COON CREEK WATERSHED DISTRICT
Request for Board Action

MEETING DATE: December 10, 2012
AGENDA NUMBER: 8
ITEM: Credit Card Policy

POLICY IMPACT: Discussion
FISCAL IMPACT: Budgeted

REQUEST
1. Adopt policy

BACKGROUND
At the November 13, 2012 meeting the Board reviewed a draft policy on the use of credit/procurement cards for District business.

At the February 13, 2012 meeting the Board directed staff to work with Anoka County in obtaining a procurement card to facilitate purchase of goods and services. The procurement card was obtained in May, 2012, but has not been activated.

An issue identified in February was adoption of a policy and procedure for use of the card. Attached is a draft policy, modeled after Anoka County to achieve that purpose.

ISSUES/CONCERNS
Per transaction limit
Approvers

User Agreement: A procurement card user agreement has been added. The agreement is identical to the one used by Anoka County

Internet use detail: A section addressing internet use has been added

RECOMMENDATION
Adopt policy
POLICY
Coon Creek Watershed District Board authorizes the District Administrator or designee to administer and maintain Coon Creek Watershed District Procurement Card Purchasing Program. All cardholders shall follow the Coon Creek Watershed District Purchasing Policy (Policy 2.3) for all purchases made with the District Procurement Card.

DEFINITIONS

SOURCE
Board of Managers action February 13, 2012

GENERAL INFORMATION & BACKGROUND
The Procurement Card is a credit card based program used to purchase low value items and services. Most small purchases that are now processed by purchase orders; check requests; hotel and airline reservations; conference and seminar registrations are candidates for the Procurement Card Program.

INTENT
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.
PROCEDURES
A. Responsibility of Approver and Cardholder

a. Approver:
   i. Ensure that the Cardholder follows the Coon Creek Watershed District
      Purchasing policy (Policy 2.3).
   ii. Ensure that the Procurement Card is not used to make personal
        purchases.
   iii. Ensure that the Procurement Card requirements contained in the User
        Manual are met.
   iv. Ensure that the Procurement Card is used exclusively by the
        Cardholder.
   v. Review and approve the monthly statement to insure that all
        transactions and charges are accurate and appropriate.

b. Cardholder:
   a. Purchasing policy. Follow the Coon Creek Watershed District Policy
   b. Ensure that the Procurement Card is not used to make personal
      purchases.
   c. Ensure that the Procurement Card requirements contained in this User
      Manual are met.
   d. Ensure that the Procurement Card is used exclusively by the
      Cardholder.
   e. Review monthly statements to verify that all transactions and charges
      are accurate and appropriate receipts are maintained.

B. 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 Coon Creek Watershed District. Certain products or services
may be excluded when the card is programmed.

The cardholder may make District business-related purchases for any employee of
Coon Creek Watershed District. 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 Visa product; any supplier or merchant who accepts
Visa can accept the Procurement Card. However, certain vendors may have been
restricted and attempted purchases will be declined. Should this occur, please
contact District Administrator 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.

**Restrictions on the Amount Charged**

The holder of the card is restricted to $1,500 per transaction and $25,000 per month.

**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 District Administrator 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 District by issuing payment to the Coon Creek Watershed District for the amount of purchase.
- Code reimbursement into same account as original charge.

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

**C. Payment of Charges**

Reports are distributed monthly for each cardholder with activity during that period. Each cardholder’s activity report should be processed as follows:

- District Administrator 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.
- Approvers review each transaction and provide an authorized signature confirming charges are legitimate county expenditures.
• Cardholders should not authorize their own activity. Each employee, including Division Manager and Department Heads should have their immediate supervisor approve their charges.

• Administrative Assistant Card User should have District Administrator sign and approve their card activity report and invoices.

• District Administrator should have Board Member or Administrative Assistant sign and approve their card activity report and invoices.

• 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.

D. 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 District Administrator.

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

E. Lost or Stolen Cards
It is important to report lost or stolen cards to the District Administrator as soon as the cards are discovered to be missing to ensure they are deactivated. Coon Creek Watershed District is liable for all charges made on the account. If a 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 1-800-344-5696. If you do not have this number available, contact another Coon Creek Watershed District employee who has a procurement card as this number is printed on the back of each card.

The cardholder and designated approver must complete an Occurrence Report Form to report lost or stolen cards within 24 hours of discovery when Coon Creek Watershed District is in operation.
F. Cardholder Changes
To make changes to the Cardholder’s control limits or remove certain restricted vendors, the District Administrator with the approval of the President and Treasurer must contact the procurement card company indicating the changes requested.

G. Termination
Procurement cards must be turned in to the District Administrator prior to employee termination. If the card is not retrievable, the District Administrator will contact the procurement card company and indicate that the account should be closed.

H. Sales Tax
Coon Creek Watershed District 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 Coon Creek Watershed District 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 by Anoka County.

I. Loss of Privileges
Failure to comply with the provisions of this Procurement Card Policy may result in revocation of Procurement Card privileges and/or disciplinary action.

J. Internet Use of Procurement Card Policy
Forward
The Procurement Card allows Coon Creek Watershed District 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.

Purpose
To protect the Coon Creek Watershed District when conducting transactions over the Internet, using the Coon Creek Watershed District Procurement Card Policy.

All cardholders shall follow the Internet use of Procurement Card Policy for all purchases made with the Coon Creek Watershed District Procurement Card.

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://
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.

The following security measures should be in place before a transaction is completed on the Internet:

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

Each employee is responsible for insuring that the secure lock [VeriSign SSL Certificate] is in place before transmitting data/information.

**AUTHORIZATION**

**Reviews:** Draft 11/13/12

**Adopted:**

**Amended:**
Attachment A

Coon Creek Watershed District
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 Coon Creek Watershed District and will strive to obtain the best value for the District.

2. I understand that under no circumstances will I use the Procurement Card to make personal purchases, either for myself or for others.

3. I have been given a copy of the Procurement Card User Manual, which I have read and 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 Coon Creek Watershed District for all incurred charges and any fees related to the collection of those charges.

Employee Name (Print) ________________________________ Phone ________________________________

__________________________________________________

Employee Signature