



# PURCHASING CARD POLICY AND PROCEDURES

## 1. **PURPOSE**

To establish policies and procedures for procuring authorized goods and/or services using a Purchasing Card. Purchasing Cards are referred to throughout this policy as the “P-Card.”

This policy includes procedures for the following:

- Establishing Purchasing Limits
- Establishing Allowable/Prohibited Purchases
- Security
- Charge Transaction Declines
- Merchandise Returns
- Report Processing
- Reconciliation
- Payment Processing
- Records Management

## 2. **SCOPE**

This policy applies to all Chambers County departments and individual, permanent employees. All Purchasing Cards shall be governed by this policy and used in a manner that complies with State Law and Chambers County policy regulating the procurement of goods and services.

## 3. **POLICY**

Employees who use the P-Card to perform official County business will use the Card as provided in this policy.

#### 4. **DEFINITIONS**

- 4.1 Purchasing Card – The P-Card is a commercial credit card for authorized purchases of goods and/or services necessary for official county business. The P-Card may be issued to an Elected Official or Department Head only.
- 4.2 Purchasing Card Program Administrator – The designee who will serve as a single point of contact between Chambers County and the Bank for general oversight of the Purchasing Card Program.
- 4.3 Departmental Purchasing Card Coordinator – An individual or backup approved by the Elected Official or Department Head who is responsible for administration and control of the departmental implementation of the Purchasing Card Policies and Procedures.
- 4.4 Purchasing Cardholders - Elected Official or Department Head to be issued a P-Card in their name for use under these policies and procedures.
- 4.5 Purchasing Card users- An individual authorized by an Elected Official or Department Head to use the cardholder's P-Card.
- 4.6 Bank – The bank selected by the County to provide the P-Card program.
- 4.7 Cut off Dates: Semi-Monthly cut off dates are the 6<sup>th</sup> through the 20<sup>th</sup> of each month and the 21<sup>st</sup> through the 5<sup>th</sup> of the following month.

#### 5. **RESPONSIBILITIES**

- 5.1 It shall be the responsibility of the Purchasing Department to:
- 5.1.1 Develop policy and procedures for the use of P-cards that comply with State Law.
- 5.1.2 Administer the P-Card Program, to include the following responsibilities:
- Serve as primary contact with the Bank for P-Cards.
  - Serve as primary contact with the Departmental P-Card Coordinators.
  - Approve/process applications for the issuance of P-Cards for cardholders in compliance with the requirements as stated in the policy.
  - Establish guidelines and criteria for transactions and cumulative dollar limits for P-Cards.
  - Approve/process changes to Cardholder limits and restrictions as authorized by Elected Officials, Department Heads or the Departmental P-Card Coordinators.
  - Keep a current list of Cardholders, card numbers and card limits.
  - Coordinate training on P-Card usage and small purchase policies and procedures.
  - Cancel and suspend cards as requested by Elected Officials, Department Heads, Departmental P-Card Coordinators, or Commissioner's Court.

- 5.2 It shall be the responsibility of the Auditor's Department to:
- 5.2.1 Establish General Ledger hierarchy for P-Card purchases in conjunction with Information Technology Department.
  - 5.2.2 Review Semi-Monthly expense reports and monthly billing statement from the bank and ensure timely payment of indebtedness.
  - 5.2.3 Review or perform necessary accounting transactions to process all departmental charges and ensure the reconciliation account zeros out monthly.
  - 5.2.4 Conduct random audits of P-Card transactions to act as a check on departments carrying out their responsibility for audit and compliance with State Law and County policies.
- 5.3 It shall be the responsibility of all Elected Officials or Department Heads to:
- 5.3.1 Request a P-Card and set limits for each cardholder's account. Cardholder limits will include monthly spending limits, number of transactions per day, number of transactions per billing cycle, and merchant category restrictions. These limits will be based on the Cardholder's purchasing requirements and will not exceed the limits established by P-Card Program Administrator.
  - 5.3.2 Departmental transactions for processing by Auditor's Office will be approved by Elected Official or Department Head or their authorized personnel.
  - 5.3.3 Recommend suspension or cancellation of a card to P-Card Program Administrator.
  - 5.3.4 Notify P-Card Program Administrator to cancel card privileges, if card Holder is terminated or changes positions.  
(Exhibit #6).
  - 5.3.5 Designate Departmental P-Card Coordinator (and alternate) for each Department who will be responsible for the following:
    - Verify that information on Requests for Purchasing Cards is correct and that P-Cards are issued within the guidelines established by P-Card Program Administrator. (Exhibit #1)
    - Monitor purchases made by Cardholders.
    - Enforce timely compliance of submission requirements; review receipts and expense report reconciliations for submission to the P-Card Program Administrator.
    - Complete requests for payment.

- Designate a system to maintain receipts and reconcile to Semi-Monthly expense report for each Cardholder.

5.3.6 Designated Card users will be responsible for the following:

- Read and sign a Purchasing Card Cardholder Agreement (Exhibit #2) prior to using a P-Card.
- Assume responsibility for all purchases made with the P-Card, adhering to this policy insuring that no unauthorized purchases are made. Unauthorized purchases could be considered misappropriation of County funds.
- Inform merchant of tax exempt status; cardholder will be responsible for notifying vendor for tax credit or reimbursing the tax amount to the County. Reimbursement to the county by cardholder shall be in the form of check or money order. Cash will not be accepted.
- Keep receipts updated on a daily basis.
- Immediately report lost or stolen cards to the Bank toll-free number and the P-Card Program Administrator by phone and then notify the Department P-Card Coordinator on Lost/Stolen Form (Exhibit #3) to be forwarded to the P-Card Program Administrator.
- Make every reasonable effort to resolve disputed purchases with the vendor.
- Immediately report all unresolved disputed purchases to the Departmental P-Card Coordinator using the Purchasing Card Dispute Form (Exhibit #4).

## 6. **PROCEDURES**

- 6.1 Purchasing Limits – Each Department will establish limits for cardholder P-Cards. The maximum amount of a single item purchase of supplies or materials will not exceed \$500. In all cases, a monthly maximum per card will be established by the Elected Official or Department Head.
- 6.2 Purchases Allowed with the Purchasing Card – Purchasing Cards may be used to purchase any item and/or service for immediate use not prohibited by law, this policy, or other policies approved by the Commissioners Court. The total purchase with the P-Card will not exceed the limits established for that Card. All other purchasing policies remain in effect and P-Cards should not be used to circumvent them.

### 6.3 **PROHIBITED PURCHASES:**

- Personal expenditures
- Cash Advances or refunds
- Sales tax except in cases where State law does not exempt local governments.
- Entertainment of any kind, including the purchase of alcohol or patronage of drinking establishments
- Purchases under contracts, unless an emergency exception is granted.
- Separate, sequential, and component purchases or transactions made with the intent to circumvent State Law or County policy.
- Purchases that are split to stay within card transaction limits.
- Transaction amounts greater than Cardholder's transaction limit.
- Meals while on County Travel.
- Other purchases specifically excluded in other County policies or by law.

6.4 Security – The Cardholder is responsible for the security of the card. This card should be treated with the same level of care as the Cardholder would use with his/her own personal charge cards.

6.5 Supporting Documentation for Card Purchases – Each transaction must be supported by a **purchase order** and receipts or credit slips. In instances where the receipt is lost, Cardholder must obtain a copy at their own expense from the vendor or bank. For purchases made over the phone or on the Internet, a logging system with unique transaction identifiers should be maintained and a faxed copy or e-mail confirmation of the order retained as the receipt.

6.6 Declined Transactions – If a Vendor receives a “Decline” response from the Bank after attempting to put through a P-Card transaction, Cardholders should contact the P-Card Program Administrator with the following information for resolution:

- Account number
- Business where decline occurred
- Total transaction amount of the decline
- Date the decline occurred

After determining the reason for the “Decline” it may be necessary for the P-Card Program Administrator to contact the P-Card Program Coordinator for temporary or permanent changes to the Cardholder’s control limits to process the transaction.

6.7 Using the Card – A need for an item and/or service is established **when it is not readily available through a County contract**. In making a purchase, the Card user must abide by the following rules:

6.7.1 The Card user must ensure that the item or service purchased is not restricted under paragraph 6.3.

6.7.2 In purchasing an item or service the Card user must ensure that sales tax is not included in the purchase price before issuing payment with the P-Card.

6.7.3 If a supplier does not accept the P-Card, the Card user should forward a completed Dispute Form (Exhibit #4) to the P-Card Program Administrator marking “Non-Acceptance” as the reason for the dispute or refer to 6.6 of this policy.

6.7.4 The Card user must retain the purchase receipt and attach it to the Semi-Monthly expense report. After being signed by the appropriate Elected Official or Department Head, the expense report should be submitted to the Auditor with a proper request for payment form.

6.8 Purchasing Return – The Card user is responsible for obtaining a credit memo from the Vendor when merchandise purchased with the Card is later returned to the Vendor for any reason. The credit memo will be attached to the expense report along with the sales receipt.

6.9 Reports – When the reconciliation process is complete, the expense report will be certified, signed by the Elected Official, Department Head or authorized personnel and returned **by the 5<sup>th</sup> business day** after the end of the cutoff date to the Auditor. Failure to meet timely submission requirements from Cardholders may cause suspension or cancellation of P-Cards as authorized by Commissioners Court. The Auditor’s office will reconcile all Departmental expense reports.

6.10 Reconciliation of Card Purchases –

6.10.1 The Department P-Card Coordinator is responsible for ensuring that the expense report is reconciled with the purchase receipts.

6.10.2 The Elected Official, Department Head or authorized personnel is responsible for reviewing receipts and expense reports and sending them to the Auditor **by the 5<sup>th</sup> business day** after the cutoff date.

## 6.11 Records Management –

6.11.1 The Departmental P-Card Program Coordinators must maintain all original receipts in a secure location until they are reconciled to the Semi-Monthly expense report. Records from each Semi-Monthly expense report should be kept together.

6.12 Lost or Stolen Purchasing Cards – When it is determined that a P-Card has been lost or stolen, **IT IS IMPERATIVE TO FIRST CANCEL THE CARD WITH THE BANK BY CALLING THE BANK’S TOLL-FREE NUMBER.** In addition, the Cardholder must also notify the P-Card Program Administrator of the loss by phone and then complete a Purchasing Card Lost/Stolen Card Form (Exhibit #3) and forward it to the P-Card Program Administrator.

Once a P-Card is discovered lost or stolen, it is imperative to cancel the card immediately. The County is liable for all charges until the card is reported lost or stolen. **Thus, the Cardholder may be responsible for all charges made against the P-Card from the time it is lost or stolen until the time the Bank is notified, if the Cardholder fails to immediately notify the Bank upon discovering the loss or fails to discover the loss within a reasonable amount of time.**

6.13 Request for Issue of a P-Card – To request a new P-Card a Purchasing Card Request Form (Exhibit #1) should be completed by the P-Card Program Coordinator, and signed by the Elected Official or Department Head. Then, the form should be forwarded to the P-Card Program Administrator.

6.14 Changes to Existing Accounts – To make changes to an existing P-card account, a Purchasing Card Change Form (Exhibit #5) should be completed by the requesting Elected Official or Department Head. Then, the form should be forwarded to the P-Card Program Administrator.

6.15 Unauthorized Use of the Purchasing Card – Any prohibited purchases as defined in paragraph 6.3 will be sent back to the Cardholder for justification and/or explanation. If any prohibited charges appear in the Cardholder’s transactions and expense report, the following may occur:

- The Auditor will investigate all circumstances surrounding alleged misuse of the P-Card and in cases where there is evidence of a procedure or policy violation; refer that information to the appropriate authority for investigations and/or disciplinary action.
- Termination of employment and forfeiture of the P-Card are potential disciplinary actions for improper use of the card.
- In those cases where there is evidence of negligent use of the P-Card, but no fraudulent acts have been committed, the Cardholder will be required to surrender the P-Card with all further privileges revoked.

Any employee having knowledge of violations to this procedure or any other procedure or policy governing the use of the P-Card must immediately report such activity to the P-Card Program Administrator.

The P-Card may be suspended or terminated if a Purchasing Cardholder is suspected of fraud, theft, or illegal drug use. Should the suspicion prove founded, appropriate action shall be taken in accordance with existing County policies and procedures.

6.16 Disputed Items – Disputes, if possible, should be resolved promptly between the Cardholder and the Vendor. Cardholders should raise disputes immediately. As failure to do so will result in an authorized purchase that the department is responsible for paying even though the charge is incorrect. If the dispute cannot be resolved within 10 days, the Cardholder should submit a Dispute Form (Exhibit #4) to the P-Card Program Administrator. A charge should not be disputed on the current expense report if it was returned for credit after the cut-off date. The credit should be reported on the next expense report with a notation being made that there is a disputed charge and expected credit.

6.17 Termination Clause – The P-Card is issued for the County’s convenience and may be suspended or terminated at any time by the County for non-compliance with County policies and procedures. Transfer, resignation, or terminations of employment are grounds for cancellation of the P-Card. The P-Card Program Coordinator should complete the Purchasing Card Return Form (Exhibit #6) and forward the form to the P-Card Program Administrator.

It is important to cancel a card immediately upon a Cardholder’s separation from employment. The Bank or the Credit Card Recovery Program will not cover any charges incurred between the Cardholder’s termination date and the date the card is cancelled. The department will be responsible for payment of charges incurred by a Cardholder no longer working in that department; if a delay in canceling privileges resulted of the department’s actions.

By this policy, the Chambers County Commissioners Court authorizes the use of County provided purchasing cards. The purpose of the purchasing cards is to provide the County with an efficient and controllable method of making small dollar commodity, service and travel purchases. The purchasing card **is not** to be used to circumvent County Purchasing Policies and Procedures. This card policy is not intended to replace, but rather supplement existing purchasing, travel and other County policies.

The County Purchasing Director will be the AUTHORIZED Purchasing Card Program Administrator and is responsible for all activities related to the County Purchasing Card Program.

The Purchasing Card Policy and Procedures was adopted by the Chambers County Commissioners Court on the 8th day of May, 2012.

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Jimmy Sylvia, Chambers County Judge

**ATTEST:**

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Heather Hawthorne, Chambers County Clerk



**DATE RECEIVED:** \_\_\_\_\_  
**REQUEST FOR PURCHASING CARD**  
**EXHIBIT #1**

TO: Belinda Bazan; Purchasing Card Program Administrator

FROM: \_\_\_\_\_  
(Department)

SUBJECT: Request for Purchasing Card

I request the following Elected Official or Department Head be issued a County Purchasing Card for the purpose of making purchases as authorized in the Chambers County Purchasing Card Policy and Procedures.

Full Name of EO or DH (print): \_\_\_\_\_

Employee Social Security Number: \_\_\_\_\_

Employee Signature: \_\_\_\_\_

Employee Title: \_\_\_\_\_

Single Item Purchase-Supplies or Material (**Not to exceed \$500**): \_\_\_\_\_

Daily Transaction Limit: \_\_\_\_\_ # of Transactions

30-Day Limit \_\_\_\_\_

Restrictions: \_\_\_\_\_

Will the card be used for travel related items? (i.e. airline tickets, rental cars, hotels, etc.):

\_\_\_\_\_ No    \_\_\_\_\_ Yes    \_\_\_\_\_ **Only** for travel related items

REQUESTED BY: \_\_\_\_\_  
Signature of Elected Official/Department Head

APPROVED BY: \_\_\_\_\_  
Signature of P-Card Program Administrator

Copy: Designated Cardholder  
Elected Official/Department Head



**DATE RECEIVED:**  
**PURCHASING CARD LOST/STOLEN REPORT**  
**EXHIBIT #3**

TO: Belinda Bazan; Purchasing Card Program Administrator

FROM: \_\_\_\_\_  
(Department)

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

Full Name of Employee (print): \_\_\_\_\_

Employee Social Security Number: \_\_\_\_\_

Employee Signature: \_\_\_\_\_

Employee Title: \_\_\_\_\_

Date of Loss: \_\_\_\_\_

Date Stolen: \_\_\_\_\_

Details: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Copy: Designated Cardholder  
Elected Official/Department Head

**DATE RECEIVED:** \_\_\_\_\_  
**CARDHOLDER STATEMENT OF DISPUTED ITEM(S)**  
**EXHIBIT #4**

RE: \_\_\_\_\_

CARDHOLDER NAME: \_\_\_\_\_ CARD NUMBER: \_\_\_\_\_

MERCHANT NAME: \_\_\_\_\_ DISPUTED AMOUNT: \$ \_\_\_\_\_

I dispute the charge(s) described herein as follows: [Check Appropriate Box(es)]

- I certify that the charge listed above was not made by me nor were the goods or services represented by the above transaction received by me or by a person authorized by me.
- I do not recognize the transaction as listed above. Please inform me of merchant name and description of merchandise purchases.
- Although I did engage in the above transaction, I dispute all or part of the charge in the amount of \$ \_\_\_\_\_.
- I have contacted the merchant and requested a credit adjustment that I did not receive or was not satisfactory.
- I have been charged twice for the same transaction. Posting dates: \_\_\_\_\_ and \_\_\_\_\_
- A credit slip was listed as a sale on my statement.
- The amount of the sales slip was increased from \$ \_\_\_\_\_ to \$ \_\_\_\_\_. Enclosed is my copy of the sales slip prior to alteration.
- I received a price adjustment (credit slip) on the above transaction, and it has not appeared on my statement. Enclosed is a copy of the credit memorandum.
- Non-Acceptance
- Other, please explain completely.

I am disputing the charge because: \_\_\_\_\_

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

Designated Cardholder Signature: \_\_\_\_\_

Daytime Phone: \_\_\_\_\_

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

Fax Dispute Form to: Belinda Bazan  
(409) 267-3962

**DATE RECEIVED:** \_\_\_\_\_  
**PURCHASING CARD CHANGE FORM**  
**EXHIBIT #5**

TO: Belinda Bazan; Purchasing Card Program Administrator

FROM: \_\_\_\_\_  
Department)

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

Full Name of Employee (print): \_\_\_\_\_

Employee Signature: \_\_\_\_\_

Employee Title: \_\_\_\_\_

Date of Increase: \_\_\_\_\_

Increased To: \_\_\_\_\_

Other Requests:

Department Head Signature: \_\_\_\_\_

Reason: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Date Changed: \_\_\_\_\_

P-Card Administrator Signature: \_\_\_\_\_

Copy: Designated Cardholder  
Elected Official/Department Head

**DATE RECEIVED: \_\_\_\_\_**  
**PURCHASING CARD RETURN FORM**  
**EXHIBIT #6**

TO: Belinda Bazan; Purchasing Card Program Administrator

FROM: \_\_\_\_\_  
(Department)

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

Full Name of Employee (print): \_\_\_\_\_

Employee Signature: \_\_\_\_\_

Employee Title: \_\_\_\_\_

Date Card Returned: \_\_\_\_\_

Returned To: \_\_\_\_\_

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

Reason: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Action/Date Taken: \_\_\_\_\_  
\_\_\_\_\_

Copy: Designated Cardholder  
Elected Official/Department Head