

# **Hamilton School Board**

## ***Purchasing Card Program***

# Hamilton School District

## Purchasing Card Program

Effective Date: 03/08/2010

### **PURPOSE**

To provide guidance on the proper use of Hamilton School Board's Purchasing Card meeting the following criteria:

- \* Provide an efficient and cost effective method of purchasing and paying for goods and services.
- \* Reduce the use of petty cash, blanket purchase orders, and prepay purchase orders.
- \* Ensure Purchasing Card purchases are in accordance with the policies of the School Board and Florida Statutes.
- \* Reduce the time and money spent processing low dollar transactions.
- \* For use the certain E-procurement or online purchases.
- \* Ensure that the School Board bears no legal liability from inappropriate use of Purchasing Cards.
- \* Purchasing Department may make or approve high dollar purchases for the purpose of increasing P-card rebate amounts.
- \* Provide for disciplinary action if the Purchasing Cards are misused.

### **SCOPE**

These requirements will apply to all School Board employees participating in the program.

## **BACKGROUND**

The Hamilton School Board is making available to designated employees delegated authority to make minor purchases directly through a Purchasing Card Program. This will allow departments flexibility to purchase small routine materials and supplies.

**Certain controls have been developed for the Purchasing Card that does 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.**

## **CARD DESCRIPTION**

The Purchasing Card shall contain the Hamilton School Board Cardholder's name, an expiration date and identifies Hamilton School Board. The Card has been uniquely designed to avoid confusion with personal credit cards.

The Director of Business 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:

Single per Transaction Limit:	\$1,000.00**
Billing Cycle (Monthly) Limit:	\$2,500/\$5,000

\*\* This amount will generally match the rate established for fixed assets as per Ch. 274.02 FS

Purchases beyond the “Single per Transaction Limit” must be made in accordance with the Purchasing Policy. Such exceptional purchases will conform to the Purchasing Policy and require the appropriate approval by the Director of Business.

**Charges for purchases shall not be split to stay within the single purchase limit. Splitting charges will be considered abuse of the Purchasing Card Program.**

Individuals in Departments such as Transportation, Maintenance and Food Service who are charged with the responsibility of ordering supplies or materials on a daily bases shall have limits set at higher amounts based on historical needs. These limits will be closely monitored by

the Business Department. Purchases may be for any supplies, materials or equipment provided compliance with bid requirements as outlined in Policy are adhered to and any item(s) requiring fixed asset identification is closely coordinated for reporting and tagging. Authorization to exceed the normal transaction limits may be granted for purchases with appropriate pre-approval.

## **DEFINITIONS**

**Account Clerk (Secretary-Secretary/Bookkeepers or designee)**--Employees designated by Department Heads to be responsible for the reconciliation, documentation and account coding of Purchasing Card transactions for a specified group of Cardholders.

**Bank**--The financial institution, which has entered into an agreement with the School Board to provide the Purchasing Card Program (currently SunTrust Bank).

**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.

**Capitalized Equipment**--Assets with a cost of \$1,000.00 or more (\$1,000 as set by Ch. 274.02 FS) or more and a useful life of one 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 Purchasing Card.

**Enterprise Spend Platform (ESP)**—An online application that allows users to view, manage and reconcile Purchasing Card accounts.

**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 School Board can restrict from Purchasing 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.

**Purchasing Card**--A charge card issued to an employee for the purpose of purchasing small dollar items.

**Purchasing Card Administrator**--The Director of Business is responsible for the administration of the Purchasing Card Program. An alternate within the Business Department will also be assigned.

**Single Purchase Limit**--The maximum value of charges a cardholder is authorized to make during a single transaction.

## 2. How It Works

- The Director or Principal authorizes the issuance of a Purchasing Card to an employee.
- The Director of Business coordinates issuance of a Purchasing Card to authorized employees.
- A Cardholder presents the Purchasing Card 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 retains the original receipt and submits to Account Clerk on daily basis.

- The vendor receives payment for the merchandise within 3 days.
- The Account Clerk is provided the receipt for the transaction from the cardholder and enters the accounting information into ESP.
- The Manager assigned to the cardholder approves the transaction within ESP.
- The Account Clerk submits receipts with the ESP statement to the Business Department at the close of each month.

### 3. Responsibilities

#### A. **Cardholder** is responsible for the following:

- \* Holding and securing the Purchasing Card and card number;
- \* Buying supplies and services;
- \* Informing vendor of tax-exempt status prior to processing sale transaction;
- \* Collecting and saving sales receipts;
- \* Receiving and inspecting all ordered materials and services;
- \* Reporting discrepancies to vendor;
- \* Reviewing/verifying charges with the Account Clerk;
- \* Submitting statements and receipts to the Account Clerk by department deadline;
- \* Complying with Hamilton School Board Purchasing policy and procedures.

#### B. **Account Clerk** is responsible for the following:

- \* Collecting receipts and supporting documentation.
- \* Identifying and handling disputed charges;
- \* Entering coding into ESP;
- \* Verifying/assigning account codes;
- \* Signing the ESP Statement (ensuring sufficient budget dollars are available) and forwarding it along with receipts, packing slips and other supporting documentation as required, to Business Department once a month.

**C. Department Head** is responsible for the following:

- \* Designating Account Clerk and communicating it to the Director of Business;
- \* Requesting Purchasing Cards;
- \* Evaluating the need to cancel or reissue cards;
- \* Collecting revoked cards from Cardholders and remitting to the Director of Business.

**D. Director of Business** is responsible for the following:

- \* Reviewing and communicating to the Bank all Purchasing Card requests and changes to card limits;
- \* Training Cardholders;
- \* Coordinating the issuance and cancellation of cards;
- \* Maintaining program policy and procedures, Cardholder guides and/or manuals and all Cardholder application forms;
- \* Maintaining a list of all current Account Clerks;
- \* Pursuing supplier discount opportunities;
- \* Evaluating Purchasing Card feedback from suppliers;
- \* Coordinating and maintaining internal controls;
- \* Coordinating program policy issues;
- \* Participating in ongoing program reviews;
- \* Participating in resolving billing disputes;
- \* Monitoring program for compliance with all School Board policies and procedures and recommending disciplinary action to the appropriate Director;
- \* Monitoring the program's aggregate monthly spending relative to the aggregate established credit limit with the Bank for potential required increases.
- \* Receiving approved ESP Statements and supporting documentation from all Account Clerks and posting amounts;

- \* Performing a pre-audit over receipts and charges;
- \* 1099 reporting.
- \* Payment to Bank in accordance with Terms and Conditions in Contract with Bank.
- \* Approving monthly billing from Bank.

**F. Bank is responsible for the following:**

- \* Activating and deactivating Purchasing Cards at the request of the Director of Business;
- \* Paying suppliers;
- \* Controlling pre-defined Cardholder limits;
- \* Providing monthly statements and reporting information;
- \* Providing duplicate copies of sales receipts in case of disputed charges;
- \* Providing customer service.

**4. Processes**

**A. Requesting a Purchasing Card**

1. Purchasing Cards will be issued to Hamilton School Board employees who frequently purchase low-dollar goods or services and those that frequently travel.
2. All requests for Purchasing Cards must be submitted by the respective Department Head to the Director of Business on a Purchasing Card Application Form. No credit checks are made against individual Cardholders.
3. The Director of Business will review the application and coordinate the issuance of the Purchasing Card with the respective Department Head, and notify the Cardholder of the next available Purchasing Card training session.
4. The Bank issues the Purchasing Card and mails it to the Director of Business. The employee will sign their name in the signature space on the back of each card and activate the card.



5. The Cardholder attends a mandatory Purchasing Card Program training session, signs the Cardholder Agreement form and receives a Purchasing Card
6. The Cardholder Agreement form will be retained in the Business office.

**B. Modifying Purchasing Card Limits**

1. All requests for modifications to Cardholder limits must be submitted by the Department Head to the Director of Business by updating a copy of the Cardholder's original Purchasing Card Application Form or via email.
2. The Director of Business reviews the modification and submits it to the Bank through the ESP system.

**C. Using the Purchasing 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 Purchasing Card.

**Telephone Orders:** The Cardholder must confirm that the vendor will charge the Purchasing Card when shipment is made so that receipt of the supplies may be certified on the weekly statement. This is also a requirement of the vendor's contract with Visa.

**Prohibited Purchases:** The Purchasing Card is to be used for Hamilton School Board authorized purchases only. The Purchasing Card cannot be used for any personal use. The Cardholder is the only person authorized to use their assigned Purchasing Visa Card.

The following supplies and services shall generally not be purchased with the Purchasing Card:

- \* Alcohol and Tobacco Products
- \* Personal Items
- \* Cash Advances
- \* Items Stocked in Warehouse (unless ordered by the Purchasing Dept.
- \* Meals\*\* or Entertainment in conjunction with Travel
- \* Telephone Calls
- \* Medical Services
- \* Legal Services
- \* Cellular Phone
- \* Gifts (unless used as door prizes or with a specific school program).
- \* Any other restrictions that may be placed by the Director of Business

\*\* Not to be confused with food items purchased by School Food Services or food purchased through Federal Funds when Federal programs guidelines permit such use.

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

**Dollar Limits:** A purchase may be made up of multiple items, but the total invoice (including shipping) cannot exceed Cardholders single purchase limit. Charges for purchases shall not be split to stay within the single purchase limit. Splitting charges will be considered abuse of the Purchasing Card Program.

In an effort to generate rebate revenue and/or accommodate emergencies, purchases exceeding \$2,500 may be made using the Purchasing Card as a method of payment. Such exceptional purchases will conform to the Policy and require the appropriate approval.

**Sales & Use Tax:** The School Board is exempt from paying any State of Florida (and generally all other states') sales and/or use tax, even if the purchase is made with the Purchasing Card. The School Board's sales tax exemption number is

printed on the face of the Purchasing 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 Director of Business.

**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

**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 they must contact the Director of Business. Failure to provide adequate documentation will result in disciplinary action and employees may be required to make payment for such transactions.

**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 Director of Business of any known denied Cardholder purchase. Information to be provided includes Cardholder name and account number, vendor and date of declined sale. The Director of Business shall inquire into the denied sale, take appropriate action and report back to the Account Clerk. If a vendor refuses to accept a Purchasing Card, the Cardholder should report this fact to the Account Clerk, who will forward this information to the Director of Business. The School Board purchasing procedures apply to the Purchasing Card as well. If you have any questions, please contact the Business Office prior to purchase.

**Funding:** You must follow your department's administrative funding procedures to ensure that sufficient funds are available **prior** to making a purchase.

Use of the Purchasing Card does not relieve you from complying with Federal, State, Local laws, ordinances, regulations, or School Board policies and procedures.

For every purchase made, the respective Cardholder must be prepared to substantiate necessity or official use. Misuse of the Purchasing Card shall be subject to the immediate revocation of Purchasing Card privileges. The respective Department Head and Director of Business will handle resolution of situations involving improper use of the Purchasing Card.

**Questions:** Questions regarding Purchasing Card procedures should be directed to the Business Office.

#### **D. Reconciling Monthly Statements**

1. **The Bank** will provide monthly memo statements and monthly unconsolidated 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 and may be subject to disciplinary action.

3. **The Account Clerk** must verify the purchases were for a proper public purpose and verify/assign the account codes. Such receipts shall be recorded in ESP and sent to Finance Department on a monthly basis. Transactions involving fraud, disputed charges, and employee misconduct must be reported to the Finance Department.

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 the Business Office, with an explanation of why the violation occurred.

The Account Clerk must prepare and sign the ESP Statement certifying they have reviewed all transactions for propriety, as well as budget availability, and forward it along with the receipts and other documentation as required, to the Business Department on a monthly basis. Please submit receipts in the same order as they appear on the Statement.

## **E. 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 Office, in writing, to request the charge be disputed. The Director of Business will refer the matter to the Bank for disposition.

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

**F. Reporting a Lost or Stolen Purchasing Card**

If a card is lost, stolen, or misplaced during normal working hours, the Cardholder must immediately notify the Purchasing Department. If a card is lost, stolen or misplaced outside normal working hours, the Cardholder must immediately notify the Bank directly at 1-800-836-8562 and notify the Business Office the next working day. Upon such notification, access to the card will be immediately blocked. A new card will be mailed to the Cardholder after receiving the notification at no cost to the Cardholder or the School Board.

**G. Purchasing Card Termination**

**Terminated Employees:** Department Heads must immediately notify the Director of Business and Account Clerk of terminated employees. The Director of Business is required to notify the Bank to cancel the card of a terminated employee within 24 hours of such termination.

During the exit interview, the respective Department Head will obtain the Purchasing Card from the terminated employee. Department Heads must notify

the Director of Business when Purchasing Cards belonging to terminated employees are not returned.

Department Heads must destroy returned Purchasing Cards by cutting the cards in two and must deliver them to the Director of Business.

**H. Revocation of Card:** Purchasing Card privileges may be revoked upon the Cardholder's failure to follow County's policy and procedures. The respective Department Head, the Director of Business and the Account Clerk will coordinate the revocation of Purchasing Cards. The Director of Business will immediately notify the bank to cancel any such cards.

The Department Head will obtain the revoked Purchasing Card from the employee. The Department Head must destroy the returned Purchasing Card by cutting it in two and must deliver it to the Director of Business.

## **I. Violations**

The following actions are prohibited:

- \* Purchases of items specifically prohibited by policy;
- \* Purchases that exceed the Purchasing Card limits;
- \* Not reporting lost or stolen cards;
- \* Purchases from vendors that create a conflict of interest;
- \* (i.e., purchases from companies owned or operated by County employee(s) and/or their relatives, etc.);
- \* Inadequate record keeping and/or documentation of purchases;
- \* Acceptance of cash in lieu of a credit to the statement;
- \* Splitting of purchases within the single purchase limit.

**Failure to comply with this policy may result in employee removal from the Purchasing Card Program and other disciplinary action as appropriate.**



# PROCUREMENT CARD REQUEST FORM

Please fill out and return to Purchasing for processing)

**CARDHOLDER NAME:** \_\_\_\_\_

(as it is to be written on the card)

**JOB TITLE OF CARDHOLDER:** \_\_\_\_\_

**CENTER NUMBER:** \_\_\_\_\_

**SCHOOL OR DEPARTMENT:** \_\_\_\_\_

**ADDRESS:** \_\_\_\_\_

**CITY-STATE-ZIP:** \_\_\_\_\_

**PHONE NUMBER:** \_\_\_\_\_

**ADMINISTRATOR'S SIGNATURE:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

**HAMILTON COUNTY SCHOOL BOARD  
PURCHASING CARD PROGRAM  
CARDHOLDER AGREEMENT**

I AGREE TO THE FOLLOWING REGARDING THE USE OF THE HAMILTON COUNTY SCHOOL BOARD PURCHASING CARD ASSIGNED TO ME FOR OFFICIAL SCHOOL BOARD BUSINESS ONLY.

1. I understand that I am being entrusted with a powerful and valuable tool and will be making financial commitments on behalf of the Hamilton County School Board and will strive to obtain the best value.
2. I understand that under no circumstances will I use the Purchasing Card to make personal purchases, either for myself or others. Willful intent to use the Purchasing Card for person gain or unauthorized use may result in disciplinary actions up to and including termination of employment and prosecution to the extent permitted by law.
3. I will follow Florida Law, school board purchasing policies, and established guidelines for using the Purchasing Card. Failure to do so may result in wither revocation of my card privileges or other disciplinary action.
4. I have been provided a copy of the Purchasing Card Guidelines and attended training and under the Purchasing Card Program. I have been given an opportunity to ask any questions to clarify my understanding of the Purchasing Card Program.
5. I agree to review and reconcile transactions timely and will maintain all applicable information and receipts.
6. I agree that, should I violate the terms of the Agreement, I will be subject to disciplinary action up to an including termination of employment and that I will reimburse the Hamilton County School Board for all incurred charges and any costs related to the collection of such charges. Additionally, any such charges that I owe the Board may be deducted from any money which would otherwise be due and owing me, including salary or wages.
7. I agree that, should the Purchasing Card be lost or stolen, I will immediately notify SunTrust's Customer Service at 1-800-836-8562, 24 hours a day, 7 days a and I will also immediately notify my supervisor.

	Bonnie E. Penner
Cardholder Name (Print)	Director of Business
Cardholder Signature	Director of Business Signature
Spending Limits	
Date	Date

