

Covington County Schools VISA Purchasing Card Program Policies and Procedures

Purpose

The Covington County Schools (CCS) Purchasing Card was designed to provide an efficient and cost effective method of purchasing goods and services. Use of the card is not, however, intended to replace the bid process where that process is appropriate. Cardholders should be aware of and sensitive to the **State Bid Law** and contact the CCS for assistance when it is expected that an aggregate of \$15,000 or more of one commodity shall be purchased during the fiscal year.

Scope

The Purchasing Card shall be used only in strict conformity with the CCS's policy and procedures and within the terms and conditions of the Cardholder Agreement form. **Each cardholder is responsible and accountable for all transactions that occur on his or her card. The Purchasing Card is to be used for District-authorized purchases only. Personal use of the CCS VISA Purchasing Card is not allowed.** Misuse of the card shall result in revocation of the card, disciplinary action up to termination, and possible filing of criminal charges.

Schools are **NOT** authorized to have any other credit card other than the District issued Purchasing Card.

Procedures

The Superintendent and Chief School Financial Officer (CSFO) shall approve the assignment of a Purchasing Card and shall set three limits for each Cardholder: single purchase limit, daily purchase limit, and billing cycle limit. The maximum single purchase limit shall be \$1,000 for goods and services. The daily purchase limit shall be \$1,500. The billing cycle limit shall not exceed \$5,000. Alternate limits may be established in special cases. The Superintendent has the authority and retains the right to further restrict various Cardholders.

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

How It Works

- The Superintendent and Chief School Finance Officer (CSFO) shall authorize the issuance of a Purchasing Card to an employee.
- The Superintendent shall determine each Cardholder's level of authority.
- Depending upon the Cardholder's level of authority as determined in his/her signed CCS Acceptance Form the following applies:
 - Cardholders authorized to make materials purchases shall:

- Generate tax-exempt purchases which do not exceed \$1,000 per transaction, \$1,500 per day, and/or \$5,000 per billing cycle.
 - Receive an approved Purchase Request Voucher / Credit Card order form prior to making purchases which exceed these limits.
- Cardholders authorized to make travel purchases shall:
 - Generate purchases which do not exceed \$1,000 per transaction, \$1,500 per day, and/or \$5,000 per billing cycle.
 - Acquire written approval prior to making purchases which exceed these limits.
 - Acquire an approved travel request form prior to travel.
 - Make every effort to remove sales taxes when possible.
- These limits and levels of authority are subject to change at the discretion of the CSFO, Superintendent and/or Central Office A/P Bookkeeper.
- When the Cardholder utilizes the card for expenses related to an approved travel request, a copy of the approved travel request form must be included along with itemized meal, hotel, and other receipts associated with the trip. If the receipts are not itemized, the cardholder shall be responsible for reimbursing CCS for the expenditure.
- Cardholder presents goods or services for purchase to a vendor who accepts VISA.
- Vendor processes the card information to obtain authorization for the purchase.
- Bank receives the transaction information electronically from VISA.
- Bank verifies the account number and spending control limits on the card.
- Cardholder receives the merchandise and a copy of the itemized receipt.
- Cardholder retains the original receipt for documentation of the expenditure.
- Vendor receives payment for the merchandise from the Purchasing Card provider.
- Cardholder completes Visa Cardholder Expense Form no later than 7 business days after expenditure and forwards completed and signed form along with sufficient documentation to Accounts Payable.
- Accounts Payable shall verify that all appropriate documentation has been attached to the Visa Cardholder Expense Form and expenditures are within approved budgets. The Form shall then be forwarded to Superintendent for approval, to accounts payable to be coded and posted to the General Ledger.
- Cardholder or designee downloads a monthly statement for the Cardholder upon email notification from the Bank that the statement is available.
- Cardholder or designee reconciles all purchases and credit activity to the monthly statement. Upon verification, cardholder signs statement and forwards it to the Central Office no later than 7 business days from statement cutoff date.
- Central Office A/P Bookkeeper shall total up all Visa Cardholder Expense Forms and funds will be transferred for the Visa payment prior to the due date.

Responsibilities

- **Cardholder is responsible for the following:**
 - Holding and securing the Purchasing Card and card number
 - Buying supplies and services within established credit limits and Bid Law
 - Informing vendor of tax-exempt status prior to processing sale transaction
 - Receiving travel approval prior to card usage for travel expenses
 - Collecting and saving itemized sales receipts
 - Receiving and inspecting all ordered materials and services
 - Reporting and resolving discrepancies with vendor
 - Noting any Credit activity on the Visa Cardholder Expense Form along with providing sufficient documentation
 - Assuring that all credits have been adjusted to purchasing card account
 - Submitting any credit documentation to Accounts Payable
 - Matching receipts with the monthly statement
 - Identifying and handling disputed charges
 - Reviewing/verifying charges with Accounts Payable
 - Submitting Visa Cardholder Expense Form and supporting documentation to Accounts Payable **within 7 business days after expenditure**
 - Verifying expenditures on monthly statement and submitting signed copy to Accounts Payable **within 7 business days after Statement cutoff date**
 - Complying with CCS policy and procedures

- **Accounts Payable is responsible for the following:**
 - Training Cardholders
 - Maintaining a list of all current Cardholders
 - Assisting in the handling of disputed items
 - Pursuing supplier discount opportunities
 - Assisting with resolving billing disputes
 - Reviewing the Visa Cardholder Expense Form with Cardholder (ensuring sufficient budget dollars are available) and forwarding it along with the monthly statements, receipts, packing slips and other supporting documentation as required, to the Superintendent and CSFO
 - Evaluating Purchasing Card feedback from suppliers
 - Coordinating the issuance and cancellation of cards
 - Evaluating the need to cancel or reissue cards
 - Collecting revoked cards from Cardholders and remitting to CSFO

- **The Chief School Finance Officer is responsible for the following:**
 - Assisting with training Cardholders
 - Reviewing and communicating to the Bank all Purchasing Card requests and changes to card limits
 - Maintaining program policy and procedures, Cardholder guides and/or manuals, and Cardholder Application Forms
 - Monitoring the program's aggregate monthly spending relative to the aggregate established credit limit with the Bank for potential required increases

- Coordinating and maintaining internal controls
 - Coordinating program policy issues
 - Participating in ongoing program reviews
 - Inspecting and approving Visa Cardholder Expense Forms and documentation and monthly statements
- **The Superintendent is responsible for the following:**
 - Approving Purchasing Card Application Forms
 - Inspecting and approving Visa Cardholder Expense Forms
 - Approving Purchasing Card Bank Transfers
- **Bank is responsible for the following:**
 - Activating and deactivating Purchasing Cards at the request of the CSFO and/or Central Office A/P Bookkeeper
 - 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

Processes

- **Requesting a Purchasing Card**
 - Purchasing Cards shall be issued to District employees who frequently purchase goods or services.
 - All requests for Purchasing Cards must be submitted to the CSFO on a signed Purchasing Card Application Form
 - The Superintendent reviews the application and approves or rejects the request
 - Upon Superintendent approval, the CSFO and/or Central Office A/P Bookkeeper shall make the request to the Bank
 - The Bank issues the Purchasing Card and mails it to Central Office. The CSFO and/or A/P Bookkeeper shall activate the card.
 - The Cardholder receives a Purchasing Card Manual, signs the Cardholder Acceptance form, and receives a Purchasing Card.
- **Modifying Purchasing Card Limits**
 - All requests for modifications to Cardholder limits must be submitted by the Cardholder to the CSFO by updating a copy of the Cardholder's original Purchasing Card Application Form.
 - The CSFO reviews the modification and updates the account information as necessary.
- **Using the Purchasing Card**
 - **Purchases:** The Cardholder may purchase supplies or services in person, or place an order by telephone, facsimile or electronically. Internet purchases must

be made over a secured transmission. The supplies or services must be immediately available for pickup, or must be 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 shall charge the Purchasing Card when shipment is made so that receipt of the supplies may be certified on the monthly statement. This is also a requirement of the vendor's contract with VISA.
- **Prohibited Purchases:** The Purchasing Card is to be used for District authorized purchases only. **The Purchasing Card cannot and is not authorized to be used for any personal use or to make cash advances.**
- **Dollar Limits:** The maximum single purchase limit shall be \$1,000 for general supplies and services. The billing cycle limit shall not exceed \$5,000. Alternate limits may be established in special cases. The Superintendent has authority and retains the right to further restrict various Cardholders.
- **Splitting Purchases:** Charges for purchases shall not be split to stay within the single purchase limit. **Splitting charges shall be considered abuse of the Purchasing Card Program.**
- **Sales & Use Tax:** The District is exempt from paying any State of Alabama (and generally all other states') sales and/or use tax, even when the purchase is made with the Purchasing Card. It is the responsibility of the Cardholder to make the vendor aware that the sale transaction shall 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 Accounts Payable
- **Documentation:** For all transactions, the Cardholder must retain the original customer's copy of the summary 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. If necessary, the Cardholder must request a receipt from the vendor that shows vendor name, date of purchase, and itemized charges. The Cardholder must also write the account number or a narrative description of the account/activity to be charged on the VISA Cardholder Expense Form.
- **Missing Documentation:** Where supporting documentation is missing, the Cardholder must contact the vendor and request a duplicate receipt. Failure to provide adequate documentation could result in disciplinary action and/or employees may be required to make payment for such transaction.

- **Credits:** The Cardholder must note on the Visa Cardholder Expense Form any items returned to the vendor and must verify credit is received for returns. Reductions in Purchasing Card sale amounts due to mistakes or decrease in quantity, price discount, or erroneous charging of sales tax must be noted. All credits must be adjusted to the purchasing card account. No cash credits are allowed.
- **Denied Purchase:** The Cardholder may report a denied point of sale or other rejected purchases to the CSFO. Information to be provided includes Cardholder name, vendor, and date of declined sale. The CSFO shall inquire into the denied sale, take appropriate action, and report back to the Cardholder.
- **Vendor Refusal:** If a vendor refuses to accept a Purchasing Card, the Cardholder should report this fact to Accounts Payable who shall notify the CSFO.

Reconciling Monthly Statements

- **The CSFO and/or Central Office A/P Bookkeeper** shall set up each cardholder or designee with online access to their statement information. The Bank shall notify cardholders via email when the monthly statements are available for download. Also, cardholders can view pending and posted transactions online prior to the statement being generated. This information shall be useful when preparing the Visa Cardholder Expense Form.
- **The Cardholder** must verify receipt of goods or services for all purchase transactions on the monthly memo statement and match each one to corresponding supporting documentation (such as invoices, charge slips, receipts and packing slips). The Cardholder must also verify all credit transactions to make sure they have been processed to the statement.

Upon fully reconciling the monthly statement, the Cardholder submits the signed statement to Central Office no later than 7 business days of statement cutoff date.

- **The CSFO** must review the Cardholder's monthly statement and verify all purchases and credits had been submitted on Visa Cardholder Expense forms. Unauthorized purchases shall result in disciplinary action and the employee shall be required to make payment for any such transaction. When purchases are questioned, the Superintendent shall be responsible for resolving the issue with the Cardholder.

Paying for Supplies or Services

- The vendor is paid by the Purchasing Card.
- The CSFO and/or Central Office A/P Bookkeeper shall summarize all the Visa Cardholder Expense Forms on a Purchasing Card Bank Transfer Request Form. This form is to be approved by the Superintendent.
- The funds shall be transferred from the appropriate bank accounts via ACH transaction to the Regions Bank Account. The payment for the purchasing card transactions shall automatically be drafted from this account on the 15th day of each month.

Resolving Returns and Credits, Disputes and Erroneous Charges

- The Cardholder must attempt to resolve problems directly with the vendor. The vendor must issue a credit for billing errors, sales tax, defective supplies, unacceptable services, returned supplies or canceled orders. This credit should appear on the Cardholder's statement within 60 days. **Do not permit the vendor to issue cash to settle a disputed amount. Under no circumstances can the employee accept cash.**
- If the Cardholder is unable to resolve an issue with the vendor or if Cardholder's credit does not appear on the monthly statement within 60 days, the Cardholder (with assistance from Accounts Payable) should complete a Purchasing Card Transaction Dispute Form and fax or mail to the address noted on the form. A copy should be sent to the CSFO.
- After the item has been entered as a dispute, the Bank must determine who is responsible by researching the transaction, including requesting a copy of the sales draft when necessary.
- If the problem is resolved between the merchant and the Cardholder while the item is in dispute, the Cardholder should write the solution agreed upon on the bottom of the Dispute Form that was previously sent to the Bank, and fax it to the Bank as soon as possible.
- If problems continue with a particular merchant, the Cardholder should notify the CSFO of the problems.

Reporting a Lost or Stolen Purchasing Card

If a card is lost or stolen, the Cardholder must immediately notify the Visa Company by calling the number on the back of the card and also notify the CSFO. Access to the card shall be immediately blocked, and the Cardholder shall not be responsible for any charges after the card is reported lost or stolen. The Cardholder must provide the Bank with the

purchasing card's account number. A replacement card shall be issued and delivered to the CSFO. A processing fee of **\$25** shall be assessed for replacing a lost or stolen card.

Purchasing Card Termination

The CSFO is required to close an account if a Cardholder: (a) transfers to a different department, (b) moves to a new job in which a Purchasing Card is not required; (c) terminates employment or (d) for any of the reasons listed below under Violations, which shall also subject Cardholder to disciplinary action in accordance with the CCS Policies and Procedures relating to disciplinary action and termination for cause.

Revocation of Card

Purchasing Card privileges may be revoked upon the Cardholder's failure to follow District policy and procedures. The Superintendent and the CSFO shall coordinate the revocation of Purchasing Cards. The Superintendent reserves the right to revoke any card at any time for any reason. The CSFO shall immediately notify the bank to cancel any such cards.

Cardholder must immediately deliver Purchasing Card to the Superintendent or CSFO.

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 District 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
- Personal use of Purchasing Card
- Cash Advances

Revised 2/24/16