

 Lake County Policy	<i>INTERNAL USE ONLY</i>
	<i>Procurement Card (P-Card) Policy</i>
	Version: 4.0
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1.0 Purpose

The Procurement Card (P-Card) (Policy provides guidance to Lake County cardholders, approvers, and procurement card administrators, in the P-card distribution, appropriate use and reconciliation of purchases. The procurement card program is designed to enhance purchasing flexibility by reducing the length of time required to make a purchase, pay a vendor, and arrange for travel and training without relying on personal credit cards, travel advances and reimbursements.

This policy will identify how to use the P-Card to make small dollar purchases as well as recurring payments in accordance with the Purchasing Ordinance.

2.0 Scope

This policy applies to all Lake County employees, elected officials and appointees. Cardholder must ensure that all purchases are made in compliance with the Purchasing Ordinance and other guidelines of Lake County.

3.0 Guidelines for Use

The P-Card is not a personal credit card and remains the property of Lake County. Lake County carries the liability for all outstanding charges on the card. The card should only be used for purchases required in the normal course of business. Cardholders cannot use the P-Card for personal purchases with the intent of reimbursing the County. Improper use may require relinquishing the card and may result in disciplinary action up to and including termination and criminal prosecution.

Cardholders may make valid purchases for the department, themselves, or other members of their department, using the pre-approval process determined in their department. Cardholders should not give their card to others to make purchases.

Department Heads or their designee must authorize and approve all charges. If an unauthorized charge is made, it is the Department Head's responsibility to resolve the issue with the cardholder. If necessary, the cardholder must obtain a credit from the merchant or reimburse the County for the purchase immediately. The P-Card Administrator is to be notified and will work with the department and Finance and Administrative Services to process the reimbursement.

All credit card charges must be supported by a receipt or invoice for each transaction. If a receipt or invoice is not available, a Policy Exception Form (see Attachment D) must be attached in the online software as the supporting documentation for the transaction. This form must be signed by the employee and the Department Head or designee. Repeated submission of Exception Forms instead of receipts may require relinquishing the P-Card and may result in disciplinary action up to and including termination and criminal prosecution.

All transactions related to travel must comply with the Lake County Employee Reimbursement Policy and receipts must indicate with specificity the business nature of the charge (e.g., Illinois Government Finance Officers Association Annual Conference hotel).

The P-Card should not be used for individual purchases which have been artificially separated from larger or bulk purchases to fall within spending limits.

Repair and maintenance work that requires notification of Prevailing Wage should not be paid by P-Card.

If required by the Purchasing Ordinance, cardholders must obtain and document price quotes from multiple vendors.

Certain vendors may charge a service fee or credit card handling fee to make payment with a credit card. Surcharges may not exceed 4% of the total purchase price or \$45. Invoices must be paid through Accounts Payable if the fee exceeds either or both parameters. Requests for exceptions must be discussed with the Chief Financial Officer prior to payment.

The P-Card should not be used for any professional services. Professional services invoices may include charges that are 1099 reportable and non-1099 reportable and best handled through Accounts Payable.

A summary of the aggregate use will be provided in the CFO's report as an attachment to the F&A agenda for the County Board's review.

4.0 Policy

4.1 Department Head Responsibilities

Department Heads are responsible for determining the cardholders in their department, setting the appropriate card controls and ensuring appropriate use and approvals.

Requests for P-Cards should be submitted to the P-Card Administrator on the Procurement Card Request Form (see Attachment A).

The signature authorization form is the governing document to verify which employees have been delegated approval authority by a Department Head.

Annually, the Department Head will be required to review and approve each cardholders' spending limits and approvals to ensure accuracy. This list will be generated and distributed by the P-Card Administrator the first quarter of the fiscal year. Credit limits should be set at reasonable levels consistent with past usage and current budgets.

4.2 Cardholder Responsibilities

Cardholders are required to complete an annual economic interest statements as well as acknowledge receipt of the issued P- Card by electronically signing the Receipt of Purchasing Card Form (see Attachment B). By signing the form, cardholders acknowledge and agree to responsible use, including but not limited to the following:

- The P-Card will be used for pre-approved transactions to purchase supplies and services, with available and appropriate funding, which meet all Lake County purchasing requirements and restrictions.

- The County provides an online software tool to reconcile all P-Card purchases, attach receipts and designate business purpose for each expense. Posted transactions should be reconciled within 5 business days using the workflow in the secure online software. This includes attaching an electronic copy of the receipt and other supporting documentation, assigning proper account coding to the transaction, designating the business purpose, and routing the transaction for approval in the online workflow.
- A lost, stolen or compromised card must be reported immediately to the P-Card Administrator, the bank, the Department Head or designee.
- It is the cardholder's responsibility to report any fraudulent activity on the account to the Program Administrator, Department Head and Bank as soon as it is identified and not to exceed thirty days from the posting date. If the cardholder fails to report fraudulent activity within thirty days, they may be required to reimburse the County for the fraudulent charges at the discretion of the County Administrator, Chief Financial Officer or designee.
- The cardholder is responsible for ensuring that sales tax is exempted, unless it falls into a category where exemption is not relevant (hotel tax, meals, individual state taxes. If sales tax was paid, the cardholder is responsible for obtaining a credit from the merchant. If a sales tax credit is not obtained, cardholders may be required to reimburse the County for inappropriate sales tax charges at the discretion of the County Administrator, Chief Financial Officer or designee.
- The cardholder is responsible for ensuring sufficient receipt of materials and supplies and resolving any receiving discrepancies or damaged goods issues.
- The P-Card will be used for business-related purposes only. Personal charges must not be made to the card and will be considered improper use. Improper use may require relinquishing the card and may result in disciplinary action up to and including termination and criminal prosecution.
- The P-Card must be surrendered upon an employee's transfer to another department or upon termination.

4.3 Transaction Approver Responsibilities

The County utilizes an automated workflow for recording all p-card transactions, transaction approvals, accounting, and receipt documentation. Each transaction will require a minimum of two levels of approval before it can be fully approved. Once a transaction is fully approved, it will be pushed from the bank in an electronic data transfer to Lake County's financial system.

As such, departmental hierarchies have been instituted to map out the proper approvals. The department head/designee will be responsible for determining the approvers as well as any proxy or auditor roles. The process is designed with audit compliance in mind, therefore cardholders cannot approve their own transactions. Likewise, an employee acting as a proxy cannot approve anything entered on behalf of a cardholder. Additionally, each approval level has to be a different person to provide a check and balance.

If there is a request to change the hierarchy, the department head/designee must send the request via email to the P-Card Administrator. The required information includes the cardholder's name, the proxy (if applicable), first level approver, second level approver, and third level approver (if applicable).

Transaction approvers are required to log on to the online software as needed to review and approve transactions assigned to them. Verification of the following is required:

First Approver:

- The purchase was authorized and is within a department's budget.
- It is an allowable expense and meets policy guidelines.

- Accurate receipt and supporting documentation are attached to each transaction
- Tax was not charged, unless it falls into a category where exemption is not relevant (hotel tax, meals, individual state taxes). Should the online software identify tax as paid, the approver must confirm accuracy by examining the receipt image.
- The account code or project and grants information is accurate for the expense
- Identify and address any transaction that appears to be unusual or out of scope for the cardholder

Final Approver

- Receipt and supporting documentation is attached to each transaction
- Account code assigned is appropriate for purchase
- The purchase description provides reasonable detail
- Identify and address any transaction that appears to be unusual or out of scope for the cardholder

4.4 Additional System Roles

Proxy: Cardholders may elect to have another employee reconcile the transaction on their behalf in the online software. This includes attaching a receipt/supporting documentation, assigning account codes and sending it through the approval workflow. Any employee in a proxy role must be approved by the Department Head or designee.

Auditor: An employee in this role has view only access to run reports and access cardholder statements. Auditor access shall be limited to what is necessary for the functions of the employee's position to include one of the following: the entire County, a department, a division, or a specific card(s).

4.5 Controls and Spending Limits

4.51 Cardholder

P-Card transactions and credit limits are determined by the Department Head and program administrator and are dependent upon the cardholder's position and responsibilities. Upon Department Head approval and signature on the Procurement Card Request Form, the cardholder is delegated expenditure and purchasing authority. The Department Head and P-Card Administrator will together determine appropriate limits for the criteria below;

- Single transaction limit - Maximum dollar amount in a single transaction
- Monthly credit limit - Maximum dollar amount for all purchases made within a given 30-day billing cycle

Each time a cardholder makes a purchase, the limits are checked. Transactions will be declined should the amount exceed the limit. If the credit limit is inadequate to handle planned purchases, the Department Head or designee must email requesting an increase or change to the P-Card Administrator and then approved by the County Chief Financial Officer. The request must identify the need for an increase and the begin and end dates of such request.

4.52 Departmental Cards

In limited circumstances, departments may request a "departmental card" in the name of their department or division, for infrequent, small dollar purchases on demand. Card issuance is subject to approval by the County Chief Financial Officer. All departmental cards must have an assigned custodian who will be the primary keeper of the card and will be responsible for keeping a log of the names, dates, and purpose for

use of the departmental card. The custodian is responsible for the reconciliation of each transaction and the initiation of the online approval workflow within 5 business days of it posting. The custodian must maintain the Departmental Card Log (see Attachment C) and submit the completed logs to the P-Card Administrator by the 5th of the subsequent month. The P-Card Administrator will crosscheck the log with the transactions to ensure accuracy. Any discrepancies will be thoroughly reviewed with the custodian and, depending on the findings, may be reported to the appropriate Department Head, Chief Financial Officer and County Administrator.

4.6 Requests for New P-Cards or Changes to P-Cards

Requests for new cards must be submitted to the P-Card Administrator using the electronic Procurement Card Request Form (see Attachment A) and signed by the Department Head or designee. Changes to existing cards must be emailed to the P-Card Administrator by the Department Head or approved designee. Limit increases must also be approved by the Chief Financial Officer or designee before they can be instituted.

4.7 P-Card Training

All cardholders, approvers and any employee with access to the online software is required to attend a web-based, self-paced training upon issuance of the card and/or log-in credentials and annually thereafter. The training outlines Lake County's P-Card policy and procedures as well as how to navigate the online software.

4.8 Reconciliation and Audits

Departments must conduct the same due diligence in review and approval of P-Card transactions as for purchases using any other method of payment. P-Card transactions should be reconciled within 5 business days of posting using the secure online software program. This requires the review and allocation of transactions to the correct ledger accounts and electronic copies of receipts and supporting documentation to be attached. Approvals should be completed on a weekly basis.

Finance and Administrative Services will routinely perform internal audits to ensure proper use and record keeping. Improper use may require relinquishing the P-Card and may result in disciplinary action up to and including termination and criminal prosecution.

4.9 Transferred/Terminated Employees

Departments must notify the P-Card Administrator to deactivate a P-Card thirty days or immediately upon notice if less than thirty days when a cardholder leaves the department, whether transferred to another County Department or terminated to ensure that all transaction can be properly accounted for and approved.

4.10 Purchasing Card and Online Software Security

Cardholders are responsible for their own cards and must protect them accordingly. Cardholders should not allow other employees to use their card. A lost, stolen or compromised card must be reported immediately to the P-Card Administrator, the bank, the Department Head or designee. The card will be inactivated immediately and a replacement card will be issued.

Employees are expected to keep their online software log-in credentials confidential. This information should not be shared with anyone. If there is a need for another employee to access an account as a proxy or auditor, this permission must be granted through proper approvals by the department head/designee.

Once approved, the P-Card Administrator will create the employee's log-in and specific roles to gain the appropriate access to account information.

Fraudulent charges may be identified either by the bank or the cardholder. The Program Administrator will work with the bank to obtain the credit, close the account and get a new card issued.

- Fraud identified by the Cardholder: The cardholder is responsible to report fraud to the Program Administrator, Department Head/designee and the bank immediately (detailed process is outlined in section 4.2 Cardholder Responsibilities).
- Fraud suspected by the Bank: the bank will put a hold on the account until the cardholder verifies the charge. Cardholders must respond and coordinate with the bank promptly to avoid any future declinations due to the hold.
 - Fraud Confirmed: the cardholders must notify the Program Administrator and Department Head/designee. The account will be closed and a new card will be issued.
 - Valid Charge: the bank will lift the hold on the account upon the cardholder's validation. The account will remain open and available for use.

5.0 Procurement Card Program Administration

The County Chief Financial Officer shall designate an employee to act as the P-Card Program Administrator to provide support for all aspects of the P-Card program. Please contact the administrator in the Finance Department at 847-377-2929 with any questions.

The P-Card Administrator will verify that all P-Cards are in use by active employees with the Human Resources Department.

The P-Card Administrator will track improper use of credit cards and ensure timely reimbursement to the County. The administrator will report improper use monthly to the Chief Financial Officer and the County Administrator. A Cardholder's repeated improper use may require relinquishing the P-Card and may result in disciplinary action up to and including termination and criminal prosecution.

On a random basis, the Finance Department and/or Internal Audit shall review P-card statements to ensure that all purchases made were appropriate, within established limits, and that the products were delivered to and used by the County.

The P-Card Administrator will provide a monthly report of all Department Head and Elected Official's transaction detail to the County Administrator for review.

Each merchant classifies its services or products with a specific Merchant Category Code (MCC). Those allowable to each card will be established and tracked by the P-Card Administrator. Some business classifications such as travel, food, hotel, are not required for every card or position.

6.0 Related Ordinances, Policies, Procedures and Training

- A. Lake County Purchasing Ordinance
- B. Expense Reimbursement Policy
- C. Annual Procurement Card Training in BOSS

7.0 Attachments

- A. Procurement Card Request Form

- B. Receipt of Purchasing Card Form
- C. Departmental Card Log
- D. Policy Exception Form

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