

# Purchasing Card Procedure

## I. Overview

Alpine School District has implemented the US Bank Visa Purchasing Card Program to facilitate the purchase and payment of low cost goods and services. The main purpose of this program is to establish a more efficient, cost-effective method of purchasing items for District programs and activities.

Purchasing Cards are a privilege and facilitate acquisition of goods for the organization. Purchasing Cards must only be issued to employees who have the recurrent need to make purchases, and have a history of complying with all purchasing and financial policies. Check out cards are available for employees and volunteers who do not have the need to make recurrent purchases. The approvals of the site supervisor, site administrator, and the program administrator are required for the issue of any card. All prospective cardholders must sign the Purchasing Card Agreement annually prior to a card being issued.

The Alpine School District Director of Purchasing is responsible for administering the program for the District. The US Bank Visa Purchasing Card is similar to any other Visa Card, except that all statements must be paid off monthly. It includes controls to make it functional for large organizations. These controls ensure that the card can be used only for specific commodity purchases and vendor types within specific dollar limits. ***Improper card use may result in card cancellation and disciplinary action, which could result in termination of employment and/or criminal prosecution!***

Each school or department using the program will be responsible for its implementation and procedures used to control the use of the Purchasing Cards. The school or department must ensure that all District purchasing and financial guidelines are adhered to. ***Using the Purchasing Card does not supplant any of the policies required to make purchases with District Funds.***

If a card user repeatedly fails to follow District purchasing and financial guidelines, school and site administrators are encouraged to pull or inactivate Purchasing Cards. Examples of reasons to pull or inactivate Purchasing Cards include: missing receipts, payment of sales tax, failure to reconcile disbursements, missing invoices, untimely submission of documents, purchases over \$1,000 without a Bid Authorization Form, no written explanation of exceptions, attempts to undermine purchase limits (split purchases to stay under limits), etc. An audit exception will be noted when repeated incidents of non-compliance occur and a card is not pulled. All audit exceptions require a corrective action plan and are provided to the school administrator and Board Audit Committee.

The program is designed to supplement a variety of purchasing and payment processes including: petty cash, check writing, and school/department purchase orders. The Purchasing Card is used much like a normal credit card. The cardholder will present the card with the merchandise to the vendor. After totaling the merchandise, the vendor will process the card through their electronic terminal to obtain approval. The bank will verify the card number and spending controls on the card. The cardholder will then be given the merchandise along with the sales and credit card slip. The vendor will then be paid by the bank for their credit card activity. The Purchasing Department will load the Purchase Card Statement to the AS400 around the 20<sup>th</sup> of each month. From the AS400 the Purchase Card Statements can be displayed and/or printed. The Purchase Card Statements must be reviewed, reconciled, and approved by the cardholder's site administrator. The District will issue one check each month for all Purchasing Card activity.

---

## Acceptable and Unacceptable Purchasing Card Uses

\*Using the Purchasing Card does not supplant any of the policies required to make purchases with District funds.

**The following are some of the acceptable uses.**

- BUILDING, MAINTENANCE SUPPLIES within purchasing dollar limits
- COMPUTER SOFTWARE for a **SINGLE WORKSTATION** (MS Office, Adobe, Iwork, Ilife)
- COMPUTER HARDWARE for a **SINGLE WORKSTATION** (Mouse, Keyboard)
- EDUCATIONAL SUPPLIES
- ELECTRICAL AND SAFETY SUPPLIES
- MEALS purchased FOR TRAVELING STUDENT GROUPS - **EMPLOYEES MUST FOLLOW PER DIEM TRAVEL GUIDELINES**
- OFFICE SUPPLIES
- PRINTERS from the APPROVED TECHNOLOGY LIST (HP, Okidata, Xerox)
- PRINTER - INKJET as long as the user **DOESN'T** have **BLUE TOOTH OR WIRELESS ENABLED**
- SCANNERS
- SCHOOL SUPPLIES, BOOKS, VIDEO TAPES
- SMALL TOOLS
- SUBSCRIPTIONS, SEMINARS, DUES

\* *Check with Purchasing to see if there are contracts that would provide better pricing.*

**The following are some of the unacceptable uses**

- 1099 EXPENDITURES - (i.e., REFEREES, POLICE SUPERVISION)
- Any item exceeding your budget or card limit (You are personally responsible for overages.)
- Any merchant, product or service reasonably considered an inappropriate use of District Funds
- Any COMPUTER EQUIPMENT that is NOT on the approved Technology list; i.e. ROUTERS, HUBS, SWITCHES, WIRELESS ACCESS POINTS, NETWORK CABLES, MEMORY, HARD DRIVES (INTERNAL OR EXTERNAL,) OPTICAL DRIVES, CD, DVD.  
**Anything that plugs into the District Network!**
- ATM MACHINES
- CASH ADVANCES
- CASH CARDS for the purpose of purchasing supplies, services or equipment
- COMPUTERS - **MUST HAVE WRITTEN APPROVAL FROM PURCHASING OR TECHNOLOGY DEPARTMENT**
- COMPUTER SOFTWARE for multiple computers or a server
- FUEL - Instate purchases of gasoline, diesel fuel and propane for vehicles and equipment (State Fuel Cards should be used for gasoline, diesel, and propane)
- GIFT CARDS (Please reference Employee Gifts and Awards Guidelines)
- MEALS COVERED BY PER DIEM - TRAVEL REIMBURSEMENT (Employee meals)
- ANY MEALS OVER THE AMOUNTS SPECIFIED IN THE PER DIEM INSTRUCTIONS
- SOFTWARE - **MUST HAVE WRITTEN APPROVAL FROM PURCHASING OR TECHNOLOGY DEPARTMENT**
- UNAUTHORIZED TRAVEL
- UTAH STATE SALES TAX (You are personally responsible for all Utah State Sales Tax charged to your card.)
- PERSONAL USE

## **Built-in Card Restrictions**

### **Vendor Types**

Some vendors Merchant Category Code's (MCC's) have been "blocked" from usage in the program. If you present your card to any of these vendors, the transaction will be denied. If you are denied and feel the denial should not have occurred, call the 800 number on your card (press the star [\*] on your telephone after the recorded message begins to go directly to a customer service representative.) US Bank Customer Service will determine if you were denied because of merchant blocking or exceeding the monthly credit limit or single purchase limit imposed on your card.

### **Cardholder Monthly Spending Limit**

This limit is the maximum dollar amount authorized for a cardholder within a 30-day period. It is replenished automatically the day after the billing date. This amount may be set lower or higher by your site supervisor and approval by the Purchasing Director.

### **Cardholder Single Purchase Limit**

This limit restricts the amount of any single purchase. It can be comprised of single or multiple items purchased at one time from a single supplier. Purchasing limits may be set anywhere from \$100 to \$1000 for most employees. The site administrator may request higher limits for Financial Secretaries, Administrators and other staff with special purchasing needs. The Purchasing Director is the final approval authority.

### **Monthly Reconciliation**

Receipts and/or invoices must be reconciled monthly with the Purchase Card statement. The cardholder is responsible for resolving all discrepancies. After the Purchase Card Statement has been reviewed and any adjustments made, it should be signed certifying that all purchases have been made in accordance with District policy, and returned to the site supervisor along with all required documentation.

### **Audit**

Periodically, Purchasing Card activity will be audited. The site supervisor must have billing statements, with attached documentation (detailed receipts, invoices, order forms, etc.) for all cardholders in their operating unit, on file. The auditor will review card usage to ensure proper controls and procedures are followed. The unauthorized use or careless use and control of Purchasing Cards may cause the Purchasing Card privilege be revoked.

## II. School or Department Purchasing Card Administration

Each school or department is responsible for implementing and administering the program at their site. Each site will determine whom cards are issued to, and how the cards will be used.

The Purchasing Card “**Site Supervisor**” (Financial or Department Secretary), and “**Site Administrator**” (Principal or Department Administrator) must oversee the use of all cards at their site. Cards will be issued three different ways:

1. Issue the card to the employee in his or her name. The employee keeps the card and has total responsibility for its use.
2. Issue the card to the employee in his or her name, but the site supervisor keeps the card secured and makes it available to the cardholder as needed.
3. Issue a card (s) in the school’s name that can be checked out and used by various employees and volunteers. The card will be controlled by the site supervisor. The site supervisor will keep a log documenting who uses the card and the period of time each user had responsibility for the card. The employee will be responsible for returning the card, receipts or invoices, and any approval authorizations to the site supervisor within 24 hours unless prior arrangements have been made. The cardholder is responsible for all purchases charged to a card while it is checked out to them. Before the card is checked out, the site supervisor is responsible for reviewing the employee’s budget to ensure that funds are available.

Cards are to be used by Alpine School District employees and authorized volunteers only.

Each site is responsible for setting up controls and procedures to ensure the following:

- Card limits have been established
- Card security is maintained
- Necessary logs are kept
- Receipts, invoices, approvals, etc., for all purchases are kept on file for five (5) years
- All Purchase Card Statements are approved and reconciled
- District purchasing procedures are followed

## III. Cardholder Responsibilities

1. If you are issued a card in your own name, sign the back immediately and always keep it in a secure place! Even though the card is issued in your name, it is the property of Alpine School District, and is only to be used for authorized District purchases. We recommend that District Purchasing Cards **not** be kept with personal credit cards to minimize the exposure of using the District Purchasing Card for personal use.
2. If you terminate, the card must be returned to the site supervisor. If you transfer and a card is required at a new work location, you will need to contact the District Purchasing Technician at 801-717-4745 to update the location on your card.
3. **Immediately** notify US Bank Customer Service and the District Purchasing Card Administrator at 801-717-4741 or District Purchasing Card Technician at 801-717-4745 if your card is lost or stolen or you suspect fraudulent use. Customer Service representatives are available at US Bank 24 hours a day, 365 days a year at 1-800-344-5696. The phone

number to report possible fraudulent charges is 1-866-540-9904.

4. A renewal card will be delivered via District mail to cardholders three (3) years from the issue date, and every three (3) years thereafter, for the term of the program.
5. You should be aware of dispute procedures. It is the cardholder's responsibility to resolve any disputes. Instances that may prompt a dispute are: goods lost in transit, charges posted incorrectly, merchandise returned, damaged merchandise, incorrect item received, or incorrect quantity. You should dispute an unauthorized charge that is posted on your monthly Purchase Card Statement. Try to resolve the problem with the vendor first. If you disagree with a charge and have **not been able to resolve it with the vendor**, Visa regulations require that you notify US Bank, in writing, within **sixty (60) days** after the statement date. A sample Purchasing Card Dispute Form, with address and fax number follows. A copy of the dispute form should also be attached to the billing statement and the item on the billing should be highlighted. Disputes will then be resolved by US Bank within ninety (90) days. If a dispute is not identified in writing to US Bank within sixty (60) days of the statement date, the issue must be resolved between the school/department and the vendor.
6. When your card is denied, call US Bank Customer Service at 1-800-344-5696 while still at the vendor. If the denial is due to a blocked code or a charge exceeding the single transaction limit or the monthly limit, contact your site supervisor. With proper approval, US Bank can authorize the transaction.
7. The Purchasing Card Log is an ongoing record of your Purchasing Card activity. Who maintains the log is at the discretion of the school/department. A sample Purchasing Card Log follows.
8. You are responsible for ensuring all required approvals are obtained before the purchase is made. The approvals must be attached to the invoice/receipt.
9. Before a Purchasing Card is issued, the school or department must establish a budget. If a liability account is established, it must have a positive balance. A summary section will be included on the AS400 Purchase Card Statement summarizing YTD card activity by account to help track the card activity.
10. The cardholder must adhere to the rules that the operating unit has setup for Purchasing Card activity. It is suggested that periodically the location site supervisor attach a list of cardholder responsibilities to the AS400 Purchase Card Statement.
11. Cardholders are responsible for staying within their budget(s) or liability account balance. Approval for each purchase is not required since the budget or account balance is the prior authorization mechanism unless it is a special purchase requiring District approval. For example: equipment being charged to school's 8100 account and over \$1000. By referring to each Purchasing Card Statement, open purchase card invoices and actual reports, each cardholder can review their expenditure status without involving the financial secretary.

12. It is the Site Supervisor's responsibility to send the AS400 Purchase Card Statement to the cardholder the first workday following the 20<sup>th</sup> of each month. Some schools have assigned assistant principals to oversee groups of cardholders. All documentation must be returned to the site supervisor by the fourth (4<sup>th</sup>) workday following the 20<sup>th</sup> of the month.
13. The cardholder must ensure all purchase documentation (receipt, invoice, order form, registration forms, etc.) is securely attached to the AS400 billing statement. If necessary, put the documentation in an envelope and attach the envelope to the AS400 Purchase Card Statement. Missing documentation or other audit exceptions must be noted with an explanation which must be approved by the site administrator or the cardholder's supervisor and attached to the AS400 Purchasing Card Statement. *When the cardholder makes a purchase over the telephone or by mail, direct the merchant to include the following information on the shipping label and packing list to ensure delivery:*

*Your name and telephone number*

*Complete delivery address*

*Your District (5-digit) Purchasing Card Number and "VISA"*

*The merchant's order number*

When reconciling the cardholder's AS400 Purchase Card Statement follow the procedure below:

- "Check mark" the line item on the "Purchase Card Statement" indicating the documentation is attached. If the documentation is missing note the exception.
- "Check mark" the documentation matches the line item. This indicates you have reviewed and approved the documentation and that this item has cleared for the month. Unchecked items go back into the file for next month.

14. The cardholder must note any changes in account numbers or note the new account description on the "Purchase Card Statement."
15. The cardholder must attach prior authorization documentation to the AS400 Purchase Card Statement for activity greater than their budget, items charged to accounts not under the cardholder's control or activity requiring special district approval. (i.e. Dept. Chairman, CTE, Special Education, etc.) Purchases over \$1000 must have purchasing authorization documentation attached to the AS400 Purchase Card Statements.
16. Normally most vendors charge sales tax. It is the responsibility of the cardholder to inform the vendor of the District's nontaxable tax status for each purchase. The Purchasing Card is labeled as exempt from sales tax. If the vendor charges sales tax in error, the card user is liable. Contact the vendor to remove the sales tax from the receipt, or personally pay the sales tax to the school or department. If the sales tax is paid to the school/department, the receipt from the school/department must be attached to the purchase documentation.
17. The cardholder will not lend their Purchasing Card to anyone. The site administrator or site supervisor has Purchasing Cards that can be checked out by non cardholders. Reference Section II.3 and IV.2.

18. The cardholder must sign all receipts and/ or the Purchase Card Statement and obtain any special approvals required by the operating unit. **By signing receipts and/or the statement, the cardholder is certifying that the purchases are made in accordance with District Policy. It is against District Policy to split purchases in order to stay under the \$1000 limit requiring bids, or to bypass the per purchase card limit. If this is done, the cardholder may be subject to disciplinary action.**
19. Keep a copy of the "Purchase Card Statement" for your file. This will be the cardholder's only detail record. When the Purchase Card Statement is paid, it will summarize all the Purchasing Card activity by account. No detail purchase transactions are recorded.
20. All audit exceptions should be resolved by the cardholder and his/her supervisor or the site administrator. The District will notify in writing the Purchasing Card holder or card user and their principal of any audit exceptions that have not been reviewed and approved. The cardholder must respond in writing regarding resolving the audit exception. The response must be approved and initialed by the site administrator. If audit exceptions have not been corrected, the card privileges may be removed. This may be done jointly by the site administrator and the District.

#### **IV. User Responsibilities for Non Cardholders and Volunteers**

1. The card user must comply with the District Purchasing Policy. **It is against District Policy to split purchases in order to stay under the \$1000 limit requiring bids or to bypass the per purchase card limit. The cardholder will be subject to disciplinary action for all infractions.**
2. The user **will not** under any circumstance borrow a Purchasing Card from a cardholder. The site administrator or site supervisor may have Purchasing Cards that can be checked out. A log should be kept by the site supervisor of all card(s) that are checked in and out. It is the responsibility of the site administrator to ensure the user has signed the Purchase Card Agreement and the budget for that purchase and it has been properly authorized. The user must sign the purchase documentation verifying the purchase.
3. The card user must sign the Purchase Card Log indicating the in and out times for the card. The Purchasing Card must be returned to the site supervisor with 24 hours of checkout unless prior arrangements have been made.
4. The card user is responsible for staying within their budget or funds that have been allocated to them. The user may wish to keep a log of their activity to ensure they stay within their budget or fund limits. The card user is responsible for all purchases charged to a card while it is checked out to them.
5. The card user must return the purchase documentation (receipts, invoices, sales slips, etc.) along with the Purchasing Card to the site supervisor. The purchase documentation must be signed by the user and the account to be charged indicated on the documentation. If the receipt or invoice is not signed, a copy of the purchase request or other documentation must be attached to the receipt or invoice indicating who made the purchase. Missing

documentation must be noted with an explanation which must be approved by the site administrator or the user's supervisor and attached to the AS400 Purchase Card Statement. It is the card user who is responsible for obtaining all approvals.

6. Normally most vendors charge sales tax. It is the responsibility of the card user to inform the vendor of the District's nontaxable tax status for each purchase. The Purchasing Card is labeled as exempt from sales tax. If the vendor charges sales tax in error, the card user is liable. Contact the vendor to remove the sales tax from the receipt, or personally pay the sales tax to the school/department. If the sales tax is paid to the school/department, the receipt should be to the account that the tax was charged to. The receipt must be attached to the purchase documentation.

#### **V. Site Supervisor's Responsibilities**

1. It is the responsible of the site supervisor to have a current fiscal year Purchase Card Agreement on file at all times. When a new card is issued, the site supervisor will complete all documentation and setup the cardholder's card information in the AS400 Purchase Card System. It is suggested that a single purchasing card transaction limit be set between \$100 and \$1000 by the site administrator. The cardholder's address should be the school or department address. A list of all cardholders must be maintained by the site supervisor for their location.
2. If the site supervisor physically controls the Purchasing Card (s) or purchase documentation or reconciles the AS400 Purchase Card Statement, they assume some of the cardholder's responsibility. They are then responsible for ensuring all rules and procedures are followed. They must sign the AS400 Purchase Card Statement. The site supervisor must have the cardholder, in this circumstance, sign the purchase documentation and indicate the account number to be charged. Audit exceptions will be addressed to the cardholder and the site supervisor in this instance. The audit response must be signed by the cardholder, site supervisor or the site administrator.
3. It is recommended each site have several Purchasing Cards that can be checked out to employees and volunteers who do not have cards. These cards are in the name of the school. A log must be kept when the cards are checked out and returned. After each purchase, the card user must sign the purchase documentation and indicate the account number to be charged and return the card along with all documentation (detailed receipt, invoice, sales slip, etc.) to the site supervisor. In this instance, audit exceptions will be addressed to the card user, not the cardholder. The audit response must be signed by the card user and the site administrator.
4. Notify all Purchasing Card holders of the AS400 Purchase Card Statement which needs to be picked up, reconciled and returned by the fourth (4<sup>th</sup>) workday following the 20<sup>th</sup> of the month. Periodically attach a list of cardholder responsibilities to the AS400 Purchase Card Statement.
5. Attach the bank billing statement to the AS400 Purchase Card Statement as they are returned from the cardholders and verify the totals.
6. The site supervisor must update account numbers on the AS400 as per the Purchase Card

Statements received from cardholders. Account numbers used will either be a school's district account number, or the 8100 account number.

7. If the purchase item is charged to an account requiring special District approval, the product description for that item must be entered in the comment field in the AS400. The site supervisor reviews the purchase documentation to help ensure the purchases are valid and a good description is entered into the system. If there are any questions, the site supervisor should contact the District approving authority. All purchases not approved by the District will be billed back to the location on their 8100 account.
8. The site supervisor reviews all AS400 Purchase Card Statements returned for posting. The posting must be done before the first (1<sup>st</sup>) day of the following month. **All problems (missing receipts, sales tax payments, personal purchases, missing approvals, etc.) must be noted and recorded in the comment field for that transaction. Failure to do so will result in an audit write up.** After the AS400 is updated, the site supervisor posts the activity. All card activity for that location will be posted together. At the time of posting, a screen will appear which will allow the site supervisor to record all AS400 Purchase Card Statements not returned from cardholders. The site supervisor will be able to make any other comments which may be helpful for the Site Administrator or District Auditor. All purchasing card activity not posted by a location will be posted automatically by Accounts Payable the first (1<sup>st</sup>) work day of the month. At the completion of the posting, The site supervisor must initial the supervisor line on the Purchasing Card Statement.
9. At the time of posting, a distribution summary and detail report will be generated. This will remain on the AS400 system until they are manually deleted. This will allow the site supervisor to reprint the reports if necessary. These reports are to be reviewed and signed by the principal.
10. All Purchasing Card activity must be filed by month in Purchasing Card sequence.
11. Review the school's 8100 report and pay the Purchasing Card activity. A copy of the school Purchasing Card summary reports is used as the check's invoice. A summary of Purchasing Card data may be recorded in TES through the check process if the TES Purchase Card module is not used. If the purchase card module is used, the purchases will be encumbered.
12. Review the school's District budget actual report and ensure TES District accounts are reconciled.
13. Print or provide a District or TES report for each cardholder at the end of each month.
14. A copy of the Purchase Card Account Distribution Summary Report, with any bid information, must be sent to the District monthly.
15. If an exception has been resolved by the time the report is sent to the District, the exception can be crossed out.

16. Sales tax payments are appropriate if it is for Sunshine Fund activity.

## **VI. Site Administrator's Responsibilities**

1. Review and sign the monthly Account Distribution - Summary report for their location. All audit exceptions reported on the distribution summary report must be reviewed. For example: missing receipts, missing approvals, missing deadlines, sales tax payments, etc. The District will send a letter to the cardholder or card user copying the site administrator for all audit exceptions not reviewed and approved.
2. It is recommended that the principal for secondary schools assign the assistant principal the responsibility of reviewing and monitoring purchase cardholder's activity in their area of responsibility. It is suggested that they should also sign the AS400 Purchase Card Statement indicating the activity has been reviewed. This will provide excellent financial training for assistant principals.
3. Take disciplinary action with neglectful cardholders. If audit exceptions have not been corrected, the card privileges may be removed by the site administrator.
4. Review monthly with the Financial Secretary and staff the school's budget/actual comparisons and Purchasing Card usage.
5. Establish budgets for all cardholders.
6. When an assistant principal is available, it is recommended they review and sign the site administrator's AS400 Purchase Card Statement.

## **VII. Assistant Principal's or Coordinator's Responsibilities**

Listed below are the responsibilities of assistant principals or site coordinators who have been assigned by the principal to help review and monitor purchase cardholder activity.

1. Collect cardholder AS400 Purchase Card Statements which they have been assigned to monitor.
2. Review cardholder activity for compliance with the District purchasing policy and purchase cardholder responsibilities. **It is against District Policy to split purchases in order to stay under the \$1000 limit requiring bids or to bypass the single purchase limit. The cardholder may be subject to disciplinary action for all infractions.**
3. Follow up on all exceptions noted in the review and indicate what action has been taken on the AS400 Purchase Card Statement.
4. Compare activity to cardholder budgets to help ensure purchases are within budget limits.
5. Sign and date the AS400 Purchase Card Statement indicating the review has been completed.
6. Maintain a log if the assistant principal or site coordinator is controlling the use of the

Purchasing Card. The card user must sign the card log indicating the time the card was checked out and back in.

7. All documentation must be forwarded to the site supervisor by the fourth (4<sup>th</sup>) workday following the 20<sup>th</sup> of the month.
8. When an assistant principal is available, it is recommended they review and sign the site administrator's AS400 Purchase Card Statement.

## **VIII. District Responsibilities**

### **Purchasing**

1. Administer the program.
2. Provide initial training materials for District Purchasing Card users.
3. Review and approve Purchasing Card applications, card limits, and vendor code changes.
4. Record card limits, vendor code changes, and lost card activity.
5. Download and print the AS400 Purchase Card Statements.
6. Provide Business Administrator monthly usage reports by location.

### **Accounts Payable**

Post Purchasing Card activity which has not been posted by the first (1<sup>st</sup>) workday of the month.

### **Misc. District Staff**

Review special reports generated by the Purchase Card system for their post approval.

### **District Auditor**

1. Review Purchasing Card activity that was posted by Accounts Payable.
2. Review AS400 Purchase Card Statements and Distribution Summary and Detail reports.
3. Notify purchase cardholder, card user and site administrator of any audit exceptions that have not been reviewed and approved. The cardholder must respond in writing to the District for all audit exceptions reported. The letter must be signed by the cardholder and the site administrator. If audit exceptions have not been corrected, the card privileges may be revoked, this may be done jointly by the site administrator and the District.
4. Maintain a log of all audit discrepancies.
5. Provide follow up training for District personnel.
6. Prepare a summary report of exceptions for the Business Administrator