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LANCASTER, SC

**STATE OF SOUTH CAROLINA
COUNTY OF LANCASTER**

ORDINANCE NO.: 2018-1539

AN ORDINANCE

TO AMEND CHAPTER TWO, ARTICLE VI, DIVISION 4, PURCHASING CARD PROGRAM, BY THE DELETION OF SECTIONS 2-267 THROUGH 2-283 AND THE SUBSTITUTION THEREFORE OF THOSE NEW PROCUREMENT PROVISIONS NOTED HEREIN.

WHEREAS, South Carolina statutory law requires that local governments establish a procurement code, Lancaster County having done so through the passage of Ordinance Number 1076 on December 13, 2010; and

WHEREAS, subsequently, from time to time, amendments to the Lancaster County Procurement Code have been made as deemed necessary and appropriate by Council; and

WHEREAS, upon the recommendation of the County Administrator and the Director of Procurement, an amendment to the Purchasing Card Program within Division 4 of the Procurement Code so as to ensure a greater degree of responsibility and integrity in this aspect of the procurement process; and

WHEREAS, following a review of the proposed changes, Lancaster County finds the amendments to be reasonable in all respects.

NOW THEREFORE, by the power and authority granted to the Lancaster County Council by the Constitution of the State of South Carolina and the power granted to the County by the General Assembly of the State, it is ordained and enacted that:

Section 1. Title.

1. The Lancaster County Code, Chapter Two, Article VI, Division 4, Purchasing Card Program, hereby is deleted in its entirety.
2. Substituted therefore and incorporated into the Lancaster County Code shall be the new and amended Chapter Two, Article VI, Division 4, Procurement Card Program which shall read as follows:

DEFINITIONS OF PARTIES INVOLVED

Cardholder. An employee of the County of Lancaster ("County") or an elected official of the same, who is approved to use the Procurement Card ("P-Card") to execute credit transactions on behalf of the County.

Card Issuer. Bank of America; whose services include the issuance of Visa P-Cards to Organization employees, providing electronic transaction authorizations, and billing for all purchases made on County P-Cards.

Department Head. County official who must: a) set internal controls for their department's usage of P-Cards; b) approve issuance of an employee's P-Card and submit P-Card applications to Program Administrator; c) if applicable, assign a Department Proxy; and, d) electronically sign-off on all monthly department purchases made. Department Head's approval delegates full transaction authority to the Cardholder.

Department Proxy. An employee within department designated by Department Head to be responsible for transaction review, account allocation, and electronic submittal. Department Proxy is to follow all internal controls as dictated by Department Head as well as program policy.

Organization. The County of Lancaster, SC; sole entity that arranges and approves to have P-Cards issued.

Program Administrator. The Procurement Director, located in the Lancaster County Procurement Department, who coordinates the P-Card program for the Organization. The Program Administrator will act as the intermediary in all correspondence between Organization and Card Issuer.

Vendor. The merchant from whom a Cardholder makes a purchase.

P-CARD PROGRAM OVERVIEW

The P-Card is a VISA charge card issued to a Cardholder to make small value purchases of items such as approved supplies, materials, equipment, and services for Organization use. The objective of the program is to streamline payments by eliminating the administrative burdens and costs associated with other methods of payment. The use of the P-Card is intended to eliminate the need for small dollar purchase orders. The P-Card program offers a simplified purchasing and payment process that allows for an expedited delivery of goods. The P-Card is issued under a contract awarded by the State Materials Management Office which permits County participation in the program. Use of the P-Card is limited to the procurement procedures as established in this document, unless otherwise authorized.

ETHICAL CONDUCT

The County of Lancaster, SC is committed to upholding the highest level of integrity and ethical conduct. It is required that all Organization employees and officials participate in the procurement process and follow the associated policies and procedures in regards to conflict of interest, personal purchases, gratuities, and prohibited relationships with Vendors. Lancaster County requires those who do business within the County to follow strict ethical guidelines in accordance with Section 8-13-705 of the Code of Laws of SC, which states:

"Offering, giving, soliciting, or receiving anything of value to influence action of public employee, member or official, or to influence testimony of witness; exceptions; penalty for violation; shall be subject to the punishment provided by Section 16-9-210 and Section 16-9-220."

CONFLICT OF INTEREST

Organization employees must not make any attempt to influence any purchase if the employee has a financial stake in the outcome of the purchasing decision. Nor shall transactions be conducted with any fellow employee, relative, or near-relative unless there has been a documented determination by Purchasing Director or County Administrator that goods or services procured are not available through other sources or that contract was awarded via competitively sealed bid process.

GRATUITIES

Organization employees must not accept gifts, entertainment, favors, or services from present or potential Vendors that could influence, or appear to influence, purchasing decisions.

ISSUANCE OF P-CARD

The Program Administrator will issue P-Cards to authorized Cardholders who have signed the mandatory Cardholder Responsibilities Agreement that covers the Program Policies and Procedures code of conduct outlining the terms and conditions of the program. The issuance of a P-Card to a Cardholder is strictly prohibited if Cardholder has not signed the agreement. The Program Administrator shall maintain a copy of the signed P-Card Agreement. The Program Administrator must maintain the following information: a) the name of the Cardholder issued a P-card; b) the date of issue; c) card number details; and, d) spend control limits. Access to the P-Card database is restricted to authorized personnel only. Any misuse is strictly prohibited and is subject to immediate termination and possible prosecution. The P-Card is the sole property of Lancaster County and must be maintained in a secure location at all times.

SPEND CONTROL LIMITS

The P-Card is to be used only for authorized Organization purchases only. Organization spending parameters are set at two-thousand five-hundred (\$2,500) US dollars per *single transaction*, including all associated fees and taxes. As used in this section, "single transaction" means one (1) or more items purchased from the same vendor at the same time on the same day. Any intentional circumvention of the single transaction limit is strictly prohibited and may result in the immediate termination of employment. *Monthly spending limits* are designated by Program Administrator based on demonstrated need of Cardholder; monthly spending limits may be adjusted at the discretion of Program Administrator based on demonstrated needs of Cardholder.

One-time transactions for purchases above individual transaction limit of two-thousand five-hundred (\$2,500) US dollars may be requested in writing to Program Administrator who may, in sole discretion, adjust temporary spend control limits of Cardholder until transaction is complete.

FIRST PURCHASING OPTION / COMPETITION

The P-Card should be used as the first option before other methods to obtain and pay for authorized goods and services costing \$2,500 or less, including taxes and fees. If the use of a P-Card is not possible, such as when a Vendor will not accept P-Card and no other competitive Vendor can be located, then a Purchase Order / Claim for Payment shall be issued. Cardholders are encouraged to complete purchases by obtaining more than one (1) quotation whenever possible. Cardholders will be required to show justification that the price paid for any purchase is fair and reasonable.

BONA FIDE VENDORS

Any purchase made shall be from a Vendor who is deemed established, reputable, and reliable, with appropriate licensing, insurance, etc., and not of questionable status. Do not make P-Card purchases from Vendor sources including:

- Drop shipping E-commerce sites, e.g., Wish, AliExpress, etc.
- Personal reseller sites, e.g., Craigslist, Letgo, etc.
- EBay (auctions)
- Flea markets, estate sales, etc.
- Relatives, friends, etc.

The following Vendors consistently offer fair and reasonable pricing and are sufficiently competitive with each other for similar types of purchases. These chains are:

- Amazon Business (with account ID registered through Lancaster County)
- Office Depot (with account ID registered through Lancaster County)
- Wal-Mart
- Lowes
- Home Depot

P-CARD PURCHASES

Permitted Purchases:

- a) Airline tickets for business travel;
- b) Hotel accommodations for business travel;
- c) Car rental for business travel;
- d) Conference and seminar registration fees;
- e) Ground transportation for business travel;
- f) Facsimile charges when traveling;
- g) Non-travel related business meals (e.g., public meetings / hearings, commissions, etc.-must attach participant list and agenda / meeting minutes with receipt);
- h) Authorized memberships and / or subscriptions;
- i) Advertising;
- j) Utilities;

- k) Uniforms / authorized work clothing;
- l) Books, periodicals, magazines and paper subscriptions with authorized Vendors;
- m) Registration expenses as pertaining to Election Days (e.g., supplies, election worker snacks, etc);
- n) Approved office supplies; and
- o) Small dollar amount maintenance contracts / repair services on non-capital items may be paid for using P-Card as long as the Vendor has a current certificate of insurance ("COI") in the appropriate amounts, including Worker's Compensation, and that the total cost of the transaction does not exceed the individual transaction limit of two-thousand five-hundred (\$2,500) US dollars.

In addition to the goods and services listed above, the Program Administrator may, with proper documentation, designate other goods and services that may be authorized for purchase with P-Card.

Prohibited Purchases:

- a) Personal purchases of any kind;
- b) Unauthorized food purchases (including office parties, retirements, holidays, etc.);
- c) Employee travel expenses such as meals and personal expenditures;
- d) Donations of gifts to charity, gifts to Organization employees, political contributions;
- e) Cash advances;
- f) Gift cards, calling cards, or any pre-paid cards of similar type;
- g) Entertainment (including in-room services);
- h) Alcoholic beverages;
- i) Tobacco products;
- j) Weapons, side arms, ammunition (even if for training);
- k) Hazardous materials / chemicals;
- l) Fuel;
- m) IT purchases: hardware and installable software (unless approved by IT Director); and,
- n) Professional services conducted on County property (unless permitted qualifications are met).

In addition to the goods and services listed above, the Program Administrator may, with proper documentation, designate other goods and services that may be listed as prohibited purchases with P-Card.

Additional Prohibited Uses:

- a) Employee Travel Expenses / Meals – Cardholders are NOT authorized for P-Card usage with meals or food expenses associated with internal business meetings or travel. Cardholders will be authorized for P-Card usage on any business meal expense, non-travel related, that comes accompanied by an approved meeting agenda and / or meeting minutes. Travel meals and other travel expensed items shall be reimbursed via Lancaster County's Travel Reimbursement Policy (Policy 8.1), which states:
 - There must be a business connection to the expenditure;
 - There must be adequate accounting by the recipient within a reasonable period of time;
 - Excess reimbursements or advances must be returned within a reasonable period of time.

A travel expense report must be submitted to the Finance Department within 30-days of return from travel. Copies of receipts must be attached for all expenses requested for reimbursement. Any amounts owed to the County must be paid within 30-days of receipt of the travel expense report. Failure to follow these procedures may result in taxable income to the employee, delay or denial of expense reimbursement, and discipline up to and including termination of employment.

Travel Expenses – Overnight Stay:

- Mileage – when personal vehicles are used, reimbursement will be based on IRS Rate;
- Meals – employees staying overnight will receive a per diem of \$40 for each full day, \$30 for the day travel begins, and \$30 for the day travel ends to cover all meals and incidental expenses;
- Conference Fees – County will pay base registration cost.

Travel Expense(s) – Not Overnight Stay:

- Mileage – when personal vehicles are used, reimbursement will be based on IRS rate;
- Meals – not reimbursed;
- Conference Fees – County will pay base registration cost.

- b) Flowers – Cardholders are not authorized for flower arrangement purchases on P-Cards. This is policy for any General Fund department. The only departments authorized to purchase flower arrangements are as follows: County Council and its Members and the County Administrator's Office. If a department would like to send flowers out to any group or individual, including funeral services or employees out on medical leave, then all arrangements must be paid for in another manner, i.e., personal funds.
- c) Vendor Reward / Loyalty Programs – Cardholders are not authorized to use their P-card to gain credit towards any Vendor reward / loyalty programs for personal gain. Cardholders must not present their reward / loyalty cards in connection with any authorized P-Card purchases. If Cardholders are found to be engaging in this type of practice they may be subject to disciplinary actions in accordance with Organization Program Policies and Procedures, including termination for cause. In addition, the purchase may constitute fraud and criminal charges could be instituted against the Cardholder.
- d) Amazon Prime Membership – Cardholders are not authorized to use their P-card to obtain an Amazon Prime Membership for any individual department's use. Any Department interested in Amazon Prime ordering is required to register through the Organization's Amazon Business account. No personal Amazon Prime Memberships shall be authorized to ship Organization goods ordered with P-Cards, nor shall any Organization Prime Membership be used to ship personal goods of any kind to any address. All purchases must be shipped to an Organization address only; no goods shall be shipped to or received at personal domain or private residence for any reason.

- e) Grocery Items – Requests for grocery items made at grocery / retail stores for any items, including those related to special meetings, events, retirements, or training purposes, are subject to review and must be submitted in writing by requesting Department Head and submitted to Program Administrator for documentation purposes; each request may be subject to additional approval by County Administrator.

PROGRAM DOCUMENTATION

The Cardholder or Department Proxy will maintain all Vendor receipts / charge slips. These receipts / charge slips are to be uploaded along with appropriated account information for each transaction, further, a brief explanatory description of each transaction should be noted in the 'comments' column of Bank of America Works software. All receipts / charge slips are to include verification of sales tax as all credit transactions are subject to SC Use Tax. If an itemized receipt is not provided, Cardholder must contact vendor to determine whether or not sales tax was applied and provide verification to Organization's Finance Department.

In addition, the Cardholder or Department Proxy may be requested to provide additional details of any purchase if deemed necessary for transparency and / or compulsory reasons with P-Card Program Policies and Procedures. These details may include, but are not limited to, the following: a) purchase justification; b) program details (e.g. Special Projects); c) event / training purposes; and, d) funding / budget information. This documentation may be requested via email memo for attachment with transaction.

Lastly, all business meals must have accompanying attendance / meeting minutes and all business conferences / seminars must have associated agenda / itinerary attached. All documentation regarding the Program Policies and Procedures will be maintained by the Program Administrator. The Organization's Finance Department will maintain the monthly master billing statements.

SIGN-OFFS

Any Cardholder, Department Head, and / or Department Proxy must complete all transactional sign-offs, including uploading of appropriate backup documentation, by the first business day of each calendar month at noon (12:00 PM) EST; however, with suitable notification to Program Administrator, there may be an allowable three (3) business day grace period for justifiable circumstances of delayed sign-off, e.g., known out-of-office/vacation dates, etc. Repeated lack of timely sign-offs may result in P-Card termination for Cardholder.

MISSING RECEIPT AFFIDAVIT

Cardholder is responsible for submitting itemized receipts with P-Card transactions. Notwithstanding, Organization recognizes that Cardholder may lose or inadvertently not have a receipt for a transaction. Cardholder is responsible for contacting Vendor to request duplicate copy. When a good faith effort to obtain copy is unsuccessful, a Missing Receipt Affidavit may be used in conjunction with transaction reconciliation. All information must be completed on Missing Receipt Affidavit. Cardholder must also

contact Vendor to determine if appropriate sales tax was charged as all credit transactions are subject to SC Use Tax. Both the Cardholder and Program Administrator shall approve the Affidavit. The Missing Receipt Affidavit may not be used on a routine basis. Repeated use of Missing Receipt Affidavit may result in P-Card termination for Cardholder.

CARDHOLDER LIABILITY

The P-Card is a corporate charge card and will not affect personal credit rating levels. It is a Cardholder's responsibility to ensure that the card is used within the stated guidelines of Program Policies and Procedures. Failure to comply with Program Policies and Procedures may result in permanent revocation of P-Card, notification of situation to Organization officials, and punitive action in accordance with Lancaster County Policies and Procedures relating to disciplinary action and termination for cause. Misuse of P-Card may constitute fraud and criminal charges may be issued against any Cardholder in violation.

FRAUD; P-CARD MISUSE / ABUSE

Fraud – This involves the unauthorized use of P-Card by the Cardholder, someone other than the individual whose name is on the card, or individuals outside the organization. This includes stolen cards, counterfeit cards, and / or identity theft. It could also involve non-Organization employees or former Organization employees working in collusion with current Organization employees to commit fraudulent acts.

Merchant Fraud – This is an unauthorized activity and involves any Cardholder charges for goods and / or services not provided by a Vendor.

Misuse / Abuse – This is an unauthorized activity that involves the misuse and abuse of the purchasing activity by the Cardholder. This includes poor asset management resulting from improper order quantities, regularly not practicing "best value" due diligence when making authorized purchases, or regularly buying from unauthorized Vendor sources.

Usage of the P-Card for personal gain would represent serious abuse of the P-Card and could result in termination of employment and / or criminal charges filed against the Cardholder.

CREDITS

Under no circumstances should Cardholder accept cash in lieu of a credit to their P-Card account. The Vendor should always issue a credit to the account for any item / service agreed to process for a return.

P-CARD TERMINATION

The Program Administrator may close a Cardholder account if: a) Cardholder transfers to a different department that no longer requires P-Card; b) terminates employment with Organization; or, c) for any reason subjecting Cardholder to disciplinary action in accordance with Program Policies and Procedures relating to termination for cause, including the following:

- Cardholder does not adhere to all P-Card Program Policies and Procedures.
- P-Card being used for personal gain or unauthorized purposes;
- Continued or frequent misuse / abuse of P-Card;
- P-Card usage for purchases of any substance(s), material(s), or service(s) that violates policy, law, or regulation relating to Organization;
- Cardholder allows card to be used by another individual for any reason;
- Cardholder splits purchase to circumvent the established single transaction limit of \$2,500; or
- Cardholder fails to provide required receipts and / or documentation for P-Card purchases;

In conjunction with P-Card termination, a request for closing a Cardholder's account will be processed by Program Administrator. P-Card must also be returned to Procurement Department for immediate disposal.

LOST, MISPLACED, OR STOLEN P-CARDS

Cardholders must report any lost, misplaced, or stolen P-Cards immediately to Bank of America toll-free at 888-449-2273. Representatives are available to assist 24-hours a day, 7-days a week, 365-days a year.

CARDHOLDER RESPONSIBILITIES

I, the undersigned, as an approved Procurement Card (P-Card) holder, fully understand and agree to the following terms and conditions regarding the usage and safekeeping of the P-Card entrusted to me.

I, as Cardholder, must use my P-Card for legitimate Organization business and travel only. Misuse of my P-Card will be subject to disciplinary action in accordance with Program Policies and Procedures. Any misuse of my P-Card may constitute fraud and, if necessary, criminal charges may be instituted against me.

I, the Cardholder, must:

- a) Maintain full knowledge and adherence to P-Card Program Policies and Procedures;
- b) Ensure the P-Card is used only for legitimate Organization business expenses;
- c) Provide appropriate justification for all P-Card purchases, with documentation (if applicable);
- d) Maintain the P-Card in a secure location at all times;
- e) Not allow for other individuals to use my issued P-Card;
- f) Obtain "best value" for all Organization purchases made with P-Card;
- g) Adhere to all purchase limits of the P-Card and ensure total charges, including taxes, shipping, and fees for any single transaction does not exceed two-thousand five-hundred (\$2,500) US dollars;
- h) Verify all charges on monthly statement and approve all monthly transactions using electronic software (i.e. Works) from Card Issuer;
- i) Obtain all sales slips, register receipts for proper transaction documentation, and provide the same to Department Proxy (if applicable) for proper reconciliation and allocation;
- j) Attempt to resolve any disputes or billing errors directly with Vendor;
- k) Not accept cash in lieu of a credit for P-Card account reconciliations;

- l) Return P-Card to Program Administrator, Department Head, or Human Resource Department upon termination of employment with Organization; and
- m) Immediately report lost / stolen cards to Card Issuer [Bank of America @ 888-449-2273, 24/7/365] and notify Program Administrator at first opportunity during business hours.

ANY VIOLATION OF P-CARD PROGRAM POLICIES AND PROCEDURES MAY RESULT IN DISCIPLINARY ACTION(S) INCLUDING TERMINATION OF EMPLOYMENT AND, IF NECESSARY, CRIMINAL CHARGES.

As a Cardholder, I hereby agree to the above terms and conditions and take full administrative responsibility pursuant to the P-Card Program Policies and Procedures for the action(s) of a Cardholder.

Cardholder Name:

Account Number: xxxx xxxx xxxx

Transaction Limit: \$2,500

Monthly Credit Limit:

Cardholder Signature: _____ Date: _____

Program Administrator Signature: _____ Date: _____

Section 2. Severability.

If any section, subsection or clause of this ordinance is held to be unconstitutional or otherwise invalid, the validity of the remaining sections, subsections and clauses shall not be affected.

Section 3. Conflicting Provisions.

To the extent this ordinance contains provisions that conflict with provisions contained elsewhere in the Lancaster County Code or other County ordinances, the provisions contained in this ordinance supersede all other provisions and this ordinance is controlling.

Section 4. Effective Date.

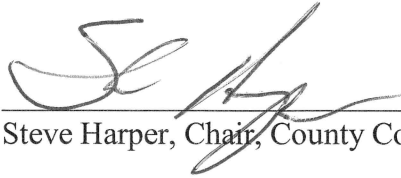
This ordinance is effective upon Third Reading.

SIGNATURES FOLLOW ON NEXT PAGE.

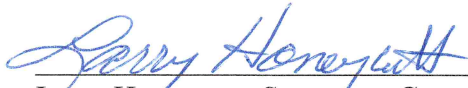
AND IT IS SO ORDAINED

Dated this 12th day of November, 2018.

LANCASTER COUNTY, SOUTH CAROLINA

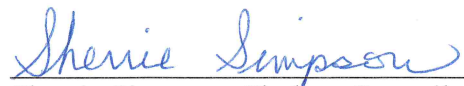


Steve Harper, Chair, County Council



Larry Honeycutt, Secretary, County Council

Attest:



Sherrie Simpson, Clerk to Council

First Reading: October 8, 2018
Second Reading: October 22, 2018
Third Reading: November 12, 2018