

**COUNTY**

# **PURCHASE CARD POLICIES AND PROCEDURES MANUAL**



**Prescribed by:  
Oklahoma State Auditor & Inspector's Office  
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# **1. COUNTY PURCHASE CARD PROGRAM DESCRIPTION**

## **A. Program**

The [REDACTED] County (hereinafter referred to as the County) Purchase Card (P-Card) Program establishes the use, by designated county officials and employees, of commercial purchase cards to facilitate the acquisition of goods and services necessary for conducting official county business. It is intended that the purchase card be issued to selected officials and/or employees to enhance effectiveness or economy of operation. Purchase cards are issued in the name of the County and include the cardholder's name, department, and a unique account number. Liability for payment to the purchase card provider rests with the County.

Total responsibility and accountability for allowable purchase card purchases resides at the County level. It is accepted that no policy or procedure can cover all eventualities. Exceptional cases will be resolved as circumstances and prudent business practices warrant on a case-by-case basis. All purchases shall be made in accordance with state statutes, rules, and these policies and procedures, which include but may not be limited to:

- 19 O.S. § 1501 – 1505
- 19 O.S. § 1505(J)
- 74 O.S. § 85.2
- 74 O.S. § 85.5
- 74 O.S. § 85.33B

The cardholder is responsible for and accountable to the County for all charges made with the purchase card. Use of the purchase card is solely for official County purchases. Personal purchases are strictly forbidden and may result in disciplinary action.

County departments, as a condition of participation in the purchase card program, shall abide by the terms of these policies and procedures.

## **B. Transaction Flow**

A typical purchase card transaction consists of the following steps:

1. The Requisitioning Officer completes the requisition and forwards this to the Purchasing Agent.
2. The Purchasing Agent determines if the item requested will require a bid and approves the method of purchase.
3. The County Clerk encumbers the amount stated on the purchase order to Bank of America, assigns a purchase order number, and certifies that the amount of the encumbrance has been entered against the designated appropriation accounts and that the encumbrance is within the authorized available balance.
4. Purchase cardholder makes a purchase from a merchant using their authorized purchase card and retains all transaction documentation (card receipts/invoices/packing slips) to be provided to the designated Receiving Officer.

5. The Receiving Officer verifies goods/services were properly received and prepares receiving report with signature and date.
6. All documentation (card receipt/invoice/packing slips and receiving report) should be forwarded to the Purchasing Agent for further processing.
7. The Purchasing Agent assembles all purchase orders, card receipt/invoice/packing slips, and receiving reports for each purchase card statement. Each purchase order transaction should be reconciled to the purchase card statement for accuracy and validity. The Purchasing Agent should keep documentation (adding machine tape or spreadsheet) of how the purchase orders/transactions are reconciled to the individual purchase card statements and the master purchase card statement.
8. The Purchasing Agent assembles all purchase card statements and supporting documentation with the master purchase card statement and forwards to the County Clerk.
9. The County Clerk reviews the Bank of America statement for accuracy and certifies that all supporting documentation is attached and the claim is approved for consideration for payment by the Board of County Commissioners.
10. The County Clerk should red-stamp the front of any individual purchase card statement that did not follow proper purchasing procedures. Red-stamping involves clearly indicating on the front of the purchase card statement that purchasing transactions did not follow proper purchasing procedures as outlined in state statutes.
11. The Bank of America statement is presented to the Board of County Commissioners in an open meeting for approval and authorizing signature for payment.
12. The Board of County Commissioners approves the master purchase card statement and each individual purchase card statement in an open meeting.
13. The County Clerk prepares payment of the purchase card statements through the use of Electronic Funds Transfer.
14. All Bank of America payment files (PO, statement, and payment claim) should be filed in one location in the County Clerk's office by month for easy access for auditors.
15. The County Treasurer executes the Electronic Funds Transfer to the Bank of America.

**C. Bank of America Payment Center Program**

The Purchasing Agent will be able to access the transactions of each purchase cardholder through the banking software provided by Bank of America referred to as the Payment Center Program.

Each individual purchase cardholder must review their purchase card statement to ensure that the statement only reflects transactions made by the purchase cardholder. The statement should be signed by the purchase cardholder for verification purposes. (This may be done electronically.)

## 2. DEFINITIONS

**“Board of County Commissioners”** The Board of County Commissioners is responsible for initiating participation in the purchase card program and is responsible for approving the contractual agreement with the Bank of America. The Board of County Commissioners is also responsible for the final approval of purchase card expenditures. OMES requires a final level of approval that does not utilize purchase cards. The County Commissioners acting as a Board would fulfill this requirement.

**“Cycle”** means a period of time between billings. For example, the County purchase card period ends at midnight on the last business day of each month. This is synonymous with “billing cycle.”

**“Individual Transaction Dollar Limit”** means an open market acquisition that is fair and reasonable and does not exceed \$5,000.00. Individual transactions, other than transactions specifically listed in the statute as exceptions, may not exceed \$5,000.00 per 74 O.S. § 85.5L.

**“Invoice”** means a document issued by the Issuing Bank to the County to effect payment for goods and services purchased using the purchase card and is available via the bank’s transaction system. Payment will be made directly to the Issuing Bank.

**“Issuing Bank”** means the bank issuing the purchase card to an organization, in this case, Bank of America.

**“Merchant”** means a business or other organization that provides goods or services to customers. (This is synonymous with “supplier” or “vendor.”)

**“Merchant Category Code (MCC)”** means a standard code that the credit card industry uses to categorize merchants based on the type of goods or services provided by the merchant. A merchant is assigned an MCC by the acquiring bank.

**“Merchant Category Code Group (MCCG)”** means a defined group of merchant category codes. MCCGs are used to control whether cardholders may purchase from particular types of merchants.

**“Payment Center Program” or “Transaction System”** means the web-based tool provided by the Issuing Bank to record and access transaction information and print purchase card statements.

**“Point of Sale Code (POS)”** means a code entered by the merchant at the time of an on-site sale.

**“Purchase Cardholder”** means an individual designated by the County to utilize a purchase card, as authorized and defined in these policies and procedures, who has a signed Purchase Card Employee Agreement filed with the County Purchasing Agent.

**“Purchasing Agent (Purchase Card Administrator)”** According to state statute the Purchasing Agent is to serve as the purchase card administrator. The Purchasing Agent will have sole administrator rights to change card limits, cardholders, etc. on the Bank of America Payment Center Program. The Purchasing Agent shall only make changes as authorized and approved by the Board of County Commissioners in an open meeting.

**“Single Purchase Limit”** means the maximum spending (dollar) limit a purchase cardholder is authorized to charge in a single transaction. Purchases shall not be split with the intent of and for the

purpose of evading (1) the purchase card single purchase limit (limit is set by the County); and/or (2) limit(s) established for an individual purchase card; and/or (3) a competitive bidding requirement.

**“Split Purchasing”** means dividing a purchase into two or more transactions for the purpose of staying below the individual transaction limit of \$5,000.00 or for the purpose of evading a competitive bidding requirement.

**“Statement”** means a document listing purchase card account activity sent to the County by the Issuing Bank. The statement is available via the Issuing Bank’s transaction system and is used for management and reconciliation purposes, as well as the basis for payment. This statement will be presented to the Board of County Commissioners in an open meeting for approval for payment.

**“State Purchase Card”** means an electronic transaction card used for making acquisitions.

**“Transaction”** means a single purchase or credit.

**“Transaction Documentation”** means all documents pertaining to a transaction. The documentation is also used for reconciliation at the end of the billing cycle and is to be retained with the monthly reconciliation documentation for review and audit purposes. Examples of transaction documentation include, but are not limited to: itemized purchase receipts, receiving documents, credits, disputes, written approvals, lodging receipts, exception requests, regulated utility verifications, all transaction correspondence, and any other item referencing the transaction. This is synonymous with “Transaction Documents.”

### 3. **ORGANIZATION AND TRAINING**

A. **Board of County Commissioners:** Responsible for management of the Purchase Card Program.

B. **County Purchase Card Administrator/Purchasing Agent:** The County Purchasing Agent as referenced in statute will serve as the Purchase Card Administrator.

C. **Approving Officials:**

**County Clerk** will certify the following on the purchase card statement:

I hereby certify that the card receipt/invoice/packing slips and receiving report and delivery documentation have been compared to this purchase order, and any discrepancies have been reconciled as noted above. This purchase order is therefore approved for consideration for payment by the governing board.

**Board of County Commissioners** will certify the following on the purchase card statement: This claim is approved for payment in the amount indicated on the statement. (Signed by at least two members.)

D. **Purchase Cardholders:** The Board of County Commissioners in an open meeting will authorize the issuance of purchase cards to those County officials and/or employees designated to purchase goods and services for official use by the County. Cardholder must be a County permanent employee. Purchase cards will not be issued to a temporary employee or nonemployees.

- E. Purchase Card Employee Agreement:** All County purchase cardholders must read and sign the County Purchase Card Employee Agreement form in the appropriate signature block, prior to assuming their duties and being issued purchase cards. The Purchasing Agent shall maintain the original employee-signed copy of the Agreement for all participants of the Purchase Card Program. A copy of the signed agreement shall be provided to the employee.

The County Purchasing Agent shall notate changes in employee Purchase Card Program role or purchase card status on page 2 of the original employee Purchase Card Agreement form when they occur (i.e. card cancelled, termination of employment, or change in Purchase Card Program position). If an employee no longer holds a position within the Purchase Card Program, the County Purchasing Agent shall notate the termination date, the purchase card cancellation date, and the transaction system account deactivation date on page 2 of the Agreement form.

- F. Training:** Purchase cardholders (county officials and/or employees) shall sign a purchase card agreement prior to becoming a cardholder and must attend initial training prior to card use. Thereafter, training is required for the Purchasing Agent and purchase cardholders every two (2) years from the date of the last training session. The Purchasing Agent must maintain records of compliance with training requirements for all purchase cardholders. Training will be conducted by OSU County Training Program. 19 O.S. § 1505(J).

The Bank of America will provide training for the Payment Center Program, card security, and technical use of purchase card (i.e., user names, pin numbers, etc.).

#### **4. FINANCIAL OPERATIONS**

##### **A. Encumbering Funds**

All transactions shall be properly encumbered prior to using the purchase card for purchases.

##### **B. Reconciliations**

Reconciliations of the purchase card statements to supporting documentation will be performed monthly by the Purchasing Agent. After ensuring all transactions are approved by purchase cardholders and all supporting documentation is reconciled to the purchase card statements, the information will be submitted to the County Clerk for further certification and submission to the Board of County Commissioners for approval for payment.

##### **C. Purchase Card Payment**

The County shall make a monthly payment prior to the due date to the Issuing Bank (Bank of America) to satisfy all transactions listed for the billing cycle, in the time and manner agreed to by the County and the Issuing Bank.

##### **D. Rebate Incentive**

The rebate earned from purchases made with the purchase card will be sent directly to the County by Bank of America. The rebate should be deposited with the County Treasurer into the County General Fund. If a County elects to pro-rate the rebate based on the expenditures of each fund, documentation will be required for audit purposes.



**E. Record Retention**

Purchase card records shall be maintained in a central and secure location. Records may include, but are not limited to, statements, transaction receipts/invoices/packing slips, dispute documents, purchase cardholder and the County Officer approvals, and any other transaction documentation, whether in paper or electronic form. Accounting records shall be maintained in the appropriate format and located in the County Clerk's office. Records shall be maintained for seven fiscal years. If audit, litigation, or other action is started before the end of the seven year period, the records are required to be retained for two years from the date all issues arising out of the action are resolved or until the end of the seven year retention period, whichever is longer.

**F. Audit Requirements**

All transactions are subject to audit by the State Auditor and Inspector's Office.

**G. Transparency of Transactions Through Open Books**

In accordance with 19 O.S. § 1505(J), complete descriptions of purchases made by county government entities shall be published through the state transparency portal pursuant to Section 85.33B of Title 74 of the Oklahoma Statutes, and as warrants required to be published pursuant to Sections 444 and 445 of this title. The County Purchasing Agent will work with OMES to determine method of transferring information.

All transactions are listed on the State of Oklahoma Open Books website, listing

- Cardholder's last name, first initial
- Merchant Name
- Amount of transaction

**5. PURCHASE CARD OPERATIONS**

**A. Using the Purchase Card**

The cardholder of record is the only person authorized to make purchases using his/her card. The purchase card shall not be loaned to another person. Such occurrences may result in revocation of the card. The fact that the cardholder has been provided a card does not imply prior approval of all purchases. The cardholder must follow proper County and departmental policies and procedures to obtain authorization to purchase. A Requisitioning Officer must requisition items on SA&I Form 1116 ((2016) and submit to the Purchasing Agent and County Clerk to ensure proper purchasing (bidding) procedures are followed and ensure funds are encumbered prior to the purchase cardholder making a purchase. The Purchasing Department should be consulted if there is any question or doubt about the proper procurement procedures.

**B. Application for Individual Purchase Cards**

Upon approval by the Board of County Commissioners in an open meeting, application for a purchase card shall be made by the County Purchasing Agent by electronic submission using the Issuing Bank's (Bank of America) transaction system. The County Purchasing Agent shall notate on the Purchase Card Employee Agreement the date the purchase card was ordered. The Issuing Bank (Bank of America) will ship new cards to the County Purchasing Agent for distribution.

**C. Property of the County**

All purchase cards issued under this Purchase Card Program are the property of the County and shall be surrendered to the County Purchasing Agent upon termination of employment with the County or upon request of the (a) County Official responsible for approval, (b) County Purchasing Agent, or (c) State Purchase Card Administrator.

**D. Purchase Card Controls and Limits**

The Purchasing Agent is required to coordinate with the Board of County Commissioners and establish the following categories of controls and limits on each purchase card. These mandatory limits are required by the Issuing Bank (Bank of America) and the card provider, for example Visa.

The mandatory categories are:

- Card limit (dollar amount per cycle).
- Single purchase limit (dollar amount per transaction).
- Merchant Category Code Group (MCCG).

As an option, the County may establish additional purchase card limits.

**E. Purchase Card Purchases**

1. For any transaction with a County purchase card, the single transaction shall not exceed the limit of \$5,000.00 unless named as an exception in #2 below in accordance with 74 O.S. § 85.5.
2. There is no limit on the amount of a purchase card transaction for the following:
  - Statewide Contract purchases.
  - Regulated Utilities (water, electric, gas, sewage) as defined in OAC 260:115-1-2.
  - Interagency Payments.
  - Professional Services as defined in 18 O.S. § 803.  
\*NOTE: Bids at the County level DO NOT qualify as an exception under Title 74 O.S. § 85.5.
3. The Board of County Commissioners and/or the County Purchasing Agent shall set the card limits for purchase cards based on the County need or past usage.
4. The Board of County Commissioners may set the single purchase limit for a purchase cardholder at any amount deemed appropriate by the Board of County Commissioners. However, any single transaction in excess of \$5,000.00 must fall under one of the exceptions listed in #2 above.

**F. Travel Purchases**

The purchase card may be used for travel expenses as outlined in the written travel policy adopted by the Board of County Commissioners on behalf of the County. The purchase card may be used for the purchase of airfare and/or lodging (airfare and lodging are considered separate transactions). Travel acquisitions are intended for travel or lodging expenses for official county business. Use of the purchase card may be appropriate when in compliance with the County's Travel Policy. Purchases of meals and incidentals should be made in compliance with the County's Travel Policy, as well as applicable IRS guidelines. A completed travel claim may still be required.

\*\*Taxes for any in-state travel expenses may not be paid with a purchase card. Hotel receipts should reflect a \$0 balance to indicate that all expenses have been paid in full. Meals with purchase card should NOT have sales tax added to the cost. Employees should inform the establishment of the tax exempt status.

### **G. Using the Purchase Card**

Prior to using the purchase card, purchase cardholders should familiarize themselves with the following key elements related to purchase card transactions:

1. Your purchase card is issued in your name. All purchases made on the purchase card must be only yours. You are responsible for the security of the purchase card and the transactions made with it. If you do not follow statute, rules, and the Policies and Procedures manual when using the purchase card, you could be personally liable and/or receive disciplinary action, including termination, or criminal charges.
2. All purchases must be encumbered prior to using your purchase card.
3. You can use the purchase card at any vendor or service provider that accepts VISA.
4. You may use the purchase card to purchase supplies and services within your Single Transaction Limit and Credit Limit assigned to the purchase card in a given month (excludes Prohibited Purchases).
5. You are responsible for verifying transactions listed on your purchase card statement are valid and for reconciling all charges made on your account monthly.
6. The purchase card is not intended to avoid or bypass appropriate purchasing or payment policies and procedures.
7. The purchase card is not for personal use.
8. The purchase card must be returned to the County Purchasing Agent upon transfer, termination, or requirement by the Board of County Commissioners.
9. Determine whether the purchase card is the most appropriate method for this purchase. (Check the list of excluded charges to make sure it is not a restricted item.)
10. Be sure that the total amount will not exceed the card's single purchase limit.
11. Determine if the price is the best you can reasonably obtain.
12. Obtain an itemized receipt at the time of purchase and keep the receipt for documentation.
13. Ensure that sales tax is not charged. This applies to meals.

### **H. Methods of Purchase**

The purchase card may be used for in-person, telephone, and internet purchases. It is recommended that internet purchases be made from a merchant with a secured internet site (for example, lockbox is present or URL contains https) and emails not be sent disclosing full account

information. (Note: The Issuing Bank does not send e-mail requiring a purchase cardholder to enter personal information directly into the e-mail.)

**I. Split Purchases**

Split purchases are prohibited. “Split Purchasing” means dividing a purchase into two or more transactions for the purpose of staying below the individual transaction limit of \$5,000.00 or for the purpose of evading a competitive bidding requirement.

**J. Other Prohibited Purchases**

The purchase card shall NOT be used for the following types of purchases (not all inclusive list):

1. Taxes (excluding Tribal taxes).
2. Entertainment.
3. Tobacco and alcoholic beverages.
4. Cash, cash advances, automatic teller machine (ATM) transactions.
5. Purchase of any goods or services for personal use.
6. Purchase of any goods or services not for official County use.
7. Any transaction or series of transactions, which exceed the limits established on an individual purchase card.
8. Automatic Drafts. This may be allowed in rare exceptions and appropriate receiving information and supporting documentation would be required for the monthly statement approval.
9. Gift certificates or gift cards.
10. Other purchases not permitted under County Policy and Procedures.

**K. Receiving Goods and Services**

1. **Goods or Services Received at the Time of Purchase** - The receiving officer for the designated department should complete a receiving report detailing all goods/services purchased, and sign and date as confirmation that items were received at the County.

**L. Returns, Credits, and Disputed Transactions**

1. **Processing Returns, Credits, and Disputes** - In most cases, disputes can be resolved directly between the purchase cardholder and the merchant. If an item needs to be returned for any reason, return the goods to the merchant in the manner agreed upon. The merchant must issue a credit receipt for items that are returned, and the return should be credited to the purchase card. This credit may appear on a subsequent statement if the credit process is not completed in the same payment cycle as the original purchase. Keep on file all documentation related to returns, credits, and disputes for reconciliation to the statement.

2. **Credits** - If the agency is credited for any items or services that were originally paid for with the purchase card, then the credit should be processed through the merchant system. The merchant cannot be allowed to maintain a store credit or use the credit toward future or other invoices. It is highly recommended that a credit be annotated in the issuing bank's system by cross-referencing the TXN# of the original transaction on the credit transaction and vice versa. Credits cannot be received in the form of cash. In the event that a credit can only be processed by refund check, a copy of the check must accompany the corresponding statement documentation and the refund check number annotated on the transaction in the bank's transaction system.
3. **Exchanges** - items needing to be returned may be exchanged for other necessary items during the same transaction. If the credit amount is greater than the purchase amount of the new items, the difference shall be credited to the purchase card. If the purchase amount of the new items is greater than the credit amount, the receipt must show both the credit amount and the purchase amount.
4. **Issuing Bank Assistance** - If the purchase cardholder and merchant cannot resolve the issue, the purchase cardholder shall contact the Issuing Bank electronically through the Bank's transaction system. Disputed transactions which cannot be quickly resolved between the purchase cardholder and merchant shall be reported to the Issuing Bank immediately and, at the latest, no more than 30 days after the original transaction date. The Issuing Bank will investigate the dispute on the purchase cardholder's behalf and assist in resolution.

The County does not pay for disputed transactions filed with the Issuing Bank while in dispute status. Once the transaction has been flagged as a disputed transaction, it will be moved to a separate batch process and will not be included for payment. Upon resolution of the dispute, the disputed transaction will be placed back into the batch process for payment along with a credit if the County wins the dispute.

#### **M. Conference and Training Fees**

The purchase card may be used for expenses required to attend a conference, including conference registration and training course fees in accordance with the adopted County Travel Policy.

#### **N. Merchant Preferences**

Purchase card purchases shall comply with the following preferences for certain merchants or types of contracts.

1. Purchase card purchases should be made from the vendor with the best price. Any purchase requiring a bid should follow procedures outlined in 19 O.S. §§ 1501-1505 and 61 O.S. §§ 101-138.

#### **O. Credit Card Receipts/Invoices/Packing Slips for Purchases**

Receipts shall be obtained for all purchases regardless of the order method. The receipt shall give an itemized and detailed description of the purchase and must include at a minimum: (1) vendor; (2) date of purchase; (3) description; (4) unit price and quantity; and (5) transaction total. A detailed and itemized authentic copy is acceptable. A detailed invoice/packing slip along with the purchase card receipt should be obtained for documentation purposes.

**1. Receipts not furnished by Merchant**

If a receipt is not furnished by the merchant (as may be the case with a telephone or Internet order), documentation such as an order confirmation, packing slip, or invoice, etc. shall be obtained and shall contain an itemized and detailed description of the purchase.

**2. Itemized Receipt Unobtainable**

If the receipt is not a detailed and itemized receipt, the purchase cardholder shall:

- a. Request the vendor attach a written itemization of the charges to the receipt showing at a minimum: (1) vendor name; (2) transaction or purchase date; (3) description of each item purchased, including unit price and quantity; and (4) transaction total. The written itemization shall be signed by the vendor or its authorized designee.

**3. Multiple Receipts Provided**

If the merchant provides two receipts, one with the total amount and one itemized, the purchase cardholder shall attach both the itemized receipt and the total amount receipt.

**P. Late Fees, Interest, and Sales Tax**

- 1. No late fees or interest may be paid on an invoice or purchase card statement.
- 2. County Government is exempt from sales tax. No state, city, or county tax shall be paid.

**Q. Replacement of Defective, Lost, Stolen, or Compromised Cards**

Purchase cards may be replaced when the original purchase card is defective or mutilated or when the purchase card has been lost, stolen or compromised. The County Purchasing Agent shall electronically submit through the Issuing Bank's transaction system, a request for replacement. The Issuing Bank will prepare a new purchase card and forward it to the County Purchasing Agent. Additionally, in the case of a defective or mutilated purchase card, the purchase card shall be cut down the center of the magnetic stripe and forwarded to the County Approving Official. The County Approving Official shall forward the cut purchase card to the County Purchasing Agent for final disposal.

The County has zero liability for unauthorized charges or for lost or stolen cards as long as the Bank of America is notified within 24 hours.

**R. Convenience Fees and Surcharges**

- 1. A convenience fee is a fee charged to the cardholder for the convenience of paying online or by telephone – the price of the product does not change. The County may pay the convenience fee.
- 2. A surcharge is a fee assessed by the merchant when using a credit card for payment to recoup the merchant fees charged by the card processing company. The County may not pay surcharges.

**S. Misuse of the Purchase Card**

Misuse of the purchase card in any manner by a cardholder may result in revocation of the privilege to use the purchase card, disciplinary action, termination of employment, and/or criminal charges being filed with the appropriate authority.

**T. Times of Inactive Card Use**

The County Purchasing Agent may put your card in “suspense” during periods of inactivity. For example, if a card is only used for travel to conferences during a certain period, the card can be put into ‘suspense’ so that there is a safeguard against unauthorized use. Purchase cards can generally be reactivated within a couple of hours.

**U. Card Disputes**

1. Disputes may be reported by the County Purchasing Agent to Bank of America who will assist the County in resolving the dispute;
2. Disputes must be initiated within 30 days of the transaction date;
3. Always try to resolve with the merchant first prior to contacting the bank if possible;
4. The County does not pay for disputed transactions filed with the Issuing Bank while in dispute status.

**V. Travel ‘No Show’**

If an employee is signed up to attend a Conference, stay at a hotel, or has scheduled a flight and does not show up for the event, it is up to the employee to pay back the money to the County.