

PROCUREMENT CARD PURCHASING PROGRAM

USER MANUAL

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1 FORWARD

The Procurement Card is a credit card based program used to purchase low value items and services. Most small purchases that are now processed using blanket purchase orders; check requests; petty cash; hotel and airline reservations; conference and seminar registration; or Purchase Orders are candidates for the Procurement Card Program.

2 PURPOSE

The Procurement Card promotes better service by allowing the cardholder to obtain goods and services quickly and conveniently. It also reduces the amount of paperwork needed to obtain, and make payment on, those goods and services.

3 POLICY

Itasca County Board authorized the Auditor or designee to administer and maintain Itasca County Procurement Card Purchasing Program. All cardholders shall follow the County Purchasing Policy for all purchases made with the County Procurement Card.

3.1 Obtaining a Procurement Card

The Department Head must complete and submit a completed Procurement Card Information Form (PIF-Exhibit A) to the County Auditor for each employee that will be issued a procurement card.

The Auditor will order a new credit card, as indicated in the PIF, and set up training time for the new cardholder on proper Procurement Card protocol. Upon completion of training, the new cardholder must sign the attached Procurement Card User Agreement (Exhibit B).

When the new card arrives, the Auditor will forward the card to the Department Head as indicated in the PIF. The Department Head will review the proper use of the card as well as any specific departmental rules with the cardholder before issuing the card to the employee

Dollar Amounts and Activity Controls

When applying for a card, the Department Head determines the control limits (Strategy) for each cardholder. A current list of strategies is included in Exhibit C. The strategy chosen will place limits on the following activities:

- Dollar limit per transaction
- Dollar limit per month
- Number of transactions per day
- Authorized commodities, goods, and services

3.2 Training

The County Auditor will conduct the new cardholder training and annual refresher training for all employees who have been issued a Procurement Card. All employees who use the Procurement Card must attend the annual refresher training.

3.3 Responsibility of Supervisor and Cardholder

Department Head:

- Ensure that the Cardholder follows the Itasca County Standard Purchasing Policy.
- Ensure that the Procurement Card is not used to make personal purchases.
- Ensure that the Procurement Card requirements contained in this User Manual are met.
- Ensure that the Procurement Card is used exclusively by the Cardholder.
- Review and approve the monthly statement to insure that all transactions and charges are accurate and appropriate.

Cardholder:

- Follow the Itasca County Standard Purchasing policy.
- Ensure that the Procurement Card is not used to make personal purchases.
- Ensure that the Procurement Card requirements contained in this User Manual are met.
- Ensure that the Procurement Card is used exclusively by the Cardholder.
- Review monthly statements to verify that all transactions and charges are accurate and appropriate receipts are maintained.

3.4 Purchases

Use of the Procurement Card for personal purchases is strictly prohibited. The Procurement Card may be used to purchase goods or services that are for the explicit use of the County of Itasca. Certain products or services may be excluded when the card is programmed.

The cardholder may make County business related purchases for any employee who reports to the same department or division. However, the Cardholder must maintain the possession of the card at all times and may not allow others to use the card or account to make any purchases on their behalf.

The Procurement Card is a MasterCard or VISA Card product; any supplier or merchant who accepts MasterCard or VISA Card can accept the Procurement Card. However, certain vendors have been restricted and attempted purchases will be declined. Should this occur, please contact the County Auditor to see if the restriction can be removed.

If a merchant declines your procurement card, your first action should be to call the number on the back of the card. A procurement card representative will be able to tell you why your card was declined and how the problem can be resolved.

Telephone and Internet orders are allowed using the Procurement Cards. However, be cautious of giving out the numbers and keep track of the order to ensure the product ordered is received and properly billed. An itemized receipt must be requested from telephone and Internet orders. If an itemized receipt is unavailable, the cardholder must attach a written statement describing the transaction in detail and submit it with the corresponding cardholder activity report. See Attachment D (Internet Use of Procurement Card) for further information.

Restricted Merchant Category Codes

Certain merchant category codes (MCC's), where legitimate county purchases are unlikely, have been restricted. Restricted MCC's include liquor stores, entertainment facilities, and other establishments. In addition, the purchase of professional services is prohibited on procurement cards, as payments are subject to federal reporting requirements and must flow through the regular accounts payable process.

3.5 Personal Purchases using the Procurement Card

Use of the Procurement Card for personal purchases is strictly prohibited. If the Procurement Card is inadvertently used for a personal purchase, take the following actions immediately:

- Call the Department Head to let them know that a personal use of the card was made;
- Review the monthly statement and code the charge to a miscellaneous expenditure account for your Department;
- Reimburse the County by issuing payment to the Treasury for the amount of purchase.
- Code reimbursement into same account as original charge.

Cardholder privileges will be suspended the second time an inadvertent personal charge occurs.

3.6 Payment of Charges

Reports are distributed via e-mail on a bi-weekly basis to departments for each cardholder with activity during that period. Each cardholder's activity report should be processed as follows:

- Department representatives will distribute reports to individual cardholders

- Each Cardholder verifies all charges, attaches the original receipts/invoices/packing slips, and ensures charges are coded to the correct general ledger account.
- The account code for each transaction is defaulted according to cardholder and vendor. If the default coding is incorrect; cross out the incorrect information and write in the correct coding.
- Supervisors review each transaction and provide an authorized signature confirming charges are legitimate county expenditures. (Supervisors who authorize cardholder activity reports must currently be authorized to approve invoices and payment vouchers).
- If the cardholder utilizes the Procurement Card for training or travel activities, an approved Training/Travel form must accompany the report.

For purchases in which a receipt is not normally given, use a copy of the completed application or order form as the receipt. It should clearly indicate payment was made using the Procurement Card.

If a receipt or invoice is lost, the cardholder is to attach a written description of the transaction in detail (including cost breakdown by item/tax/shipping) and submit it with the corresponding cardholder activity report.

3.7 Disputes & Billing Problems

If you have a problem with a billing, try to reach a resolution with the supplier or merchant that provided the item. Generally, the supplier or merchant will issue a credit and that amount will show on the next statement. If the supplier or merchant will not issue a credit for a billing error, contact the Auditor staff. If the Auditor staff cannot resolve the problem, they will contact the issuer to resolve the problem.

Please keep a record of conversations and correspondence with the supplier or merchant, delivery receipt, packing slip, record of order, and invoice/receipt.

3.8 Lost or Stolen Cards

It is important to report lost or stolen cards to the Auditor as soon as the cards are discovered to be missing to ensure they are deactivated. Itasca County is liable for all charges made on the account. If lost card is not reported in a timely manner, the cardholder may assume the charges made to the account.

If the loss occurs on a weekend, call the lost or stolen cards number at 1-800-932-0036 and call the Auditor Office immediately when the County is in operation. If you do not have this number available, contact another county employee who has a procurement card as this number is printed on the back of each card.

3.9 Cardholder Changes

To make changes to the Cardholder's control limits (Strategy) or remove certain restricted vendors, the responsible supervisor must submit a Procurement Card Information Form (PIF-Exhibit A) indicating the changes requested.

3.10 Termination

Procurement cards must be turned in to the Purchasing Department prior to employee termination. If the card is not retrievable, the responsible department should submit a Procurement Card Information Form (PIF-Exhibit A) indicating the account should be closed.

3.11 Sales Tax

The County is subject to Sales and Use Tax on most items, just as an individual would be. If a vendor inquires on taxability, inform them that Itasca County should be charged Minnesota Sales Tax. Many out-of-state vendors may not collect Minnesota Sales tax; in such cases your department will be charged a Use Tax, which will be remitted directly to the State.

3.12 Loss of Privileges

Failure to comply with the provisions of this User Manual and Itasca County's Standard Purchasing Levels and Requirements may result in revocation of Procurement Card privileges and/or disciplinary action.

3.13 Procurement Card Program Contacts

| | |
|---|----------------|
| Jeffrey T. Walker, County Auditor/Treasurer | (218) 327-2860 |
| Debra Davis, Chief Deputy Auditor | (218) 327-2860 |
| Renata Rogalla, Cost Accountant | (218) 327-7415 |

5 **ATTACHMENT B (Procurement Card User Agreement)**

**COUNTY OF ITASCA
PROCUREMENT CARD USER AGREEMENT**

I agree to the following regarding use of the Procurement Card Purchasing Program:

1. I understand that I am making financial commitments on behalf of the County of Itasca and will strive to obtain the best value for the County.
2. I understand that under no circumstances will I use the Procurement Card to make personal purchases, either for myself or for others.
3. My Supervisor has reviewed the New User Presentation with me and I understand the requirements for Procurement Card use.
4. I will follow the established procedures for use of the Procurement Card. Failure to do so may result in either loss of privileges or other disciplinary actions, including termination of employment.
5. I agree that should I willfully violate the terms of this Agreement, I will reimburse the County of Itasca for all incurred charges and any fees related to the collection of those charges.

My Supervisor has reviewed all of the above items with me on _____(date)

Division and Department

Employee Name (PRINT)

Employee Signature

Supervisor (PRINT)

Supervisor Signature

6 ATTACHMENT C (Internet Use of Procurement Card Policy)

6.1 Forward

The Procurement Card allows County employees to obtain goods and services quickly and conveniently. However, without property security, transactions on the Internet using a Purchasing Card are very risky. Internet use of Procurement Card Policy applies to all Procurement Card holders who conduct transactions over the Internet.

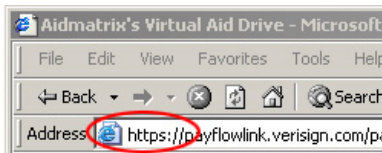
6.2 Purpose

To protect the County when conducting transactions over the Internet using the Itasca County Procurement Card.

6.3 Policy

The Itasca County Board authorizes the Risk and Purchasing Manager designee to administer the Internet use of Procurement Card Policy. All cardholders shall follow the Internet use of Procurement Card Policy for all purchases made with the County Procurement Card.

- 6.3.1 Internet purchases using Procurement Cards will be limited to the established vendors that use socket layer technology. The site must always start with **https://** instead of **http://**.




- 6.3.2 Ensure that there is a **locked** padlock or **unbroken** key on the bottom of your browser, this represents that you are on a secure server before you submit your credit card information.



- 6.3.3 The following criteria must be met before a vendor can be added to the approved list:

- The vendor has a verifiable business website address;
- The vendor provides a user name and password for the County to access;
- Each cardholder receives an account number from the vendor and has his or her own personal password to transact business;
- The vendor has a secure socket layer that provides transaction encryption and full-scale security for detection of virus and hackers.

- 6.3.4 Each employee is responsible for insuring that the secure lock  is in place before transmitting data/information.

Approved: 8/28/07

RESOLUTION
OF THE
COUNTY BOARD OF COMMISSIONERS
ITASCA COUNTY, MINNESOTA

Adopted August 28, 2007

Commissioner Dowling moved the adoption of the following resolution:

Resolution No. 08-07-03 (Page 1 of 1)

RE: PROCUREMENT CREDIT CARD POLICY

WHEREAS, the use of credit cards to make purchases on behalf of the county may result in convenience to the vendor as well as streamline some operations for the County itself; and

WHEREAS, Minnesota Statutes 375.171 provides that a county board may authorize the use of a credit card by any county officer or employee otherwise authorized to make a purchase on behalf of the county; provided that if a county officer or employee makes a purchase by credit card that is not approved by the county board, the county officer is personally liable for the amount of the purchase; and provides further that a purchase by credit card must otherwise comply with all statutes, rules or county policy applicable to county purchases.

NOW, THEREFORE, BE IT RESOLVED, that the Credit Card Policy and Procedure is hereby approved and the County Auditor is authorized to enter into appropriate agreements on behalf of the County and its departments.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the Credit Card Policy and Procedure is intended to provide a means to make purchases and is not intended to confer purchasing authority upon the cardholder; it is the responsibility of the department head and cardholder to ensure that the cardholder has purchase-making authority on behalf of the County.

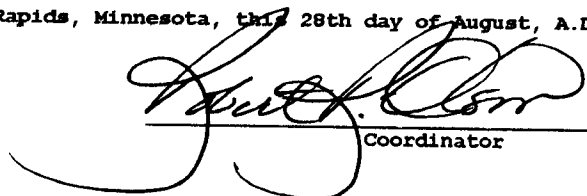
Commissioner Burthwick seconded the motion for the adoption of the resolution and it was declared adopted upon the following vote:

| | | | |
|--------------------|-------------------|--------------------------|--------------------------|
| Yeas <u> 5 </u> | Nays <u> 0 </u> | District #1 <u> Y </u> | District #2 <u> Y </u> |
| Other <u> 0 </u> | | District #3 <u> Y </u> | District #4 <u> Y </u> |
| | | District #5 <u> Y </u> | |

STATE OF MINNESOTA
Office of County Coordinator
ss. County of Itasca

I, ROBERT R. OLSON, Coordinator of County of Itasca, do hereby certify that I have compared the foregoing with the original resolution filed in my office on the 28th day of August A.D. 2007, and that the same is a true and correct copy of the whole thereof.

WITNESS MY HAND AND SEAL OF OFFICE at Grand Rapids, Minnesota, this 28th day of August, A.D. 2007.



Coordinator

By _____ Deputy