

MORRISVILLE BOROUGH SCHOOL DISTRICT

SECTION: FINANCES

TITLE: PROCUREMENT CARD

ADOPTED: November 14, 2007

REVISED:

| 625. PROCUREMENT CARD | |
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| 1. Purpose | <p>The purpose of this policy is to provide guidance on the proper use of Morrisville School District's Procurement Card and establish procedures, which meet the following criteria:</p> <ol style="list-style-type: none">1. Provide an efficient and cost effective method of purchasing and paying for goods and services.2. Reduce the use of petty cash, blanket purchase orders, and prepaid purchase orders.3. Ensure procurement card purchases are in accordance with the procedures of the district and Pennsylvania statutes.4. Reduce the time and money spent processing low-dollar transactions.5. Ensure that the district bears no legal liability from inappropriate use of procurement cards.6. Provide for disciplinary action if the procurement cards are misused. |
| 2. Authority | <p>Morrisville School District is making available to designated employees delegated authority to make minor purchases directly through a procurement card program. This will allow departments flexibility to purchase small routine materials and supplies.</p> |
| 3. Guidelines | <p>Certain controls have been developed for the procurement card that do not exist in a traditional credit card. These controls ensure that the card is used only for specific purchases, within specific dollar and transaction limits.</p> |

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| <p>SC 751, 807.1 Pol. 610, 611</p> | <p><u>Card Description</u></p> <p>The procurement card shall contain the Morrisville School District’s logo, “Morrisville School District”, cardholder’s name, tax exemption number and an expiration date. The card has been uniquely designed to avoid confusion with personal credit cards.</p> <p>The Business Administrator will set limits for each cardholder: dollar amount per transaction (single or multiple items), number of transactions (authorizations) per day, and the dollar amount per billing cycle. The limits shall, generally, be as follows:</p> <p style="padding-left: 40px;"><u>Superintendent/Business Administrator</u></p> <table style="margin-left: 40px;"> <tr> <td>Single per Transaction Limit:</td> <td>\$4,000</td> </tr> <tr> <td>Transactions/Authorizations per Day:</td> <td>Every</td> </tr> <tr> <td>Billing Cycle (Monthly) Limit:</td> <td>\$50,000</td> </tr> </table> <p style="padding-left: 40px;"><u>Principals/Assistant Principals</u></p> <table style="margin-left: 40px;"> <tr> <td>Single per Transaction Limit:</td> <td>\$4,000</td> </tr> <tr> <td>Transactions/Authorizations per Day:</td> <td>Every</td> </tr> <tr> <td>Billing Cycle (Monthly) Limit:</td> <td>\$50,000</td> </tr> </table> <p style="padding-left: 40px;"><u>Supervisors</u></p> <table style="margin-left: 40px;"> <tr> <td>Single per Transaction Limit:</td> <td>\$4,000</td> </tr> <tr> <td>Transactions/Authorizations per Day:</td> <td>Every</td> </tr> <tr> <td>Billing Cycle (Monthly) Limit:</td> <td>\$30,000</td> </tr> </table> <p style="padding-left: 40px;"><u>Staff</u></p> <table style="margin-left: 40px;"> <tr> <td>Single per Transaction Limit:</td> <td>TBD (but less than \$1,000)</td> </tr> <tr> <td>Transactions/Authorizations per Day:</td> <td>Every</td> </tr> <tr> <td>Billing Cycle (Monthly) Limit:</td> <td>TBD (but less than \$4,000)</td> </tr> </table> <p>Purchases beyond the “Single per Transaction Limit” must be made in accordance with the state statutes. The procurement card may be used as a method of payment for purchases exceeding \$4,000. Such exceptional purchases will conform to the School Code including Section 807.1 of the School Code and require the appropriate approval of the immediate supervisor prior to purchase.</p> | Single per Transaction Limit: | \$4,000 | Transactions/Authorizations per Day: | Every | Billing Cycle (Monthly) Limit: | \$50,000 | Single per Transaction Limit: | \$4,000 | Transactions/Authorizations per Day: | Every | Billing Cycle (Monthly) Limit: | \$50,000 | Single per Transaction Limit: | \$4,000 | Transactions/Authorizations per Day: | Every | Billing Cycle (Monthly) Limit: | \$30,000 | Single per Transaction Limit: | TBD (but less than \$1,000) | Transactions/Authorizations per Day: | Every | Billing Cycle (Monthly) Limit: | TBD (but less than \$4,000) |
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Charges for purchases shall not be split to stay within the single purchase limit. Splitting charges will be considered abuse of the procurement card program and a clear violation of the School Code.

Anyone who exceeds their monthly billing cycle limit must obtain prior permission from the Superintendent. Procurement card access will be denied to anyone who exceeds their monthly limit for two (2) billing cycles without prior approval.

Definitions

Account Clerk - employees designated by Department Heads to be responsible for the reconciliation, documentation and account coding of procurement card transactions for a specified group of cardholders.

Bank - the financial institution, which has entered into an agreement with the district to provide the procurement card program.

Billing Cycle - the monthly billing period that begins on a set date of each month and ends on the same day the following month, with a twenty-day (20) grace period before payment is due.

Capital Equipment - assets with a cost of \$1,000 or more and a useful life of one (1) year or more, including but not limited to furniture, equipment, vehicles, and computer hardware.

Cardholder Agreement - Visa's terms and conditions that define cardholder use of the procurement card.

Credit Log - summary sheet upon which the cardholder and/or Account Clerk records the details about credits to the procurement card purchases. Information to be recorded includes the reference or order number; date of original transaction; date of credit transaction; purchase description; and dollar amount of the credit.

Merchant Category Code (MCC) Limit - a method to control where spending is allowed. All Visa merchants are assigned an industry-specific MCC code, which the district can restrict from procurement card access. Once an MCC code is blocked, all merchants within that category will be declined.

Monthly Limit - the maximum dollar value of charges a cardholder is authorized to make during the billing cycle.

Procurement Card - a charge card issued to an employee for the purpose of purchasing small dollar items.

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| <p>4. Administrative Procedures</p> | <p>Procurement Card Administrator - the Business Administrator is responsible for the administration of the procurement card program. An alternate will also be assigned.</p> <p>Single Purchase Limit - the maximum value of charges a cardholder is authorized to make during a single transaction.</p> <p><u>How It Works</u></p> <p>The district administrator authorizes the issuance of a procurement card to an employee.</p> <p>The Business Administrator coordinates issuance of a procurement card to an employee.</p> <p>A cardholder presents goods or services for purchase to a vendor who accepts Visa. The vendor processes the card information to obtain authorization for the purchase. The bank receives the transaction information electronically from Visa. The bank verifies the account number and spending control limits on the card. The cardholder receives the merchandise and a copy of the receipt. The cardholder maintains the original receipt for daily remittance to the Account Clerk. The vendor receives payment for the merchandise within three (3) days. The Account Clerk receives a weekly memo statement for reconciliation and payment certification. The Account Clerk reconciles all purchases and credit activity to the memo statement, along with supporting documentation, and forwards it to business office by noon every Monday (or next working day if Monday is a holiday). Business office pays the bank from the reconciled weekly statement. Business office receives a consolidated monthly statement for each billing cycle in order to reconcile the weekly statements.</p> <p><u>Responsibilities</u></p> <ol style="list-style-type: none">1. Cardholder is responsible for the following:<ol style="list-style-type: none">a. Executing the Cardholder Implementation Form and returning it to the Business Administrator.b. Holding and securing the procurement card and card number.c. Buying supplies and services.d. Informing vendor of tax-exempt status prior to processing sale transaction.e. Collecting and saving sales receipts. |
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| | <ul style="list-style-type: none">f. Writing the account number, or narrative description of the account/project to be charged, on the back of each receipt or on the transaction log.g. Receiving and inspecting all ordered materials and services.h. Reporting discrepancies to vendor.i. Reviewing/Verifying charges with the Account Clerk.j. Submitting statements and receipts to the Account Clerk by department deadline and assigning account codes.k. Complying with Morrisville School District's policy and procedures. <p>2. Account Clerk is responsible for the following:</p> <ul style="list-style-type: none">a. Matching receipts and supporting documentation with the weekly statement.b. Identifying and handling disputed charges.c. Maintaining a copy of the credit log sheets and verifying all credits are posted.d. Verifying/Assigning account codes.e. Signing the payment request form (ensuring sufficient monthly budget dollars are available) and forwarding it along with the weekly statements, receipts, packing slips and other supporting documentation as required, to business office within a week after credit card statement is issued. <p>3. Department Head is responsible for the following:</p> <ul style="list-style-type: none">a. Designating Account Clerk and communicating it to the Business Administrator.b. Requesting procurement cards.c. Evaluating the need to cancel or reissue cards.d. Collecting revoked cards from cardholders and remitting to the Business Administrator. |
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4. Business Administrator is responsible for the following:
 - a. Reviewing and communicating to the bank all procurement card requests and changes to card limits.
 - b. Training cardholders.
 - c. Coordinating the issuance and cancellation of cards.
 - d. Maintaining program policy and procedures, cardholder guides and/or manuals and all cardholder application forms.
 - e. Maintaining a list of all current Account Clerks.
 - f. Pursuing supplier discount opportunities.
 - g. Evaluating procurement card feedback from suppliers.
 - h. Coordinating and maintaining internal controls.
 - i. Coordinating program policy issues.
 - j. Participating in ongoing program reviews.
 - k. Participating in resolving billing disputes.
 - l. Monitoring program for compliance with all Morrisville School District's policy and procedures and recommending disciplinary action for any violations to the Superintendent.
 - m. Monitoring the program's aggregate monthly spending relative to the aggregate established credit limit with the bank for potential required increases.
5. Business office is responsible for the following:
 - a. Receiving approved monthly statements and supporting documentation from all Account Clerks.
 - b. Performing a preaudit over receipts and charges.
 - c. Paying charges from the monthly statement.

d. Filing monthly statements and supporting documentation.

6. Bank is responsible for the following:

- a. Activating and deactivating procurement cards at the request of the Business Administrator.
- b. Paying suppliers.
- c. Controlling predefined cardholder limits.
- d. Providing monthly statements and reporting information.
- e. Providing duplicate copies of sales receipts in case of disputed charges.
- f. Providing customer service.

Processes

1. Requesting a Procurement Card

- a. Procurement cards will be issued to Morrisville School District employees who frequently purchase low-dollar goods or services.
- b. All requests for procurement cards must be submitted by the respective Department Head to the Business Administrator on a procurement card application form. No credit checks are made against individual cardholders.
- c. The Business Administrator will review the application and, if approved by him/her, coordinate the issuance of the procurement card with the respective Department Head.
- d. The bank issues the procurement card and mails it to the Business Administrator. The Business Administrator will write "See photo ID" in the signature space on the back of each card.
- e. The cardholder attends a mandatory procurement card program training session with the Business Administrator, signs the Cardholder Agreement form, receives a procurement card, Visa Cardholder Agreement, and a copy of the procurement card operational regulation.
- f. The Cardholder Agreement form will be retained in the business office.

2. Modifying Procurement Card Limits

- a. All requests for modifications to cardholder limits must be submitted by the Department Head to the Business Administrator by updating a copy of the cardholder's original procurement card application form.
- b. The Business Administrator reviews the modification and, if approved, submits it to the bank for processing.

3. Using the Procurement Card - General Information

The cardholder may pick up supplies or services, or place an order for these by telephone, facsimile or electronically. Internet purchases must be made over a secured transmission. The supplies or services must be immediately available for pick up, shipped or delivered within the monthly billing cycle. The order should not be placed without this assurance. No back ordering is allowed when using the procurement card.

- a. Telephone Orders: The cardholder must confirm that the vendor will charge the procurement card when shipment is made so that receipt of the supplies may be certified on the monthly statement. This is also a requirement of the vendor's contract with Visa.
- b. Prohibited Purchases: The procurement card is to be used for Morrisville School District authorized purchases only. The procurement card cannot be used for any personal use. The cardholder is the only person authorized to use his/her assigned Purchasing Visa Card.

The following supplies and services shall not be purchased with the procurement card:

- 1) Personal items.
- 2) Cash advances.
- 3) Gas and oil products.
- 4) Items stocked in MVSD Inventories.
- 5) Building repairs.
- 6) Telephone calls.

- 7) Medical services.
- 8) Legal services.
- 9) Cellular phone.
- 10) Federal or state funded projects.
- 11) Any other restrictions that may be placed by the Business Administrator.

Some cards may not have such restrictions if it is deemed to be in the district's best interest. Such a determination requires approval by the Business Administrator.

Dollar Limits

A purchase may be made up of multiple items, but the total invoice (including shipping) cannot exceed the cardholder's single purchase limit. All purchases over \$4,000 must be made by a separate purchase order under Morrisville School District's purchasing procedures. Charges for purchases shall not be split to stay within the single purchase limit. Splitting charges will be considered abuse of the procurement card program.

In order to accommodate emergencies, purchases exceeding \$4,000 may be made using the procurement card as a method of payment. Such exceptional purchases will conform to the School Code and require the appropriate approval.

Sales & Use Tax

The district is exempt from paying any Commonwealth of Pennsylvania (and generally all other states') sales and/or use tax, even if the purchase is made with the procurement card. The district's sales tax exemption number is printed on the front of the procurement card. It is the responsibility of the cardholder to make the vendor aware that the sale transaction will be tax exempt prior to processing the sale.

If the vendor charges sales tax, the cardholder must contact the vendor and obtain a credit equal to the amount of the sales tax. Do not permit the vendor to issue cash to settle a sales tax error. If you have a problem with any vendor about sales or any other tax, please contact the Business Administrator.

Documentation

For all transactions, the cardholder must retain the original customer's copy of the charge slip, along with the detail receipt, which identifies every item purchased and the corresponding item cost. For telephone orders, the cardholder must retain the receipt and/or packing slip. The cardholder must also write the account number, or a narrative description of the account/project to be charged, on the back of each receipt.

Missing Documentation

Where supporting documentation is missing, the cardholder must contact the vendor and request a duplicate receipt. If the cardholder is still unable to obtain documentation, s/he must contact the Business Administrator. Failure to provide adequate documentation will result in disciplinary action and employees may be required to make payment for such transactions.

Credit Log

The cardholder must keep a credit log of items returned to the vendor to verify credit is received for returns. Reductions in a procurement card sale amount due to mistake, decrease in quantity, price discount, or erroneous charging of sales tax must also be noted on the credit log.

Denied Purchase

The cardholder may report a denied point of sale or other rejected purchases to the Account Clerk. The Account Clerk must advise the Business Administrator of any known denied cardholder purchase. Information to be provided includes cardholder name and account number, vendor and date of declined sale. The Business Administrator shall inquire into the denied sale, take appropriate action and report back to the Account Clerk. If a vendor refuses to accept a procurement card, the cardholder should report this fact to the Account Clerk, who will forward this information to the Business Administrator. District purchasing procedures apply to the procurement card as well. If the cardholder has any questions, s/he should contact the business office (purchasing) prior to purchase.

Funding

Every cardholder must follow the cardholder's department administrative funding procedures to ensure that sufficient funds are available prior to making a purchase.

Use of the procurement card does not relieve the cardholder from complying with federal, state, local laws, statutes, regulations, or district policies and procedures.

For every purchase made, the respective cardholder must be prepared to substantiate necessity or official use. Misuse of the procurement card shall be subject to the immediate revocation of procurement card privileges and/or dismissal. The respective Department Head and/or Business Administrator will handle resolution of situations involving improper use of the procurement card.

Questions

Questions regarding procurement card procedures should be directed to the Business Administrator.

Reconciling Weekly Statements

1. The bank will provide weekly memo statements for verification of charges and reconciliation.
2. The cardholder is responsible for securing and delivering all necessary documentation (sales receipts, etc.) for every transaction to the Account Clerk. Receipts and related documentation are to be secured and delivered to the Account Clerk on a daily basis. Each cardholder is responsible for ensuring the subject receipts clearly show what has been purchased and at what price. Sales receipts that do not provide sufficient information must be supplemented with documentation from the vendor at the time of purchase. If a receipt is missing, it is the cardholder's or Account Clerk's responsibility (depending on the circumstances) to contact the subject vendor and request a duplicate receipt and appropriate documentation. In the event the receipt cannot be secured, the cardholder may be personally liable for the cost of the subject transaction (which may result in a deduction in pay) and may be subject to disciplinary action.
3. The Account Clerk must review the cardholder's monthly statement; verify the purchases were for a proper public purpose and verify/assign the account codes. Receipts and related documentation are to be secured and delivered to the appropriate Account Clerk on a daily basis.

Such receipts will be reconciled with a monthly transaction report sent to business office on a monthly basis. Transactions involving fraud, disputed charges, and employee misconduct must be reported to the Business Administrator and brought to the attention of business office.

Unauthorized purchases will result in disciplinary action and the employee will be required to make payment for any such transaction. When purchases are questioned, the Account Clerk is responsible for resolving the issue with the cardholder. If the Account Clerk is not satisfied that the purchase was necessary and for official use, the cardholder must provide either a credit voucher proving the item(s) were returned for credit or a personal check made payable to the bank for the full amount of the purchase, plus applicable sales tax. Checks must be sent along with the statement to business office, with an explanation of why the violation occurred.

Resolving Returns And Credits, Disputes And Erroneous Charges

A dispute occurs when a cardholder questions a transaction that has been charged to their account. The cardholder will initially contact the merchant in question about the transaction and seek to resolve the matter by requesting or supplying information as necessary. If the matter is not resolved immediately, the cardholder will notify the Business Administrator, in writing, to request the charge be disputed. The Business Administrator will refer the matter to the bank for disposition.

As a result of the dispute, the district remains obligated to pay for the disputed item(s); however, the next statement will be reduced by the amount of the disputed item(s) and the bank will resolve the matter within ninety (90) days.

Reporting A Lost Or Stolen Procurement Card

If a card is lost, stolen, or misplaced during normal working hours, the cardholder must immediately notify the Business Administrator. If a card is lost, stolen or misplaced outside normal working hours, the cardholder must immediately notify the bank directly and notify the Business Administrator the next working day. Upon such notification, access to the card will be immediately blocked. A new card will be mailed to the cardholder on the next business day after receiving the notification at no cost to the cardholder or the district.

Procurement Card Termination

Terminated Employees: Department Heads must immediately notify the Business Administrator and Account Clerk of terminated employees who are cardholders. The Business Administrator is required to notify the bank to cancel the card of a terminated cardholder within twenty-four (24) hours of such termination.

During the exit interview, the respective Department Head will obtain the procurement card from the terminated cardholder. Department Heads must notify the Business Administrator when procurement cards belonging to terminated cardholders are not returned.

Department Heads must destroy returned procurement cards by cutting the cards in two and must deliver them to the Business Administrator. Destroyed cards will be secured in the business office.

Revocation of Card: Procurement card privileges may be revoked upon the cardholder's failure to follow the district's policy and procedures. The respective Department Head, the Business Administrator and the Account Clerk will coordinate the revocation of procurement cards. The Business Administrator will immediately notify the bank to cancel any such cards.

The Department Head will obtain the revoked procurement card from the cardholder. The Department Head must destroy the returned procurement card by cutting it in two and must deliver it to the Business Administrator.

Violations

The following actions are prohibited:

1. Purchases of items specifically prohibited by this policy.
2. Purchases that exceed the procurement card limits.
3. Not reporting lost or stolen cards.
4. Purchases from vendors that create a conflict of interest, (i.e., purchases from companies owned or operated by district employee(s) and/or their relatives, etc.).
5. Inadequate recordkeeping and/or documentation of purchases.
6. Acceptance of cash in lieu of a credit to the statement.
7. Splitting of purchases within the single purchase limit.

Failure to comply with this procedure may result in employee removal from the procurement card program and other disciplinary action as appropriate.