The background of the page features a large, faint watermark of the Seal of the State of Illinois. The seal is circular with a scalloped outer edge. Inside the seal, there is a central emblem with a diamond shape and a banner. Text within the seal includes "OFFICE OF THE AUDITOR", "STATE OF ILLINOIS", "JAN. 16 1836", and "ORGANIZED".

**OFFICE OF THE KANE COUNTY AUDITOR**

*Penny Wegman, Kane County Auditor*

**Kane County  
Procurement Card Review**

**June 2022 – November 2022**

April 10, 2023

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## OFFICE OF THE KANE COUNTY AUDITOR

*Penny Wegman, Kane County Auditor*

### Background

Kane County recognizes procurement cards are essential for facilitating the purchase of certain goods and services, especially those that may only be procured online, or those required during travel. The Auditor's Office is responsible for auditing the internal controls covering the Procurement Card Program.

The Auditor's Office performs an audit of all procurement cards (p-cards) used for the County and their respective transactions. The Auditor will provide continuous and transparent information regarding p-card transactions to the County Board and the citizens of Kane County. One of the ways to achieve this is by providing a semi-annual Procurement Card Review. An informational report for p-card transactions that occur from December through May will be published mid-year and a second report for p-card transactions from June through November will be published end-of-year (beginning of the new calendar year).

### Audit Scope & Methodology

This report will provide information on the p-card transactions during the 6-month period from June 2022 through November 2022 (End-of-Year). Additionally, it will provide information on p-card transactions during the 12-month period from December 2021 through November 2022 (Fiscal Year).

Information was derived from an audit of all p-card purchase documentation/support imported into the County's Enterprise Resource Planning (ERP) software system, derived from the various County departments, or through the credit card provider's online portal.

### Procurement Card User Roles

The **Cardholder** is the County Employee that has been issued a p-card to be used for the responsible purchase of goods and/or services that are necessary for their department. The purchases must follow the current Financial Policies, Procurement Ordinance, and the Procurement Card agreement and Administrative Procedures, see Appendix A.

The departmental **P-Card administrator** is responsible for receiving the billing statements and collecting all p-card purchase documentation/support for all p-cards issued to their department.

The **elected official** or **department head** is accountable for p-card usage in their areas of responsibility. Their approval, as denoted by signing, must be on the monthly billing statement.

The **system administrator** is the Director of Purchasing who provides program maintenance and serves as the interface between the procurement card provider and the department cardholders.

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**End-of-Year 6-month Summary**

June 2022 through November 2022

**Cardholders per Department**

As of November 30, 2022, Kane County had a total of 84 p-cards issued to department employees as follows:

<b>Kane County Cardholders</b>	
<b>Department</b>	<b>Count of Cardholder</b>
Sheriff	25
Circuit Clerk	9
State's Attorney	6
Court Services	6
IT	6
Public Defender	4
Building Management	4
Judiciary	3
Coroner	3
Development	2
County Clerk	2
Purchasing	1
Environ Mgmt	1
Veteran's Commission	1
Animal Control	1
County Board	1
Auditor	1
Health	1
Community Reinvestment	1
Transportation	1
Workforce Development	1
Water Resources	1
Law Library	1
Payroll	1
KaneComm	1
<b>Grand Total</b>	<b>84</b>

**Findings**

- During our review of all p-card cardholders, two cardholders in two separate departments were determined to be terminated and no longer employees at the County while still having a procurement card in an “Open” status.

**Observations**

- During our review, two cardholders from one department were found to have not used their procurement card in over two years.

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Total Procurement Card Purchases by Department

<b>Pcard Transactions from June 2022 - November 2022</b>		
<b>Total Purchases</b>		
<b>Department</b>	<b>Count</b>	<b>Dollar Amount</b>
Sheriff	755	\$ 163,304.13
IT	433	\$ 160,865.01
Court Services	327	\$ 91,131.27
State's Attorney	265	\$ 51,974.00
Building Management	92	\$ 41,028.59
Animal Control	151	\$ 31,588.77
Health	109	\$ 31,482.74
Transportation	227	\$ 31,367.83
Workforce Development	80	\$ 16,001.88
Coroner	99	\$ 12,590.54
Judiciary	61	\$ 11,838.87
County Clerk	51	\$ 9,504.36
KaneComm	61	\$ 6,930.84
Circuit Clerk	40	\$ 5,627.50
Veteran's Commission	15	\$ 5,456.47
Community Reinvestment	38	\$ 5,316.36
Law Library	23	\$ 4,554.42
Purchasing	18	\$ 3,789.23
Development	31	\$ 3,483.29
Environ Mgmt	29	\$ 2,572.33
Public Defender	24	\$ 2,318.02
Water Resources	13	\$ 2,226.77
Auditor	9	\$ 1,663.00
County Board	17	\$ 1,093.43
Payroll	14	\$ 884.63
<b>Grand Total</b>	<b>2,982</b>	<b>\$ 698,594.28</b>

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Top Vendors during the 6-month Summary  
 June 2022 through November 2022

Top 10 Vendors Used		
Rank	Vendor	Number of Transactions
1	AMAZON	930
2	COMCAST	96
3	WALMART	58
4	SOUTHWEST AIRLINES	55
5	PAYPAL	40
6	AMERICAN AIRLINES	40
7	MEIJER	36
8	GODADDY.COM	34
9	ZOOM	33
10	CHICAGO TRIBUNE	29
<b>Total</b>		<b>1,351</b>

Top 10 Vendors Paid		
Rank	Vendor	Total Dollars Spent
1	AMAZON	\$ 175,364.06
2	COMCAST	\$ 19,702.63
3	FS.COM INC*	\$ 18,442.62
4	PAYPAL	\$ 15,219.32
5	HYATT	\$ 13,213.99
6	AMERICAN AIRLINES	\$ 13,203.45
7	SOUTHWEST AIRLINES	\$ 11,176.06
8	PATCH MY PC	\$ 11,025.00
9	INDEED	\$ 9,615.78
10	WALMART	\$ 8,421.58
<b>Total</b>		<b>\$ 295,384.49</b>

The above 10 vendors accounted for 45.31% of total procurement card purchases (Number of Transactions) with *Amazon* accounting for 31.19% of the total purchases (Number of Transactions).

The above 10 vendors accounted for 42.28% of total procurement card purchases (Total Dollars Spent) with *Amazon* accounting for 25.10% of the total purchases (Total Dollars Spent).

\*FS.COM INC is a provider of communication and high-speed network system solutions in the fiber optic networking industry.

- The following 6 vendors were included in both the top 10 vendors *used* and top 10 vendors *paid*: *Amazon, Comcast, Walmart, PayPal, Southwest Airlines, and American Airlines.*

Review Scope

We conducted our review of procurement card transactions from June 2022 through the end of November 2022. To accomplish our objectives, we performed the following:

- Obtained a listing of all procurement cardholders and reviewed transactions for compliance to cardholder agreements
- Examined all cardholder receipts and credit card statements for the 6-month testing period

## OFFICE OF THE KANE COUNTY AUDITOR

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- Verified whether appropriate levels of management review and approval existed and were exercised
- Receipt on file for every purchase, if not, then the missing receipt affidavit was completed
- Verified no tax was charged, and if tax was charged on a purchase, determine if a credit was received

### Overall Findings for 6-month Summary

June 2022 through November 2022

Of the 2,982 procurement card transactions reviewed, the following general issues were identified:

- 20% of the documentation/support for the purchase lacked a description of the County/Business purpose or the County/Business purpose was not obvious
- 3% of the purchases included taxes paid
- 0.17% of the purchase support (invoices, etc.) lacked documentation of a Supervisor's review and approval of the purchase.
- 2% had a missing receipt affidavit submitted in lieu of the receipt

The Auditor's Office will send a communication to the procurement card administrator of departments that have a high percentage rate of procurement card purchases "lacking a business purpose description on the purchase's documentation/support". Elected officials have internal controls of the operations of their offices.

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Fiscal Year 12-month Summary

December 2021 through November 2022 (FY 2022)

Total Procurement Card Purchases by Department

<b>Pcard Transactions from December 2021 - November 2022</b>		
<b>Total Purchases</b>		
<b>Department</b>	<b>Count</b>	<b>Dollar Amount</b>
Sheriff	1,376	\$ 297,714.83
IT	770	\$ 292,062.14
Court Services	508	\$ 144,242.03
State's Attorney	460	\$ 96,273.55
Health	275	\$ 81,745.24
Transportation	409	\$ 59,936.78
Building Management	163	\$ 54,716.33
Workforce Development	165	\$ 50,936.70
Animal Control	246	\$ 47,285.60
Judiciary	109	\$ 31,420.36
Coroner	220	\$ 31,149.12
Circuit Clerk	93	\$ 22,836.13
KaneComm	141	\$ 18,031.73
Development	110	\$ 13,614.33
County Clerk	76	\$ 13,288.64
Veteran's Commission	34	\$ 8,962.84
Law Library	52	\$ 8,434.70
Community Reinvestment	58	\$ 6,660.17
Purchasing	25	\$ 5,608.61
Water Resources	36	\$ 5,387.34
Environ Mgmt	47	\$ 4,378.46
Public Defender	37	\$ 4,077.26
County Board	46	\$ 3,906.31
Auditor	11	\$ 1,925.64
Payroll	14	\$ 884.63
<b>Grand Total</b>	<b>5,481</b>	<b>\$ 1,305,479.47</b>

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Top Vendors during the 12-month Summary  
 December 2021 through November 2022 (FY 2022)

Top 20 Vendors Used		
Rank	Vendor	Number of Transactions
1	AMAZON	1,572
2	COMCAST	188
3	WALMART	125
4	MEIJER	80
5	PAYPAL	73
6	SOUTHWEST AIRLINES	70
7	AMERICAN AIRLINES	68
8	ZOOM	66
9	HOME DEPOT	62
10	GODADDY.COM	60
11	UNITED AIRLINES	55
12	INDEED	45
13	ZORO TOOLS	40
14	MARRIOTT	37
15	CHICAGO TRIBUNE	35
16	UBER	28
17	HOLIDAY INNS	27
18	SAMS CLUB	26
19	DOUBLETREE	23
20	EMBASSY SUITES	22
<b>Total</b>		<b>2,702</b>

The above 20 vendors accounted for 49.30% of total procurement card purchases (Number of Transactions) with *Amazon* accounting for 28.68% of the total purchases (Number of Transactions) in Fiscal Year 2022.

Top 20 Vendors Paid		
Rank	Vendor	Total Dollars Spent
1	AMAZON	\$ 340,277.27
2	COMCAST	\$ 38,150.29
3	PAYPAL	\$ 30,924.98
4	AMERICAN AIRLINES	\$ 19,664.36
5	FS.COM INC*	\$ 18,442.62
6	MARRIOTT	\$ 17,880.54
7	WALMART	\$ 17,308.09
8	INDEED	\$ 16,277.29
9	SOUTHWEST AIRLINES	\$ 15,588.79
10	UNITED AIRLINES	\$ 13,545.12
11	HYATT	\$ 13,213.99
12	ADOBE	\$ 11,459.97
13	GODADDY.COM	\$ 11,298.38
14	PATCH MY PC	\$ 11,025.00
15	SP MODLITE SYSTEMS	\$ 8,797.95
16	TYLERTECH CONNECT	\$ 8,792.00
17	HOLIDAY INNS	\$ 8,596.28
18	VIBRALIGN	\$ 8,420.81
19	SUNBELT	\$ 8,190.00
20	WMT	\$ 8,000.00
<b>Total</b>		<b>\$ 625,853.73</b>

The above 20 vendors accounted for 47.94% of total procurement card purchases (Total Dollars Spent) with *Amazon* accounting for 26.07% of the total purchases (Total Dollars Spent) in Fiscal Year 2022.

\*FS.COM INC is a provider of communication and high-speed network system solutions in the fiber optic networking industry.

- The following 11 vendors were included in both the top 20 vendors *used* and top 20 vendors *paid* in Fiscal Year 2022: *Amazon, Comcast, Walmart, PayPal, Southwest Airlines, American Airlines, GoDaddy.com, United Airlines, Indeed, Marriott, and Holiday Inns.*

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Overall Findings for 12-month Summary

December 2021 through November 2022 (FY 2022)

Of the 5,481 procurement card transactions reviewed, the following general issues were identified:

- 23% of the documentation/support for the purchase lacked a description of the County/Business purpose or the County/Business purpose was not obvious
- 4% of the purchases included taxes paid
- 1% of the purchase support (invoices, etc.) lacked documentation of a Supervisor's review and approval of the purchase
- 2% had a missing receipt affidavit submitted in lieu of the receipt
- 0.22% of purchases or 12 transactions from 5 departments were an accidental charge or exceeded the approved rate of per diem and required reimbursement to Kane County

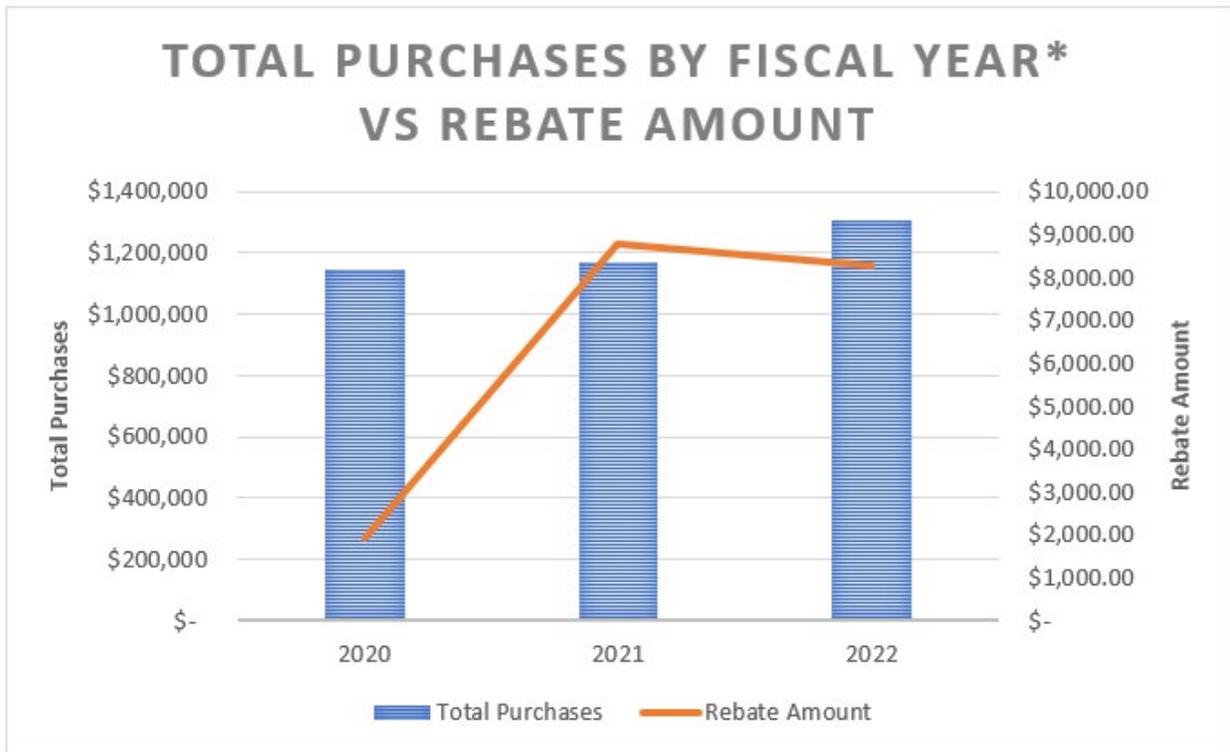
The Auditor's Office will send a communication to the procurement card administrator of departments that have a high percentage rate of procurement card purchases "lacking a business purpose description on the purchase's documentation/support". Elected officials have internal controls of the operations of their offices.

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## Financial Incentive & Rebate Program

The original contract with the p-card vendor includes a financial incentive based upon the net annual spending of the procurement cards. The incentive payout is calculated using the percentages found on the annual rebate chart found within the vendor contract. There is a \$1,000,000 threshold for the standard rebate rate currently received. For the year 2022, the County will receive a rebate in the amount of **\$8,251.76**.

Previously, the County received a rebate for the year 2021 in the amount of \$8,777.37. For the year 2020, the County received a rebate in the amount of \$1,933.68



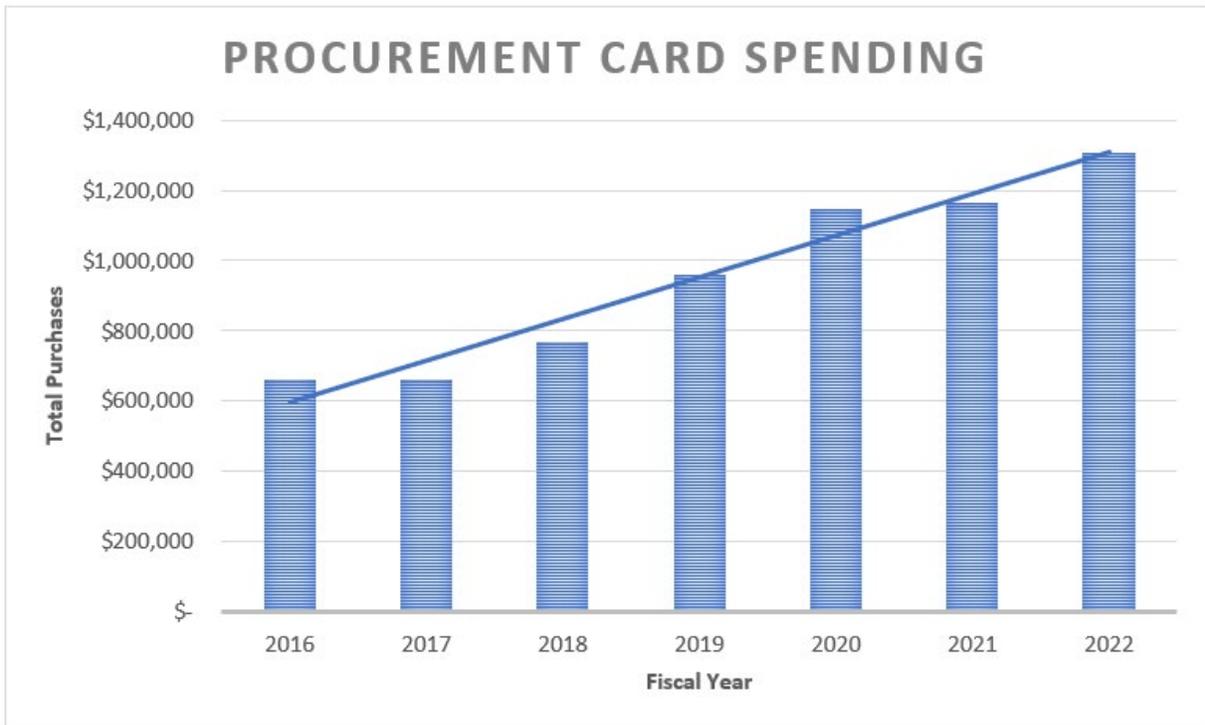
\*Please note: The current procurement card vendor calculates net annual spending based on calendar year while the County calculates annual spending based on the Fiscal year or 12-month accounting period (December-November).

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### Trend - Procurement Card Usage by Fiscal Year

As indicated below, over the past several years, the amount of p-card purchases has increased:

<b>Procurement Card Purchases (Fiscal Year)</b>	
<b>Year</b>	<b>Total Expenditures</b>
2016	\$ 660,840
2017	\$ 663,492
2018	\$ 769,897
2019	\$ 958,198
2020	\$ 1,147,773
2021	\$ 1,166,024
2022	\$ 1,305,479



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### Recommendations & Management Response

#### Procurement Card Provider

Fifth Third Bank has been Kane County's Procurement Card Program provider since 2007. Because this contract has not been re-bid in several years, it is impossible to know whether the current contract along with the financial incentive and rebate program is comparable to other vendor's in the market.

The Auditor's Office recommends a Request for Proposal<sup>1</sup> (RFP) should be completed. Additionally, the Auditor's Office believes putting the contract out to bid more often (every 3 years) will ensure Kane County consistently receives the best available contract terms.

#### Management Response

- The Finance Department agrees that a solicitation should be advertised to the public once an Executive Finance Director has been hired and can be part of the process. The recommended contract term of 3 years with options could be feasible, but dependent on terms and incentives, a longer term could also be reviewed. If the Auditor's Office feels this process is required sooner, Finance will do our best to assist as we can.

#### Procurement Card Agreement & Administrative Procedures

The Auditor's Office recommends the current Procurement Card agreement and Administrative Procedures document, see Appendix A, that were written in 2007 be updated and modified to reflect the current volume of the Kane County procurement card transactions.

#### Management Response

- The Finance Department agrees, there are some discrepancies between the documents and both documents should be updated/revised when staff is available to do so.

#### P-Card Refresher Training

Training is important to ensure cardholders understand their role and responsibility in the County's Procurement Card Program. Currently, the cardholder reviews the Administrative

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<sup>1</sup> Per the Kane County Procurement Ordinance, a RFP is "A formal request to prospective vendors soliciting proposals for professional services contains, or incorporates by reference, the specifications or scope of work and all contractual terms and conditions"

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Procedures and signs the Procurement Card agreement, see Appendix A, when the card is issued. The document is signed and kept on file with the Purchasing department. If no changes are made to the p-card, the previously mentioned documents are not required to be reviewed/signed again.

The Auditor's Office recommends the creation of p-card refresher training that cardholders would be required to take at a minimum of every 3 years. A new form should be signed after completion of the refresher training attesting to the training and agreement to the terms of the Procurement Card Program.

### Management Response

- The Finance Department agrees, a presentation can be created and administered to p-card holders, in collaboration with the Auditor's Office. However, if significant changes are not made in a three year period, additional training may not be required.

### Titles for Procurement Card User Roles

The current Financial Policies indicate two separate user roles of procurement card *system administrator* and a departmental *procurement card administrator*. The current language is confusing; there is one instance in the Financial Policies where the *system administrator* is titled "Procurement card system administrator". Additionally, the language of "Procurement Card Administrator" is used throughout the Procurement Card agreement and Administrative Procedures, see Appendix A, but is referring to the *system administrator*, not departmental.

The Auditor's Office recommends modifying the language in all Procurement Card Program documentation, such as the Financial Policies, Procurement Card agreement, and Administrative Procedures, to reflect the user role of *p-card coordinator* instead of *procurement card administrator*, when referencing the departmental employee. This user would be the department employee responsible for coordinating with the cardholders for purchase support and inputting the Account Payable invoices into the County's ERP software system.

### Management Response

- The Finance Department agrees, this should be revised in the Administrative Procedures manual, when staff is available to do so.

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### Standing Committee & Finance Committee annual review

Per the Financial policies, in relation to p-cards, the number of procurement cards and the transaction limits established for each cardholder will be reviewed and approved annually by the standing committee to which the cardholder's office or department reports, and by the Finance Committee. Furthermore, the number of p-cards issued and the aggregate monthly transaction limits may not be increased above the number of cards and transaction limits approved for each County Department without the approval by the standing committee.

The Auditor's Office recommends this be completed annually per the financial policy. This annual review, in coordination with the *system administrator* and the County office's *elected official or department head*, will mitigate risk and ensure all cardholders in an "Open" status are currently employed and that cardholder's Single Purchase Limit & Monthly Cycle Limits are appropriate.

### Management Response

- The Finance Department agrees. On March 21, 2023 the Finance Department emailed all department heads that have p-card users instructions on submitting the yearly resolution. The Purchasing Director will review the Committee Agendas and follow up with Departments & Offices to ensure the resolutions are submitted and each employee that currently has a P-Card is included. Annually, the Purchasing Director will send out the instructions and lists to Department Heads/Elected Officials.

### Cardholder's Last Activity

Procurement cards are recognized as being essential for facilitating the County offices with the purchase of certain goods and services; however, the number of procurement cards should be limited to employees that require them in order to reduce risk. During the 6-month summary review of cardholders per department, the Auditor's office observed that two cardholders from one department had not used their procurement cards in over two years.

The Auditor's Office recommends that a cardholder's last activity should be reviewed during the above aforementioned annual review. The Auditor's Office suggests the *system administrator* provide the County office's *elected official or department head* a listing of cardholders that have not used their p-cards in over one year. Then, a determination on whether the procurement card is necessary for the employee and whether the account can be "Closed" should be determined and relayed to the *system administrator* for completion with the procurement card vendor.

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### Management Response

- The Finance Department agrees that department heads should evaluate card holders usage each year to decide if a card should be closed for nonuse.

### System Administrator weekly review

Per the Financial policies, the procurement card *system administrator* (Director of Purchasing) shall review procurement card statements weekly to identify any suspicious activity with the cardholder or the p-card merchants and to notify the Auditor's Office if any fraudulent activity is detected.

The Auditor's Office recommends the County reevaluate this policy as it is outdated based on the number of transactions that are completed weekly.

### Management Response

- The Finance Department agrees that suspicious activity should be reviewed, however, departments/offices may be a better judge of what purchases look suspicious as they are familiar with what their department purchases.

### Closing Remarks

The Auditor's Office would like to thank the Finance Department and Purchasing Department for their cooperation and assistance.



Penny Wegman

*Kane County Auditor*

# Appendix A. Procurement Card Agreement & Administrative Procedures

## County of Kane Administrative Procedures

### PROCUREMENT CARD

- I. **PURPOSE:** The purpose of these procedures is to establish the guidelines under which departments and elected offices may purchase small dollar items, and shall control the use of the procurement cards that will be assigned to and utilized by selected employees, on behalf of the County or when authorized per these procedures. These procedures intend to accomplish the following:

To ensure the purchases made with procurement cards are accomplished in accordance with the ordinance and policy established by the County.

- A. To ensure appropriate internal controls are established within each department and elected office using the procurement cards, so they are used for authorized purposes.
- B. To ensure that the County bears no legal liability from inappropriate use of the procurement cards. Liability lies with the individual violating the terms of the County's established ordinance and policy.
- C. To provide a convenient and efficient method for employees who must purchase items for the County by reducing the need for a purchase order and check for payment.

Finally, it is intended the procedures established herein be viewed as minimum standards for the departments and elected offices, who may wish to establish additional controls beyond those suggested by these procedures.

- II. **SCOPE:** These procedures are applicable to the County departments and elected offices who have selected employees to use the procurement cards to purchase goods, or for specific expenditures incurred under conditions approved by these procedures. The decision of when a procurement card is issued, and to whom, will be decided by the department director or elected official.

- III. **APPLICABILITY:** These procedures apply to all employees of the County of Kane and employees of elected officials whom have chosen to adopt these procedures for their office.

- IV. **BACKGROUND:** This procurement card program has a number of unique controls that do not exist with a traditional credit card. These controls ensure the procurement cards are being used only at authorized merchants for specific purposes and within specific dollar limits. Also, certification of all purchases is required by each cardholder, with verification performed by the department and elected office managers before payment is made to the merchant.

- V. **GENERAL INFORMATION:**

- A. **The Procurement Card:** The card will have the employee's name, County's name and tax exempt number and expiration date. The procurement card issuer will not maintain credit records of the individual cardholders.

- B. **Procurement Card Authorization:**

- 1. Procurement cards usually require a merchant to obtain authorization from the card issuer if a purchase exceeds \$50. If for any reason the merchant fails to obtain authorization and subsequently the purchase is refused by the card issuer, the merchant would be liable for the amount of the sale. Almost all merchants now have a small machine called a "Point-of-Sale" terminal that requires sales clerks to run the procurement card through the machine so that information is transmitted electronically to the card issuer for authorization. With a point-of-sale terminal, all transactions must be authorized regardless of the dollar amount.

## Appendix A. Procurement Card Agreement & Administrative Procedures

2. Since the County, not the employee, will pay for the authorized purchases made with the County's procurement cards, additional controls have been added to the procurement cards. When authorization is sought for a purchase by the merchant, the procurement card issuer's authorization system will check each individual cardholder's merchant authorization codes, single purchase limit and spending limit.

### C. Cardholder Spending Limits:

1. The "delegation of authority" that has been provided to each cardholder has set cardholder specific merchant category codes that allow the procurement card to be used only at approved merchants, maximum dollar amount for a single purchase (single purchase limit) and monthly limit (monthly purchase limit) for all purchases made with a procurement card within a given billing cycle (30-day limit). Each time a cardholder makes a purchase with his or her procurement card, the procurement card issuer will check if the cardholder has authority to make a purchase from this particular merchant and if the purchase is within his or her spending limits. If either is not approved then the authorization request will be declined.
2. The cardholder's single and monthly limits and authorized merchant(s) are determined by the department director or elected official.

### D. Card Restrictions:

1. The following list covers purchases for which cardholders are expressly prohibited:
  - a. Cash advances through any means including but not limited to: bank tellers or automated teller machines
  - b. Technology related products (anything that attaches to a computer), unless approved in advanced by the Information Technology Department
  - c. Personal charges, except in emergency situations when required for safety
  - d. Telephone calls or phone cards
  - e. Transactions made abroad
  - f. Alcoholic beverages and tobacco products
2. Department or elected office specific regulations may add further restriction to this list.

### E. Cardholder Responsibility:

1. The procurement card is for County purchases only. It may have a broad range of acceptance at retailers and oil company service stations. Cardholders shall not use the procurement card for personal purchases with the intent of reimbursing the County at a later date.
2. The procurement card that the cardholder receives has his or her name embossed on it and may be used only by the cardholder. No other person is authorized to use the procurement card.
3. The following conditions must be kept when using the procurement card:
  - a. The total of a single purchase to be paid for when using the procurement card may be comprised of multiple items that cannot exceed the authorized single purchase limit. Purchases will be denied if the authorization of the single purchase limit is exceeded. Payments for purchases are not to be split in order to stay within the single purchase limit.
  - b. All items purchased over the counter that are being paid for when using the procurement card must be immediately available. No back-ordering is allowed.

## Appendix A. Procurement Card Agreement & Administrative Procedures

- c. All telephone purchases that will not be confirmed with a purchase order and be paid for when using the procurement card must be charged by the vendor at the time of shipment: confirm that the vendor agrees when placing the order. The order should not be placed without this assurance.
  - d. All items purchased during one telephone transaction that will not be confirmed by a purchase order must be delivered in a single delivery. If an item is not immediately available no back-ordering is allowed. The order should not be placed without this assurance.
  - e. Instruct the vendor to include the following information on the shipping document or packing slip: cardholder's name, department or office, building, street address, city and state and telephone number.
  - f. The County of Kane is tax exempt and sales tax shall not be charged. The cardholder is responsible to get credit for any tax charged.
  - g. Verbal purchases are where an order is placed through a verbal agreement that is made in person or by telephone. No written purchase order or contract is issued by the County. The goods or services are provided by the vendor and payment is made using the procurement card.
  - h. Verbal purchases used to acquire supplies or emergency services must be described in sufficient detail so that the parties to the agreement have a clear understanding of what is being acquired.
  - i. Use the "Procurement Card Transaction Log" (attachment #1) to document verbal procurement card orders. The documentation will be sent to the department and office designee until the billing statement is received and then attached to the cardholder's Statement of Account when it is submitted for approval.
  - j. Notify the procurement card issuer, department or elected office designee and Procurement Card Administrator immediately of a lost or stolen procurement card. See "Lost or Stolen Procurement Cards" section of these procedures for more information.
- F. Documentation:
- 1. Anytime a purchase is made with the procurement card, whether it is done over the counter or by computer, retain a receipt as proof of purchase. The receipt will later be used to verify the purchase shown on the cardholder's Statement of Account.
    - a. The receipt needs to be given to the department or elected office designee so it can be attached to the Statement of Account.
    - b. When making a purchase by phone, the cardholder is to document the transaction on the "Procurement Card Transaction Log" (attachment #1) and attach any shipping documents associated with the order.
    - c. All Transaction Log forms and receipts shall be sent to the department or office designee daily when purchases are made, in case the cardholder is absent when the designee is reconciling the Statement of Account.
  - 2. If the cardholder does not have a receipt for the transaction to send to the designees for the Statement of Account, he or she must attach a notarized affidavit that includes a description of the item, date of purchase, merchant's name and why there is no supporting documentation.

G. Returns:

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1. It is the cardholder's responsibility to return items for replacement or to receive a credit on the purchase and or service. When problems arise with the merchant, the cardholder should submit a "Cardholder Dispute" form (attachment 2) in accordance with the "Disputes" section of these procedures.

### H. Department or Elected Office Designee's Responsibility:

1. Will be responsible for receiving completed attachments with receipts from the cardholders, reviewing them, resolving any discrepancies on the purchases when matching them to the Statement of Account, obtaining department director or elected official's approval for all purchases, and forwarding the completed Statement of Account with all attachments and receipts to the Auditor's Office when due. Should the department or elected office designee not receive all of the attachments and receipts, it will be their responsibility to contact cardholders and have the attachments and receipts furnished at once. All Statement of Accounts should be furnished to the Auditor's Office at the same time and not mixed with any other documents.
2. If a cardholder had no purchase activity on his or her procurement card for a particular billing cycle, no Statement of Account will be generated for that cardholder (unless an adjustment for a previously billed transaction is processed during that payment cycle).

### I. Department Director or Elected Official's Responsibility:

1. Approval of the transactions the cardholders have made using the procurement cards will not be totally defined in these procedures. The department director or elected official, because of their knowledge of the job responsibilities of the cardholders, are required to review each cardholder's purchase(s), and at the merchant who made the sale in order to determine if these items were for County use and if they were items allowed to be purchased in accordance with the instructions provided. The department director or elected official will question any unusual purchase and resolve the purchase with the cardholder. If they cannot be satisfied that the purchase was necessary and for County use, then the cardholder must provide a Credit Voucher proving the item has been returned for a credit, or a personal check for the full amount of that purchase. Resolution for improper use of the procurement card will be the responsibility of the department director or elected official to resolve, and disciplinary action for misuse will also be the department director or elected official's responsibility to process.
2. The department director or elected official will assign someone to approve the Statement of Account in his or her absence to assure it is forwarded to the Auditor's Office when due.
3. The department director or elected official will collect procurement cards from departing employees in accordance with the "Terminating Employee" section of these procedures.

### J. Payment Procedures:

1. Purchases made by employees will be approved by the Auditor's Office once the Statement of Account has fund numbers assigned to each transaction and has been verified by the department director or elected official.
2. The Statement of Account for each cardholder is provided by the procurement cards issuer (via the bank's software system) to the department or elected office designee, which needs to be scheduled to run weekly. The Procurement Card Administrator will provide directions on scheduling the Statement of Accounts to run automatically each week. The Statement of Account will list all of the items purchased in that billing cycle.

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3. The department or elected office designee is required to review the Statement of Account and to note any errors on it. The Transaction Log form and receipt(s) (sales draft) received at the time of purchase shall be attached to the Statement of Account. The designee will assign a fund number to each item and forward the Statement of Account to the department director or elected official for approval.
4. The department director or elected official will sign or electronically approve each Statement of Account approving all purchases made and send it to the Auditor's Office when due.
5. Noncompliance will result in denial of future use in the County's procurement card program.
  - a. Noncompliance will be determined by the Auditor's Office or the Procurement Card Administrator.
  - b. It may include unauthorized use or not providing timely information to the Auditor's Office.

### K. Disputes:

1. If item(s) purchased with the procurement card is found defective or that the repair of service is faulty, the cardholder is responsible for returning item(s) to the vendor for replacement or to receive a credit on the purchase or service. If the vendor refused to replace or correct the faulty item, then the purchase of this item will be considered to be in dispute.
2. The cardholder must complete a "Cardholder Dispute" form (attachment 2) and send it to the procurement card issuer for adjustment, department or elected office designee and to the Procurement Card Administrator.
3. It is essential that the time frames and documentation requirements established by the procurement card issuer be followed to protect the County's rights in a dispute. All questioned items must be communicated to the procurement card issuer within 60 days of the cycle date when the item originally posted. During the investigation, a credit will be issued to the cardholder's account for the amount questioned. Upon completion of the investigation, the cardholder will be notified of the resolution. If the dispute is not settled in the cardholder's favor, the cardholder's card will be charged for the disputed transaction amount. If the credit is not received during the current payment cycle with the procurement card issuer then the department or elected office must pay for the disputed item. Do not deduct the amount from your payment. The credit will be applied in the next payment cycle.

### L. Procurement Card New Requests or Changes:

1. All requests for new cardholders will be done by completing "Request/Change for Procurement Card" form (attachment 3). This form will require the approval of the department director or elected official. Then submit the form to the Procurement Card Administrator in the Purchasing Department who will order the procurement card with the procurement card issuer.
2. When the Procurement Card Administrator receives the procurement card, the cardholder will have to personally obtain the card and sign the County's procurement card agreement form. The Procurement Card Administrator will notify the appropriate department director or elected official and Auditor's Office of the issuance of the procurement card to an employee.
3. All changes for cardholders will be done by submitting "Request/Change for Procurement Card" (attachment 3) to the Procurement Card Administrator in the Purchasing Department who will make the change(s).

### M. Semi-annual Inventory of Procurement Cards: On a semi-annual basis, the Procurement Card Administrator will provide a list of procurement cards issued to employees for each department director and elected

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official. Department directors and elected officials must conduct a physical inventory of procurement cards and provide a report to the Procurement Card Administrator of the results of the inventory.

N. **Lost or Stolen Procurement Cards:** When a card is lost or stolen, it is the responsibility of the cardholder to immediately notify the procurement card issuer, the department or elected office manager and the Procurement Card Administrator in the Purchasing Department within 24 hours after the discovery of the lost or stolen card. The department director or elected official will be required to make a written report to the Procurement Card Administrator within 48 hours, that will include complete information on the loss, the date the loss was discovered, the location where the loss occurred, if known, the purchases that the cardholder made prior to the loss, and any other information that may be pertinent. The telephone number of the procurement card issuer will be provided when the procurement card is issued to the cardholder.

O. **Leaving or Transferring Employee:**

1. Procurement cards are issued to individual employees and assigned to specific departments and elected offices. If an employee leaves the department or elected office, it is the responsibility of the department director or elected official to collect the procurement card and destroy it, and to notify the Procurement Card Administrator so the card can be voided with the procurement card issuer.
2. Should a cardholder be transferred within the County to another department or elected office it will be the new department director or elected official who will determine if the employee should be issued a new procurement card in their new position.
3. In the event the department director or elected official is not able to collect the procurement card when the employee leaves, the department director or elected official shall notify the Procurement Card Administrator immediately by telephone and follow-up with a memo to take action to insure the procurement card is voided. The Procurement Card Administrator will void the procurement card with the procurement card issuer to prevent any purchase after the employee leaves.