

DRAFT

School District of Phillips

Procurement Card Procedure Manual
Board Policy Manual 673.2

April 2016

**An employee who is going to use a site card should read all sections
except section VIII – Reconciliation.**

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I. Procurement Card Program Overview

A Procurement Card Program has been established to provide a more rapid receipt of low dollar items and to reduce the paperwork and handling costs associated with the payment of these purchases. The Procurement Card Program delegates the authority and capability of purchasing low dollar items directly to designated cardholders, allowing them to acquire materials faster and more efficiently than before.

Under the Procurement Card Program it will no longer be necessary for the cardholder to create a purchase requisition for qualifying items. Instead, you may directly purchase these items with a procurement card. Cardholders may now initiate a transaction in-person, by telephone, or online within established limits, and receive goods. The Financial Services Office will make periodic settlements with the financial institution responsible for issuing the procurement cards (the “card issuer”).

The procurement card enables cardholders, site and financial services staff to perform more effectively and focus on the value-added aspects of their jobs by:

- Reducing time needed to purchase and receive supplies
- Reducing paperwork (number of requisitions & purchase orders)
- Reducing supplier/vendor invoices
- Reducing invoicing problems
- Reducing the number of accounts payable checks issued

The Procurement Card Program is **NOT** intended to circumvent or replace the standard purchasing procedures of the District. It is every employee’s responsibility to be aware of and comply with the District’s procedures on purchasing.

In brief, a procurement card **IS**:

- Authority granted by the school district to specific employees for official school district use only
- Authorized for use with only certain categories of vendors and products/services
- A restricted use credit card

A procurement card **IS NOT**:

- A means to avoid appropriate purchasing or payment procedures
- A card to access cash or credit
- A right of employment
- For personal use

II. Obtaining a Procurement Card

1. Administrators/Coordinators/Principals/Directors determine whether an employee should be issued a procurement card in their name or if the employee should use a site card.
 - A. If a site card is to be used, please see page 14.

- B. If a procurement card is to be assigned, the Administrators/Coordinators/Principals/ Directors should forward the application to the Finance Manager in the Financial Services Office.
1. Administrators/Coordinators/Principals/Directors may approve personnel to become cardholders by providing a copy of the Procurement Card Manual and Procurement Card Application to the procurement card applicant. The procurement card applicant's administrator must sign the application. The application should be forwarded to the Finance Manager in the Financial Services Office.
 2. The Finance Manager shall confirm whether or not the employee will be considered for cardholder privileges.
 3. When the Financial Services Office receives the procurement card, it will be forwarded along with a Procurement Card Issuance/Training Form to the school secretary. The card will not be issued to the cardholder until training is completed and the employee has signed the form.
 4. Signature of this Issuance/Training form acknowledges that the cardholder understands the procedures and responsibilities of the procurement card.
 5. The Financial Services Office shall maintain all records of procurement card applications, issuance/training forms, limits, and lost/stolen/destroyed card information.

III. Personal Liability and Your Credit Rating

The use of the procurement card results in school district liability, NOT a personal liability for the cardholder. Your credit rating will not be affected. However, remember that you sign an agreement with the school district prior to receiving the card and, as such, you are responsible for any misuse of the card, as outlined in this manual.

IV. Guidelines for Card Use

The procurement card that the cardholder receives has his/her name embossed on it and shall be used only by the cardholder. NO OTHER PERSON IS AUTHORIZED to use that card. The cardholder is authorized to make transactions on behalf of others in his/her school or department. However, the cardholder is ultimately responsible for all use of his/her card.

Use of the procurement card shall be limited to the following conditions:

- The total value of a good or service shall **NOT** exceed a cardholder's purchase limit(s) as established by the Finance Manager.
- Purchases shall NOT be split into multiple transactions to bypass the District's procurement procedures.
- All items purchased "over the counter" must be immediately available at the time of

procurement card use. **No backordering of merchandise is allowed.**

- All orders should be shipped before a billing transaction occurs on the procurement card.
- The cardholder shall inform the vendor that the purchase is **NOT** subject to sales tax, as the District is tax exempt. The District's tax exempt number is printed on every procurement card (ES 42019). **The cardholder will be required to reimburse the District for any WI sales taxes charged.**
- Never provide your procurement card number to a person who calls or emails you. The cardholder should initiate all transactions.

Unauthorized Procurement Card Use

Procurement cards shall **NOT** be used for the following:

- a) Personal purchases or identification
- b) Daily or billing-period purchases which exceed the cardholder's purchase limits
- c) Purchases intended to bypass District purchasing procedures
- d) Purchases split to circumvent purchase limits
- e) Meals, travel or entertainment expenses, **unless specifically authorized by budget holder**
- f) Telephone calls
- g) Telecommunications equipment (i.e. phones or cellular phones), **unless specifically authorized by the Financial Services Office.**
- h) Alcoholic beverages, drugs or pharmaceuticals
- i) Cash advances
- j) Insurance
- k) Computer hardware, software or peripherals, **unless specifically authorized by the Technology Director**
- l) Leases/Rentals of facilities/property
- m) Purchases that require a contract, **unless specifically authorized by the Financial Services Office.**
- n) Consultants or temporary help
- o) Services from a "Tax Reportable" or "1099" vendor. A tax reportable or 1099 vendor is defined as an individual, sole proprietorship or limited partnership that is paid more than \$600 for services in a calendar year. All medical and/or attorney's fees are considered tax or 1099 reportable, regardless of their status.
- p) Purchases that are not permitted under District purchasing procedures

NOTE: A cardholder who makes unauthorized purchases or carelessly uses the procurement card may be liable for the total dollar of such unauthorized purchases plus any administrative fees charged by the card issuer in connection with the misuse. The cardholder will also be subject to disciplinary action, up to and including termination.

V. Cardholder Spending Limits / Merchant Restrictions

The Finance Manager will approve the purchasing limits (daily, monthly, and billing cycle) for each cardholder. Each time a cardholder makes a purchase with his/her procurement card, these limits will be checked by the credit card company, and the authorization request will be declined, should the amount exceed the established limits.

Occasionally, a unique situation may require a purchase that exceeds a cardholder's established limits. If a cardholder requires a different card limit, please email the Finance Manager your request. Please include the limit you would like your card to be set at, the reason why you need to change your limit, and the date you will need your new limit to be available. The Finance Manager will email approval to the Procurement Card Auditor and he/she will contact the bank. The cardholder will receive a confirming email once the change has been made at the bank.

Merchant category restrictions have also been established. These restrictions are set up specifically for the School District of Phillips Procurement Cards and limits where the cards can be used.

VI. General Instructions for Card Use – The Purchase

You must have an **itemized receipt** for all purchases. All receipts and purchasing documents shall be retained as proof of purchase in your procurement card envelope. These documents will be used to reconcile the cardholder's statement of account.

The Phillips School District is tax exempt; therefore, tax shall not be charged to District purchases.

Cardholders will utilize the following "checklist" when making a purchase:

1. "Over the Counter" Orders

- a) Before the cardholder visits a vendor site, he/she should make sure the vendor accepts procurement cards (credit cards).
- b) At the time of purchase the cardholder should notify the vendor **that the school district is exempt from sales tax**. At some stores you will need to go to customer service in order for tax not to be charged to your credit card. Some known places that you need to go to customer services verses a regular check out line are Walmart, Office Max, Staples, and Best Buy.
- c) The cash register receipt and the procurement card receipt must be reviewed prior to signing to be sure:
 - ✓ sales tax was not charged
 - ✓ any discount offered was included
 - ✓ sale price is accurate
 - ✓ all prices are listed
 - ✓ full description of items
 - ✓ quantity is listed
 - ✓ company name is noted
 - ✓ transaction date is noted

2. Telephone Orders

- a) All phone orders must be initiated by the cardholder.
- b) Make sure the vendor accepts procurement cards (credit cards).

- c) Inform vendor that the order is tax exempt.
- d) Confirm with the vendor that the goods or services are available, meets the specifications and delivery requirements, etc.
- e) When making a purchase by telephone, the cardholder shall document the transaction (order number) on a sheet of paper. Also, document the company name, quantity, price(s), full description of the item(s), date of order, and name and telephone number of the person taking your order.
- f) The cardholder should direct the vendor to include the following information on the shipping label and packing list:
 - ✓ Cardholder's name, school/department, and telephone number;
 - ✓ Complete delivery address;
 - ✓ The words "Procurement Card purchase";
 - ✓ The vendor's order number.

Note: It is extremely important that all purchases be sent to the cardholder ordering the merchandise, as this will ensure that the documents necessary for the record keeping are readily available to the cardholder.

- Advise the staff member at your site who receives merchandise, of the vendor's name, anticipated delivery date, number of boxes expected, carrier (UPS, Fed Ex, etc.) and to notify the cardholder when delivery is made.

3. Fax Orders

- a) The use of the fax machine to place procurement card orders should be kept to a minimum. Fax orders are placed only when the company requires an order form with the procurement card number included.
- b) When placing a fax order, never leave the form unattended so that others that use the machine can copy the card number, etc.
- c) Make sure the vendor accepts procurement cards (credit cards).
- d) Confirm with the vendor that the goods or services are available, meets the specifications and delivery requirements, etc.
- e) When making a purchase by fax, the cardholder shall document the transaction (order number) on a fax order form. Also, document the company name, quantity, price(s), full description of the item(s), date of order.
- f) Include the following information on your fax order form:
 - ✓ Company name
 - ✓ Quantity
 - ✓ Prices

- ✓ Full description of item(s)
- ✓ Date of order
- Direct the vendor to include the following information on the shipping label and packing list:
 - ✓ Cardholder's name, school/department, and telephone number
 - ✓ Complete delivery address
 - ✓ The words "Procurement Card Purchase"
 - ✓ The vendor's order number

Note: It is extremely important that all purchases be sent to the cardholder ordering the merchandise, as this will ensure that the documents necessary for the record keeping are readily available to the cardholder.

- Advise the staff member at your site who receives merchandise, of the vendor's name, anticipated delivery date, number of boxes expected, carrier (UPS, Fed Ex, etc.) and to notify the cardholder when delivery is made.

g) Retain a copy of the fax order form in your procurement card envelope.

4. Internet Purchasing

- a) Only purchase items from companies that are reputable and creditable. If you know nothing about the company, please refrain from ordering from them.
- b) When entering credit card information, make sure you are on a secure site. For example: on Internet Explorer you should be able to see a little locked padlock in the lower right hand corner of your computer screen.
- c) Remember school district purchases are tax exempt. If tax is added onto your order prior to your checkout, you should cancel the order and call the company to arrange for a tax exempt purchase.
- d) Make sure the information you put into the vendor's shipping information will direct the purchase to you when the item is shipped. Please include the address of the school where you are located (the address on the billing statement).
- e) Make sure you receive an itemized receipt for your purchase.

VII. Receipts, Sales Tax and Procurement Card Envelopes

Receipts

The District requires an itemized receipt for each purchase. If a receipt is lost, you should contact the vendor to obtain a duplicate receipt. If the vendor is unable or unwilling to help you, the following options apply:

1. Call our procurement card provider at (800)263-2263 and ask for a duplicate receipt. If you are only provided a charge card slip receipt (receipt that does not itemize your purchase), you will also have to fill out the Procurement Card Lost Receipt/Detail Form.

2. You may use a Procurement Card Lost Receipt Form. Please complete the form with as much detail as possible and have your administrator sign it. **This form may only be used twice in one school year. If use of this form occurs more than twice in one school year, your card will be suspended until the end of the school year (June 30th).** You may obtain a copy of the Procurement Card Lost Receipt Form on the District’s website (www.phillips.k12.wi.us) under the District tab and then Finance Services.
3. Pay the entire bill personally by enclosing the money in your procurement card envelope.

Sales Tax

Most Phillips School District purchases are tax exempt; therefore, tax should not be charged to District purchases. If you were charged tax on your procurement card and the purchase is not being charged to an Activity Account, you have two options. We will not ask for tax reimbursement on an Activity Fund Account.

1. Contact the vendor to ask for the tax to be reimbursed to your procurement card. If you are obtaining a credit back from the vendor for the tax and the credit is not obtained in the same billing cycle as the original purchase, you will either need a copy of the original receipt showing the tax amount or a receipt showing the tax that was refunded to place in your envelope where the credit appears. Put a copy in the envelope where the original charge appears also.
2. Pay for the sales tax personally by enclosing the correct tax amount in your procurement card envelope.

Procurement Card Envelopes and Sales Receipt/Tax Correction Notice

Please coordinate with your building/department secretary any deadlines that they may have regarding your procurement card envelope. The Financial Services Office requires that, if you have procurement card transactions in a billing cycle, a procurement card envelope is on file at the District Office by the “envelope deadline” listed in the schedule below. Failure to turn in your envelope by the “envelope deadline” will suspend your procurement card until the District Procurement Card Auditor receives your envelope. You will receive an email indicating that your card is suspended and can no longer be used.

If you provide the District Procurement Card Auditor with your procurement card envelope and you have been charged tax or you are missing a receipt, you may receive a Sales Receipt and Tax Correction Notice.

If you receive a Sales Receipt or Tax Correction Notice, the issue stated on the form must be resolved by the date on the following schedule:

Billing Period	Financial Services Office Envelope Deadline	Corrective Receipt/Sales Tax Deadline
7/6-8/5	8/25	10/5
8/6-9/5	9/25	11/5
9/6-10/5	10/25	12/5
10/6-11/5	11/25	1/5
11/6-12/5	12/25	2/5

12/6-1/5	1/25	3/5
1/6-2/5	2/25	4/5
2/6-3/5	3/25	5/5
3/6-4/5	4/25	6/5
4/6-5/5	5/25	7/5
5/6-6/5	6/25	7/5
6/6-6/30	7/5	7/10
7/1-7/5	7/10	7/10

All issues should be resolved in the same school year due to the closing of the fiscal year.

To resolve the receipt or sales tax issue, please send your procurement card envelope back to the District Procurement Card Auditor with the proper documentation or money by the deadline date.

If you have not resolved the issue by the deadline, your card will be suspended. We will reactivate your card after the issue has been resolved. You will receive an email indicating that your card is suspended and can no longer be used.

The second time a receipt/tax is not in the envelope by the deadline date; your card will be suspended until reactivation is approved by the Finance Manager.

VIII. Reconciliation

1. Card Holder Reconciliation

Procurement Card transactions will be uploaded into the Skyward system on at least a weekly basis. Transactions will be brought into the system with a default account number, which will be needs to be updated with your department/building code. Please follow these steps to reconcile your procurement card transactions.

1. Procurement card transactions should be approved and reconciled weekly on the BMO website.
2. Go into Skyward credit card portal and add a description to the purchase, change the account number, and approve the transaction. Transactions must be approve by Friday each week.
3. Obtain your procurement card statement from the BMO website. Statements are generated the 5th of every month.
4. Attach all procurement card receipts electronically to the Skyward transactions associated with the statement and keep the original receipts with your statements for your records.
7. After you approve your purchases in Skyward, your administrator will also need to approve the purchases. You must have all Skyward purchases on the statement approved by the 15th of the month.

2. Administrator Approval of Purchases

Before the end of the day of the **15th of each month** the administrator shall have reviewed all purchases for the billing cycle in Skyward. If changes need to be made, the administrator has the ability to change the description and/or the account number. The administrator should not return the purchase. The purchase will not go back to the cardholder. The administrator's approval indicates that the cardholder was authorized to make those purchases and that those purchases were made in accordance with the applicable procedures. It is the administrator's responsibility to report any discrepancies found to the Finance Manager.

After the 15th of each month the Finance Manager/Superintendent will approve purchases for payment to MasterCard.

3. Storage of Procurement Card Envelopes

The card holder shall keep all receipts attached to the statements. The Wisconsin Department of Public Instruction requires expenditure records to be retained for seven (7) years. The receipts and statements should be available to the Financial Services Office and auditor when requested.

IX. Fixed Asset Items

Items which cost \$5,000.00 or more per item and are non-consumable are considered fixed asset items and need to be identified with a bar code as a fixed asset item.

Please complete a Fixed Asset Inventory form for all items that cost \$5,000.00 or more and are not a consumable item. The form is available on the web at:

Please forward the inventory form to the Finance Manager at the District Office.

The District Office will generate a fixed asset tag for the item and will forward the tag to you. Please attach this tag to the purchased item.

X. Returns, Credits and Disputed Items

The cardholder is responsible for following up with the vendor or bank on any erroneous charges, disputed items or returns, as soon as possible. Disputed billings can result from: failure to receive the goods, defective merchandise, incorrect amounts, duplicate charges, credit not processed, as well as fraud and misuse. If you suspect fraud is involved, contact the Finance Manager immediately at extension 2007.

If you have a problem with a purchased item or a billing resulting from use of the procurement card, you should first try to reach a resolution with the vendor that provided the item. In most cases, disputes can be resolved directly between the cardholder and the vendor.

- a) Credits

Contact the vendor and request that a credit be placed on your card account; you may need to refer to your original card receipt. If the item was shipped, refer to the shipping form you kept in your procurement card envelope.

b) Returns

If an item is not satisfactory, a wrong item is delivered, damaged and/or defective, duplicate order, etc., the cardholder should make contact with the vendor to explain the problem and get a credit issued. The cardholder should follow the return policies established by the vendor and the District. Record the return on the original receipt and staple any credit memos issued by the vendor to that receipt. Any item purchased with the procurement card that is returned **MUST** be returned for credit. **Do NOT accept a refund in cash or by check.** The credit may appear on a subsequent statement. If the credit appears on a subsequent statement, make a photocopy of the credit documentation to keep with the billing statement for the credit.

If the goods are returned in person, the original receipt must accompany the goods. A copy of the credit receipt for the returned goods must be obtained. Record the return on the original receipt and staple any credit memos issued by the vendor to that receipt.

If the goods are shipped, have the vendor send a credit memo, if possible. If a credit memo is not possible please enclose a copy of the original receipt indicating which items were returned. Be sure to look for the credit on your statement.

c) Disputed Items

If you have a disputed charge and cannot reach resolution with the vendor, please contact the Finance Manager at extension 2007 for more information.

Note: Make sure to keep documentation of credits, returns, and exchanges with your procurement card records and statement.

XI. Card Security

It is the cardholder's responsibility to safeguard his/her procurement card and card account number. Your procurement card should be treated with the same level of care you use with your personal credit cards.

- **Do not lend your card to unauthorized individuals.** The only person authorized to use the procurement card is the person whose name is on the front of the card, unless approve by the card holder listed on the card.
- Guard your procurement card account number carefully. Do NOT post it or write it in any location that is accessible to others.
- The cardholder's statement should be carefully reviewed to insure no unauthorized purchases were made.
- Never provide your procurement card number to a person who calls or emails you. The cardholder should initiate all transactions.

A violation of the card security procedure will result in the cardholder having his/her card withdrawn and may subject them to disciplinary action.

XII. Reporting Lost or Stolen Cards

If the card is lost or stolen, the cardholder shall **immediately** notify our credit card provider (the card issuer) at **(800)361-3361**. Representatives are available 24 hours a day. Advise the representative that the call is regarding a MasterCard procurement card. The cardholder then should contact the Finance Manager at extension 2007 in the District Office.

The Procurement Card Program holds the school/department responsible for paying all charges resulting from stolen or misused cards until our credit card provider has been notified. Please notify the Finance Manager at extension 2007 or Superintendent of stolen or misused cards immediately.

XIII. Audits

The business office staff will conduct audits of procurement card use. The primary purpose of these audits is to ensure that the Procurement Card Program procedures are being followed and that:

- Purchase volume appears reasonable
- The card is being used for appropriate transactions
- Documentation is complete

XIV. Consequences of Failure to Comply with Procurement Card Procedures

Any misuse/abuse of the card or other failure to comply with these procedures will result in the following cardholder consequences:

- Revocation of card.
- Disciplinary measures (up to and including termination of the cardholder).
- In addition, if the misuse involves personal transactions, the cardholder must repay to the District all personal amounts, including any applicable state and county sales taxes.

XV. What if I Leave the School District or Transfer to Another Site?

If you leave the school district, you must return your procurement card to the Finance Manager. Returned procurement cards are not reissued to other employees for use.

XVI. Site Assigned Procurement Cards

Site assigned procurement cards have been provided to each school and some departments.

The purpose of the site-assigned cards is to allow a school district employee, who occasionally has a need to use a procurement card, to use one without having one issued in his/her name. Site-assigned cards are the responsibility of the administrator/administrator (including card security and record keeping). He/she is the only person allowed to authorize use of a site-assigned procurement card. Upon authorization by the administrator/administrator, an employee

may utilize the site-assigned card by:

- Completing a Procurement Card Application and reviewing the Procurement Card Procedure Manual (a copy of the manual is available on the Phillips School District Web Site at www.phillips.k12.wi.us – click on District tab and Finance Services)
- Upon completion of the Procurement Card Issuance Form, which the administrator/administrator signs and forwards to the Financial Services Office, the employee is authorized to utilize a site-issued procurement card.
- The employee shall sign out the card each time.
- The employee shall return the card and related documentation from the purchase(s) to the administrator within ONE (1) business day of the purchase(s).
- The employee utilizing a site-issued card must follow the same procedures for use of the card as an employee with a card issued in his/her name, except reconciliation (the site card administrator will complete this process).

XVII. Key Contacts For Questions

The following resource persons are available to provide assistance, answer questions, or help solve any problems that arise:

Business Services Office

Finance Manager x2007

- *District Procurement Card Auditor
- *Cardholder purchasing card limits
- *Disputed Transactions
- *Skyward Issues

Business Services Office

Accounts Payable Clerk x4000

- *Backup cardholder purchasing card limits
- *Backup disputed Transactions
- *Backup Skyward Issues
- *Fixed Asset Inventory Forms

Reference: 673.1 Use of Credit Cards/P-Cards

Approved: May 16, 2016

