	<b>Purchasing Card</b>
<b>Last Revision Date: 12/6/2017</b>	<b>Policy No. [ex. HR 4.300]</b>
<b>Last Enabling Resolution: 293-1985</b>	<b>Developer/Reviewer: Division of Finance/Accounting</b>

**I. Purpose**

The purpose of this policy is to establish the responsibilities and guidelines for expenses processed using Purchasing Cards.

**II. Scope**

This policy is applicable to all Sedgwick County government including but not limited to elected officials, divisions, departments, and the Eighteenth Judicial District. It applies to all purchases made with a Purchasing card, regardless of the source of funds and complies with Sedgwick County purchasing resolutions, policies and department procedures. The Accounting Director, Purchasing Director, Deputy Chief Financial Officer or Chief Financial Officer may grant exemptions and/or exceptions.

**III. Policy Statement**

This policy does not in any way constitute an employment contract. Sedgwick County reserves the right to amend this policy at any time subject only to approval by the Board of County Commissioners and the Governing Body of Sedgwick County Fire District Number One.

- A. Sedgwick County government maintains a Purchasing Card program that allows authorized individuals to make specific business-related purchases of eligible goods and services. The Purchasing Card is intended only for Sedgwick County government business transactions. This program is designed to delegate authority and responsibility to purchase items directly to the departments. The Division of Finance is responsible for managing the Purchasing Card program and each department is responsible for managing its Cardholder accounts in a manner that conforms to this policy and supporting procedures as established by the Division of Finance. A number of unique controls have been developed for the Purchasing Card program that do not exist in a traditional credit card environment. These controls ensure that the cards can be used only for specific purchases and within specific credit and transaction limits.

#### IV. Definitions

- A. **Cardholder**- Employee of Sedgwick County, Fire District, or District Court who is issued a Card and who has authority to use it for Sedgwick County business.
- B. **Purchasing Card** – A credit card issued for official Sedgwick County business. Purchasing Cards are also referred to as a Credit Cards, Travel Cards, Department Cards, Fuel Cards, Activity Cards Tender Cards, Squad Cards, Harley Cards, Engine Cards, and other divisional card requests.
- C. **Card Spending Limit** – Single Transaction Limits (STL) and Monthly Limit are limits set by the cardholder’s Direct Supervisor or Accounting Director based on the anticipated business need of the Cardholder. Most cardholders will need the \$2,000 single transaction limit/\$10,000 monthly limit while Office Administrators or Managers might need a \$10,000 single transaction limit/\$20,000 monthly limit if they are the employee who purchases the bulk of their department’s needs.
- D. **Department** – A grouping of divisions, overseen by one single manager.
- E. **Direct Supervisor** – An individual whose job is to oversee and guide the work or activities of an employee or group of employees.
- F. **Division** – a single function of Sedgwick County government, led by a director or manager. A division head within the County Manager’s reporting structure typically reports to a department head.
- G. **Tax Exemption** -The Purchasing Card is imprinted with the statement, “Sales Tax Exempt under K.S.A. 79-3606”. Charges for most purchases that are billed directly to Sedgwick County are exempt from sales tax. Merchants can determine whether an account is exempt from sales tax by looking at the account number. For large purchases where the merchant refuses to waive the tax, the Cardholder must present a state tax exemption letter. Cardholders can get a copy of the letter by contacting Finance.
- H. **Misuse** – Cardholder does not give purchase documentation in a timely manner to ensure prompt payment. Cardholder does not maintain adequate documentation of all purchases including itemized receipts for all purchases. Cardholder uses multiple cards or multiple transactions for one payment to circumvent the \$10,000 spending limit. Does not follow the Sedgwick County policies and procedures.
- I. **Fraud** - The Purchasing Card is intentionally used for personal transactions or purchasing items restricted by this policy or other policies. The Cardholder is not the individual to whom the card is issued.
- J. **Eligible Goods and Services for Purchasing Card** - Non-contract, non-commission separately approved, non-recurring purchases costing less than \$10,000 and / or:
  - 1) Travel Related Purchases; Airfare, Car Rental, Cab, Lodging, Meals (Pre-approval from Division Head is required)

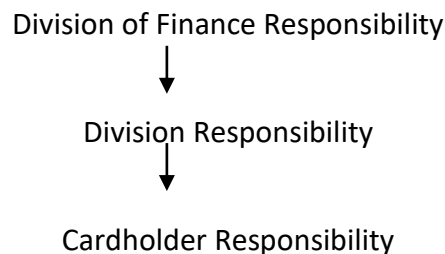
- 2) Emergency Purchases (These purchases must be approved by Department or Division Head. The approval should be in writing and attached to the cardholder's monthly reconciliation.)
- 3) Fuel (Itemized receipts are required.)
- 4) Photocopying/Photographic Processing/Postage (The County Print Shop and Mail Room should be utilized before any outside vendor. The cardholder must provide written documentation from the County Print Shop or Mail Room pre-approving the outside use of printing services.)
- 5) Books/Publications
- 6) Trainings/Conferences/Classes/Luncheons/Seminars (Attendee list is required for all Sedgwick County sponsored events.)
- 7) Subscriptions/Memberships (Pre-approval from Division Head is required)
- 8) Local Meeting Expenses / Catering (Attendee list is required for all Sedgwick County sponsored events.)
- 9) Food for Clients/Residents/Meetings/Trainings (Attendee list is required for all Sedgwick County sponsored events.)
- 10) Incidental Client Services (Detailed explanations and identification number is required. The identification number can be a client's name, client ID number, etc., something the County can use for identification if further investigation is necessary.)
- 11) Medical and Client Appointments (Detailed explanations and a form of identification are required.)
- 12) Witness/Jury Fees
- 13) Networking Supplies
- 14) Undercover Investigation
- 15) Other Non-contract, Non-recurring Purchases Costing Less Than \$10,000 Purchased by Phone or Internet (If in question whether a transaction should be made on a purchasing card please contact the Purchasing Director.)

## V. Procedures

### A. AUTHORITY AND RESPONSIBILITY

#### **Authority and Responsibility**

The Division of Finance provides the management of this Purchasing Card policy. The hierarchal structure follows:



### **1) Division of Finance Responsibility**

- a) Develop and manage process to reconcile Purchasing card accounts each month.
- b) Monitor accounts for inappropriate or illegal use.
- c) Alert appropriate management for misuse of purchasing card.
- d) Suspend or revoke card privileges for failure to follow all purchasing card policies outlined.
- e) Suspend or revoke card privileges for inappropriate or illegal use.
- f) Suspend or revoke card privileges for failure to provide transaction documentation by due date.
- g) Increase or decrease card-spending limits when approved by Accounting Director or Deputy CFO

### **2) Division Responsibility**

- a) Make sure cardholders have read and understand the purchasing card policies and procedures before use.
- b) Receive and distribute information from the Division of Finance pertaining to the Purchasing Card to all purchase card holders
- c) Purchasing cardholder's Direct Supervisor shall review and approve all cardholder transactions and documentation on a monthly basis.
- d) The direct supervisor is responsible for verifying that cost centers on the cardholder's reconciliations are the appropriate accounts for funds to be expensed from.
- e) Direct Supervisor shall forward his/her approval as well as all documentation, including supporting documents, to the Accounting Office by the monthly deadline as outlined in Division of Finance procedures.
- f) Notify Accounting Director or Deputy CFO of suspected inappropriate or illegal use of Purchasing Card. Cardholders who are suspected of making inappropriate or illegal transactions will have their Purchasing Cards suspended immediately until the investigation is complete. If the transactions are found inappropriate or illegal by the Accounting Director or Deputy CFO, the Cardholder must return the funds to Sedgwick County immediately and cardholder privileges will be terminated. Appropriate actions will result after investigation ranging from card suspension to prosecution.
- g) Ensure under no circumstance that a Cardholder approve his/her own purchases.

### **3) Cardholder Responsibility**

- a) Read through and understand all Purchasing Card policies and procedures on an annual basis. The cardholder must agree to the terms on an annual basis or the cardholder's card will be suspended until the terms are agreed upon and signed.
- b) Maintain Purchasing Cards in a secure fashion and prevent unauthorized charges to the account.
- c) Maintain adequate documentation of all purchases. This responsibility includes documentation of funds availability, receipts, packing lists, invoices, etc. The cardholder is responsible for asking merchants for detailed itemized receipts if they are not automatically provided.
- d) Provide all necessary documentation to Direct Supervisor to ensure Purchasing Card log is turned in by the monthly due date.

- e) Make eligible purchases within authorized spending limits and funds availability.
- f) Use the Purchasing Card only for purchasing items in accordance with County policies.
- g) Holiday and weekend purchases should be pre-approved to purchase by the cardholder's Direct Supervisor via email. This email should be attached to the cardholder's monthly reconciliation.
- h) Cardholders should always present the County's tax exempt form or card for all purchases. The Cardholder must first inform the merchant that the purchase is for "official County business" and is not subject to state or local sales tax. If the merchant refuses to accept the tax exempt status the cardholder should ask to speak to the manager. If the manager refuses the tax exempt status, it is the cardholder's responsibility to contact the merchant's corporate office to ask for a refund for the sales tax paid. If the cardholder still cannot find resolution on having the sales tax removed the cardholder should contact the Accounting Director for assistance. All of this documentation should be included in the cardholder's monthly reconciliation.
- i) No cardholder may tip more than 20% of the total bill. If an automatic gratuity is added to the check, no additional tip is allowed. If a cardholder tips more than 20% his/her card will be suspended until the overage of tip is refunded to the County. If a cardholder overtips a second time, the card will be suspended for a year.
- j) No alcoholic beverages or nicotine-related products may be purchased on a Purchasing Card.
- k) Notify Direct Supervisor and the Accounting Director immediately if the card is lost or stolen.
- l) Gift cards are not allowed to be purchased on the Purchasing Card. All Gift Cards must be purchased through the County PO process. Any violation of this policy will result in the Cardholder's Purchasing Card being suspended and/or privileges revoked.

## **B. SECURITY AND CONSEQUENCES OF MISUSE**

### **1) Card Security**

- a) The Cardholder is responsible for safeguarding the Purchasing Card at all times. The Cardholder should never allow anyone else to use the card or account number and should never use the card to procure personal items. Purchasing resolutions, policies and procedures place upon the Cardholder direct responsibility for the proper and lawful execution of purchasing actions. No employee of the County has authority to issue instructions or approve a procedure that is in direct violation with the law or County resolutions, policies or procedures. Any act exceeding that individual's authority is no longer an act of the County but becomes a personal responsibility. All employees must maintain the highest standard of conduct. Any conflict of interest or appearance between County responsibilities and personal lives must be avoided.

### **2) Lost/Stolen Cards**

- a) When a Purchasing card is lost or stolen, the Cardholder should contact the Accounting Director and their Direct Supervisor to report the lost/stolen card. Contact should be immediate so that the highest level of detail regarding account activity leading up to the lost/stolen date can be provided.

### **3) Separation of Cardholder**

- a) Prior to separation from the Cardholder's unit or assignment to another function that does not require Cardholder authority; the Cardholder will surrender the card to their Direct Supervisor or Division Head to destroy. The Direct Supervisor or Division Head will advise the Accounting Office per Finance procedures to request that the card be terminated. Before employment ends, the Cardholder shall review with their Direct Supervisor the status of any unreconciled, questionable, partially approved, unresolved, and disputed transactions, and identify any supplies and/or services which have been ordered but not yet received, so appropriate action can be taken to complete these activities.

### **4) Unused and Open Purchasing Cards**

- a) If a Purchasing Card has been open and unused for a year or more, the Division of Finance will contact the cardholder to inform him/her that the card will be terminated by a date identified by the Division of Finance. Termination of a card due to lack of use will not prevent a Cardholder from acquiring a Card at a later date.

### **5) Purchasing Card Changes**

- a) There may be occasions when the information about the Cardholder in the bank's master file must be changed (e.g., location change, default accounting change, authorization limits). The Division of Finance will make the appropriate change.

### **6) Card Misuse/Fraud**

- a) Consequences of misuse of the Purchasing Card are serious, and may include card suspension, card revocation, disciplinary action, employment termination, personal financial responsibility for purchase(s) and/or legal action. All employees must maintain the highest standard of conduct. Any conflict of interest or appearance thereof, between county responsibilities and personal lives must be avoided.

- b) Failure to follow the above listed responsibilities and any additional responsibilities that may be listed in this policy and / or related procedures will result in a minimum of the following consequences:

**1) First Offense:** Written warning communicated to the Cardholder, Direct Supervisor, and Division Director as well as a 1 month card suspension.

**2) Second Offense:** Card Cancellation and privileges revoked. This will be communicated to the Cardholder, Direct Supervisor, and the Division Director.

- c) If a cardholder is found to have committed fraudulent activity with her/her Purchasing Card, his/her Purchasing Card access will be terminated immediately and the Accounting Director or Deputy CFO shall inform the appropriate Department Head or elected official immediately. The cardholder will be responsible for refunding the full cost of the fraudulent charge(s) to the County.