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COUNTY DEPARTMENT AGENDA REQUEST

Department/Division: Finance

Department Head: Mary S. Holland

Presenter, if needed: Mary S. Holland

Preferred Meeting Date: Thursday, October 23, 2008

Wording for the Agenda:

Approval of staff's recommendation for approval to expand the revised Purchasing Card Program to all County departments and adopt the final draft of the proposed Purchasing Card Policy.

Background/History/Details:

Over the past year, a number of departments have been participating in a revised purchasing card program for Fayette County. Updates have been made to the draft of the purchasing card policy and is being submitted for final approval. Staff is recommending the purchasing card program be expanded to all county departments.

This program replaces the previous program which ceased after it was determined that additional controls and limitations should be considered for implementation.

What action are you seeking from the Board of Commissioners?

Approval of staff's recommendation to adopt the revised Purchasing Card Policy and to expand the program to include all County Departments.

If this item requires funding, please describe:

Has this issue come before the Commissioners in the past? Yes

If so, when? Wednesday, February 6, 2008

Do you need audio-visual for the presentation? No

Back-up Material Submitted? Yes

STAFF USE ONLY

Approved by Finance? Yes

Reviewed by Legal? Yes

Approved by Purchasing? Yes

Approved by Administrative Staff? Yes

Staff Notes

Administrator's Approval Yes

Confirmed Meeting Date Thursday, October 23, 2008

- ○ Recognition/ Presentation
- ○ Public Hearing
- ◉ Old Business
- ○ New Business
- ○ Consent
- ○ Report
- ○ Other

Fayette County Purchasing Card Program

Purpose

The purpose of this policy is to provide guidelines by which Fayette County employees can participate in a purchasing card program as an efficient and cost effective means to purchase job-related goods and services.

Policy

This policy will apply to all employees participating in the purchasing card program and is intended to provide flexibility to make small dollar purchases as well as travel arrangements and seminar/conference reservations when needed. The purchasing card program is intended to reduce the use of petty cash and small dollar purchase orders. Goods requiring solicitation of bids should be directed to the Purchasing Department.

Procedures

Purchasing cards will be issued to employees only by direction of their Department Head. Elected Officials may request cards for themselves. Each card will have set limits as agreed upon by the Department Head or Elected Official and Chief Financial Officer for the following with a not to exceed amount as indicated. Any exceptions to these limits must be approved by the County Administrator:

- Dollar limit per transaction * – not to exceed $500
- Number of transactions per day – not to exceed ten (10)
- Billing cycle dollar limit – not to exceed $5,000
- Annual credit limit – not to exceed $20,000

* Transactions for seminars and hotel stays covering multiple days may exceed $500.00.

Purchases shall not be split to stay within limits established. Splitting charges will be considered an abuse of the program which in addressed in the Violations section.

The purchasing card can be used for the following transactions only within limits of the department's budget:

- Emergency purchases
- Employee training / seminars & dues
- Medical supplies and pharmaceuticals

- Misc other supplies/services up to a maximum unit cost of $250, such as
    - Building supplies;
    - Cleaning supplies;
    - Parts for
        - Computers / printers repair
        - Vehicle repairs;
    - Safety supplies;
    - Shipping services;
- Office supplies;
- Travel related expenditures.

The purchasing card can NOT be used for:

- Cash advances
- Gifts
- Legal services
- Medical services
- Personal items
- Unbudgeted items

Responsibilities

The ***Department/Division Heads/Elected Officials*** are responsible for determining which employees will be issued a card, coordinating with Finance on establishing spending limits, approving and signing off on each billing statement for their department's purchasing card transactions and ensuring that funds are available in the department's budget. In addition, any suspected abuse should be reported to the CFO or the Assistant CFO/Controller immediately.

The ***Cardholder or Department Designee*** as appointed by the Department Head will be responsible for reconciling purchasing cards billing statements. The completed billing cycle reconciliation must be signed by both the cardholder or department designee and the department head, and submitted to the Finance Department by the scheduled due date. The reconciliation shall contain proper sales receipts equaling the total amount billed as authorization for payment of the statement balance. A proper sales receipt must contain an itemized list of items or services purchased rather than a credit card slip. Lack of such receipt will be considered an abuse of the program and is addressed in the Violations section. Each cardholder is responsible for buying only job-related goods or services, obtaining a detail receipt for each transaction, ensuring sales tax is not charged (exception – meals), completing a transaction log and submitting to Finance no later than the due date, and complying with all county purchasing policies and procedures. Failure to comply with these responsibilities will be considered a violation of the policy and is addressed in the Violations section.

The ***Finance Department Accounting Analysts*** will serve as purchasing card administrators for their assigned departments coordinating the issuance of cards, monitoring the receipt of the billing cycle reconciliations from the departments, verifying the account code assigned within the vendor's system is accurate, recording the accounting, and cancelling cards and maintaining card limits as necessary. Additional responsibilities include coordination with the Assistant CFO/Controller for annual publication of the scheduled due dates for completed transaction logs, timely payment of the balances due. Monthly audits to verify the monthly spending activity relative to the established guidelines, will be conducted on 10% of the number of cards utilized during that period, no less than two cards, (Example, 30 cards had activity during the month of July. Three cards will be selected for audit.) Additionally, the purchasing card administrators will coordinate with the Assistant CFO/Controller in maintaining the program policy and procedures, provide training as needed and handle other tasks as may be required by management.

Training

Training for the reconciliation of the purchasing cards billing statements utilizing the transaction log form will be provided by the Finance accounting analysts.

Violations

Failure to comply with policy will be considered a violation of the program with the following actions and/or employee disciplinary action as appropriate.

1st violation	verbal reminder
2nd violation	written warning and 30 day card suspension
3rd violation	removal from the purchasing card program

B. Update on the purchasing card program presented by Finance Staff. This item was last discussed on Thursday, August 9, 2007. A copy of the request and presentation, identified as "Attachment 12", follow these minutes and are made an official part hereof.

Chief Financial Officer Mary Holland spoke to the Commissioners about the purchasing card program and gave recommendations on further implementation of the purchasing card program. Some discussion followed. Commissioner Horgan motioned to approve the recommendation to expand the purchasing card program and was seconded by Commissioner Frady. The motion passed unanimously.