

## **Business and Non-Instructional Operations**

### **Expenditures**

#### **Purchasing Card Program**

A Purchasing Card Program has been established to provide an expedient receipt of items and to reduce the paperwork and handling costs associated with the payment of these purchases. The Purchasing Card Program delegates the authority and capability of purchasing items directly to designated cardholders.

#### **Purchasing Card Program Management**

The Director of Business Services is responsible for the overall management of the Purchasing Card Program. The District Accountant and the Accounts Payable Clerk will be assigned duties or tasks associated with the Purchasing Card Program. A Purchasing Card Procedure Manual is available in the Business Office.

#### **Obtaining a Purchasing Card**

1. District Administrators/and the Director of Business Services may recommend personnel to become cardholders by contacting the District Business Office.
2. The Director of Business Services shall determine whether or not the employee will be considered for cardholder privileges. The decision on cardholder status will take into account the employee's job responsibilities and type/frequency of purchases made by that employee.
3. The cardholder applicant shall be issued a copy of the Purchasing Card Procedure Manual, administrative procedure on purchasing and Purchasing Card Application. The application includes information needed to register the cardholder in our credit system
4. The District Business Office will provide instructions for card applicants. Applicants will not be issued a purchasing card until they understand the instructions and expectations for card use.
5. Sign the Cardholder Issuance Form/Use Agreement when the card is available from the card issuer. Signature of this form acknowledges that the cardholder understands the procedure and responsibilities of a cardholder.
6. The District Business Office shall maintain all records of purchasing card application, cardholder/issuance form/use agreement, limits, cardholder transfers and lost/stolen/destroyed card information.

#### **Guides for Card Use**

The purchasing card that the cardholder receives may have his/her name embossed on it and shall be used only by that 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 departments. However, the cardholder is ultimately responsible for all use of his/her card.

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

1. The total value of a good or service shall NOT exceed a cardholder's purchase limit(s) as established by the Director of Business Services.
2. Purchases shall not be split into multiple transactions to stay within the purchase limit(s).
3. All items purchased "over the counter" must be immediately available at the time of purchasing card use. No backordering of merchandise is allowed.
4. The cardholder shall inform the vendor that the purchase is not subject to sales tax as the District is tax exempt and be prepared to share the District's tax exempt form. The cardholder will be required to reimburse the District for any sales tax charged by the vendor if the cardholder is responsible for the error and it cannot be corrected.

### **Unauthorized Purchasing Card Use:**

Purchasing cards shall not be used for the following:

1. Personal purchases or identification
2. A single transaction that exceeds the cardholder's single purchase limit
3. Daily or billing-period purchases which exceed the cardholder's purchase limits
4. Purchases intended to bypass the District purchasing procedures
5. Purchases split to circumvent purchase limits or competitive price solicitation (bidding requirements)
6. Meals or travel expenses, unless specifically authorized
7. Capital equipment (unit cost of \$500.00 or more), unless specifically authorized
8. Telephone calls
9. Telecommunications equipment (i.e. phones, pagers or cellular phones)
10. Alcoholic beverages, drugs or pharmaceuticals
11. Cash advances
12. Insurance
13. Memberships, unless specifically authorized
14. Hazardous materials
15. Furniture, unless specifically authorized
16. Computer hardware, software or peripherals, unless specifically authorized
17. Leases/Rentals of facilities/property
18. Purchases that require a contract
19. Consultants or temporary help
20. Services from a "Tax Reportable" or a "1099" vendor. A tax reportable or 1099 vendor is defined as an individual, sole proprietorship or limited partnership, which is paid more than \$600.00 for services. All medical and/or attorney's fees are considered tax or 1099 reportable, regardless of their status.
21. Purchases from companies outside the United States, unless specifically authorized
22. Purchases that are not permitted under District purchasing procedures

A cardholder who makes unauthorized purchases or carelessly uses the purchasing 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.

### **Cardholder Spending Limits**

The Director of Business Services will establish individual cardholder maximum dollar amounts or purchase limits (single transaction and monthly). The standard purchase or transaction limits for the District are:

- Single purchase or transaction limit - \$1,500
- Monthly limit - \$5,000.00

The maximum purchase or transaction limits for cardholders will take into consideration the employee's job responsibilities and type/frequency of purchases made by that employee. Any long-term increases to the maximum purchase or transaction limits beyond the standard amounts require approval of the Director of Business Services.

Occasionally, a unique situation may require a purchase that exceeds a cardholder's established limits on a temporary basis. When such a purchase is required, the Director of Business Services must approve the purchase in advance. Upon approval, provisions will be made by the District Office to process the purchase.

### **Merchant Restrictions**

The Director of Business Services will also establish restrictions on specific vendors or merchant categories for each cardholder. The vendor merchant category restrictions for cardholders will take into consideration the employee's job responsibilities and type/frequency made by that employee.

### **General Instructions for Card Use**

Upon issuance of card, the cardholder will receive a Purchasing Card Folder. This folder will be used to contain previously issued documents, the Purchasing Card Record, Card Billing Inquiry form and all receipts, packing lists, etc. needed to balance your monthly statement.

For "Over the Counter" orders, the cash register receipt and the purchasing card receipt should be reviewed prior to signing to be sure:

1. Sales tax was not charged
2. Any discount offered was included
3. Sales price is accurate

For telephone orders, the vendor should be directed to include the following information on the shipping label and packing list:

1. Cardholder's name, school/department, and telephone number
2. Complete delivery address
3. The words "Purchasing Card Purchase"
4. The vendor's order number

For Fax Orders, a copy of the fax order form should be retained in the Purchasing Card Folder.

For Internet Orders, purchasing cards can only be used on secure web sites.

### **Cardholder Record Keeping**

1. Whenever a purchasing card purchase is made, either over the counter or by telephone, documentation shall be retained as proof of purchase. Such documentation will be used to verify the purchases listed on the cardholder's statement.
2. When the purchase is made over the counter, the cardholder shall retain the cash register receipt or invoice and "customer copy" of the charge receipt. Prior to signing the charge slip, the cardholder is responsible to check that the vendor lists the quantity, fully describes the item(s), and does not charge sales tax. The information related to the transaction must be kept in the cardholder's Purchasing Card Folder. The receipts should be kept in chronological order, i.e. in the order in which they were received (if picked up) or ordered (for telephone orders).
3. When making a purchase by telephone, the cardholder shall document the transaction (order number) on a slip of paper, and any shipping documents received should be placed inside the Purchasing Card Folder.
4. All returns should be noted on the original receipt and all related documents (credit memos, credit receipts, etc.) should be stapled to the original receipt and filed in the Purchasing Card Folder.
5. If for some reason the cardholder does not have documentation of the transaction to include in the Purchasing Card Folder, he/she must provide a written explanation that includes a description of the items, date of purchase, merchant's name and why there is no supporting documentation.

**Review & Reconciliation of Transactions** (Please refer to the User Manual for instructions)

NOTE: The following processes must be done within three (3) working days after the end of the monthly billing cycle, including obtaining the administrator/principal/supervisor's signature. (The monthly billing cycle ends on the 28<sup>th</sup> day of each month, and begins on the day directly followed by the 28<sup>th</sup>, i.e., 29<sup>th</sup>, 30<sup>th</sup>, 31<sup>st</sup> or 1<sup>st</sup>, depending on the number of days in the month).

Administrators/principals/supervisors who review and approve cardholder transactions will be given access to the web site as well.

1. **Within TWO (2) working days after end of billing cycle**, the **cardholder** shall match each transaction (receipt, credit memo, invoice, any shipping documents, etc.) against his/her transaction on the VISA Information Source On-Line Reporting web site, to verify the transactions. Using the Purchasing Card Record, check off those transactions that have been verified. Note the purchasing date, vendor, description of items purchased, cost and budget account number(s) to be used for each transaction. All documentation (receipts, invoices, shipping documents, statement, etc.) should be kept in the Purchasing Card Folder.

*Note: Not all cardholders will be doing this verification online. Some administrators/principals/supervisors will do this online verification for their cardholders using the cardholder's Purchasing Card Folder.*

*Note: The careful matching of completed support documents to the transaction report/statement and the assignment of correct account numbers is vital to the successful use of this program.*

2. All purchasing cardholders will receive a copy of the billing statement at the end of a billing cycle. This is called a “Statement of Account” and will have a listing of all items processed within the billing cycle. This statement should be placed inside the Purchasing Card Folder.
3. If the transaction(s) is/are not on the statement, the supporting documentation (receipt, packing slip, etc.) should be retained in the Purchasing Card Folder until the next billing cycle. If a purchase or credit does not appear on the statement with 60 days after the date of purchase or credit, the cardholder shall notify the office of the Director of Business Services.
4. After statement review, the cardholder shall sign the Purchasing Card Record form, certifying reconciliation and approval of purchases. All supporting documentation for that billing cycle period should be *stapled* to the Purchasing Card Record form and be given to the cardholder’s supervisor for approval.
5. Within three (3) working days of the end of the billing cycle, the cardholder’s supervisor shall review the cardholder’s transactions and confirm with the cardholder the following items as a minimum:
  - a. Receipts and shipping documents exist for each purchase
  - b. The goods were received or the services were performed
  - c. The cardholder has complied with District purchasing procedures
  - d. All purchases benefited the School District
  - e. Each purchase is being charged to the proper account number

The supervisor’s signature/approval of a cardholder’s Purchasing Card Record indicates that the cardholder was authorized to make those purchases and that those purchases were made in accordance with the applicable procedures. The supervisor must use a “live” signature, not a stamp. It is the supervisor’s responsibility to report any discrepancies found.

6. The administrator/principal/supervisor should forward (within three working days) the signed Purchasing Card Record with all documentation and statements attached (stapled to back) for all his/her cardholders to the Bookkeeper at the District Office.

### **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.

Any items purchased with the purchasing card that is returned **MUST** be returned for credit. Cardholders shall not accept a refund in cash or by check.

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 cardholder has a disputed charge and cannot reach resolution with the vendor, the cardholder should complete a Purchasing Card Billing Inquiry Form and send it to the card issuer, with a copy to the Bookkeeper at the District Office. The card issuer must receive this

written notice within 60 days of the date that the card issuer sent the first statement or transaction file.

All documentation of credits, returns, and exchanges should be kept in the cardholder's Purchasing Card Folder until used to reconcile the monthly statement.

### **Card Security**

It is the cardholder's responsibility to safeguard his/her purchasing card and card account number. The only person authorized to use the purchasing card is the person whose name is on the front of the card or who completed the Purchasing Card Application/Use Agreement Form. Cardholders shall not lend their purchasing card or account number to anyone. The cardholder's statement should be carefully reviewed to insure no unauthorized purchases were made.

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

### **Reporting Lost or Stolen Cards**

If the card is lost or stolen, the cardholder shall immediately notify the card issuer. The cardholder shall then contact the Director of Business Services at the District Office.

The school/department is responsible for paying all charges resulting from stolen or misused cards until the card issuer has been notified.

### **Random Audits**

The Director of Business Services staff will conduct random audits of purchasing card use. The primary purpose of these audits is to ensure that the Purchasing Card Program procedures are being followed and that:

1. Purchase volume appears reasonable
2. The card is being used for appropriate transactions
3. Documentation is complete
4. Items purchased are in District possession

### **Consequences of Failure to Comply with Purchasing Card Procedures**

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

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

### **Cardholder Separation of Employment or Transfer**

A cardholder who leaves employment of the Watertown Unified School District or is transferred to another site shall return their purchasing card to the Business Office.

### **Site-Assigned Purchasing Cards**

An administrator may request the issuance of a purchasing card(s) without being assigned to a specific employee. Site-assigned cards are the responsibility of the administrator (including card security and record keeping). The administrator is the only person to authorize use of a site-assigned purchasing card.

Upon authorization by the administrator, an employee may utilize the site-assigned card by:

1. Completing a Purchasing Card Application and reviewing the Purchasing Card Procedure Manual (a copy of the manual shall be provided to the employee requesting use of the card). Upon completion of the Purchasing Card Issuance Form/Use Agreement, the employee is authorized to utilize a site-issued purchasing card.
2. The employee shall sign out the card each time of use. The employee's supervisor shall provide a completed Site-Issued Purchasing Card Authorization form (which provides the vendor with written authorization that the employee is authorized to use the purchasing card) each time the site-issued card is checked out.
3. For "over the counter" purchases, the employee is required to show the vendor the Site-Issued Purchasing Card Authorization and picture identification. The employee shall return the card and related documentation from the purchase(s) to the supervisor within one (1) business day of the purchase(s).
4. 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.

**Payment to Card Issuer**

Payment to the card issuer shall be completed within the terms specified on the account statement after the billing cycle ends.

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