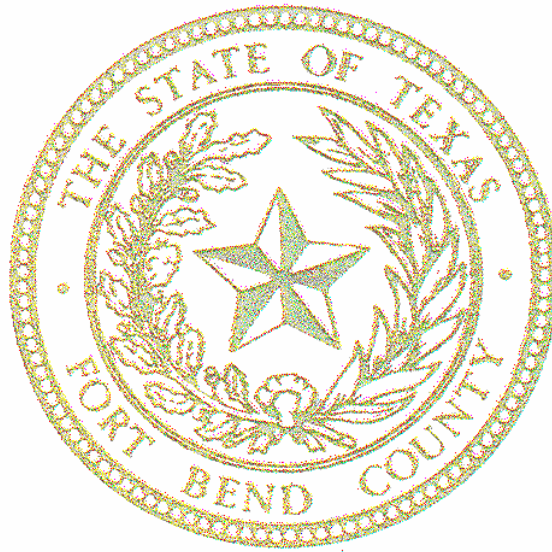


***FORT BEND COUNTY  
PURCHASING DEPARTMENT***



***PROCUREMENT CARD  
POLICY AND PROCEDURES***

***31 AUGUST 2004***  
***Revised: 21 November 2006***  
***Revised: 17 November 2009***

## **1.0 PURPOSE**

To establish a methodology for use and to define the limits of use of County issued Procurement Cards provided to authorized personnel in order to make purchases of goods and/or services and to establish penalties for unauthorized use.

## **2.0 ATTACHMENTS**

- 2.1 Employee Agreement
- 2.2 Enrollment/Request Form
- 2.3 Dispute Report

## **3.0 GENERAL**

### **3.1 DEFINITIONS**

3.1.1 *Vendor:* A company (partnership, sole proprietorship, or corporation) from which a cardholder is purchasing materials and/or equipment or services under the provisions of this procedure.

3.1.2 *Cardholder:* Personnel who have been authorized to use a Procurement Card and who are authorized to make purchases in accordance with these procedures.

3.1.3 *Approving Supervisor:* This pre-designated individual shall review and approve a cardholder's monthly statement of account.

3.1.4 *Procurement Card Coordinator:* The person responsible for all program details, including all cardholder inquiries.

3.1.5 *Statement of Account:* This is the monthly listing of all transactions by the cardholder, issued by the bank and distributed to the cardholder.

3.1.6 *Single Purchase Limit:* A dollar amount limitation of Purchasing authority delegated to a cardholder for a single purchase. This dollar limit may vary from cardholder to cardholder.

3.1.7 *Requisitioner:* An employee who has a need for materials or services that can only be fulfilled by a vendor. Under this Procurement Card Procedure, a requisitioned may be a cardholder.

3.1.8 *Bank Account Manager:* Managing representative from the bank who issues the Procurement Card.

3.1.9 *Unauthorized Purchase:* Any use of the Procurement Card that does not comply with all requirements of this policy.

## 4.0 PROCEDURE:

### 4.1 INTRODUCTION:

4.1.1 This program is being established in order to provide a more rapid turnaround of requisitions for low-dollar value goods and to reduce paperwork and handling costs. By using the Procurement Card you dramatically shorten the payment cycle from the traditional requisition process. The traditional process includes pricing inquiry, order placement, delivery of goods, invoice and voucher review. Those requisitioners who have been issued Procurement Cards may now initiate transactions in person or by telephone, within the limits of this procedure and receive goods. Under certain circumstances, internet purchases may be made but **must first be approved by the Purchasing Agent with the exception of travel arrangements (hotel, airfare, car rental and registration fees in accordance with Fort Bend County Travel Policy)**. This program also relieves employees and officials of the burden of using personal funds to pay material travel and training expenses such as lodging, airfare, rental car, and registration. Payments to vendors are made via the MasterCard settlement system. Accounts payable will make monthly settlements with the Bank.

### 4.2 DEPARTMENT PROCUREMENT CARD COORDINATOR:

4.2.1 Elected Officials/Department Heads must designate a department procurement card coordinator to oversee their department's expenditures and receipts.

4.2.2 Department procurement card coordinators are responsible for receiving receipts, downloading bank statement, matching receipts and submitting to the Auditors Office for payment on a weekly basis.

4.2.3 Department procurement card coordinators will contact the Procurement Card Coordinator in Purchasing to order new cards, cancel cards or raise limits on card.

### 4.2 RECEIVING A PROCUREMENT CARD

4.2.1 Elected Officials/Department Heads and managers may propose personnel to be cardholders by having their department procurement card coordinator complete the enrollment request form and submitting to the Procurement Card Coordinator in the Purchasing Department.

4.2.2 The proposed cardholder shall be issued a copy of this procedure and shall be required to attend a Procurement Card training session, sign a Enrollment Request Form and an Employee Agreement. The Agreement (Attachment 1) indicates that the cardholder understands the procedure and the responsibilities of a Procurement Card cardholder. The Enrollment Form (Attachment 2) contains all information required to properly enter the Cardholder in the Procurement Card

Program. On the Enrollment Form, the Elected Official/Department Head or Approving Supervisor will designate:

- 4.2.1.1 a single purchase limit, and
- 4.2.1.2 a 30-day limit
- 4.2.1.3 purchases or uses requested for the cardholder
- 4.2.1.4 justification for any commodity purchases

The maximum limit shall be \$500.00 for a single purchase.

4.2.2 The Purchasing Department shall maintain all records of Procurement Card requests, limits, cardholder transfers and lost/stolen/ destroyed card information.

#### 4.3 AUTHORIZED PURCHASING CARD USE

4.3.1 The unique Procurement Card that the cardholder receives will have his/her name embossed on it and shall **ONLY** be used by the cardholder. **NO OTHER PERSON IS AUTHORIZED** to use that card. The cardholder may make transactions on behalf of others in their department with the approval of a supervisor authorized to approve such purchases. However, the cardholder is responsible for all use of his/her card.

4.3.2 Use of the Procurement Card shall be limited to the following conditions:

- 4.3.2.1 A total value of a transaction shall not exceed a cardholder's single purchase limits. Payment for a purchase **WILL NOT** be split into multiple transactions to stay within the single purchase limit.
- 4.3.2.2 All items purchased "over the counter" must be immediately available at time of Procurement Card use. No backordering of merchandise is allowed.
- 4.3.2.3 Transaction volumes must not be exceeded (i.e. # and \$ amount of authorized transactions).
- 4.3.2.4 Spending limits and commodity restrictions must be adhered to.

#### 4.4 UNAUTHORIZED PROCUREMENT CARD USE

4.4.1 The Procurement Card **SHALL NOT BE USED** for the following:

- 4.4.1.1 Any commodity or service not expressly authorized by Purchasing to the cardholder.
- 4.4.1.2 Personal purchases or purchases for family members or friends or for identification.
- 4.4.1.3 A single purchase that exceeds the limit of \$500.00 or the cardholder's single purchase limit; unless a higher limit has been agreed in writing with the Elected Official/ Department Head.
- 4.4.1.4 Entertainment expenses, meals and travel expenses for non-County related business.

4.4.1.5 Meals, except those required during activation of Emergency Operation Center, Jurors, Lunch and Learn seminars or as approved by the County Auditor.

4.4.1.6 Cash Advances.

4.4.1.7 Telephone calls/monthly service (non-county related).

4.4.1.8 Gasoline for non-County related business trips.

4.4.1.9 Alcoholic Beverages.

4.4.1.10 Item(s) or service(s) purchased via the Internet, see 4.1.1.

4.4.1.11 Any additional items/services as may be restricted by County policy.

4.4.2 A cardholder who makes unauthorized purchases or carelessly uses the Procurement Card will be liable for the total dollar amount of such unauthorized purchases plus any administrative fees charged by the Bank or other associated costs in connection with the misuse. Any cardholder who incurs three unauthorized purchases, as verified by the Auditor's Office, will have his/her card revoked by Purchasing. The card must be returned to the Purchasing Department within three (3) calendar days after receipt of notification from Purchasing. The cardholder will also be subject to disciplinary action, up to and including termination.

#### 4.5 MAKING A PURCHASE

4.5.1. Procurement procedures permit a purchase of goods or services if their value is \$500.00 or less, to be made from a "Vendor of Choice." This implies the possibility of not comparing sources or competition between vendors. However, should any purchase exceed \$500.00, it is policy to seek competition and the lowest prices within the parameters of quality and delivery. Accordingly, whenever making a Procurement Card purchase the cardholder will check as many sources of supply as reasonable to the situation to assure best price and delivery. Where possible the Purchasing Department will establish pricing agreements and identify the contract suppliers.

4.5.2 Cardholders will utilize the following "checklist" when making a purchase:

4.5.2.1 Check the Contract Suppliers list provided by Purchasing, to determine if vendors and prices have already been established for the required goods. If not, solicit a number of sources according to policy. If vendors furnish standing price quotations or catalog prices on a recurring basis, check that the price listed is current.

4.5.2.2 Assure that sales taxes are not added to the purchase.

4.5.2.3 Once a vendor is designated and that vendor confirms that the product or service is available which meets the specification and delivery requirements, take the following steps.

4.5.2.2.1 Confirm that the vendor agrees to accept MasterCard.

4.5.2.2.2 Direct the vendor to include the following information on the packing list/shipping label:

4.5.2.2.2.1 Cardholder's name and telephone number;

4.5.2.2.2.2 Complete delivery address;

4.5.2.2.2.3 The words "Procurement Card Purchase";

4.5.2.2.2.4 The vendor's order number.

4.5.2.2.3 It is extremely important that all purchases be sent to the cardholder ordering the merchandise, as this will ensure that the documents necessary for record keeping are readily available to the cardholder.

4.5.2.2.4 If necessary, advise the individual within your area who receives merchandise of the vendor's name and order number, anticipated delivery date, number of boxes expected, carrier (UPS, Fed Ex, etc.). The receiver must notify the actual cardholder when delivery is made so that proper documentation is recorded.

#### 4.6 CARDHOLDER RECORD KEEPING

4.6.1 Whenever a Procurement Card purchase is made, either over the counter or by telephone, original detailed/itemized documentation shall be retained as proof of the purchase. Such documentation will be used to verify the purchases listed on the cardholder's statement of account. An itemized listing of all items purchased shall be forwarded with the cardholder's statement to the Program Coordinator each month.

4.6.2 When the purchase is made over the counter, the cardholder shall retain the invoice and "customer" copy of the charge receipt (both). Prior to signing this slip, the cardholder is responsible for making sure that the vendor lists the quantity, and fully describes the item(s) on the charge slip.

4.6.3 When making a purchase by telephone or internet, the cardholder shall also document the transaction, confirmation number, subsequent detailed/itemized invoice, and all shipping documentation.

#### 4.7 REVIEW OF MONTHLY STATEMENT

4.7.1 At the end of each billing cycle, the cardholder shall receive from the Bank his/her monthly statement of account that will list the cardholder's transaction(s) for that period.

4.7.2 The cardholder shall check each transaction listed against his/her purchasing log, receipts and any shipping documents to verify the monthly statement.

4.7.2.1 The original detailed/itemized sales documents (packing slip, invoice, cash register tape and Procurement Card slips, etc.) for all items listed on the monthly statement **MUST** be neatly attached, in statement summary sequence, to the statement. This data is critical to enable audit substantiation. **IF THIS PROCEDURE IS NOT ADHERED TO, the transaction will be considered an unauthorized purchase resulting in card revocation upon the third occurrence.**

The careful matching of complete support documents to the log and then to the statement is vital to the successful use of this program.

After this review, the cardholder shall sign the statement, and present this monthly statement to his/her approving supervisor for approval and signature.

4.7.3 The approving supervisor shall check the cardholder's monthly statement and purchasing log and confirm with the cardholder the following items as a minimum:

4.7.3.1 Detailed/itemized receipts and shipping documents exist for each purchase.

4.7.3.2 The goods were received or the services were performed.

4.7.3.3 The cardholder has complied with applicable procedures, including this Procurement Card procedure.

4.7.3.4 The Approving Supervisor's signature/approval of a cardholder's monthly statement indicates that the cardholder was authorized to make those purchases and those purchases were made in accordance with the applicable procedures. In accordance with 4.7.2.1, the approved document package must be submitted to the Procurement Card Coordinator **within five (5) business days** of the original receipt of the statement. Delays will result in card revocation upon the third occurrence.

4.7.4 If the cardholder does not have documentation of a transaction listed on the monthly statement, he/she shall attach a signed explanation that includes a description of the item(s) purchased, date of purchase, vendor's name and reason for lack of supporting documentation. The cardholder must also remit a full reimbursement by check or money order to the Treasurer's Office for the unauthorized purchase and include a copy of the payment and Treasurer's receipt with the statement submitted to the Auditor's Office.

4.7.5 Procurement Card Returns – If the wrong item is received, is not satisfactory, or damaged and/or defective, duplicate order, etc., the cardholder should make contact with the vendor to explain the problem and inquire about return policies.

4.7.6 If the cardholder is disputing a charge, he/she shall:

4.7.6.1 First contact the supplier in an effort to determine a resolution. If that does not correct the issue,

4.7.6.2 Complete a dispute Report (Attachment 3) and submit same to the Bank One Account Manager with a copy of the Dispute Report to the Procurement Card Coordinator and Accounts Payable. Immediate action to resolve a dispute is of extreme importance.

4.7.6.3 If an item has been returned and a credit voucher received, the

cardholder shall verify to Accounts Payable that this credit is reflected on the monthly statement. **Under no circumstances are cardholders to accept a cash refund.**

4.7.7 If purchased items or credits are not listed on the monthly statement, the appropriate transaction documentation shall be RETAINED by the cardholder until the next monthly statement. If the purchase or credit does not appear on that statement or the next billing cycle statement, the cardholder or Approving Supervisor shall notify the Procurement Card Coordinator.

4.7.8 If items purchased by the use of the procurement Card are found to be unacceptable, the cardholder is responsible for obtaining replacement or correction of the item as soon as possible. If the vendor has not replaced or corrected the item by the date the cardholder receives his/her monthly statement, then the purchase of that item will be considered in dispute. (See 4.7.6)

#### 4.8 MONTHLY ACCOUNT SUMMARIES

4.8.1 Monthly Account Summaries listing all transactions shall be issued by the Bank One Account Manager to the appropriate Coordinator and Approving Supervisor. These listings will allow the Approving Supervisors to track their cardholder's activities and act as a checklist for the Coordinator to anticipate which approved monthly statements are due from which cardholders.

More than two (2) reminders to a cardholder that an approved monthly statement is delinquent will be grounds for withdrawing the Procurement Card from that cardholder.

#### 4.9 CARD SECURITY

4.9.1 It is the cardholder's responsibility to safeguard the Procurement Card and account number to the same degree that a cardholder safeguards his/her personal credit information.

4.9.1.1 The cardholder must not allow anyone to use his/her account number. A violation of this trust will result in that cardholder having his/her card withdrawn and disciplinary action may occur.

4.9.2 If the Procurement Card is lost or stolen the cardholder shall immediately notify Purchasing.

4.9.3 A new Procurement Card shall be promptly issued to the cardholder after the reported loss or theft. A Procurement Card that is subsequently found by the cardholder after being reported lost shall be sent to Purchasing and destroyed.

4.9.4 Failure to notify Purchasing of a lost or stolen Procurement Card within a



reasonable amount of time shall result in card revocation, disciplinary action, up to and including termination. Reasonableness of lapse of time from loss of card to reporting to Purchasing shall solely be determined by the County Procurement Card Coordinator.

#### 4.10 CARDHOLDER SEPARATION

4.10.1 Prior to separation from the County or transfer to another department, the cardholder shall surrender the Procurement Card and current Procurement Card purchasing log to his/her Approving Supervisor. Upon its' receipt, the Approving Supervisor will review, approve and deliver to the County Procurement Card Coordinator the month-end Procurement Card statement and the Procurement Card. Please be aware that the responsibility of the void card remains with the cardholder/ Department Head until it has been received by the Procurement Card Coordinator.

## EMPLOYEE CARD AGREEMENT

I, \_\_\_\_\_, hereby request a Procurement Card through the County's Procurement Card Program. As a holder, I agree to comply with the following terms and conditions regarding my use of the card.

I understand that I am being entrusted with the Procurement Card and will be making financial commitments on behalf of the County.

I understand that the County is liable to **J P MorganChase** for all charges made on the card. I understand that I am personally liable for all charges not in compliance with this Agreement or with the Fort Bend County Procurement Card Program Policy Procedures Manual, (the Manual).

I agree to use the Procurement Card for purchases in compliance with the Manual and agree not to make personal purchases or any purchase in violation of the policy set forth in the Manual. I understand that the County Auditor and/or Procurement Card Coordinator will audit the use of the Procurement Card and that appropriate actions will be taken to enforce this Agreement and violations of the Manual. Failure to follow the Manual may result in the revocation of my use of the Procurement Card and other possible disciplinary actions, including termination

I have received a copy of the Manual and understand the requirements of the use of the Procurement Card. I agree to return the Procurement Card immediately upon request or upon termination of my employment (including retirement).

If the Procurement Card is lost or stolen, I agree to notify the Procurement Card Coordinator and **J P MorganChase** immediately. I further agree to safeguard the Procurement Card in the same manner that I safeguard my personal financial items and information, such as cash, checks and credit cards. If the Procurement Card is used in a manner not authorized by the Manual, I agree to notify the Procurement Card Coordinator immediately.

I understand that the burden of proof will be upon me to show that the items purchased were made in compliance with the policy as set forth in the Manual. I agree to comply with competitive procurement policies and will obtain the best value when using the Procurement Card to make a purchase.

**Purchases made in violation of the policy as set forth in the Manual will subject me to personal liability for the total dollar amount of such unauthorized purchase(s).**

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*Employee Signature*

*SS# (last 4 digits)*

*Date*

*Department*

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*Elected Official/Department Head*

*Date*

## ENROLLMENT/REQUEST FORM

This form is to request and enroll in the County's Procurement Card Program. I understand that if approved, I will be issued a MasterCard in my name to be used for official County business only. As a cardholder, I understand that I will be required to sign a Procurement Card Agreement and attend a Procurement Card training session prior to issuance of a Procurement Card.

DEPARTMENT: \_\_\_\_\_

CARDHOLDER'S NAME: \_\_\_\_\_

SOCIAL SECURITY  
NUMBER (LAST 4 DIGITS): \_\_\_\_\_

EMAIL ADDRESS: \_\_\_\_\_

DEPARTMENT ADDRESS: \_\_\_\_\_

DEPARTMENT PHONE #: \_\_\_\_\_

DEPARTMENT HEAD NAME: \_\_\_\_\_

SIGNATURE OF DEPARTMENT HEAD: \_\_\_\_\_

Request a daily purchase limit of \$\_\_\_\_\_, not to exceed \$\_\_\_\_\_/ month.  
Listed below is a list of approved activities/purchases the department head has authorized for this cardholder (i.e. travel, books, computer items, etc.).

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### *For Procurement Card Coordinator Use Only*

Card Number: \_\_\_\_\_ Date Issued: \_\_\_\_\_

Date Returned/Cancelled: \_\_\_\_\_ Holder's Initials: \_\_\_\_\_

Date of Training/Manual Issuance: \_\_\_\_\_

Coordinator Signature: \_\_\_\_\_

As cardholder, my signature acknowledges that I have received the listed Procurement Card, training and Procurement Card procedures manual.

\_\_\_\_\_  
*Cardholder Signature* *Date*

## DISPUTE REPORT

In accordance with the Fort Bend County Procurement Card Program procedures, the listed product/service is in dispute:

Item Ordered: \_\_\_\_\_

Date Ordered: \_\_\_\_\_

Date Received: \_\_\_\_\_

Authorized Amount: \_\_\_\_\_

Statement Amount: \_\_\_\_\_

Vendor: \_\_\_\_\_

Card Number: \_\_\_\_\_

Cardholder Name: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Department: \_\_\_\_\_

Department Account: \_\_\_\_\_

Reason for Dispute: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Actions taken to Remedy: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_