

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

344



FROM: Executive Office

SUBMITTAL DATE:
February 26, 2008

SUBJECT: Board Policy A-62

RECOMMENDED MOTION: That the Board of Supervisors approve the addition of Policy A-62 to the Board of Supervisors Policy Manual.

BACKGROUND: The Board Policy Manual is a guide for departments on matters that are not otherwise addressed in state codes, county ordinances, and resolutions by the Board of Supervisors. The Auditor-Controller's Office internal audit report outlines credit card utilization in a sample of departments and makes clear the need for the Board to have a specific policy regarding credit card use. Board Policy A-62 would provide guidance for all employees seeking to use a credit card for the conduct of County business.

[Signature]
Elizabeth J. Olson, Sr. Management Analyst

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	

SOURCE OF FUNDS: N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

APPROVE

BY: *[Signature]*
Gary M. Christmas

County Executive Office Signature

FISCAL PROCEDURES APPROVED
 ROBERT E. BYRD, AUDITOR-CONTROLLER
 BY: *[Signature]* 3/3/08
 MICHAEL G. ALEXANDER
 Departmental Concurrence

[Signature]
 Bob Howdyshell, Purchasing Director

Dept't Recomm.:
 Consent Policy
 Per Exec. Ofc.:
 Consent Policy

COUNTY OF RIVERSIDE, CALIFORNIA
BOARD OF SUPERVISORS POLICY

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CREDIT CARD USE

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Purpose:

The purpose of this policy is to establish guidelines for the activation, management, and use of credit cards in the conduct of official County business. As used in this policy, "credit card" includes any card and/or line of credit extended by a bank or business authorizing the holder to buy goods or services on credit. This policy does not apply to situations where an employee uses a personal credit card for expenses that will be claimed through the County's Form 14 process. All County departments/agencies and employees are required to abide by this policy.

Policy:

Effective April 14, 2008, County employees at all levels are prohibited from applying for, opening, maintaining or making County purchases using any credit cards other than the County issued Procurement Cards or the awarded Fleet Fuel Cards, except as authorized pursuant to this policy. Any exception to this policy must be made by the Board of Supervisors via the Form 11 process and the exception request must be updated annually with the Board. Additionally, each county department/agency shall be responsible for maintaining a sound system of internal controls over the establishment, management, and use of the credit cards utilized within their departments/agencies.

The following are guidelines for implementing this policy and ensuring the appropriate use of County credit cards. These guidelines should be used as a foundation for building an adequate system of internal controls within each department/agency.

I. General Guidelines

a. Activation

- i. Activation of all County credit cards shall be coordinated through County Purchasing. Any cards other than County issued Procurement Cards or Fleet Fuel Cards must be approved by the Board of Supervisors via the Form 11 process and must be updated annually with the Board.

b. Assignment

- i. The assignment of credit cards shall be limited to those instances in which an individual has a demonstrated need to perform essential county business or to improve safety, increase productivity, enhance service to the public or in situations in which necessary purchases cannot be provided through any other means.
- ii. Justification for assignment of a credit card to a County employee shall be made and clearly documented prior to activation. Written justification shall include the intended purpose for which the credit card will be used, the

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name of the employee to whom the credit card will be assigned, and the signature of the department/agency director indicating approval.

- iii. All cardholders and/or users must complete the appropriate County Purchasing buyer/purchasing training prior to card activation and use. County Purchasing will determine appropriate training and provide documentation of training completion to the employee. A copy of this documentation should be retained by the department/agency.

c. Management

- i. All credit balances shall be paid in full each month according to each monthly statement received.
- ii. Each department/agency shall develop and implement policies and procedures to ensure the immediate deactivation of cards/accounts assigned to employees who leave County employment for any reason, have transferred to another department/agency, or no longer require the use of the credit card.
- iii. Each department/agency shall develop and implement policies and procedures that ensure all credit card purchase documentation is submitted by cardholders in a *timely* manner and is adequately *reviewed* and *reconciled* by someone other than the cardholder.
- iv. Each department/agency shall ensure that all purchases are reviewed by at least one employee who has a working knowledge of various purchasing methods and is familiar with County procurement policies and procedures. This employee shall also have sufficient supervisory or administrative authority over the cardholder(s).
- v. Each department/agency shall develop and implement policies and procedures that ensure adequate segregation of duties as they relate to the processing of credit card purchases. For example, the cardholder should not be responsible for authorizing each purchase, receiving the purchase, and recording the purchasing in financial records. If duties cannot be adequately segregated, mitigating controls should be developed to offset the risk of misuse, inefficiencies, and fraud.
- vi. Each department/agency shall develop and implement policies and procedures that ensure all cards are adequately safeguarded to prevent unauthorized charges to the account.

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d. Use

- i. Employees shall not use a County credit card without documentation of appropriate justification, approval, and training as mandated by this policy.
- ii. Credit cards should not be used to replace timely, effective procurement planning. *The department/agency's administrative procedures should be followed to ensure sufficient appropriations are available **prior** to making any purchase.*
- iii. All credit card purchases must be within budgetary limits after following Riverside County Purchasing policies and procedures. *No county employee has the authority to sign or bind the County of Riverside to credit card purchases without the express written permission of the County Board of Supervisors or their designee, the Purchasing Agent. Pursuant to state law, department/agency heads are personally liable for all expenditures that exceed Board approved appropriation limits.*
- iv. No County employee shall make any credit card purchase which cannot be paid off or encumbered within the fiscal year in which the purchase occurs.
- v. The use of a County credit card by an employee will be only for official County business and in compliance with the rules and regulations detailed in this policy, County Ordinance 459 (current version), and the County Purchasing Manual. *Employees may not make purchases for non-county business at any time, even if the intent is to reimburse the County at a later date.*
- vi. County credit cards may not be used to purchase services or alcoholic beverages.
- vii. The cardholder must submit all documentation related to credit card purchase to the appropriate department/agency representative immediately after the purchasing transaction has been completed.

e. Payment

- i. Credit card use typically results in a more efficient purchasing process because multiple low value purchases are combined into one monthly payment. Departments/agencies will discontinue the practice of making separate payments for individual items listed on a monthly billing. One payment should be made for each reconciled billing statement.

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- ii. The monthly reconciliation shall comply with the department/agency policies and procedures that were developed in accordance with the "Management" section of this policy.

f. Record Maintenance

- i. All documentation pertaining to the assignment of credit cards to employees should be maintained by the department/agency for at least three (3) years following an employee's separation from employment.
- ii. All credit card purchase receipts, documentation of competitive bids (if applicable), and documentation of fund availability (e.g. stamp of approval from department's accounting) should be kept on file with the department/agency for at least three fiscal years after the purchase appears on the credit card billing statement.
- iii. All original monthly statements shall be kept on file with the department/agency for at least three fiscal years after the purchase appears on the credit card billing statement.
- iv. All documentation is subject to audit. Department's/agencies are responsible for ensuring documentation is maintained to comply with the provisions of this policy.

II. Procurement Card Program (P-Card)

The P-Card is issued through County Purchasing and allows a department/agency to eliminate requisitions and purchase orders for minimal cost purchases and requires a single monthly payment. P-Cards are issued in the name of an individual (the only one authorized to use the card) and allow the holder to charge up to an amount that has been approved by the department/agency head or designee not to exceed limits set by County Purchasing policies.

The card is used in a manner similar to a standard credit card. However, there are specific controls in place to decrease the likelihood of fraudulent use, including a prohibition against any personal use purchases. The card is not intended to circumvent existing laws and statutes regarding purchases and must be used in conjunction with County Ordinance 459 (current revision), provisions of Board Policy A-18 and guidelines in the Procurement Card Program Procedure Handbook.

III. Fleet Fuel Card Program

The County Purchasing Department also offers cards that provide a comprehensive fuel card tracking and reporting system including tax exemption, discount processing, Online system access, and card level control. Cards may be

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assigned by driver, vehicle, department, region, etc. Flexible point-of-sale prompting, card level exception reporting, purchase control parameters and innovative reporting products allow departments/agencies to effectively manage their fuel programs and reduce the risk of misuse and fraud. Department's/agencies are responsible for utilizing all aspects of the program to ensure there is an adequate system of controls over fuel card purchases. This includes setting purchasing limits, analyzing and reconciling reports to detect anomalies in purchase times and amounts, and setting limits on the types of purchases that can be made with the fuel cards.

Fuel card use is not intended to circumvent existing laws and statutes regarding purchases and must be used in conjunction with County Ordinance 459 (current revision). Fuel card use shall be limited to County employees driving a County-owned/leased vehicle who are unable to obtain fuel at a county operated fueling facility due to location, time (after normal business hours), or an emergency related to public safety that will not allow travel to one of these facilities. The Commercial Fueling Network (CFN) card may be used for fleet refueling according to the agreement established at the time of issue.

Reference: