



Charlotte County Public Schools Procurement Card Manual

Objective

To provide procedures to personnel on the use of District procurement cards.

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OBJECTIVE

To provide procedures to personnel on the use of District procurement cards.

OVERVIEW

Purpose

1. The procurement card program has been established to provide a more efficient, cost-effective alternative to make purchases **costing less than \$2,500; purchases over this amount must be bid**. The procurement card should reduce the need for petty cash accounts.

The procurement card is a special VISA credit card that works similarly to a personal credit card, except the charges are billed directly to the District and paid through the Finance Office. The procurement card contains the cardholder's name and "Charlotte County Public Schools." The phrase "tax exempt" and the District's tax-exempt number are also printed on the card.

Using the procurement card will benefit the District, its vendors, and employees. The District will save time and money by consolidating paperwork; vendors will receive payment more quickly; and end-users will obtain the materials and services they need without unnecessary delays.

Employee Obligations

2. District employees who are issued a procurement card are provided the ability to make purchases on behalf of their department or unit up to the spending limits imposed by the card. Cardholders are expected to make sound business decisions in the best interests of the District, perform their duties competently, and comply with the following policies and procedures. The principal or department head, however, retains ultimate responsibility for purchases with procurement cards and the administration of the program in his or her school or department.

Disciplinary Action

3. Serious violations of procurement card policies may result in disciplinary action. Examples of such violations include splitting transactions to avoid the requirements of the District's purchasing and procurement card policies, routinely failing to review and approve statements, routinely failing to retain receipts, and making inappropriate purchases.

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Limitations on Using the Procurement Card

4. **Unauthorized Purchases.** Procurement cards are **for business use only**. The following purchases are prohibited:
 - Personal use
 - Cash advances
 - Cash refunds from returned card purchases
 - Gift cards, food, beverages, gifts, decorations unless specifically allowed under a grant.
 - Service contracts
 - Software or web-based applications
 - Cellular telephone equipment and service
 - IT equipment, such as laptops, iPads, tablets, and cameras these items need to be on a purchase order to allow tracking.
 - Capital Asset - purchase over \$5,000 and a useful life exceeding 1 year.
 - Split Purchases – Occurs when charges greater than \$2,500 are placed on an individual's card within 15 days to the same vendor.
 - Conflict of Interest – Do not make purchases from vendors that create a conflict of interest (i.e., purchases from companies owned or operated by School District employee(s) and/or their relatives.
5. **Spending Limits.** Purchases are usually charged to the cardholder's department. Each card has specific spending limits: typically, \$2,500 per transaction and \$5,000 maximum for each 30-day billing cycle. Each time the card is used, an electronic process verifies that the purchase is within these predetermined limits. If a purchase violates these limits, the transaction may be declined.
6. Departments may **not** split single transactions in excess of \$2,500.00 into smaller transactions. To stay within the spending limit, departments may not make multiple purchases of or request multiple invoices for single purchases of identical goods or modular components from the same vendor. Although not an all-inclusive list, the following situations represent split transactions and are prohibited by this policy.
 - Purchasing furnishings together or separately from a single vendor to renovate one office or area which exceed the spending limit. This is considered one transaction.
 - Requesting a vendor to invoice items separately to avoid the spending limit.
 - Making partial payments against a single invoice to avoid the spending limit.
 - Purchasing items in groups and making multiple purchases for a single purpose to avoid the spending limit.

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- Purchasing like items on a regular basis which would exceed the spending limit if purchased together, unless purchased on a current contract.

For more information on what constitutes a split transaction and whether items should be bid, employees should consult the Procurement department.

Administration of the Card

Cardholder Responsibilities

7. Cardholders have the following responsibilities in procurement card usage and appropriate record keeping procedures.
 - Read and abide by these procedures.
 - Always try to obtain the best possible value for the District with the procurement card.
 - Keep the card in a secure location and keep the card number confidential.
 - Exercise caution in sharing account information.
 - Ensure that state sales tax is not charged when making a purchase. The District's tax-exempt number is printed on the face of the procurement card.
 - Obtain and keep receipts and maintain detailed information for each card transaction. **A receipt must be obtained for each purchase or transaction.** Receipts are critical to the success and integrity of the procurement card program.
 - A monthly transaction log should be updated as orders are placed. This will allow for better tracking of expense limits and expedite return of coded statements to Finance within one week.
 - Upon receiving the monthly statement in the mail, **review the statement** for accuracy. **Sign the statement** and forward it and the receipts to the appropriate individual in the school or department for verification.
 - Resolve all incorrect charges and product returns with the merchant or vendor as quickly as possible. Call the bank **immediately** if the card is lost or stolen and notify the Finance Department.

Verifier Responsibilities

8. The school or departmental verifier is responsible for verifying receipts with the monthly statements and has the following duties. If possible, the verifier should be an employee other than the cardholder.
 - Attend the training on procurement cards.
 - Obtain a signed monthly statement and supporting original receipts from each cardholder in the verifier's area of responsibility.
 - Verify the statement by ensuring that receipts are in hand for all transactions listed on the cardholder's monthly statement. Confirm that the receipts are acceptable documents

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according to the Finance Department and the items purchased appear to be legitimate in nature. Failure to routinely verify statements may result in revoking the card and/or disciplinary action.

- Report any questionable purchases to the attention of the principal, department head or the Director of Finance.
- Sign the cardholder statement signifying that it has been verified, as described above.
- Annotate the invoices/receipts with the appropriate general ledger accounts. This processing must be completed in a timely manner that allows the approval process to be completed by the deadline. If the verifier does not have all of the receipts or some transactions are disputed, a memo of explanation should be submitted to the Finance Department which is signed by the Approver.
- Maintain a file of signed statements with receipts attached for five years.

Approver Responsibilities

9. The principal or department head is ultimately accountable for appropriate procurement card use. The principal or department head has the following responsibilities.
 - Select individual(s) who will be responsible for verifying monthly statements. The verifier must have access to and be trained to use the District's accounting system. If possible, the verifier should be an employee other than the cardholder.
 - Ensure that cardholders and verifiers abide by District's policies and procedures governing the procurement card program, as well as District's purchasing policies and procedures.
 - Ensure that reconciled statements and supporting documents are sent to Finance for processing.
10. The department head (or designee) is normally the approver. The approver must be authorized to approve the expenditure of District funds and should have knowledge of the school or department's procurement card activities. The approver is responsible for the final approval of procurement card statements and has the following responsibilities.
 - Obtain training for approvals.
 - Reject charges requiring further processing by the verifier. The approver should attach an explanation indicating why the charge was rejected. Approvers should reject charges when they suspect an inappropriate purchase (that has not been marked as disputed), when they do not have enough supporting documentation to make an informed decision about the appropriateness of a purchase, or when the distribution of charges needs to be changed.

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Procurement Department Procurement Card Responsibilities

11. The Director of Procurement is the individual responsible for administrative and managerial functions associated with the procurement card program, as follows.
 - Assist the Program Administrator.

Program Administrator Responsibilities

12. The responsibility for the administration of the procurement card program has been assigned to the Finance Department. The Director of Finance serves as the Program Administrator and as the primary liaison between the bank and the District. Duties include the following.
 - Distribute the procurement card procedure to affected employees.
 - Review, approve, and forward card applications.
 - Distribute new and replacement cards.
 - Collect and dispose of expired cards.
 - Maintain file of executed cardholder agreements. New cards should not be distributed to employees until agreements are executed.
 - Manage the flow of information into the District's accounting system.
 - Review and pay monthly invoices from the bank.
 - Answer questions and solve problems regarding the program.
 - Maintain cardholder database.
 - Manage and maintain the VISA reporting system (i.e., Works).

Audits

13. Schools/Departments are subject to periodic audits of procurement card activity. Significant failure to comply with District policy or procedures in the use or administration of the cards may result in cancellation of a card and/or disciplinary action, including employee termination.

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Obtaining a Card

14. **Eligibility.** District leaders who have the responsibility for making purchases on behalf of their schools or departments and have the approval of their principal or department head are eligible for a procurement card. If possible, the cardholder should not be the verifier. Cards may not be issued to independent contractors, temporary or substitute employees, students, or any non-employee.
15. **Application Process.** The Program Administrator will review, approve, and forward a P-card request to the bank.

The bank will process the application and issue a card in approximately two weeks. The new card will be sent to the Program Administrator for distribution, who will notify the employee when the card is ready.

Before receiving a card, employees must complete the **CARDHOLDER AGREEMENT**. After verifying the employee completed the agreement, the Program Administrator will give employees their card in exchange for the signed agreement. Cards are automatically renewed. Old cards must be cut in half for disposal.

Making a Purchase

16. Cardholders must follow the guidelines below when making purchases.
 - a. If the intended purchase is less than \$2,500, is not a service, and is not a capitalized asset, find a vendor who accepts VISA and provides the best value to the District.
 - b. Ensure that the vendor will issue a proper receipt (see **17** below).
 - c. Obtain a receipt for each transaction.
 - d. Ensure that the purchase does not include sales tax.
 - e. When ordering over the telephone or the Internet, the cardholder should tell the vendor that he or she is from Charlotte County Public Schools and is making the purchase with a VISA procurement card. The vendor should be given the card name, card number, expiration date, and delivery address. A receipt and confirmation number, if applicable, should be requested at this time. Emphasize that the purchase is exempt from state sales tax.
 - f. Inspect the order to verify accuracy, quality, and price.

Acceptable Receipts

17. Acceptable receipts include vendor invoices, charge slips, cash register receipts or printout of E-mail or web page transaction confirmation, provided they include the following information.

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- Itemized description of goods or services purchased, including unit price
- Vendor name
- Transaction date
- Transaction total

Generally, order forms are not acceptable as receipts, since they may not represent the actual purchase. For subscriptions, a copy of the renewal notice or initial subscription request is considered a receipt.

Receipts that do not clearly list the required information described above or that are not originals will not be considered adequate documentation.

Reviewing and Reconciling Statements

18. The monthly statement close date is the last day of the month. The District will send the administrator the statement around the 3rd of the month. The reconciled and coded statement should be returned to the District by the 14th of the month following the statement date. No payment should be sent to the bank. The statement should be reviewed and reconciled as described below.
 - a. The cardholder should review the statement to ensure that the transactions and amounts listed are correct. Specifically, check for the following information.
 - Amounts on the statement that are higher than the receipts (may need to allow for shipping charges)
 - Items on the statement not purchased by the cardholder
 - b. If a discrepancy is found, the steps in **23-24** below should be followed.
 - c. The cardholder should sign the statement or log. The cardholder's signature affirms that (1) the charges are correct with exceptions noted, (2) all receipts are included, and (3) all expenditures are properly authorized business purchases.
 - d. The cardholder should forward the signed statement and original receipts to the individual who is responsible for verifying procurement card purchases in the school or department.
 - e. The person who is responsible for verifying procurement card purchases completes the steps described in **8** above and electronically distributes the charges by the Finance Department's deadline (one week after statement received).
 - f. The department head or approver reviews and approves the accounting distribution of monthly charges by the Finance Department's deadline (one week after statement received).
 - g. Settlements and receipts should be received by the Finance Department by the 14th of the month.

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- h. Any noncompliance should be reported to the Program Administrator.

Distributing Charges

19. The charges are distributed in the following manner.
 - a. The cost center/WBS elements will be charged monthly in arrears following the expense verification and distribution actions by the department.
 - b. Expenses not distributed by the department before the Finance Department's deadline (one week after statement received) will be charged to the departmental default cost center/WBS element.

Cancelling Cards

20. In the event it is necessary to cancel a procurement card, the cardholder must return the card to the Director of Finance, with an explanation of why it is to be canceled.

The Program Administrator will notify the bank of the cancellation.

21. A procurement card should be canceled if any of the following conditions arise.
 - Cardholder suspects the card number has been or may be used without authorization (i.e., stolen). See **25** below.
 - Cardholder seldom or never uses the card.
 - Cardholder is no longer employed by the District.
 - Cardholder goes on leave without pay.
 - Cardholder is requested to surrender card due to violation of policies.
 - Cardholder/department decides to no longer participate in the program.

In addition, the District has the right to cancel the card of any employee at its discretion.

Problems

Declined Purchase

22. If a purchase is not approved by VISA, contact the Finance Department to determine the reason for the decline.

Returning an Item

23. The procedures below should be noted when returning an item.

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- a. For a purchase made in person, return the item directly to the vendor and obtain a credit receipt. **Cash refunds are prohibited.**
- b. For a purchase by phone, mail, or fax:
 - Contact the vendor for return instructions.
 - Obtain a return reference number from the vendor, e.g., Returned Material Authorization (RMA) or credit number. Note: Some vendors may charge a restocking or handling fee.
- c. On the paper statement where the original charge appears, note the date of the return. Be sure to check subsequent statements to verify that credit was received for the returned item.
- d. For refunds to a canceled card, the school or department should request a credit memo from the vendor for the amount of the refund. The department must send it to the Finance Department to be processed as a refund from the vendor.

Incorrect Charges

- If an item on the monthly statement is incorrect, call the vendor immediately to resolve the disputed charge. If the vendor does not resolve the discrepancy within 30 days, email a dispute to the Program Administrator, the Director of Finance. The bank will issue a temporary credit until the dispute is resolved, usually within 60-90 days. Please address the following issues:
 - **Be clear and concise.** Describe the item you bought and the problem, include serial or model numbers, and the name and location of the seller.
 - **State exactly what you want done** and how long you are willing to wait for a response. Be reasonable.
 - **Don't write an angry, sarcastic, or threatening letter.** The person reading your letter probably isn't responsible for the problem, but may be very helpful in resolving it.
 - **Include copies of relevant documents**, like receipts, repair orders, and warranties. Keep the originals.
 - **Provide your name, address, and phone numbers.** If an account is involved, be sure to include the account number.

The Program Administrator may want to send your letter by certified mail and request a return receipt. You'll have proof that the company got your letter and who signed for it.

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24. Vendors have a right to solve a problem with a purchase within a reasonable period of time. Thus, when either an incorrect or defective item is received, the cardholder must allow the vendor a reasonable amount of time to either replace the product, resolve the service issue, or issue a credit before turning the matter over to the bank.

Lost or Stolen Cards

25. The cardholder should immediately call Bank of America at (888) 449-2273 as soon as he or she realizes the procurement card has been lost or stolen. Representatives are available 24 hours a day.

Note the name of the bank employee who takes the call and the exact time called. Record this information and email to the Program Administrator, the Director of Finance.

Within two days of calling the bank, email the Program Administrator, the Director of Finance of the incident. The bank will block further use of the existing card and issue a new card and account number.

RELATED DISTRICT POLICIES

- 1139.01, Staff Discipline
- 1139.02, Violation of Local, State and/or Federal Laws
- 1140, Suspension or Termination of Administrators
- 1140.01, Disciplinary Suspension Without Pay
- 1210, Code of Ethics
- 6320, Purchasing
- 6423, Use of Purchasing Cards and Credit Cards