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# PURCHASING CARD USER GUIDE

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### 1. **PURPOSE**

The Purchasing Card Program, known as the “pcard”, has been in place for 10 years. It has proven to be an efficient, cost-effective way for schools and offices to make credit card purchases. The pcard greatly reduces the administrative paperwork involved when buying and paying for the wide-range of goods and services required by the staff and students of the school system. In addition to the purchase order system, the pcard program serves as an alternate tool for making purchases.

By using the pcard, the school system can save time and money by eliminating many labor intensive bookkeeping chores, suppliers will receive payment more quickly, and your school/offices will receive supplies without unnecessary delays.

These guidelines serve as the foundation for the proper controls and acceptable use of the pcard. The expectation is that holders of the pcard will use good judgment and good business sense when making purchases. Being assigned a pcard is a privilege that requires strict adherence to the rules and policies regarding its use. Failure to comply with policies and rules for use will result in the suspension or cancellation of the pcard in addition to administrative consequences. The order of governance of the pcard program shall be Board policy, these guidelines and any interim circulars or directives.

### 2. **ROLES AND DEFINITIONS**

**CARD PROGRAM COORDINATOR** – A designated person with the Office of Purchasing who serves as the focal point for coordination of applications, review and monitoring of transactions, development of reports and training. The Card Program Coordinator is the liaison between the school system and the card provider. The Card Program Coordinator will monitor disputed purchases, credits or billing errors.

**PURCHASING CLERK** – Provides distribution of pcards and backup for any questions or inquires of staff regarding the use of the pcard. This role has no access to ordering or processing of pcards.

**APPROVING OFFICIAL** – The Approving Official is a person in authority who will be responsible for the pcard activities of a certain number of subordinate cardholders. Generally, this person is the Principal or Account Manager for the established accounts. A cardholder cannot be his/her own Approving Official. The Approving Official is responsible for reviewing the cardholder's monthly statement of account to ensure

purchases are made in accordance with the school system Board Policy and Purchasing Office rules and procedures.

**CARDHOLDER** – The cardholder is the employee to whom the card is issued. The card bears the employee's name and may only be used by the named employee to make authorized purchases for the school system.

**CARD PROVIDER** – The bank issuing the card is US Bank.

**MCC** – Merchants/vendors are identified as to their type of business by a Merchant Category Classification (MCC) code. The MCC is coded in the magnetic strip of each card and will be identified each time a purchase is requested. The MCC code is pre-selected by the Card Program Coordinator at the time of application and serves as one of the many controls used to prevent abuse and/or fraud.

### 3. **HOW DOES THE CARD WORK?**

The pcards are only to be used for school system business. This means **absolutely** no personal purchases! No one other than the named cardholder is authorized to use the card. The card is a corporate/government VISA credit card, imprinted with "The Howard County Public School System", the cardholder's name, associated general ledger account and printed with the HCPSS tax exempt number. The pcard may be a "revolving" type card which means that the monthly transaction limits reset each month or it may be a "declining balance" type card which will have in addition to single and monthly transaction limits, specific expiration date and spend limits. The card identifies (electronically) the dollar limits for that cardholder and the authorized merchant codes. If your purchase violates the limits or the MCC is unauthorized for your card, the supplier will not accept your order.

- Types of purchases include:

◇ Office Supplies	◇ Conferences (if specifically authorized)
◇ Instructional Supplies & Materials*	◇ Work/Job Materials & Hardware
◇ Books	◇ Small Equipment & Furniture

\*Note: Refer to the reference section at the end of this packet for an expanded definition of Instructional Supplies & Materials, also known as "MOI".

- Each card has a specific dollar limit per transaction and a pre-set maximum for each 30-day billing cycle. The dollar limit is determined by the Approving Official for the specific account and is subject to approved Board of Education budget approvals. Spending limits can be increased or decreased with approval of the Approving Official. Purchases are charged directly to the cardholder's Operating Budget account/general ledger (GL) number. One card represents one account number. It is possible that cardholders may have multiple cards, each with a unique account number. Cardholders are responsible to ensure that budgeted funds are available to pay for the items being purchased.

All items purchased directly from a merchant's place of business or via the internet must be immediately available. No prepayments of purchases are allowed.

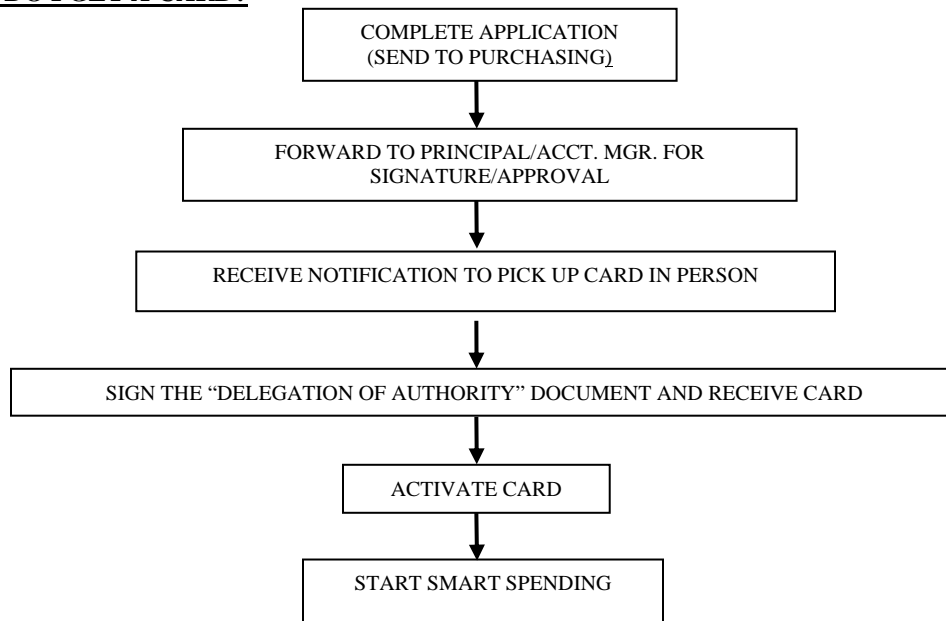
The merchant must deliver all items purchased in a single delivery, within the 30 day billing cycle. The billing cycle begins on the 26<sup>th</sup> of the month and ends on the 25<sup>th</sup> of the following month. Cardholders should note that this is an important factor to consider when nearing the end of the fiscal year. Orders placed but not delivered/invoiced until after the end of the billing cycle in June will be applied to the next fiscal year's budget.

When purchasing items, the cardholder must inform the merchant that the purchase is for "The Howard County Public School System and is tax exempt". (The school system tax exempt number is printed on the card.) The tax exempt status only applies to purchases made by using school system funds. Use of the tax exempt status on any non-school system funds or for personal purchases is considered abuse of the exemption status and subject to disciplinary action.

A Purchasing Card Transaction Log shall be used to document pcard transactions. Logs, with itemized sales receipts for each transaction, cardholder's signature, and Approving Official's signature shall be sent to the

Purchasing Office by the 15<sup>th</sup> of the month immediately following the statement date, for review of compliance.

4. **HOW DO I GET A CARD?**



Any school system employee who has the responsibility for making purchases on behalf of his/her school/office may apply for a pcard with the proper Supervisor approval. Print the Purchasing Card Application found in this User Guide or available on-line at the Purchasing Office web page. Submit the completed application to the Card Program Coordinator, who is in the Office of Purchasing. The application must be completely filled in and include your employee ID number, an account number (key and object), requested single and monthly transaction limits, and properly signed by the next authority level above you and/or by the Principal/Account Manager for each account line requesting a pcard.

Before receiving your card, you must successfully complete the approved training as offered by the Purchasing Office.

The Purchasing Clerk will notify you when the pcard is ready for pick up, generally in about two weeks. When you pick up the pcard, you must sign the Delegation of Authority form. You must pick up the card within 90 days after the request has been submitted. Failure to pick up the pcard and/or communicate with the Purchasing Clerk regarding pickup will result in cancellation of the pcard. Reauthorization of the request may be required to reorder the pcard.

Upon receipt of the card, the cardholder must call US Bank with the number listed on the back of the card to activate the card. Be prepared to state the following:

- Your location's zip code
- Your employee ID number and/or the last four digits of your social security number
- Your location's telephone number

5. **CARDHOLDERS RESPONSIBILITIES**

- Read and abide by the Board of Education policies and procedures, this User Guide and all Purchasing Office posted circulars and updates.
- Keep your card in a secure location and keep your card number confidential.
- Exercise caution in sharing your account information.
- Ensure that sales tax is not charged when making a purchase.
- Obtain and keep your receipt for each card transaction. **YOU MUST HAVE AN ORIGINAL, DETAILED RECEIPT FOR EVERY CARD TRANSACTION** or documentation that provides sufficient detail of the purchase including the merchant name, itemized purchases with descriptions, model numbers, quantities, etc.
- Maintaining a log of your purchases is **REQUIRED**. See Transaction Log found in this User Guide.

- Obtain Approving Official's signature on the log, and send to the Purchasing Office by the 15<sup>th</sup> of the following month. It is the responsibility of the cardholder to ensure the proper signatures on obtained and that the log is submitted timely.
- If the cardholder cannot review the statement at the time that it is received, his/her Approving Official is responsible for review and certifying the cardholder's statement.
- Always try to obtain the best possible value for the school system.
- Resolve all incorrect charges and product returns with the merchant as soon as possible.
- Immediately notify US Bank using the number on the back or on your statement if you suspect a fraudulent charge. Fraudulent charges must be report promptly and failure to do so may result in the charges not being reversed/credit back to your account.
- Immediately call US Bank at 1-800-344-5696 if your card is lost or stolen. Also, notify the Card Program Administrator.
- Fraudulent charges are an undesired consequence of any pcard program. In some cases, US Bank will identify suspicious charges and automatically cancel a pcard. Cardholders will be notified and should cooperate with US Bank Officials. At no time will a US Bank Official ask for personal or other information and cardholders should not provide any personal information.
- Replacement pcards will be sent to the Purchasing Office for distribution.

#### 6. **UNAUTHORIZED/PROHIBITED PURCHASES**

Card misuse is serious. Any violation may result in disciplinary actions they may include deduction from your paycheck any unauthorized purchases. Abuse of the pcard or failure to follow the proper use of the pcard may be documented as part of the employee's annual evaluation and performance review. The pcard may not be used for any of the following:

- Personal charges
- Cash advances or cash refunds for returned merchandise
- Conferences/Travel expenses unless specifically authorized
- Consulting or contract employee services that require contracts
- Computer equipment as identified on the Purchasing web page (excludes keyboards, cables, and similar peripheral items)
- Fixed asset purchases (items with a unit price over \$5,000.00 unless specifically authorized and record by the Fixed Assets Accountant)
- Gasoline
- Purchases prohibited by the Board of Education purchasing policies

#### 7. **RECEIPTS**

Obtain a receipt from the merchant/vendor for each transaction. Receipts include cash register receipts, valid proof of payment, or printouts of e-mail for web page transaction confirmations. For subscriptions, a copy of the renewal notice or initial subscription request is a receipt.

Receipts must include the following information:

- Merchant/vendor name
- Itemized description of item(s) purchased with model/part numbers
- Quantity, unit cost, total cost
- Indication that no tax was charged (if possible)
- Shipping and handling (if applicable)

Receipts that do not clearly list the items purchased will not be considered adequate documentation. First contact the merchant/vendor to obtain an acceptable receipt. If that is not possible, complete and submit a "Purchasing Card Replacement Receipt Form", found in this User Guide, with the required information. Attach any supporting documentation, such as packing slips, order forms, non-itemized receipts, etc. Continued submission of replacement receipt forms may be subject to investigation and/or suspension of the pcard. Altered or modified receipt documentation will not be accepted and may be subject to further investigation for fraud or abuse.

#### 8. **DECLINED PURCHASES**

If your purchase is not approved by VISA, you can call US Bank (1-800-344-5696) to determine the reason, or ask the Card Program Administrator (x6725) to research the problem for you. Possible reasons are: MCC, spending limits, or merchant/vendor error. If you believe your spending limits should be increased, ask your Approving Official to request an increase in your spending limits. This request may be made to the Card Program Administrator by e-mail or by a revised Application form.

9. **RETURNING AN ITEM PURCHASED WITH THE CARD**

For an in-person purchase, return the item directly to the merchant/vendor and obtain a credit receipt. **Cash refunds are absolutely prohibited.** If you made the purchase by phone, mail, or fax, contact the merchant/vendor for return instructions. Get a return reference number from the merchant/vendor, e.g. a Returned Materials Authorization (RMA) or credit number. Some may charge a restocking or handling fee. Be sure to check subsequent statements to verify that you have received credit for the returned item and include this information with your transaction log.

10. **REVIEWING/APPROVING STATEMENT**

The statement period ends on the 25<sup>th</sup> of each month, or the first business day thereafter. If you find a discrepancy or a fraudulent charge, follow the steps in Section 11, "Incorrect Charges".

Attach receipts to your statement and enclose them in the Purchasing Card Transaction Log. Sign the log at the bottom (Cardholder's Signature) and forward to your Approving Official for signature. After the Approving Official has approved the log, he/she will forward to the Card Program Administrator for auditing. Your signature affirms that:

- The charges are correct with exceptions noted
- All receipts are attached
- All purchases are properly authorized business purchases
- You have not been reimbursed for any of these purchase by any other method

11. **INCORRECT CHARGES**

If you find an item on your statement that is incorrect, contact the merchant/vendor immediately to resolve the disputed charge. If the merchant/vendor does not resolve the discrepancy within 30 days, dispute the transaction by calling US Bank Customer Service at 800-344-5696. Disputed charges will usually be resolved with 60-90 days. US Bank may send an "affidavit" document for you to assert that the charges are indeed invalid. Continue to work with US Bank as necessary to resolve the charges in a timely manner.

12. **LOST OR STOLEN CARDS**

Cardholders must immediately report lost or stolen cards to US Bank at 1-800-344-5696. Representatives are available 24 hours a day. Cardholder must notify the Approving Official within 24 hours. Cardholder and Approving Official must submit a completed "Lost/Stolen Card Notification" form, found in this User Guide, to the Card Program Coordinator within 24 hours.

A replacement card will be mailed to the Purchasing Office within 48 hours of the reported loss or theft. A card that is subsequently found by the cardholder after being reported lost or stolen should be cut in half and forwarded to the Purchasing Office, Attention: Card Program Coordinator.

13. **AUDITS**

Each month your Purchasing Card Transaction Log will be audited for compliance with pc card policies and procedures. The following non-compliant situations may result in suspension and/or cancellation of a card:

- Inadequate documentation in support of purchases
- Inappropriate purchase
- Monthly statements that have not been reconciled and signed by the Cardholder and Approving Official
- Not reporting a lost or stolen card

Cardholders may be subject to payroll deduction or required to reimburse the school system/account for the following non-compliant situations:

- Any Unauthorized/Prohibited Charges, see Item 6
- Other excessive violations or continued repeat of Purchasing Card policies

14. **CARD PROGRAM COORDINATOR RESPONSIBILITIES**

- Review applications and establish cardholder with US Bank
- Answer questions and solve problems pertaining to the program
- Maintain cardholder data base
- Review receipts for compliance with school system policies, and report variances to the Principal/Account Manager
- Sign the Purchasing Card Transaction log certifying that the charges have been audited

15. **APPROVING OFFICIAL'S RESPONSIBILITIES**

- Decide which employees should receive purchasing cards (card will not be issued to temporary or substitute employees, however in some cases long term substitutes may be assigned a pcard)
- Set per transaction and monthly spending limits
- Approve card applications
- Ensure that cardholders statement have been verified
- Ensure that cardholders abide by the policies and procedures governing the Purchasing Card Program, as well as the school system purchasing policies and procedures.
- Administrative Directors do not have to review each transaction of the Principal because the Principal is considered the Approving Official for a school. Administrative Directors may be notified by the Agency Program Coordinator to review any activity of their Principals.

16. **CANCELLATION/SUSPENSION OF CARDS**

In the event it is necessary to cancel a purchasing card, the cardholder must return the card to the Card Program Coordinator. The Card Program Coordinator will notify US Bank of the cancellation.

Reasons for cancellation include:

- The HCPSS no longer employs the cardholder
- Cardholder goes on leave without pay
- Cardholder is requested to surrender the card due to a violation of policies

In the event it is necessary to suspend a purchasing card, the cardholder may retain the card. However, all deficiencies must be corrected prior to reactivating the card.

Reasons for suspension include:

- Failure to provide timely Transaction Logs
- Unauthorized use
- Failure to comply with Board of Education Purchasing Policies and Procedures

17. **IMPORTANT TELEPHONE NUMBERS**

- To report a lost or stolen card (24 hours a day): US Bank 1-800-344-5696
- For questions about your card account: US Bank 1-800-344-5696
- For questions about the Purchasing Card Program: Card Program Coordinator, 410 313-6725 or 6722.

***You are being entrusted with the ability to make purchases on behalf of the Howard County Public School System. The use of a purchasing card program has inherent risks. These controls are put in place to protect the school system, the cardholder and the program. Along with this trust comes responsibility. Cardholders are expected to make sound business decisions in the best interest of the***

***Howard County Public School System, and always comply with the Board of Education policies and Purchasing Office rules and procedures as set forth in this User Guide and training manuals and updates. Please be advised that failure to uphold Board policy and regulations or willful disregard for Board policy will result in disciplinary action and/or evaluation reviews. Failure to comply with applicable tax exempt purchases will result in financial reimbursement to the Board of Education.***

**18. REFERENCE SECTION**

- A. Materials of Instruction: The key consideration is if the materials/items are used in the classroom and for the use by the teacher and/or consumed by students. Instructional materials are to be defined as items that are designed to serve as a major tool for assisting in the instruction of a subject or course. These items may be available in bound, unbound, kit or package form and may consist of hard backed or soft backed textbooks, consumables, learning laboratories, slides, films, and filmstrips, recordings, manipulatives, electronic media (instructional computer programs, online services, discs, CD-ROM, etc.) and other commonly accepted instructional tools. Hardware to utilize aforementioned resources is not considered “instructional materials” by this definition.
- B. Training Manual: The Purchasing Office provides a training manual that reviews and expands the use of the purchasing card for the school system. This includes a test that staff must successfully complete prior to the assignment of a pcard(s). The test is only required once, but will be held on file and used to validate the understanding on the part of the staff of their understand, rules and consequences for abuse of the purchasing card.
- C. Forms: See attached –
  - a. Delegation of Authority Form
  - b. Replacement Receipt Form
  - c. Lost/Stolen Purchasing Card Notification Form
  - d. Request (application) for a Purchasing Card Form