or designated departmental assignee for the department, must keep a record of all transactions charged to his/her account on a monthly basis. For each month, a new file should be started. The billing cycle for each month will end the last of the month. Any transactions occurring after the last day of the month may appear on the next month's online statement.
- B. Cardholders have access to their own transactions and Account Summary. At the end of the billing cycle, Cardholders will receive an E-mail reminding them to reconcile their statement. The web address is <http://www.fiapayments.com>.
- C. The original sales documents (receipts, packing slips, cash register tape, credit card slips) for a given month should be signed and stapled to the Statement spreadsheet printed by Cardholder and forwarded to the Department Director, Court Administrator, Elected Official and or designated departmental assignee (for approval) who will then forward it to the Accounting Department **no later than the third business day following the end of the billing cycle.**

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D. Accounts Payable in the Accounting Department will issue an Automated Clearing House (ACH) Payment for charges incurred.

E. Cardholder or designated departmental representative is required to do the following each month if purchases have been made and the Detail Account has activity:

1. Review purchases for accuracy.
2. Process Account summary including Expense Description, Account Numbers, Account types & Invoice Numbers. Note: transactions can be split (charged to more than one account).
3. Note any disputed charges or problems.
4. Attach backup documentation and/or receipts.
5. Sign & Date the Cardholder Account Activity Report.
6. Send to Department Director, Court Administrator, Elected Official and or designated departmental assignee to review/approve the purchases and account numbers.

F. It is the responsibility of the Department Director, Court Administrator, Elected Official and or designated departmental assignee, to review and approve the Expense Report with Account Detail. After review/approval by the Department Director, Court Administrator, Elected Official and or designated departmental assignee should send the Expense Report and backup documentation to the Accounting Department.

VIII. Discrepancies or Unauthorized Usage

A. Types of Discrepancies:

1. The amount of the transaction is incorrect.
2. A purchase appears on the online Account Detail that was not made by the authorized Cardholder.
3. There is a product quality or service issue.

B. Procedures for Discrepancies:

1. If there are any discrepancies on the Cardholder's online Account Detail, the vendor will need to be contacted immediately to try to

resolve the issue(s) in question. It is the Cardholder's responsibility to correct any discrepancy.

2. The Cardholder will need to complete a Cardholder Dispute Form and forward a copy to the vendor and the Program Administrator in the Accounting Department.
3. If an unauthorized transaction appears on your statement contact Bank of America Customer Service at 1-877-451-4602.
4. If there is a product quality or service issue the Cardholder should contact the merchant to obtain an authorization for return and account credit.

IX. Transferring to Another Department or Purchase Card Deactivation

A. Cardholder Transfers to another Department:

1. Cardholder must notify the Program Administrator in the Accounting Department via fax, memo or E-mail that the Cardholder will be transferring to another department. The notification must include approval from their new Department Director, Court Administrator, Elected Official and or designated departmental assignee for use of the purchase card.
2. The Program Administrator in the Accounting Department will make departmental changes to account information.

B. Termination of Cardholder:

1. Upon voluntary, or involuntary, termination of employment of a Cardholder, the Purchase Card must be turned in to Department Director, Court Administrator, Elected Official and or designated departmental assignee and forwarded to the Program Administrator in the Accounting Department.
2. The Department Director, Court Administrator, Elected Official and or designated departmental assignee must immediately notify the Program Administrator in the Accounting Department that the Purchase Card of the named Cardholder should be deactivated.
3. The Program Administrator in the Accounting Department will immediately deactivate the Purchase Card.

C. Misuse of the Purchase Card by the Cardholder:

1. A Department Director, Court Administrator, Elected Official and or designated departmental assignee may request suspension or cancellation of the Purchase Card at any time by notifying the Program Administrator in the Accounting Department via fax, memo or e-mail.
2. Whenever a Purchase Card is misused or the policies and procedures are violated, the Department Director, Court Administrator, Elected Official and or designated departmental assignee will work with the Finance and Management Services Director and Human Resources Department to determine appropriate disciplinary action. The Department Director, Court Administrator, Elected Official and or designated departmental assignee will inform Program Administrator in the Accounting Department if the Purchase Card should be deactivated.
3. The Program Administrator in the Accounting Department may unilaterally suspend or cancel a Purchase Card if:
 - a. The Purchase Card policies and procedures are not followed.
 - b. If the Purchase Card was not used for a long period of time.
 - c. If the Cardholder continually tries to exceed the allowable per purchase limit or the specified purchase frequency.
 - d. If the cardholder fails to maintain the required back-up receipts and documents and/or fails to process statements at the designated time.
 - e. If there is concern that the purchase card has been compromised in any way.

X. Reporting Lost or Stolen Purchase Cards

- A. If a Purchase Card is lost or stolen, the Cardholder must immediately inform the Program Administrator in the Accounting Department. If the Purchase Card is lost or stolen during non-working hours, the Cardholder must contact **1-888-449-2273**.
- B. The Program Administrator in the Accounting Department will immediately deactivate the Purchase Card.

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- C. To receive a replacement Purchase Card the Cardholder must complete a new Purchase Card Cardholder Agreement.
- D. The Program Administrator in the Accounting Department will produce a replacement Purchase Card after the proper forms have been completed and returned.
- E. The Cardholder is responsible for review and reconciliation of the online Account Detail of the deactivated Purchase Card, as well as, the online Account Detail for the new Purchase Card.

XI. Purchase Card Security

- A. Keep your Purchase Card in an accessible, but secure location.
- B. Guard the Purchase Card account number and password log-in carefully. Do not post it at your desk or write it in your day planner.
- C. The **only** person entitled to use the Purchase Card is the person whose name appears on the face of the card. **Do not lend your Purchase Card to another person for use.**

XII. Key Contacts

The following resources are available to answer any questions you may have, or to help solve problems that may arise:

- Bank Of America Purchase Card Customer Service* 1-888-449-2273
- Accounting Department (Program Administrator)*231-724-6205

***Contact immediately if Purchase Card is lost or stolen.**

**PURCHASE CARD
CARDHOLDER AGREEMENT**

I understand that I am authorized to use the Purchase Card to purchase goods and services for the legitimate business benefit of the County of Muskegon. All purchases I make will be in accordance with the County of Muskegon Purchase Card Procedures, Purchase Card Policy, Financial Policy, Travel Policy, Purchasing Policy & Procedure Manual and Policies and Procedures established by the Muskegon County Board of Commissioners.

I will not use the Purchase Card for personal use, nor will I permit another person to use the Purchase Card, which will be issued exclusively in my name. By accepting the Purchase Card, I assume responsibility for its use.

I agree that my authorization to make such purchases shall automatically cease upon my separation from employment with the County of Muskegon. I also may be asked to surrender the Purchase Card at any time deemed necessary by the County of Muskegon. I will return the purchase card to the Program Administrator in the Accounting Department.

I understand that Cardholder Accounts are subject to periodic internal control review and audits designed to protect the interests of the County of Muskegon. By accepting the Purchase Card, I agree to comply with these reviews and audits.

I understand that violations of these requirements may result in revocation of my use privileges and/or disciplinary action, up to and including termination of employment. Employees who are found to have inappropriately used a Purchase Card will be required to reimburse the County of Muskegon for all costs associated with such improper use. Unlawful use of a Purchase Card by an employee could result in civil/criminal prosecution.

I acknowledge receipt of a County of Muskegon Purchase Card in my name.

Employee Name: _____

Purchase Card Number: _____

Employee Signature

Date

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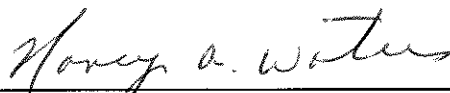
CERTIFICATION:

Motion by Collins, second by Engle, to adopt the foregoing policy at a regular meeting of the Muskegon County Board of Commissioners held October 25, 2011 at 3:30 PM.

AYES: Collins, Cross, Derezinski, Engle, Jager, Longmire, Mahoney, Plummer, Scolnik, Snider, Wilkins

NAYS: None

I, Nancy A. Waters, Clerk of Muskegon County, State of Michigan, do hereby certify that the above is a true and correct copy of a policy adopted by the Muskegon County Board of Commissioners at the October 25, 2011, regular meeting, in testimony whereof, I have hereunto set my hand and affixed the seal of my office this 26 day of October, 2011.



Nancy A. Waters, County Clerk