

COUNTY OF MONO CREDIT CARD PROGRAM POLICIES AND PROCEDURES



Department of Finance
Rev 1/07

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I. INTRODUCTION

Mono County has initiated the use of a new credit card as a more efficient method of purchasing and traveling. This credit card (called the CAL-Card) will eliminate some requisitions and purchase orders associated with small dollar purchases, will facilitate one payment to a bank on a monthly basis, instead of individual payments to a large number of vendors and will reduce the overall cost of the credit card program.

Mono County will participate in the State of California/U.S. Bank I.M.P.A.C Government Services CAL-Card system. The card bears the Mono County name and has the cardholder's name embossed on it. Authorization to use the card is restricted to the cardholder only and shall not be delegated. The card shall be used for Official Use Only and may never be used for personal purchases.

Use of any other County-supplied credit cards, except gas cards, will be discontinued.

II. GENERAL INFORMATION

The Mono County-Credit Card is a VISA credit card with controls and data reporting that enable the County to streamline the traditional paper and labor-intensive procurement process for small dollar purchases and travel. The Credit Card allows County departments and offices, under strict guidelines, to move easily and rapidly to obtain low dollar value purchases directly, without the necessity of preparing a purchase order for each transaction. In addition, it may be used for approved travel. Frequently, the Credit Card will serve dual purposes for the employee, allowing both purchases and travel on the same card.

III. CONTROLS

The Card can be used only within the limit determined by each department head and the Director of Finance. These limits are established for each cardholder and can be modified by approval of the Director of Finance when necessary to meet the changing purchasing needs of the cardholder and the County. Unless otherwise authorized, the limit will not exceed \$1,500 per card. When a merchant seeks authorization from the bank for a purchase, the system will check the cardholder's credit limit, and, if the established limit is exceeded, the purchase will be denied.

In addition, proof of all purchases is required from each cardholder with additional verification performed by the designated approving official before payment is made to the bank. All Credit Card purchases are subject to the terms and conditions of Mono County's Purchasing and Travel Policies.

The cardholder shall be personally liable to the County for the amount of any non-approved purchases. Payroll deductions may be used to collect funds that are due to the County.

IV. FEES

There are no administrative fees associated with the County Credit Card

V. DEFINITIONS

The following terms are commonly referred to in this document and their definitions are provided for clarification:

I.M.P.A.C.

An acronym standing for International Merchant Purchase Authorization Card

Fixed Asset

The dollar amount for designating goods as a fixed asset in Mono County is \$5,000.

Prohibited

If the goods are "prohibited," the use of the County Credit Card is not authorized and shall not be used to procure such items.

Approving Official

The Approving Official shall be the department head or his/her authorized designee and is a critical checkpoint for internal control purposes. Each Approving Official must complete an Approving Official Account Set-up Information Form. A copy of the form is in Appendix 4. The Director of Finance will forward this form to U.S. Bank I.M.P.A.C Government Services to establish an Approving Official Master File (Approving Official's Account). The Approving Official reviews the monthly bank statements to verify that all assigned cardholder's purchases are necessary and for Official Use Only. The Approving Official must have a working knowledge of various purchasing methods and be familiar with Mono County procurement policies and procedures as well as current travel reimbursement policies. The Approving Official must also have knowledge of the job responsibilities of the designated cardholder and should be the cardholder's supervisor or a higher level official. A subordinate shall not be an Approving Official for their supervisor.

VI. PROCUREMENT PROCESS

The Mono County Credit Card is not intended to replace effective procurement planning, nor does use of the card relieve the cardholder from adherence to all State, County and Department acquisition regulations, policies and procedures. The following conditions must be met when using the Credit Card:

1. The Credit Card should be used whenever possible in lieu of emergency purchase orders or purchase requisitions.
2. Each single purchase may be comprised of multiple items, but the total including freight, shipping, and tax cannot exceed the card credit limit.

3. If a purchase will exceed any limit established by the Department, the normal purchasing procedures must be followed.
4. The least expensive item that meets basic needs must be sought.
5. Cardholders shall ensure that sufficient funds have been budgeted and are available prior to making any purchases. A Supervisor or Approving Official can assist in verifying that funds are available.
6. Purchases shall not be split to circumvent procurement regulations.
7. The card shall not be used for purchases when the cardholder has a personal interest or knowledge, which creates an appearance of a conflict of interest (e.g. buying from a relative).

VII. CARD RESTRICTIONS

The Mono County Credit Card is intended for the purchase of supplies and travel expenses. However, the card is not to be used for services, due to contract requirements and the complexity of IRS 1099 -reporting requirements. In addition, the county Credit Card shall not be used for any of the following:

1. Fixed assets, unless approved in advance by the County Administrative Officer;
2. Cash advances;
3. Personal services and gratuities;
4. Construction, improvements and maintenance of facilities;
5. Telecommunications equipment;
6. Printing jobs done within the County;
7. Road projects;
8. Safety equipment;
9. Purchase of vehicles;
10. Consultants, instructors, and speakers
11. Alcohol
12. Unauthorized merchant type costs.

The County Administrative Officer and the Director of Finance have the right to impose additional prohibitions on the use of Credit Cards. Additional department restrictions may be applied. Questions regarding the appropriate use of a Credit Card should be referred to the Approving Official. All purchases are subject to audit. The Approving Official or the Director of Finance may refuse payment when a purchase does not meet the established purchase criteria. In this event, the cardholder will be responsible for returning the item(s) to the vendor for credit. Neither the Bank nor the merchant bears any responsibility for unauthorized purchases. If a cardholder makes a purchase, the merchant will be paid and the department budget charged unless the cardholder returns the merchandise and the merchant agrees to take it back and issues a credit. Cash refunds are not allowed.

VIII. TELEPHONE/MAIL ORDER

When placing a telephone or mail order, ask for and verify that County discounts have been applied, if applicable. Cardholders should advise their vendors that full billing should not occur until full shipment is made. This may prevent subsequent billing problems and disputes. Of course, if a partial shipment is made, billing for the portion of the shipment may be processed.

If an order is placed through the mail, retain a copy of the order form. Attach the order form and sales receipt (if applicable) to the statement on which the charge appears.

IX. UNAUTHORIZED USE OF COUNTY CREDIT CARD

Employees of the County of Mono hold a public trust. Employees' conduct must meet the highest ethical standards. Disciplinary procedures will be initiated for unauthorized use of a County Credit Card. "Unauthorized use" means use of the Credit Card by any person, including the cardholder, who does not have actual, implied or apparent authority of such use and from which the County receives no benefit. Use of the County Credit Card for personal purchases, cash advances, or loans is a crime (Penal Code Sections 424 and 504). Any employee who engages in the unauthorized use of the county credit card will be subject to disciplinary action, up to and including, termination, and any illegal use of a County card will be referred to the District Attorney.

X. OBTAINING A CREDIT CARD

The Department Head shall forward a written request—with a Cardholder Account Set-up Information Form to the Director of Finance for each employee designated to have a Credit Card. The cardholder's account will be associated with the Approving Official's account. The written request shall include a recommendation for the employee's monthly transaction limit (usually not exceeding \$1,500).

A Billing contact shall be identified for each department. The Billing contact shall be responsible for reconciling all of the department's cardholder statements and documentation with the Auditor's Office. U.S. Bank I.M.P.A.C. Government Services will provide the Approving Official with a monthly summary of the accounts of all cardholder's who are associated with the Approving Official's account.

After approval of the written request, the Director of Finance will forward the Cardholder Account Set-up Information Form to U.S. Bank I.M.P.A.C. Government Services. A copy of the form is in Appendix 5. Any department or agency requesting and utilizing Credit Cards may have internal instructions supplementing these policies, tailored to the individual needs and controls of the department or agency.

XI. CREDIT CARD ACTIVATION OR MODIFICATION

Upon verification and approval by the Director of Finance, U.S. Bank I.M.P.A.C. Government Services will provide the requested Credit Card. The card is mailed to the Auditor's Office for delivery to the cardholder. Upon delivery of the card, the new cardholder shall sign a "Receipt of Credit Card and Agreement Form" (Appendix 1).

The reverse side of the card includes a space for the cardholder to sign. The Director of Finance will write "See photo ID", to prevent unauthorized use. The toll-free number to contact a bankcard customer service representative is on the back of the card.

To modify a Credit Card account to change the credit limit, or the name and address, a written request using the Cardholder Account Update Form (Appendix 2) from the Department Head or Approving Authority shall be submitted to the Director of Finance. The Director of Finance shall forward the form to U.S. Bank I.M.P.A.C. Government Services.

XII. CREDIT CARD CANCELLATION

The Director of Finance has the authority to cancel cards issued to Mono County employees if they misuse their cards in any manner.

XIII. REQUESTS FOR REPLACEMENT CARDS

Cardholders shall apply to the Director of Finance to replace worn out or defective cards.

XIV. LOST OR STOLEN CREDIT CARDS

The cardholder is responsible for the security of the Credit Card. If an employee loses or has his or her Credit Card stolen, the employee shall, within two hours of discovering the loss, 1) Notify I.M.P.A.C. Government Services customer service at 1-800-227-6736 and 2) Contact their Approving Official; 3) The Approving Official will immediately notify the Director of Finance by telephone and follow-up with a written notification within two (2) business days of loss. The notification should include: 1) account number; 2) date, time, and location the card was lost or stolen; and 3) any purchases made on the day the card was lost or stolen. The Director of Finance will contact the bank to obtain a replacement card. U.S. Bank I.M.P.A.C. Government Services will mail replacement cards to the Director of Finance. A new account number will be assigned to the replacement card.

A cardholder may be personally liable if the reporting requirements for a lost or stolen card are not met.

XV. EMPLOYEE DEPARTURES OR TRANSFERS

Credit Cards CAL-Cards are issued to individual employees and are associated with the Approving Official's account. If an employee leaves a department, the Approving Official shall notify the Director of Finance immediately and promptly return the employee's Credit Card with a memorandum of explanation. If a cardholder is transferred to another department within the County, and the new department head determines that the employee is to retain the CAL-Card, the new Approving Official shall forward a completed Cardholder Account Update Form (Appendix 2) to the Director of Finance. The Director of Finance will forward the form to U.S. Bank I.M.P.A.C Government Services and return the card to the cardholder.

XVI. SALES TRANSACTIONS

The cardholder shall require the vendor to itemize and provide a receipt or invoice for each item purchased. A description of commodities purchased, quantity purchased, price per item, and the total amount including sales tax and shipping charges, if applicable, must be included on the itemized receipt. The authorization number, obtained by the merchant, should also be written on the sales receipt. If the receipt or invoice is not itemized, the cardholder shall write in the items and have the sales person sign it.

XVII. STATEMENT PROCEDURES

A. Cardholder Procedures

At the close of each billing cycle, each cardholder will receive an individual bank statement referred to as "Statement of Account"

The statement will show all transactions the cardholder made during the billing cycle. If the cardholder has questions regarding the information on the statement, the cardholder shall contact U.S. Bank I.M.P.A.C. Government Services' 24-hour customer service. If no activity occurred for a cardholder during a particular cycle, no statement will be generated.

Upon receipt of the statement, complete the following steps:

- 1) Review the statement for accuracy.
- 2) Reconcile the bank statement with the itemized receipts.
- 3) If an item is billed incorrectly, provide a complete explanation with the monthly statement.
- 4) Attach all corresponding receipts and invoices listed in the same order as they appear on the bank statement. Individual receipts and invoices smaller than 4 1/2" x 5 1/2" must be taped on an 8 1/2 x 11" sheet of paper to ensure they are not lost in transit. If receipts or invoices are lost, and a duplicate copy cannot be obtained from the vendor, attach a memo of explanation.
- 5) Attach all credit vouchers for returned merchandise.

6) The department's Billing Contact person will prepare an unnumbered journal entry to allocate the charges to the appropriate expenditure account, attach the statement and all documentation, and forward it to the Approving Official within three (3) working days of receipt. The journal entry shall include an explanation of the County business for which each charge was made. If the cardholder is unable to review the statement within the required 3-day period, all paperwork shall be forwarded to the Approving Official for processing.

B. Approving Official Procedures

The Approving Official is responsible for ensuring that all cardholders' Statements of Account are forwarded to her or him in the required time frame. Within three (3) working days of receipt of all cardholders' Statements of Account and supporting documentation, the Approving Official will be responsible for the following:

- 1) Review each cardholder's Statement of Account and supporting documentation,
- 2) Review each cardholder's purchases and determine if the items are allowed in accordance with County policies and procedures. Discuss any questionable purchase with the cardholder. If the cardholder cannot justify that the purchase was necessary and "For Official Use," then the cardholder must return the item and provide a credit voucher substantiating such return. Resolution of improper use of the Credit Card will be the responsibility of each department.
- 3) Be sure there is a written explanation for items where the amount on the journal entry differs from the amount on the statement.
- 4) After reviewing each cardholder's claim for completeness and accuracy, forward the entire package to the Auditor's Office.
- 5) The Approving Official is responsible for any cardholder on leave or travel and shall ensure that their statement is reviewed and all appropriate reports and receipts are attached. If a particular cardholder's statement certifications are delayed due to unusual or unforeseen circumstances, the remaining statements should be delivered to the Director of Finance with an explanation regarding any missing statements.

XVIII. STATEMENT RECEIVED LATE

If statements are received late from the bank, cardholders shall include in their month-end statement package, a written memorandum to the Director of Finance indicating the date statement received and attach the postmarked envelope from the bank with the submittal to the Approving Official.

XIX. LATE FEES

Each department will be charged back for any late fees incurred.

Timely payment to U.S. Bank I.M.P.A.C. Government Services is a condition of participation in the Mono County Credit Card Program. Failure to submit reconciled statements and documentation to the Auditor's Office in a timely manner will result in the loss of Mono County-Credit Card privileges.

XX. DISPUTES

The Cardholder must attempt to resolve problems directly with the vendor. The vendor must issue a credit for billing errors, sales tax, defective supplies or unacceptable services, returned supplies or canceled orders. This credit should appear on the Cardholder's statement within 60 days. Do not permit the vendor to issue cash to settle a disputed amount. Under no circumstances can an employee accept cash.

If the Cardholder is unable to resolve the issue with the vendor, or Cardholder's credit does not appear on the monthly statement within 60 days, the Cardholder (with assistance from the Approving Official) should complete a Cardholder Statement of Questioned Item (CSQI) (Appendix 3) and FAX the statement to (701) 461-3466 to resolve the matter. The Cardholder should keep a copy of the statement and attach the original to the cardholder statement.

When an account is in a dispute status, the disputed amount is still included in calculating the available money for authorizations (monthly limit). However, disputed items are removed from all finance charges, late charges, over-limit fees, past due amounts and calculations. Any Cardholder statements generated while the account is in dispute will display the following message:

**YOUR ACCOUNT IS IN DISPUTE FOR \$xxx.xx. THIS AMOUNT
HAS NOT BEEN INCLUDED IN THE FINANCE CHARGE OR
PAYMENT CALCULATIONS.**

After the item has been entered as a dispute, the Bank must determine who is responsible by researching the transaction including requesting a copy of the sales draft when necessary.

If the problem is resolved between the merchant and the Cardholder while the item is in dispute, the Cardholder should write the solution agreed upon on the bottom of the copy of the CSQI that was previously Faxed to the Bank, and FAX that copy to the Bank as soon as possible.

If it is ultimately determined that the Cardholder is actually responsible for the transaction, then the questioned amount will be added to the next monthly statement. If the Cardholder is not responsible for the transaction, the dispute is settled for the Cardholder and the Bank will initiate the charge-back process against the merchant.

If there continues to be problems with a particular merchant, the Cardholder should notify the Director of Finance of the problems.

XXI. COMMON DISPUTE REASONS

The most common reasons for dispute are described below.

A. Unauthorized Mail/Phone Order

This reason should be used for telephone or mail order transactions. If a sales slip is signed or imprinted with the cardholder's card, this reason does not apply.

B. Duplicate Processing

This reason is used when a transaction has been billed more than once to an account. The amounts must be the same. The cardholder shall provide the transaction details on the original billing, such as dollar amounts, transaction date, etc.

C. Merchandise Not Received

This reason is used when the charge for goods was paid by other means. The cardholder shall attempt to resolve the dispute with the vendor. The cardholder shall detail this attempt and provide the date of expected delivery of service or merchandise. If the goods or services were paid by another means, a copy of the payment (copy of front and back of a check or other payment document) shall be provided and forwarded with the Cardholder's Statement.

In the event merchandise was canceled, full details shall be provided, such as why the transaction was canceled and date of cancellation.

D. Merchandise Returned

In the event merchandise was returned and a credit has not yet been posted, the cardholder shall describe the reason for returning the merchandise and the date the item was returned. A copy of the reference number on the monthly statement, postal, UPS or other official receipt proving the merchandise was returned shall be forwarded with the Cardholder's Statement.

E. Credit Not Received

This reason may be used when the cardholder has received a credit voucher or written refund acknowledgment from the vendor, but the credit has not been posted to the cardholder's account within 30 days from the date on the voucher or acknowledgment. The cardholder acknowledges participation in the transaction but the goods were returned or the service was canceled.

The cardholder shall state the amount of credit they are expecting and provide a copy of a credit voucher or acknowledgment letter and forward these with the Cardholder's Statement.

F. Alteration of Amount

This reason is used when the cardholder participated in the transaction and indicates that the amount was altered without permission. The cardholder shall acknowledge the amount before alteration and a copy of the cardholder's copy of the sales draft must be provided to support this reason. The amount of the credit would be the difference between the amount before and after alteration. The sales draft copy should be forwarded with the Cardholder's Statement.

G. Inadequate Description or Unrecognized Charge

In the event the cardholder does not recognize the transaction description, they should request that U.S. Bank I.M.P.A.C. Government Services supply a copy of the sales draft due to inadequate description or unrecognized charge. This shall be requested only after reviewing their supporting documentation and ensuring a merchant (vendor) description or location error has not occurred.

In the event the vendor's processing bank cannot provide a copy within VISA's allotted time frames, the cardholder's account will be credited, until such time as a valid draft is received. If U.S. Bank I.M.P.A.C. Government Services provides the copy and the cardholder determines that a valid dispute still exists, notify the Director of Finance immediately.

H. Copy Request

This reason should be used when the cardholder recognizes the charge, but requires a copy of the sales draft for their records. The cardholder shall keep all other supporting documentation, such as catalog information, magazine ad, shipping documents, etc., as evidence of their purchase.

I. Not as Described

This reason is used when the cardholder claims goods or services were not received as described. The written document of what was to be delivered must be different than what was actually delivered. It is important that the sales draft specifically describe what was purchased. For example, this reason could not be used when the cardholder was expecting a Sony tape recorder, (model L) CX210 and when he or she got back to the office, they determined that a Sony model B640 was in the box and the sales draft simply said "tape recorder".

In a telephone order situation, the verbal description is considered the "document characterization." The cardholder shall explain in his or her letter how the verbal description was different from what was actually received.

An attempt must be made to return the goods and it must be stated in the cardholder complaint. If merchandise was returned, proof of such return should be forwarded with the Cardholder's Statement.

J. Cardholder Dispute

This reason should be considered only after reviewing other specific dispute reasons. This reason requires that the cardholder attempt a resolution with the merchant. A complete description of the problem and the attempted resolution should be provided with the Cardholder's Statement. In addition, a copy of the sales slip and a copy of the Cardholder's Statement of Account on which the transaction appears should be forwarded.

RECEIPT OF MONO COUNTY CREDIT CARD
AND AGREEMENT FORM

I certify that I have received and read a copy of the County of Mono, Credit Card Program Policies and Procedures.

I have received Mono County Credit Card Number _____

I understand that I am limited to the dollar amounts listed below when using this card for Official County of Mono purchases:

Credit Limit: \$ _____

I understand that this card may only be used for Official County business only. I will not use this card to make unauthorized or personal purchases. Any purchase that is in excess of the card dollar limits is unauthorized, as is the use of the card by anyone other than the cardholder. I understand that unauthorized use of the card may result in disciplinary action up to and including termination and repayment for unauthorized charges. I also understand that any use of the Credit Card for personal purchases, advances, or loans is a crime and will be referred to the District Attorney. I understand that Credit Card purchases must be consistent with Mono County Purchasing Policy and Mono County Travel Policy.

I am responsible for the card's safekeeping at all times. I will immediately notify the Bank, the Director of Finance, and my Approving Official in the event that my card is lost or stolen, or if I believe the card has been used in a fraudulent manner. I understand that failure to promptly notify the issuing Bank of the theft, lost or misplacement of the Credit Card could make me responsible for any fraudulent use of the card.

I understand that the County has the unconditional right to cancel the card issued to me at any time. In the event that the County cancels the card issued to me, or upon my termination of employment with the County, I will immediately cut it in half and return it to the Director of Finance.

I authorize the Director of Finance to deduct from my pay the cost of any unauthorized charges made by me on my County-Credit Card.

Employee Name: _____ Date: _____
(Print)

Signature _____ Dept _____

Distribution: Approving Official, Director of Finance, Employee