

**County of Monterey  
Board Policy Manual**

<b>Policy Name</b> Procurement Card	<b>Policy Number</b> A-34	<b>Page</b> 1 of 28
<b>Policy Category</b> Accounting, Financing, and Purchasing		

- I. Purpose**
  - a. See attached.
  
- II. Background**
  - a. See attached.
  
- III. Policy**
  - a. See attached.
  
- IV. Procedure**
  - a. See attached.
  
- V. Review Date**
  - a. This Policy will be reviewed for continuance by May 14, 2029.
  
- VI. Board Action**
  - a. Legistar File Number: 24-338, May 14, 2024.

# County of Monterey Procurement Card Policy

Effective Date: 5/14/2024
Revision Date: 4/14/2024
Audience: Countywide
Supporting Resources: <ul style="list-style-type: none"> <li>A. County Contracts and Purchasing Manual</li> <li>B. County Travel and Business Reimbursement Policy</li> <li>C. Local Preference Policy</li> </ul>

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## **I. General Information**

### **A. Overview**

The County of Monterey (County) Procurement Card (sometimes referred to as “P-Card”) is a charge card designed to enable designated permanent full-time County employees to make authorized small dollar purchases of supplies, materials, and travel costs for County business. The Procurement Card Program (sometimes referred to as, “Program”) streamlines payments by eliminating the administrative burden and costs associated with traditional methods of payment.

The P-Card is NOT intended to replace existing procurement approaches or acquisition methods. For example, existing contracts should be used in place of a P-Card. Therefore, Departments/Divisions must adhere to all procurement laws, regulations, policies, procedures, and best practices. County Departments may establish additional internal policies, procedures, and limitations for cardholders.

The County has elected to participate in the State of California’s CAL-Card Program as the means of implementing its P-Card Program. The State of California has awarded a contract to U.S. Bank (Bank) under the CAL-Card Program. The P-Card can only be used for official County business and must be surrendered upon termination of employment for any reason or upon demand by the County.

### **B. Purpose**

The purpose of this P-Card Policy is to establish policy and guidelines for authorization, distribution, and appropriate use of the Procurement Card for the acquisition of approved goods and pre-approved services by County of Monterey employees. The County of Monterey acknowledges the use of Procurement Cards as an alternative purchasing tool to be utilized in lieu of petty cash, direct vouchers, purchase orders, travel cash advances, emergency purchase orders, or purchase requisitions. This policy is provided to ensure departmental and personal responsibility, and to provide minimum guidelines for the use of P-Cards by County Departments/Divisions and employees. County Departments/ Divisions may have more restrictive guidelines.

### **C. Scope**

This P-Card Policy applies to all individuals involved in Procurement Card transactions through the County of Monterey’s Procurement Card Program.

The terms “Procurement Card” and “P-card” are interchangeable and refer to purchasing cards issued by U.S. Bank to the County of Monterey through an agreement with the State of California.

Any elected officials, administrators, and employees involved in Procurement Card transactions must comply with these policies.

## **D. Definitions**

### ***Procurement Card Program Coordinator***

The County Procurement Card Program Coordinator is the County Administrative Officer or the designee of the County Administrative Officer which is the County Contracts and Purchasing Officer.

Departments wishing to participate in the Procurement Card Program must contact the County Program Coordinator in Contracts & Purchasing (831-755-4990). The Program Coordinator will provide information about the Program to guide Departments/Employees through the sign-up process.

### ***Department Program Coordinator***

The Department Coordinator is designated by the Department Head and oversees the P-card Program at the Department level.

### ***Department Approving Official/s (Approver)***

The Department Approving Official/s (Approver) is/are the person/s responsible for ensuring compliance and accountability with the P-Card Program at the Department level. The Approver is a critical checkpoint for internal control purposes. The Approver reviews monthly bank statements to verify that all purchases are necessary and for official County purposes. The Approver should be the Cardholder's supervisor or a higher-level official.

### ***Department Billing Official***

The Department Billing Official is the Department's finance staff responsible for accounts payable in Departments who perform accounting entries and transactions for P-Card payments to U.S. bank, processing payments, and reconciling outstanding balances.

### ***Auditor-Controller***

The Auditor-Controller's Office processes monthly payments to U.S. Bank, reviews expenditures for compliance and addresses issues of non-compliance.

The Auditor-Controller's Office partners with Contracts & Purchasing in analyzing Procurement Card usage and overall program evaluation.

The Auditor-Controller's Office - Internal Audit Division may perform periodic internal audits and monitoring of P-Card transactions to assess Cardholder and Department compliance with County policies.

### ***Billing Cycle***

The Billing Cycle is the time frame used to cut off transactions for billing purposes and monitoring spending limit compliance. Currently, the County's billing cycle ends on the 22<sup>nd</sup> of each month. The cycle date remains the same each month unless it falls on a holiday or weekend in which case it moves forward to the next business day.

### ***Cardholder***

The Cardholder is the County employee whose name is on the Procurement Card. The Cardholder has delegated procurement authority to use the P-Card for business purchases on behalf of their Department. The Cardholder reconciles their monthly bank statement and forwards to the Department Approver.

### ***Cardholder Statement***

A monthly Statement of Account is distributed to each Cardholder by U.S. Bank, at the end of the billing cycle which lists transactions.

### ***Dispute***

Dispute is a disagreement between the Cardholder and the merchant regarding charges appearing on the Cardholder's Statement of Account.

### ***Fraudulent Charges***

Fraudulent charges are charges which are not initiated, authorized, or otherwise requested by the Cardholder and/or the County of Monterey by any means (electronic, telephonic, or written).

### ***Interest Penalty (Late Fee)***

The penalty assessed if payment is not received by U.S. Bank Card Services by the due date.

### ***Internal Control***

Internal control is a process designed to provide reasonable assurance regarding the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

### ***Merchant/Supplier***

Procurement Card merchant/supplier shall be established, reputable, reliable vendors with appropriate business licenses, certifications, permits, etc., and not those of a questionable status and sources including, but not limited to: eBay (auctions), pawn shops, cardholder's relatives, friends, etc.

### ***Segregation of Duties***

No one person should perform more than one part of a business process.

### ***State of California***

The State of California is an entity which holds the CAL-Card VISA contract with U.S. Bank. The County of Monterey has been accepted as a local government to participate in the CAL-Card VISA contract.

### ***U.S. Bank***

U.S. Bank is the contractor that was awarded the County's Procurement Card Program contract. U.S. Bank will issue cards, maintain all the accounts, distribute monthly Statements of Accounts to Cardholders, and monthly summary invoices (Corporate Account Statement) to Department Billing Officials for payment processing. U.S. Bank pays vendors in a timely manner and receives reimbursement from the County.

## **E. Ethical Use of Public Funds**

Since the Procurement Card purchases represent public funds, Cardholders and their Department Approving Officials must be continually reminded that their purchases represent the County's interest and reputation for ethical and prudent dealings. Each transaction must be one that the Cardholder and Approving Officials could easily explain or justify as a prudent and legal use of public funds, since all transactions are a matter of public records accessible to scrutiny from all members of the public and the media.

All Program participants must use their best judgement when expending public funds with a County Procurement Card. In those instances where a reasonable person might question an expenditure of public funds and use of a Procurement Card to procure a good or service, the Cardholder should refrain from making the purchase and instead consult for guidance from Contracts & Purchasing, or the Auditor Controller's Office as applicable. Contracts & Purchasing or Auditor Controller's Office will consult with the Office of the County Counsel as needed.

All funding received by the County, regardless of the source, must comply with all applicable County, state and federal laws as well as Board-approved policies.

## **F. Procurement Card Issuance**

The Procurement Card is issued by the County Administrative Officer in their capacity as the County Purchasing Agent or the designee of the County Administrative Officer. The card is issued to the Cardholder for use by that person only. Cards cannot be issued as Departmental, Unit or Divisional cards. The Procurement Card is to be used only by the Cardholder while on official County business. No other staff member, family member, supervisor or person may use this card.

Under no circumstances is a Cardholder permitted to use the Procurement Card for

personal purchases, even if the Cardholder intends to subsequently reimburse the County. Cardholders are required to take and pass the mandatory online training administered by the County Administrative Office - Contracts and Purchasing Division prior to the issuance of the Procurement Card for County use.

## **II. General Roles and Responsibilities**

### **A. Department Program Coordinator Responsibilities**

The Department Program Coordinator is appointed by the Departments Head to administer the P-Card Program within their respective department. Contact information of the Department Coordinator must be submitted to the P-Card Administrator.

The responsibilities of the Department Program Coordinators include :

- Successfully complete mandatory “Procurement Card Prerequisite Training” and any mandatory departmental training on procurement card use prior to receiving a Procurement Card.
- Be proficient with the Procurement Card Policy and Procurement Card Procedure Manual and ensure compliance within the department.
- Maintain knowledge of the Procurement Card Program and department internal procedures on the use of Procurement card.
- Develop department procedures including internal control measures to prevent and detect misuse or fraudulent use of the Procurement Card. These procedures cannot be less restrictive than the County Procurement Card Policies and Procedures Manual.
- Immediately report any misuse by the Procurement Card participants to the County Procurement Card Program Administrator.
- Submit Procurement Card forms for new cards, replacements, account changes and card cancellations.
- Notify the Procurement Card Administrator within three (3) working days when an employee leaves the department’s employment so that the card maybe deactivated.
- Be proficient with the U.S. Bank’s Access Online system and utilize the reports available for department Procurement Card use and performance.
- Ensure all Procurement Card participants attend the mandatory training provided by either the P-Card Administrator, Auditor-Controller or the department.
- Ensure program compliance related to internal controls, County procurement policies and records retention requirements.



## **B. Approving Official Responsibilities**

The Approving Official is the individual designated to request cards for staff, approve Cardholder purchase transactions under their supervision, and verify that purchases are made for official County business. The Approving Official should be at a managerial supervisor position or higher and cannot act as an Approver for their own purchases. Approving Officials responsible for reviewing and approving Cardholder transactions must have a thorough knowledge of the jobs and responsibilities of the Cardholder under their supervision in order to determine if the purchases are reasonable and necessary in terms of the types of purchases made.

Approving Officials responsibilities include:

- Successfully complete mandatory “Procurement Card Prerequisite Training” and any mandatory departmental training on procurement card use prior to receiving a Procurement Card.
- Be proficient with the Procurement Card Policy and Procurement Card Procedure Manual.
- Maintain knowledge of the Procurement Card Program and department internal procedures on the use of Procurement card.
- Request P-Cards for employees under his or her supervision by reviewing and approving the appropriate account set-up and update forms as required.
- Notify the Department Program Coordinator when the Cardholder resigns, retires, transfers, or is terminated from employment.
- Ensure P-Cards issued under their authority are properly utilized.
- Immediately report any misuse by the Procurement Card participants to the County Procurement Card Program Administrator.
- Ensure the reconciled statements, associated receipts, credit slips, and all appropriate documentation are received for each Cardholder account.
- Review and certify the reconciled Cardholder Statements of Account for compliance with the Procurement Card Policy and procedures and ensure that receipts and documents are in order.
- Ensure that each Cardholder Statement of Account is accounted for and forward them to the Billing Officials by the departmental due date.

## **C. Cardholder Responsibilities**

All Cardholders are de facto purchasing agents for the County of Monterey. Accordingly, the Cardholders must have a minimum understanding of the public purchasing rules and regulations. Cardholders are appointed by their Approving Officials to make small dollar purchases of goods and service for their department. The Cardholder is responsible for ensuring all purchases comply with all applicable County policies and procedures, including, but not limited to, the County Procurement Card Policy, the County Travel and Business Expense Reimbursement Policy. Cardholder shall not approve his or her own purchases.

Cardholder responsibilities include:

- Successfully complete mandatory “Procurement Card Prerequisite Training” and any mandatory departmental training on procurement card use prior to receiving a Procurement Card.
- Be proficient with the Procurement Card Policy and Procurement Card Procedure Manual.
- Maintain knowledge of the Procurement Card Program and department internal procedures on the use of Procurement card.
- Successfully complete mandatory annual Procurement Card training.
- Sign the Cardholder Acceptance of Procurement Card Policy Form.
- Activate card following procedures provided during the training.
- Maintain security of the account number and credit card, expiration date and security code at all times.
- Know their respective Single Transaction and Monthly Transaction (Cycle Credit) limits.
- Ensure all purchases are allowable purchases according to the County Procurement Card Program, County Travel and Business Expense Reimbursement Policy, other applicable County policies and department internal procedures.
- Obtain best value for the County when making purchases with the Procurement Card.
- Obtain an itemized receipt at the point of purchase and verify for accuracy for all purchases.
- Maintain all documentation required by the County Procurement Card Program and internal procedures.
- Call the Bank Customer Service to report lost or stolen cards immediately and notify the Approving Official.
- Report fraud activity to the Bank immediately and then notify the Approving Official.
- Reconcile all the transactions and organize all necessary documents prior to submitting them to the Approving Official.
- Submit the reconciled statement, purchasing documentation and all associated receipts to the Approving Official within 10 days from the statement date to ensure timely classification to the different General Ledger (GL) accounts.
- If there are any disputed charges on the statement that could not be resolved within the merchant, contact the Bank within 60 calendar days of the transaction date.
- Inform Approving Official of any account profile changes such as changes to last name, business address or phone number, etc.
- Adhere to the Procurement Card Policy and all other County of Monterey policies and procedures.

#### **D. Billing Official Responsibilities**

Billing Officials are accounting staff in the department who performs accounting entries and transactions. The Billing Official is responsible for receiving and auditing the transactions documents submitted by the Cardholders and approved by the Approving Officials, reconciling and reclassifying expenditures to proper General Ledger accounts, and submitting the monthly claim payment request to the Auditor-Controller by processing it in the County's Financial System.

Billing Official responsibilities include:

- Successfully complete mandatory "Procurement Card Prerequisite Training" and any mandatory departmental training on procurement card use prior to receiving a Procurement Card.
- Be proficient with the Procurement Card Policy and Procurement Card Procedure Manual.
- Maintain knowledge of the Procurement Card Program and department internal procedures on the use of Procurement card.
- Successfully complete mandatory annual Procurement Card training.
- Receive, review and verify purchasing documents submitted by the cardholder for program compliance for the department as assigned. Such review shall include, but not limited to, ensuring all required itemized receipts are attached for all transactions, that usage of the Procurement Card is in compliance with the County Procurement Card Policy and any applicable County policies relating to the transactions such as the County Travel and Business Expense Reimbursement Policy, County Purchasing Manual, etc., and the Procurement Card monthly reconciliation reports are properly completed.
- Reconcile Managing Account Statement total with payment request amounts to be posted to appropriate General Ledger accounts and department's internal cost codes.
- Determine whether proper sales tax has been paid and accrue any use tax.
- Process the claim payment request in the County's Financial System and follow through the approvals to ensure the payment request is submitted timely to the Auditor-Controller's Accounts Payable.
- Provide assistance for document request from the Contracts/Purchasing and the Auditor-Controller.
- Maintain records in accordance with the records retention requirements.

### **III. Countywide Program Administration**

The Procurement Card Program is administered and coordinated by the Contracts and Purchasing Division of the County Administrative Office.

Purpose. The County has developed this Procurement Card Policy to establish minimum standards for the use of the Procurement Card in order to ensure compliance with all applicable laws and policies related to procurement.

#### **A. Procurement Card Program Coordinator**

The County Administrative Officer in their capacity as the County's Purchasing Agent or their designee is the Program Coordinator. The County Administrative Office - Contracts & Purchasing Division in its capacity as the designee of the County's Purchasing Agent administers, coordinates and oversees the Procurement Card Program and is responsible for the overall coordination of the Procurement Card Program, including training, program evaluation, and reporting. In addition, the Program Coordinator works with Departments to obtain and issue new Procurement Cards, provide training, s, report fraud, and close P-Card accounts.

#### **B. Auditor-Controller**

The Auditor-Controller's Office is responsible for processing payments for all P-Card transactions and ensuring that Departments have provided complete and accurate documentation to support all transactions.

The Auditor-Controller's Office will conduct periodic audits for Program compliance.

#### **C. Training**

Potential Cardholders must complete the County Procurement Card Program Training prior to being issued a P-Card. Existing Cardholders must complete the County Procurement Card Program Training prior to being issued their renewal card.

Contact Contracts & Purchasing for registration instructions at (831) 755-4990 or via Email: [119-purchasingeveryone@co.monterey.ca.us](mailto:119-purchasingeveryone@co.monterey.ca.us)

Contracts & Purchasing will provide additional training to Departments as needed.

The Auditor-Controller's Office will provide Procurement Card Claim Processing/Financial training to Department Billing Officials as needed.

### **IV. Use of Procurement Card**

This section establishes the appropriate and inappropriate use of the Procurement Card. Cardholders are subject to and must adhere to all County Procurement policies and procedures as outlined within State and Federal Purchasing Codes, the Monterey County Code, Board approved policies, and the Board approved Contracts and Purchasing Manual. All purchases made with a Procurement Card must be for "Official County

Business Only”. Internal Department policies governing use of the P-Card can be more, but not less restrictive than this Procurement Card Policy.

Use of the Procurement Card for anything other than “official” County business is prohibited and may result in immediate cancellation of Procurement Card privileges. Use of the Procurement Card for personal purchases is prohibited.

#### **A. Purchasing Commodities**

In all cases, the Cardholder will require the supplier to itemize the receipt/invoice for each item purchased. Itemization shall include a description of commodities purchased, quantity purchased, price per item, and the total amount, including sales tax and shipping charges, if applicable:

#### **B. US Bank Restricted Merchant Category Codes**

Every County issued Purchasing Card is blocked to prohibit the Cardholder from making purchases from certain types of vendors. Required restrictions and exclusions are outlined below.

The State Purchasing Card Program and U.S. Bank has identified high-risk and cash-related Merchant Category Codes which are excluded from the CAL-Card program and restricted by U.S. Bank for all CAL-Cards.

These restrictions are the following:

- (1) Wire Transfer – Money Orders
- (2) Financial Institutions Manual & Automatic Cash Advances
- (3) Convenience Checks
- (4) Non-Financial Institutions – Foreign Currency, Money Orders, Travelers Checks
- (5) Security Brokers/Dealers
- (6) Saving Bonds
- (7) Timeshares
- (8) Betting, Casino Gaming Chips, Off Track Betting
- (9) Fines
- (10) Bail and Bond Payments
- (11) Money Transfer – Member Financial Institutions
- (12) Value Purchase – Member Financial Institutions
- (13) Money Spend Intercountry
- (14) MasterCard Money Spend Intercountry
- (15) Money Send Funding TXN
- (16) POI Funding TXN
- (17) Government – Owned Lotteries
- (18) Government – Licensed Casinos (Online Gambling)
- (19) Government – Licensed Horse/Dog Racing
- (20) State Lot
- (21) Furriers and Fur Shops

- (22) Antique Shops
- (23) Pawn Shops
- (24) Antique Reproductions
- (25) Jewelry Stores
- (26) Remote Stored Value Load – Member Financial Institution
- (27) Remote Stored Value Load – Merchant
- (28) PYMT SVC Prov – Money Transfer for a Purchase
- (29) PYMT SVC Prov – Member Financial Institution – PYMT Tran
- (30) PYMT SVC Prov – Merchant – PYMT Tran

### C. County Restricted Purchases

The Cardholder shall *not* purchase items listed as restricted without prior written authorization from Contracts & Purchasing or the Auditor Controller’s Office as applicable. Contracts & Purchasing or Auditor Controller’s Office will consult with the Office of the County Counsel as needed.

1. Personal purchases of any kind are restricted. Personal purchases are defined as purchases of goods and services intended for non-work-related use or use other than for official County business, such as items for personal use for employees or for staff break rooms, offices, or individual work areas.
2. Appliances and supplies for breakrooms or kitchen unless approved by the County Facilities Division of Public Works, Facilities and Parks Department. Prohibited appliance purchases include the following, but are not limited to:
  - Refrigerators with icemakers or water dispensing capabilities.
  - Coffee makers with cappuccino or espresso making capabilities.
  - Leisure items, such as massage equipment, exercise equipment, lounge furniture.
3. Donations of any kind or a political contribution.
4. Alcoholic beverages.
5. Tobacco, cannabis, and smoking supplies, including vaping products.
6. Firearms.
7. Chemicals, hazardous materials/removal of hazardous materials.
8. Cash Advances and cash.
9. Entertainment and Amusement, including in-room movies, movies, or games.
10. Parking citations and toll violations (some exceptions may apply for unique circumstances)
11. Fuel purchases for personal and County vehicles.
12. Purchases from blocked vendors.
13. Utilities.
14. Professional and personal services.
  - a. All Services and work on County property by outside contractors due to 1099 reporting and insurance requirements

15. Goods available on an existing countywide agreement without preapproval.
16. Fixed Asset purchases.
17. Lease payments for any of equipment, building, land.
18. Rental fees for equipment more than 30 days.
19. Payment of existing invoices of after the fact purchases.
20. Recurring purchases that should be obtained through a purchase order.
21. Gifts of public funds of any kind.
22. Food purchases that are not covered/allowed under the Travel and Business Expense Reimbursement Policy
23. Unallowable expenditures per grant requirements, if federal or state grants are being used as a funding source.

#### **D. Restricted Purchases Requiring Pre-Approval and Additional Support**

##### **1. Food, Refreshments and Meal Purchases**

Food, refreshments, catered meal and peripheral supply purchases must be purchased in compliance with the Board-approved County Travel and Business Expense Reimbursement Policy and with the following restrictions:

- The meeting must be held for official County business purpose.
- The business purpose of the meeting must be clearly explained in the documentation submitted for pre-approval.
- The meeting must be over an extended period where it must be clear that the working meal is integral to the business function.
- The expenses benefit the County and are reasonable and appropriate to the purpose and nature of the business being conducted.
- The documentation listed must be submitted with the credit card statement:
  1. A meeting agenda.
  2. A list of attendees.
  3. An itemized statement/invoice from the vendor which includes the type of food, quantity, date and price.

##### **2. Gift cards, stored valued cards, calling cards, pre-paid cards or similar products.**

Gift cards are only to be used for specific purposes such as grant-funded programs in some County Departments for clients when other procurement methods are not effective to meet program objectives. Departments which have been pre-approved and authorized by Auditor-Controller to purchase gift cards for clients which are purchased with grant funding intended to serve those clients must have internal control documentation on file with the Auditor-Controller's Office.

##### **3. Travel and Training**

Eligible charges for authorized travel and training may be paid by Procurement Card. All travel related charges must be in compliance with the County Travel and

Business Expense Reimbursement Policy. Any exceptions to what the Board approved County Travel and Business Expense Policy allows must be pre-approved by the Auditor-Controller's Office and an explanation/justification must be provided at the time of monthly statement submittal.

#### **E. Permitted Purchases**

Authorized purchases include the reasonable and necessary procurement of non-restricted or non-prohibited purchases.

Use of the County P-Card must be in compliance with:

- The Board approved County Administrative Office – Contracts & Purchasing Division Procurement policies.
- The Board approved Auditor-Controller's Travel and Business Expense Reimbursement Policy The P-Card can be used to purchase supplies, materials, equipment, limited services and travel related services unless otherwise prohibited or restricted. All purchases must be within the P-Card Cardholder's spending limits.

#### ***Examples of Permissible Purchases:***

1. Goods/products and consumables for County operations that are not covered by a Countywide Service Agreement.
2. Books, periodicals, magazines, and subscriptions in paper, online and electronic format with publishers, distributors, and vendors/suppliers.
3. Postage.
4. Registration for conferences.
5. Membership fees paid to belong to an organization in which membership by County of Monterey (or a representative of the County) benefits the County.
6. Travel expenses authorized by and in accordance with the Board approved County Travel and Business Expense Reimbursement Policy:
  - Airfare.
  - Hotel.
  - Parking.
  - Bridge tolls.
  - Vehicle rentals.
  - Fuel for rented vehicles.
  - Ground transportation such as train, taxi and uber services.

#### **F. Declared Emergencies and Natural Disasters**

The County Purchasing Agent or their designee has the authority to raise the Single and Monthly Transaction Limit to an amount deemed necessary to mitigate any declared emergencies, or natural disasters. In the event of a declared emergency or natural disaster, the County Purchasing Agent or their designee is authorized to grant



authority to forego standard procurement requirements for needs arising from unforeseen causes.

In the event of declared emergencies and natural disasters, County P-Card Cardholders may be required to perform transactions using their P-Cards. During a County Declared Emergency, the County Purchasing Agent (the P-Card Coordinator), or their designee, may approve the use of the P-Card for emergency purchases during the exigent period (first 72 hours) of the Declaration.

For information regarding assistance with disaster recovery costs from the Federal Emergency Management Agency (FEMA), please refer to FEMA Public Assistance information at FEMA's public assistance website.

#### **G. Federal Grant Related Purchases**

Use of the P-Card for federally funded expenditures must comply with applicable federal regulations. Departments must follow the procurement rules defined in the Uniform Guidance for all federal grant-funded purchases.

*Please refer to Title 2 of the Code of Federal Regulations (2 CFR) Section §200.320 to review Federal guidelines.*

*Purchases made with federal funds must conform to the procurement standards identified in §§ 200.317 through 200.327.*

#### **H. Exceptions**

Any purchases that do not follow these Procurement Card Policy guidelines must be pre-approved and granted an exception in writing by Contracts & Purchasing or the Auditor-Controller's Office as applicable. Historical practices shall not justify deviation from this Board of Supervisors approved P-Card Policy.

#### **I. Methods of Payment**

Cardholders may use the P-Card to purchase goods in person, by telephone, by Fax, by mail or electronically over the internet. The P-Card may be used at any business establishment that accepts VISA credit card as a form of payment. If a supplier does not accept VISA cards and would like to become a VISA authorized merchant, they should contact the CAO-Contracts & Purchasing Division.

### **V. Program Compliance**

#### **A. Internal Controls**

1. Each Department Head is responsible for maintaining a system of internal control for the P-Card Program to ensure the following:
  - a. Account for all P-Card transactions.

- b. Minimize potential for P-card related errors or irregularities.
  - c. Obtain accurate P-card balances for consolidating financial information and monitoring expenditures.
2. Unique controls that do not exist on a standard credit card have been developed for the County's Procurement Card Program. These controls ensure that the P-Card can only be used for specific purchases and do not exceed the specific previously established single purchase limit as authorized by the requesting Department, CAO-Contracts & Purchasing, and the Auditor-Controller's Office.
  3. Before a voucher payment is made to U.S. Bank, the Cardholder must certify all purchases made with the P-Card, with an additional verification performed by the Department Program Coordinator. The Auditor-Controller's Office reviews P-Card Statements, processes timely payments to U.S. Bank, and is authorized to review and audit P-Card statements and charges.
  4. Use of the P-Card is not intended to replace effective procurement planning, nor does it relieve the Cardholder from adherence to all County and Department acquisition and disbursement regulations, policies, and procedures. Please refer to the County Contracts and Purchasing Manual on the CAO-Contracts & Purchasing website.

***Internal Controls must include:***

- A. Appropriate segregation of duties between making purchase transactions (Cardholders), review and approval of transactions for payment (Department Procurement Card Coordinators/Approving Officials) and payment of the monthly billing statement (Department Billing Official). Segregation of duties ensure that each person's work acts as a complementary check against another's. No one person should be responsible for an entire transaction. It is the Department's responsibility to ensure that appropriate segregation exist within their Procurement Card roles.

Inverted reciprocal approvals will be permitted by the County Procurement Card Coordinator and the Auditor-Controller's Office only when there are no other options such as when a Department is so small that it is necessary. Such approvals must be audited regularly.

- B. Appropriate hierarchical review and approval of purchases by someone with supervisory authority over the Cardholder and/or with authority to review purchases as needed.

- C. Appropriate limits on the number of cardholders assigned to a Department Approving Official in order to ensure adequate review of business need and documentation.
- D. Provision for an audit or review of the Procurement Card Program by the Auditor-Controller's Office which may include but not be limited to examining the following:
  1. Adequacy of written policies and procedures;
  2. Appropriateness of P-Card holder spending limits;
  3. Adequacy of reconciliation, payment procedures, and documentation for transactions.

## **B. Cardholder Spending Limits**

Spending limits enable management to provide P-Card holders with the purchasing power to accomplish the needs of the job without exposing the County to unnecessary risk. Spending limits should be based on job responsibilities of the P-Card holder and the need to use a P-Card to accomplish his or her duties. P-Card holder spending limits must be reviewed at least annually to determine that actual usage is consistent with spending limits.

Individual County Departments must establish the maximum Single Transaction Limits and the maximum Thirty (30) Day Purchase amount based on the following types of P-Card holders.

### ***Single Transaction Limit***

Single Transaction Limit is a mandatory spending limit imposed on each Cardholder account.

- Group A – \$ 1 - \$ 2,500
- Group B – \$2,501 - \$10,000
- Group C – \$10,000 - \$20,000
- Group D: Limit is determined as requested by the Department Head based on operational needs with proper justification and approved by the County Program Coordinator.

### ***Thirty (30) Day Transaction Limit***

Thirty Day Purchase Limit (Cycle Credit Limit) is a mandatory spending limit that restricts the amount of purchase a Cardholder can make in one billing cycle. The thirty-day billing cycle runs from the 22<sup>nd</sup> of each month to the 21<sup>st</sup> of the following month.

- Group A – \$1 - \$10,000
- Group B - \$2,501 - \$20,000
- Group C - \$10,000 - \$40,000

- Group D - Limit is determined as requested by Department Head based on operational needs with proper justification and approved by the County Program Coordinator.

### ***Limit Increases***

The County Administrative Officer in their capacity as the County's Purchasing Agent or their designee has the authority to raise the monthly limit to an amount deemed appropriate to improve business practices and/or when an emergency is declared.

A temporary limit increase requires justification, duration of need and an authorization from the P-Card holder's Department Head or their designee and must be submitted to the County Administrative Office - Contracts & Purchasing Division in their capacity as the P-Card Program Coordinator.

### **C. Conflict of Interest**

The Procurement Card must not be used for purchases when the P-Card Cardholder has a personal interest, or knowledge, regarding any vendor which would create a conflict of interest, potential conflict of interest or an appearance of impropriety. An example is buying from a relative or close friend.

### **D. Splitting Purchases**

The splitting of purchases to avoid established single item purchase in excess of the authorized maximum single transaction limit and cumulative dollar limitations is prohibited. Purchases made using the Procurement Card may not be split into smaller amounts to circumvent this Procurement Card Policy and spending limits.

### **E. Payment of California Sales and Use Tax**

Sales Tax is what the State of California collects from residents of California, and Use Tax is what the State collects from non-residents. Cardholders can only purchase taxable goods from a vendor who possesses a valid California Seller's Permit. Possession of a valid permit indicates that the vendor is properly registered with the State of California and is obligated to pay Sales or Use Tax to the State. The County is responsible and liable to pay Use Tax if the out-of-state vendors do not charge sales tax.

The Department Billing Official must ensure to calculate and record the California sales and use tax liability when appropriate if the merchant has not charged the tax on the invoice or receipt.

A completed Sales/Use Tax Log for all out-of-state sales tax not billed by the supplier must be submitted to the Auditor-Controller's Accounts Payable with the Procurement Card claim for payment documentation.

## **F. Timely Credit Card Statement Submission**

To avoid late payment penalties, all participants using procurement cards must meet established payment deadlines. The following are important timelines in a billing cycle.

- 22<sup>nd</sup> of the month – Billing cycle statement is available to the cardholder.
- 1<sup>st</sup> of the month – Cardholder sends monthly documentation to Department approver.
- 4<sup>th</sup> of the month – Approver sends documentation to the Billing Contact.
- 8<sup>th</sup> of the month – Billing contact ensures all claims from Cardholders have been submitted.
- 10<sup>th</sup> of the month – Deadline to submit complete monthly claim to the Auditor-Controller Accounts Payable.

## **G. Budget**

P-Card expenditures are not separately allocated in a Department's Budget Appropriations. It is the P-Card Cardholders' responsibility to verify that P-Card expenditures are allowable within the Department's Budget. P- Card expenditures are shown as payments to the U.S. Bank and not itemized by vendor when viewing expenditure details in the reports.

## **H. Reviews and Internal Audits**

- The Procurement Card Program Coordinator and the Auditor-Controller's Office Disbursements Division will conduct periodic reviews of the Program. In addition, the Auditor-Controller's Office Internal Audit Division may also conduct periodic internal audits of the Program. All processed statements and their supporting documentation will be scanned into the County's Financial System. All Department records including prior year payment documents must be maintained in accordance with the County/Department's Records Retention Policy.

# **VI. Card Account Management**

## **A. Enrollment Requirement**

The department personnel can apply for participation in the County Procurement Card Program by submitting the Procurement Card Setup & Issuance Form to the County Procurement Administrator. This form must be approved by the Department Head or their designee.

All County personnel enrolling to be a Procurement Cardholder must understand and acknowledge the cardholder responsibilities by:

- Reading and understanding this Policy Manual in its entirety; and

- Successfully completing the “Procurement Card Prerequisite Training” prior to the issuance of cards and annually thereafter.

## **B. Updating Account Information**

Changes to a Cardholder’s name, address, agency or division, Approver, or spending limits should be immediately reported to the County Program Coordinator.

Changes should be reported to the Program Coordinator by completing a Procurement Card Setup & Issuance form.

## **C. Requesting a Replacement Card**

There may be instances when it becomes necessary to replace P-Cards. The Cardholder must follow these guidelines.

### **1. Lost or Stolen Cards**

The Cardholder must immediately call U.S. Bank at 1-800-344- 5696 to report a lost or stolen Procurement Card. The Cardholder must also inform the Department Approving Official and the County Program Coordinator.

The Cardholder must telephone U.S. Bank at 1-800-344-5696 to report a lost or stolen Procurement Card. The Cardholder must also submit a memo to the Unit Billing Office Contact when the loss is discovered. The Unit Billing Office Contact will forward the memo documenting the lost credit card to the County’s Program Coordinator.

### **2. Worn or Defective Cards**

In the event a P-Card becomes worn or defective and needs replacement, the P-Card holder will request a replacement card through their Approving Official. The Department Approving Official will contact the County Program Coordinator (C&P) to request a new card. The County Program Coordinator will then order a replacement card. The defective P-Card should be destroyed by the P-Card holder once the replacement P-Card is received.

The P-Card Cardholder must telephone U.S. Bank at 1-800-344-5696 to report a lost or stolen Procurement Card. The Cardholder must also submit a memo to the Unit Billing Office Contact when the loss is discovered. The Unit Billing Office Contact will forward the memo documenting the lost credit card to the County’s P-Card Program Coordinator.

#### D. Security of Procurement Card

1. Credit card fraud can occur without the victim's knowledge, even while the card is stored in a safe place. A stolen account number can often be just as effective for a criminal as a stolen credit card, especially if information such as the expiration date or billing address becomes available to them. While the P-Card holder is entirely responsible for the physical safeguarding of the Procurement Card, the Procurement Card issued by U.S. Bank is constructed using several security protection devices:
  - Procurement card hologram
  - U.S. Bank watermark
  - Tamper-resistant signature panel.
  - Card verification protection in the magnetic stripe
  - Expiration date
2. Unfortunately, embedded in the cards themselves, these design characteristics may not be sufficient to ensure 100% fraud prevention. P-Card holders must handle their Procurement Cards responsibly and monitor their purchases closely to safeguard their P-Card and P-Card number from fraud.
3. P-Card holders must take the following steps to protect and minimize credit card fraud, as follows:
  - Sign the back of the P-Card immediately after it arrives.
  - Carry the P-Card only when holder intends to use it.
  - Do not leave the P-Card unattended at work or in P-Card Cardholder's personal vehicle.
  - When shopping, be sure that the salesperson returns the P-Card every time a purchase is made.
  - Keep the P-Card number concealed when in a check-out line.
  - If a merchant is still using charge slips with separate carbons, secure the carbon copies and submit them to the P-Card Cardholders Department Finance Manager.
  - Never write down the P-Card account number, access code or password on a loose piece of paper.
  - Do not give the P-Card number out over the phone unless the P-Card Cardholder initiates the call.
  - Use the P-Card only at merchants you know and trust. A large number of Procurement Card disputes involves online businesses without adequate internal controls.
  - Do not enter the P-Card number online unless the site is secure.
  - Never sign a blank charge slip.
  - Keep copies of every transaction and review your monthly statement every month. The sooner unauthorized transactions are found, the sooner the transaction can be investigated.

- Store P-Card transaction receipts/invoices in a safe place and compare them with Cardholder's P-Card statement each month.
  - Report billing errors and lost or stolen cards immediately.
4. Unauthorized use of the Procurement Card and/or non-compliance with the P-Card Program requirements will result in the immediate closure of the account and cancellation of the Procurement Card.

#### **E. Cardholder Employment Status Change**

1. When a Cardholder transfers to a different County Department or terminates their employment with the County, the Department Coordinator shall notify the P-Card Program Coordinator within three (3) business days by submitting the P-Card modification.
2. Upon termination of County employment or upon transfer to another County Department business unit, the Department Approving Official will collect the Procurement Card from the Cardholder and deliver it to the Department Program Coordinator with a request to cancel the card.
3. The P-Card Cardholder must notify the Department P-Card Program Coordinator and the Department Approving Official when employment status changes. Upon reassignment of a P-Card Cardholder to another Department, the Department Head in the new Department will determine whether the P-Card Cardholder will continue to hold the P-Card. If approved, the Approving Official in the new Department will submit a written request, approved by the Department Head or their designee, to the County Program Coordinator to issue a new P-Card.

#### **F. Procurement Card Violations and Correction Procedures**

1. Any misuse of the Procurement Card as outlined in this Procurement Card Policy, or failure to follow the established protocol, including tardy submission of documentation of purchases is considered a violation of this Policy.
2. Procurement Card Violations include, but are not limited to:
  - Missing Statements.
  - Missing receipts and/or supporting documentation.
  - Non-itemized receipts.
  - Personal purchases.
  - Missing signatures.
  - Incorrect Approving Official without delegation of authority.
  - Split transactions.
  - Making prohibited purchases.
  - Tardy submission of documentation of purchases.



3. A Cardholder who incurs violations, will have their Procurement Card temporarily deactivated until retraining takes place. A recurring pattern of violations after retraining will result in the Procurement Card being revoked permanently. Departments are encouraged to develop internal policies and protocols to ensure violations do not occur.

## G. Procurement Reporting Fraud and Disputing Charges

### 1. Fraudulent Charges

U.S. Bank Fraud Prevention contacts a Cardholder when they observe transactions that appear to be fraudulent. The Cardholder must carefully follow the instructions given by the U.S. Bank Fraud Prevention Team and inform his/her Approving Official, County Program Administrator, and the Auditor-Controller.

### 2. Disputed or Improperly Charged Items

The P-Card Cardholder must compare their monthly statement to their supporting sales documentation (receipts or the customer copy of sales drafts) for each transaction on the statement. All efforts must be made by the P-Card holder to obtain a copy of their receipts.

Any differences must first be resolved by the P-Card holder by completing a P-Card holder Statement of Questioned Item (CSQI) Form. The CSQI form must be submitted to U.S. Bank within 60 days of the Procurement Card Cardholder's statement in which the charge in question originally appeared.

To return a disputed charge or improperly charged item, the Procurement Card Cardholder will also prepare a CSQI form and submit it with all supporting documentation (copies of sales drafts, credit slips, etc.) to U.S. Bank. The P-Card Cardholder must sign this form.

P-Card Cardholders can also dispute charges or improperly charged items through U.S. Banks' Access Online.

The CSQI form lists the most common dispute reasons. It should be used to make sure a valid dispute exists. The following items cannot be disputed:

- Sales tax or shipping/handling charges or
- Items returned for credit between billing cycles (these items must be paid for on the monthly statement, as the credit will appear on a subsequent monthly statement).

### 3. Reimbursing personal expenses and prohibited purchases

All P-Card purchases are subject to review and audit. The Auditor-Controller, Department Management and/or the Department's Approver may determine a P-Card purchase does not meet the established purchase criteria or

Department requirements. In the event that the card is inadvertently used for personal or prohibited purchases, the Cardholder must reimburse the County as soon as possible, but no longer than 30 days after the violation has been discovered and reimbursement is requested.

#### 4. Returning Items

When it is necessary to return purchases, the P-Card Cardholder will request a return authorization from the vendor. Items should be returned directly to the vendor by whichever means the vendor requires. The P-Card Cardholder must retain supporting documentation on file.

For any returned item(s), the P-Card Cardholder is responsible for confirming that the proper credit is posted in the monthly statement of account.

### Contact Information

#### **U.S. Bank**

U.S. Bank Cardmember Services

Phone: 1-800-344-5696

Email: [Accessonlinesupport@usbank.com](mailto:Accessonlinesupport@usbank.com)

#### **Fraud Available 24/7**

Reporting: 1-800-523-9078

Existing/Status: 1-800-815-1405

#### **County of Monterey Procurement Card Program Administrators Contracts & Purchasing**

Phone: (831) 755-4990

Email: [119-purchasingeveryone@co.monterey.ca.us](mailto:119-purchasingeveryone@co.monterey.ca.us)

#### **Procurement Card Payments**

##### **Auditor-Controller – Accounts Payable**

Email: [1110-AccountsPayable@co.monterey.ca.us](mailto:1110-AccountsPayable@co.monterey.ca.us)

### Other Applicable Board Approved County Policies and Procedures

- County Contracts and Purchasing Manual
- County Travel and Business Reimbursement Policy
- Local Preference Policy

### Resources

1. County of Monterey Contracts/Purchasing's Website  
<https://www.co.monterey.ca.us/government/departments-a-h/administrative-office/contracts-purchasing/procurement-related-policies>

2. County of Monterey Auditor-Controller's Website  
<https://www.co.monterey.ca.us/government/departments-a-h/auditor-controller/policies-and-procedures>
3. U.S. Bank Access Online <https://www.access.usbank.com/>

**Document Revision History**

<b>Date</b>	<b>Editor</b>	<b>Revisions</b>
4/14/24	D. Wilson	<ul style="list-style-type: none"> <li>• Incorporate CC and ACO edits and reformat Policy</li> </ul>
5/14/24	D. Wilson	<ul style="list-style-type: none"> <li>• Updated Policy with Effective Date as 5/14/24, the date approved by the BOS</li> </ul>

