

AI-14857
Commercial Account Policy
CC REGULAR

22.A.5.

Date: 04/07/2009
Submitted By: Ovidio Gonzalez, PURCHASING DEPT.
Submitted For: Marty Salazar
Department: PURCHASING DEPT.
Agenda Category: Purchasing Department **Purchasing only:** Hidalgo County

Information

CAPTION

Discussion, consideration and action in connection with adopting and approving the proposed draft of the Hidalgo County Commercial Account use Policy, Guidelines and Procedures.

BACKGROUND

Please see attached Commercial Account Policy.

Fiscal Impact

Attachments

No file(s) attached.

Form Routing/Status

Route Seq	Inbox	Approved By	Date	Status
1	Purchasing Department	Marty Salazar	04/02/2009 01:43 PM	APRV
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COMMERCIAL ACCOUNT USE POLICY, GUIDELINES, AND PROCEDURES
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COMMERCIAL ACCOUNT USE POLICY, GUIDELINES, AND PROCEDURES

1.00 REFERENCE

Form C.1.1 Commercial Account Request Form
Form C.1.2 Commercial Account Purchases Log
Form C.1.3 Commercial Account Cardholder/Card User Acknowledgement
Form C.1.4 Commercial Account Manager Acknowledgment
Form C.1.5 Dispute Form

All forms are located on the "County Policies and Forms" page on the County's intranet.

2.00 BACKGROUND

Hidalgo County's Commercial Account Program (the "Program") has been established to provide a convenient, efficient means to purchase commodities from vendors and to reduce costs associated with the purchasing process. The "Program" is designed to empower employees to purchase items needed for official County business and is an enhancement to the purchasing process and a delegation of the purchasing authority. The use of a Commercial Account is a privilege that is granted to selected employees by Commissioners' Court. Certain responsibilities are associated with this privilege.

On March 31, 2009, the Hidalgo County Commissioners' Court approved the Commercial Account Use Policy, Guidelines, and Procedures. The commercial account use policies, procedures, and guidelines set forth below are applicable to Hidalgo County Public Officials (Elected Officials, Appointed Officials, and Department Heads) and employees.

The purpose of this policy is to provide rules, guidance, and procedures for the use of commercial accounts. Public Officials may enact a more restrictive policy regarding usage of commercial accounts for their respective Office/Department.

Hidalgo County's Purchasing Agent, as the Commercial Account Administrator, is responsible for the countywide management of the commercial account program and ensures that departments follow all State and County laws, policies, guidelines, and procedures relating to the purchasing function. Each Public Official and Commercial Account Manager is responsible for the management of the commercial account in his department.

3.00 DEFINITIONS

"Billing period" means the monthly cycle during which transactions are posted. This cycle might not coincide with an actual calendar month.

"Central Commercial Account Statement" means the County's consolidated billing statement that lists all cardholder/card user transactions.

"Commercial Account Administrator" is the Purchasing Agent who administers the countywide Commercial Account Program and serves as the liaison between the Commercial Account Manager,

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authorized users and the Commercial Account Issuer. The Commercial Account Administrator will coordinate the acquisition and distribution of all commercial accounts.

"Commercial Account Cardholder" means an employee authorized by Commissioners' Court to make purchases for official county business with a commercial account.

"Commercial Account Card User" means an employee who has been authorized to use a Commercial Account Group Card.

"Commercial Account Issuer" is the company that issues the commercial account and sends out the commercial account monthly billing statements.

"Commercial Account Group Card" means a card issued to a department as opposed to an individual. The Commercial Account Group Card may only be utilized by authorized Commercial Account Card Users with a valid county issued identification card.

"Commercial Account Manager" is an Hidalgo County employee that coordinates the Commercial Account Program for a department.

"Commercial Account Billing Statement" means the monthly statement for a Cardholder or Group Card that lists all transactions made during the billing period.

"Commercial Account" means a credit card issued by a Commercial Account Issuer.

"Disputed Item" means a transaction appearing on the commercial account statement that the Commercial Account Cardholder or Card User did not authorize.

"Reconciliation" means the process of verifying, approving and settling transactions.

"Transaction" means a purchase or charge to an account.

"Transaction Limit" means:

- a. "Single Transaction Limit" - the maximum amount of a single transaction.
- b. "Monthly Transaction Limit" - the maximum amount of all transactions during the billing period.

4.00 POLICIES, GUIDELINES, AND PROCEDURES

4.01 COMMERCIAL ACCOUNT ADMINISTRATION

1. **Commercial Account Administrator:** The Commercial Account Administrator shall be assigned responsibility for administering the countywide Commercial Account Program. The Purchasing Agent shall serve as the Commercial Account Administrator. Duties may be assigned to a designee, however ultimate responsibility for the administration of the Program remains with the Purchasing Agent. The Commercial Account Administrator's responsibilities include the following:

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- A. Informs commercial account issuers about commercial account policy requirements that need to be met by the commercial account issuer (i.e. requiring commercial account cardholders/card users to present purchase order and identification at time of purchase, appearance of commercial account card etc.)
 - B. Reviews requests for commercial accounts from Public Officials and Commercial Account Managers and requests approval for the issuance of commercial accounts from Commissioners' Court;
 - C. Maintains master list of all commercial accounts, Commercial Account Managers, Commercial Account Cardholders and Card Users.
 - D. Receives commercial account cards from the Commercial Account Issuer and issues commercial account cards to Commercial Account Managers;
 - E. Provides training to Commercial Account Managers, Commercial Account Cardholders and Card Users regarding the proper use of the commercial account in accordance with this policy;
 - F. Assists the Commercial Account Managers and/or Commercial Account Cardholders and Card Users with settling commercial account disputes;
 - G. Ensures compliance with the policy by reviewing purchases monthly on a sample basis;
 - H. Monitors the Commercial Account for late fees or finance charges;
 - I. Reviews the Commercial Account Policy, Guidelines, and Procedures at least annually and presents recommendations for improvement to Commissioners' Court for approval; and
 - J. Is responsible for other duties as outlined by this policy.
2. **Commercial Account Manager:** Public Officials shall assign the responsibility for administering the Commercial Account Program for their respective office/department to a Commercial Account Manager. Responsibilities of the Commercial Account Manager include the following:
- A. Receives training upon designation as a Commercial Account Manager and annually thereon regarding administration of the Commercial Account Program and responsibilities from the Commercial Account Administrator;
 - B. Maintains abreast of the Commercial Account Use and Hidalgo County Purchasing policies, guidelines, and procedures;
 - C. Submits requests for commercial account cards to the Commercial Account Administrator;
 - D. Distributes commercial account cards to Commercial Account Cardholders and Card Users;
 - E. Documents on a commercial account release/return log the date the commercial account card was released/returned by Commercial Account Cardholders and Card Users and the name of the Commercial Account Cardholders and Card Users;
 - F. Reviews commercial account purchases in detail on a monthly basis to ensure that purchases are appropriate and made in accordance with this policy;
 - G. Identifies, documents, and reports authorized user's violations to the Commercial Account Administrator and County Auditor.
 - H. Reviews commercial account billing statements and recommends approval of payment to the Public Official;

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- I. Ensures commercial accounts cards are stored in a secure location while not in use; and
 - J. Is responsible for other duties as outlined by this policy.
- 3. Commercial Account Cardholder and Card User:** Commercial Account Cardholders and Card Users are those individuals authorized by Commissioners' Court to make purchases with a commercial account in accordance with this policy. Commercial Account Cardholders and Card Users responsibilities include the following:
- A. Maintains abreast of the Commercial Account Use and Hidalgo County Purchasing policies, guidelines, and procedures;
 - B. Obtains and safeguards original itemized receipts for all commercial account purchases;
 - C. Documents commercial account purchases on ***Form C.1.2 Commercial Account Purchases Log***;
 - D. Makes and certifies all commercial account purchases were for official county business;
 - E. Ensures commercial accounts are secured safely while in their possession;
 - F. Notifies the Commercial Account Manager promptly of any improper use of the commercial account; and
 - G. Is responsible for other duties as outlined by this policy.
- 4. Commercial Account Issuer:** The Commercial Account Issuer is responsible for issuing commercial account cards, investigating and settling reported disputes, and sending out monthly commercial account billing statements. The Commercial Account Issuer is also responsible for ensuring that a valid purchase order and identification card is presented by each authorized user at the time a purchase is made.

4.02 GENERAL PROVISIONS

1. Commercial Account to be Used for Official County Business Only

- A. The Commercial Account is only to be used by authorized employees for authorized official County business transactions made in accordance with this Policy.
- B. Authorized employees shall not lend the commercial account to anyone else.
- C. Any unusual activity or charge from an outside source that occurs on a commercial account must be immediately reported to the Commercial Account Issuer, Commercial Account Administrator, and Commercial Account Manager for immediate resolution.

2. Commercial Account Unallowable Uses

Examples of unauthorized use include, but are not limited to:

- A. Personal purchases of any kind
- B. Cash advances through banks or ATMS, cash refunds, gift Cards/gift Certificates, cashier's checks, or other equivalents of cash
- C. Interdepartmental charges
- D. Contracted services or 1099 reportable vendors
- E. Purchases for the construction of capital assets (i.e. land, new and existing buildings)
- F. Purchases of capital equipment
- G. Purchases of weapons (regardless of cost) and ammunition

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- H. Purchases of alcoholic beverages
- I. Purchases of food/meals
- J. Purchases of decorations (e.g. flowers, holiday related decorations, etc.)
- K. Purchases of computer hardware and/or software
- L. Purchase of materials/services from any member of the authorized user's immediate family
- M. Purchases that violate established contractual agreements and/or county policies

3. Commercial Account Purchases Subject to Purchasing Laws and Policies

The Commercial Account does not replace requirements to comply with existing State or County laws, policies, guidelines, and procedures relating to the purchasing function. It is designed to be an enhancement to the purchasing and payment processes.

4. Sufficient Funds

Sufficient funds must be available in the adopted budget before any expenditure with a commercial account is made.

5. Authorized Users

- A. Only full-time employees authorized by Commissioners' Court as a Commercial Account Cardholder or Card User shall have access and use to a commercial Account. Requests for commercial accounts must be presented by the Commercial Account Administrator to Commissioners' Court for approval (see Section 4.04).
- B. If a Cardholder's name appears on the card, only that person is authorized to use that card. It is not permitted to allow anyone other than the Cardholder to use a card to make purchases.
- C. A Group Card may be used by employees authorized by Commissioners' Court in the designated department. Only those individuals with a valid County identification card shall be permitted to use Group Cards.
- D. The Commercial Account Administrator, and Commercial Account Managers shall not be authorized to make purchases utilizing a commercial account and may not be issued a commercial account. These individuals are responsible for managing the Commercial Account Program.

6. Training

- A. The Commercial Account Administrator must provide face-to-face training to Commercial Account Managers regarding their responsibilities as Commercial Account Managers.
- B. The Commercial Account Administrator must provide face-to-face training to Commercial Account Cardholders and Card Users regarding the Commercial Account Use Policy, Guidelines, and Procedures and the Hidalgo County Purchasing Policies and Procedures before a commercial account card is issued. Commercial account cards shall not be released until the training is provided.
- C. The Commercial Account Administrator shall provide the training on a yearly basis to existing Commercial Account Cardholders, Commercial Account Card Users, and Commercial Account Managers. The Commercial Account shall maintain evidence of the training in the form of a sign-in sheet.

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7. Merchant Codes, Credit Limits, Single and Monthly Transaction Limits

- A. Each commercial account shall have pre-established merchant codes, credit limits, and limit on daily and monthly # of transactions. The Commercial Account Administrator is responsible for ensuring these codes and limits are established and maintained.
- B. Commissioners' Court will set the single transaction limit and monthly transaction limit. In no case will either limit exceed the approved monthly maximum credit limit.
- C. The monthly maximum credit limit on any single Commercial Account may not exceed \$3,000 (see exception below).
- D. Requests for increases (credit limits, and limit on daily and monthly # of transactions) with proper justification shall be submitted to the Commercial Account Administrator in writing for review. The Commercial Account Administrator shall obtain approval from Commissioners' Court before increasing limits to the commercial account.
- E. The Commercial Account Administrator shall review commercial account activity and recommend changes to the established limits based on account use to Commissioners' Court.
- F. Commercial Account Cardholders and Card Users are specifically prohibited from splitting transactions into multiple charges to circumvent transaction limits.
- G. The monthly transaction limit is a function of the billing cycle of the Commercial Account and is not necessarily the same as a calendar month. If a card is "maxed out" new credit will become available only in the normal processing cycle in which the monthly bill is received, reconciled, approved, audited, and paid.

8. Appearance of Card

- A. The commercial account, when possible, should be a unique color to reduce the risk of being accidentally used as a personal credit card.
- B. All issued commercial accounts will have the "Hidalgo County" embossed on the second line of the card. The first line will reflect the cardholder's name or the group card (department) name.
- C. The Commercial Account Administrator shall write "Ask for County ID" on the back of all commercial accounts.

9. Lost or Theft of Commercial Account

- A. Commercial Account Cardholders or Card Users shall immediately report loss or theft of the commercial account to the Commercial Account Issuer, Commercial Account Manager and their supervisor. A request should be made to cancel/deactivate the commercial account card. Prompt action will reduce the liability for fraudulent charges.
- B. The Commercial Account Manager shall immediately confirm the phone call made by the Commercial Account Cardholder and/or Card Users by written notification to the Commercial Account Issuer via mail or fax, with copies to the Commercial Account Administrator. The date of the phone report of the lost or stolen card should be included in the written notification.
- C. The Commercial Account Administrator shall maintain the written notification for a minimum of 4 years in accordance with the Texas State Library and Archives Commission records retention schedule.

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- D. The Commercial Account Administrator will promptly make a request for a new commercial account card from the Commercial Account Issuer.
- E. If the lost or stolen commercial account card is subsequently found, the commercial account card shall be immediately returned to the Commercial Account Administrator for destruction.

10. Important Numbers

Questions regarding the Commercial Account Use and or Purchasing Policy, Guidelines, and Procedures can be directed to the Commercial Account Administrator at 318-2626 ext. 4879.

4.03 REBATES AND/OR NON-MONETARY AWARDS OR PRIZES

- 1. Authorized users should take advantage of rebates when offered by vendors. Rebates must benefit Hidalgo County, never the individual authorized user.
- 2. Commercial Account Managers shall submit all rebates to the Hidalgo County Treasurer's Office for deposit to the general ledger account number from which the original expenditure was made. Rebates should be deposited immediately but no later than the 7th work day from the date the rebates were received.
- 3. If a vendor and/or Commercial Account Issuer send a check to the individual Commercial Account Cardholder or Card User, the check should be endorsed by the individual and provided to the Commercial Account Manager for submittal to the County Treasurer's Office and deposit to the applicable general ledger account number.
- 4. If the vendor and/or Commercial Account Issuer send the individual Commercial Account Cardholder or Card User a rebate coupon to be applied to future purchases, the rebate should be applied only to purchases for the benefit of the department making the original purchase.
- 5. Use of coupons, rebates or rewards programs that offer free items or promotional items for the benefit of the Commercial Account Cardholder or Card User are not allowed (e.g. An Office Supply vendor rewards program that allows a customer to earn free items based on accumulated points/dollars spent).

4.04 OBTAINING A COMMERCIAL ACCOUNT CARD

- 1. Upon approval of the Public Official, the Commercial Account Manager shall submit requests for a commercial account to the Commercial Account Administrator using **Form C.1.1 Commercial Account Request Form**. If the Department is overseen by the County Executive Officer, the form shall be submitted to the County Executive Officer for approval prior to submittal to the Commercial Accounts Administrator.
- 2. Each commercial account shall have pre-established merchant codes, credit limits, and limit on daily and monthly # of transactions. Requests for changes to these limits shall be submitted for review to the Commercial Account Administrator. If the Department is overseen by the County Executive Officer, the form shall be submitted to the County Executive Officer for approval prior to submittal to the Commercial Accounts Administrator.

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3. The Commercial Account Administrator shall review **Form C.1.1 Commercial Account Request Form** for proper completion. After review, the Commercial Account Administrator shall request approval for issuance of a commercial account or changes to the card's limits from Commissioners' Court.
4. The Commercial Account Administrator will notify the Commercial Account Cardholders/Card Users and Commercial Account Manager upon receipt of the commercial account card.
5. Before issuance of a card, the commercial Account Administrator shall:
 - A. Provide face-to-face training to the Commercial Account Cardholder and Card Users as required by this Policy. The Commercial Account shall maintain evidence of the training in the form of a sign-in sheet.
 - B. Require the Commercial Account Cardholder and/or Card Users to sign **Form C.1.3 Commercial Account Cardholder Acknowledgement** and the Commercial Account Manager to sign **Form C.1.4 Commercial Account Manager Acknowledgment** acknowledging that they have read and agree to comply with Commercial Account Use and Hidalgo County Purchasing Policy, Guidelines, and Procedures. Original agreements shall be maintained by the Commercial Account Administrator.

4.05 MAKING AND DOCUMENTING PURCHASES

1. **Purchase Order** - A purchase order must be established for each purchase made with a commercial account. The purchase order should be opened in the name of the Commercial Account Issuer. The purchase order amount should be set based on the monetary and transaction limits established for the card and projected expenditures. This will help ensure that expenditures do not exceed available funds. Furthermore, Commercial Account Cardholders/Users must present a valid purchase order to the vendor when making purchases.
2. **Quotes** - Quotes in accordance with the Hidalgo County's Purchasing Policies and Procedures should be obtained and documented. Written quotes and notes on verbal quotes should be retained for a minimum of 4 years in accordance with the Texas State Library and Archives Commission records retention schedule.
3. **Sales Tax** - Hidalgo County, as a governmental agency, is a tax-exempt organization. When making purchases, the Commercial Account Cardholder/Card User should notify the vendor of the County's tax-exempt status. The Hidalgo County tax exempt number should be located on the front of the commercial account card. If the vendor requests an actual Tax Exempt form, one may be obtained from the Purchasing Department. If a tax is charged inappropriately, the Commercial Account Manager should immediately present a tax exemption form to the vendor, and receive a credit for the unnecessary tax.
4. **County Issued Identification Card** – Commercial Account Cardholders/Users must present a county issued identification card when making purchases.
5. **Original receipts** - When making a purchase, the Cardholder/Card User shall obtain an original itemized receipt. The receipt must contain the vendor's name, date of purchase, itemized description of the purchase, per unit price, and extended price. The cardholder/card user shall sign and date the receipt.
6. **Shipping Documents** – The Cardholder/Card User must provide the vendor/supplier with the appropriate shipping information. All goods must be shipped to an official Hidalgo County

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business location/address. The Commercial Account Manager shall verify that goods were shipped to an official Hidalgo County business location/address.

7. **Purchases Log - Form C.1.2 Commercial Account Purchases Log** and original itemized receipts shall be maintained for each commercial account issued for audit trail purposes and to facilitate reconciliation and account verification.
 - A. The purchases log shall contain the following:
 1. date of purchase;
 2. receipt number;
 3. date goods were delivered/received by the department;
 4. name of the purchaser (cardholder/card user);
 5. vendor name;
 6. dollar value of purchase;
 7. purchase order number;
 8. method in which goods were received (shipped or picked up in person);
 9. work order number (if applicable);
 10. general ledger account number to which purchases should be charged;
 11. column for the Commercial Account Manager to check-off his/her detailed monthly reconciliation to the Commercial Account billing statement and note the billing statement date;
 12. signature line for the authorized user(s) to certify purchase was for official business use and made in accordance with Commercial Account Use Policy, Guidelines, and Procedures and the Hidalgo County Purchases Policy and Procedures, and goods were received by the Department ;
 13. signature line for the Commercial Account Manager to certify his/her review and recommended approval for payment and purchases were made in accordance with Commercial Account Use Policy, Guidelines, and Procedures and the Hidalgo County Purchases Policy and Procedures; and
 14. signature line for the Department Head to approve payment and certify that to his/her best knowledge all purchases were made in accordance with Commercial Account Use Policy, Guidelines, and Procedures and the Hidalgo County Purchases Policy and Procedures.
 - B. The Commercial Account Cardholders and Card Users shall forward **Form C.1.2 Commercial Account Purchases Log** to the Commercial Account Manager at least once a month.
8. **Monitoring Card Activity** – Certain Public Officials, Commercial Account Managers, and the Commercial Account Administrator will have access to view and monitor card activity. This review can occur at any time; however, should be made at a minimum on a monthly basis by the Commercial Account Administrator and Commercial Account Manager.

4.06 PAYMENT AND RECONCILIATION

1. All commercial account charges will be billed directly to and paid directly by the County. The Commercial Account Issuer cannot directly accept any monies from any other individual. Therefore, any personal charges billed to the County will be considered misappropriation of County funds.

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2. The Commercial Account Manager shall reconcile the ***Form C.1.2 Commercial Account Purchases Log*** to the original itemized receipts, receiving/shipping documents, and the monthly commercial account billing statement within 5 work days of receipt of the commercial account billing statement. The Commercial Account Manager shall place a check mark and the billing statement date should be recorded on the purchase transaction log next to the reconciled items. If an item is entered on a purchase transaction log, but has not yet appeared on the monthly billing statement, that item simply remains open and the statement date column is left blank.
3. The Commercial Account Manager will verify that required information is entered on the ***Form C.1.2 Commercial Account Purchases Log*** by the Commercial Account Cardholders and Card Users.
4. Original itemized receipts shall be attached to a sheet of paper in the order that they appear in the commercial account billing statement. Cardholders and Card Users are responsible for submitting all receipts. If a Cardholder or Card User has lost or misplaced a receipt, he/she is responsible for obtaining a copy of the receipt from the vendor. The County will not pay for transactions that do not have proper documentation that is acceptable by the County Auditor. The Cardholder and/or Card User may be held responsible for payment of all transactions that do not have proper documentation as required by this Policy. Frequent losses of receipts may result in disciplinary action. The Commercial Account Cardholder/Card User may also be required to pay charges with his/her own personal funds.
5. The Commercial Account Cardholder/Card User shall certify receipt of the goods ***on Form C.1.2 Commercial Account Purchases Log***. Payment cannot be made until the Cardholder/Card User confirms and certifies receipt of the goods.
6. The Commercial Account Manager will verify that original itemized receipts were submitted for each purchase and purchases were made in compliance with the Commercial Account Policy, Guidelines, and Procedures and the Hidalgo County Purchasing Policy and Procedures.
7. The Commercial Account Manager should note discrepancies and forward the discrepancies to the Commercial Account Administrator and the County Auditor's Accounts Payable Section.
8. The Commercial Account Manager shall ensure that sufficient funds are available in the adopted budget to pay for the commercial account purchases.
9. The Commercial Account Manager shall make every attempt to ensure balances are paid in full each month (see resolution of disputed charges).
10. Once the commercial account billing statement is reconciled, the Commercial Account Manager shall forward the commercial account billing statement(s), original itemized receipts, original receiving/shipping documents, and ***Form C.1.2 Commercial Account Purchases Log*** to the County Auditor's Accounts Payable Section. Commercial billing statements should be submitted no later than five (5) working days following receipt of the commercial account billing statement.
11. If the commercial account billing statement cannot be reconciled between the Commercial Account Manager and the Commercial Account Cardholder/Card User, then the Commercial Account Manager shall notify the Commercial Account Administrator in writing of disputes submitted to a vendor and/or Commercial Account Issuer for any amounts that are determined to be in error. The Commercial Account Manager shall deliver to the County Auditor's Accounts Payable Division an annotated copy of the commercial account billing

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statement showing amounts in dispute with a request for nonpayment on the undisputed amounts.

4.07 RETURNS, EXCHANGES, CREDITS, AND OTHER DISPUTED CHARGES

1. It is the responsibility of the Authorized Users to know the vendor's return policy.
2. The Cardholder and/or Card User are responsible for contacting the vendor/commercial account issuer when problems with a purchased item arise and for arranging a return for credit or exchange (i.e. billed amount includes sales tax, the statement contains a charge not recognized by the authorized user, billing statement includes duplicate charges from vendor, the item received was an incorrect item, and item was damaged or defective, etc.).
3. The Cardholder/Card User and Commercial Account Manager shall immediately file a written dispute with the Commercial Account Issuer by completing **Form C.1.5 Dispute Form**, which documents the following:
 - A. Cardholder Name/Group Card Name (also include Card User name);
 - B. Account No.;
 - C. Merchant Name
 - D. Transaction Date;
 - E. Posting Date;
 - F. Reference No.;
 - G. Description of Merchandise;
 - H. Transaction Amount; and
 - I. Reason of dispute.
4. The Cardholder and/or Card User shall immediately notify the Commercial Account Manager when a return for credit or exchange will be arranged with a vendor.
5. If items need to be exchanged, the Cardholder or Card User is responsible for returning the items to the vendor and obtaining a replacement as soon as possible. A notation shall be made on **Form C.1.2 Commercial Account Purchases Log** that payment shall not be made until actual goods are received.
6. If the purchased items need to be returned, the Cardholder or Card User should send the items back to the vendor and a credit to the commercial account immediately be requested. If the vendor agrees to issue a credit, it should be noted on the **Form C.1.2 Commercial Account Purchases Log** and a copy of any credit memo, along with proper supporting documentation, be attached to the purchases log.
7. The Commercial Account Manager shall verify that a credit appears on the subsequent billing statement. If a credit does not appear, the Commercial Account Manager should immediately contact the Commercial Account Issuer and/or vendor in order that proper credit be given.
8. Authorized users shall not accept cash, rain checks, gift cards, and/or gifts certificates, or any other equivalent of cash instead of a vendor credit.
9. The Commercial Account Manager shall inform the Commercial Account Administrator of disputed charges within two calendar days of the finding. Communication shall be in writing by forwarding the original **Form C.1.5 Dispute Form**.

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10. The Commercial Account Administrator shall maintain copies of the original **Form C.1.5 Dispute Form** for a minimum of 4 years in accordance with the Texas State Library and Archives Commission records retention schedule.

4.08 LATE FEES OR FINANCE CHARGES

Commercial accounts must be kept current to avoid interest and/or finance charges. Continuous assessment of late fees and/or finance charges on a commercial account may result in revocation of the commercial account.

4.09 COMMERCIAL ACCOUNT SECURITY

1. The Commercial Account Manager shall maintain a list of approved commercial account cards and authorized users for his/her department. The Commercial Account Manager should note on the list the names of the authorized users for each Commercial Account issued as a Group Account. List shall be physically secured.
2. The Commercial Account Manager shall maintain all commercial accounts safe and secure.
3. The Commercial Account Manager shall only release commercial account cards to authorized users when needed to make a purchase. The Commercial Account Manager shall document on a log the date the Commercial Account was released/returned and the name of the authorized user to which the card was released.
4. Authorized employees shall not share their commercial accounts.
5. The Commercial Account Administrator shall maintain the name and number of the Commercial Account Issuer representative.
6. The Commercial Account Administrator shall maintain a list of approved Commercial Account Cardholders, Card Users and the Commercial Account Manager assigned to the commercial account. The list shall include the authorized merchant codes, credit limits, and limit on daily # of transactions. List shall be physically secured.
7. The Commercial Account Administrator shall submit an updated list to the County Auditor's Accounts Payable Division by the 5th workday of the following month.

4.10 COMMERCIAL ACCOUNT MAINTENANCE

Changes to an authorized user's name should be immediately reported in writing by the Commercial Account Manager to the Commercial Account Administrator.

4.11 CANCELING/REVOKING A COMMERCIAL ACCOUNT

1. The Commercial Account Manager shall immediately notify the Commercial Account Administrator in writing when:
 - A. an authorized user is transferred to another county department;
 - B. an authorized user's employment with the county is terminated; or
 - C. an authorized user's privilege to utilize a commercial account is revoked.
2. The written notification shall include:
 - A. a request to cancel the commercial account;
 - B. the reasons for canceling the commercial account;
 - C. identify the commercial account card number; and

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- D. authorized user(s) name.
- 3. Upon written notification, the Commercial Account Administrator shall request from the Commercial Account Issuer that the commercial account be cancelled and/or deactivated. The request shall be made in writing. The Commercial Account Administrator shall maintain the written request on file for a minimum of 4 years in accordance with the Texas State Library and Archives Commission records retention schedule.
- 4. Authorized users shall surrender the commercial account card to the Commercial Account Manager. The Commercial Account Manager shall surrender the commercial account card to the Commercial Account Administrator and the commercial account card shall be destroyed. The Commercial Account Administrator shall maintain records indicating when the commercial account card was destroyed for a minimum of 4 years in accordance with the Texas State Library and Archives Commission records retention schedule.

4.12 RECORDS RETENTION

- 1. Commercial account records must be maintained for a minimum of 4 years in accordance with the Texas State Library and Archives Commission records retention schedule.
- 2. Commercial Account Managers and the Commercial Account Administrator will be responsible for original commercial account documentation maintained by his/her Department. All original commercial account program documentation shall be stored in a central location within the department (i.e. dispute forms, commercial account request forms, vendor documentation, quotes, written quotes, notes on verbal quotes, other miscellaneous notes, etc.)
- 3. Commercial Account documentation should be filed alphabetically by Fiscal Year, Commercial Account Name, Month, and Cardholder/Card User name.
- 4. Commercial Account Manager and Commercial Account Administrator will work closely with County Clerk to coordinate the collection of commercial account documents for storage, retrieving documents, and ultimately destroying documents once they have met the retention period.

4.13 SANCTIONS FOR INNAPPROPRIATE USE OF A COMMERCIAL ACCOUNT

- 1. The Commercial Account Administrator will work with the Department's Public Official and Commercial Account Manager to initiate sanctions for misuse of the commercial account. Sanctions will be imposed on a case by case basis and may include one or a combination of the following disciplinary actions:
 - A. Formal written reprimand from the Commercial Account Administrator with copies to the Public Official, Commercial Account Manager, and Executive Officer (if applicable).
 - B. Minor infraction findings may require retraining;
 - C. Revocation of the right to use the commercial account (If a commercial account has been revoked for cause, it is unlikely that it will be reinstated);
 - D. Termination of employment and/or prosecution;
 - E. Reimbursement to Hidalgo County for unauthorized purchases and any administrative costs associated with the unauthorized purchase (The Commercial Account Administrator

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and Commercial Account Manager will jointly assist with the arrangements for repayment);

- F. Payroll deduction as reimbursement of any unauthorized purchases and of any administrative costs associated with any unauthorized purchase (The Commercial Account Administrator and Commercial Account Manager will jointly assist with the arrangements for repayment);
- G. Transfer of duty that does not involve or require the use of a commercial account; or
- H. Other discipline as authorized by the Public Official and/or County Executive Officer.

4.14 COUNTY AUDITOR RIGHT TO EXERCISE DISCRETION

1. The County Auditor may, at his or her sole discretion, authorize an exception to requirements set forth in this Commercial Account Use Policy, based on extenuating circumstances presented by the appropriate, responsible Public Official. Any exception granted by the County Auditor is to be applied on a case-by case basis and does not set precedent for future policy unless it has been formally adopted by Commissioners' Court.
2. The County Auditor may conduct random audits of the commercial account use. The primary purpose of the audit is to ensure that commercial account program policy, guidelines, and procedures are being followed.