

DAR PART - 10
Procurement Card Program Purchase Procedures

10.000 Scope of Part2

10.1 Introduction2

10.2 Definitions.....2

10.3 Responsibilities.....3

10.4 Training5

10.5 Establishing a P-card Account.....6

10.6 Authorized Use of the P-card.....6

10.7 Unauthorized Use of the P-card7

10.8 Limitations of P-card Account.....8

10.9 P-card Purchase Policy8

10.10 Reconciliation and Payment.....8

10.11 Documentation and Retention9

10.12 Suspension of P-cards9

10.13 P-card Surveillance Requirements.....10

10.14 Resolving Problems with the Statement of Account (SOA)10

10.15 Cancellation of Purchase Card Account10

10.16 Security10

10.17 Lost or Stolen Cards10

10.18 Fiscal Services Department (FSD)11

10.19 Human Resources and District Security11

10.20 District Fuel Cards.....11

Procurement Card Program Purchase Procedures

10.000 Scope of Part

This Section describes the policies and procedures for purchases made with the District's procurement card (P-Card)

10.1 Introduction

The District has entered into a contract for commercial credit card service. The P-card program provides commercial credit cards to district employees to purchase and pay for official district requirements under \$5,000. These procedures provide the cardholder and approving official with instructions on how to use the P-card. In the event that there is a conflict between this Section and any bank procedures, these procedures will take precedence. These procedures can also be used for Student Activity Accounts.

10.2 Definitions

Activity Type Codes: Codes developed by and customized to code a school's/department's specific needs that during the authorization process will alert the bank to purchases that are prohibited. The codes are also encrypted on the magnetic strip of the card.

Approving Official (A/O): Officially appointed by Executive Director for Procurement and Contracting. This person is responsible for the oversight of one or more cardholders.

Authorization: The process of verifying that a purchase being made is within the established cardholder's limits. Authorization is done by the merchant at the point of sale through verification with the Bank.

Billing Cycle: A period of time, usually 30 days. The bank then post to the cardholders account all accumulated merchant charges.

Blanket Purchase Agreement (BPA): An agreement with a vendor for filling anticipated repetitive needs for supplies or services by establishing an agreement, which may include pre-priced items and delivery arrangements.

Cardholder (C/H): Person to whom a procurement credit card is issued for purposes of making purchases on behalf of their assigned department.

Disputes: A disagreement over a purchase such as the price, performance, receipt delivery etc. The District Procurement & Contracting Department is the Disputes Office. The Purchase Card Program Coordinator (PPC) will assist the cardholder and the Bank in tracking and resolving disputed purchases and transactions.

Electronic Funds Transfer (EFT): A process used to transfer payment of funds electronically. EFT is a faster, more secure method of transferring funds versus using checks.

Executive Director for Procurement & Contracting: The person designated to sign a written letter of Delegation of Authority for individuals to make P-card purchases.

Fiscal Services Office: The Fiscal Service Office is the office that provides paying services for the organization using a purchase card.

F.O.B. Destination: Freight-on-board, means that the vendor is responsible for shipment until it reaches your destination.

Merchant Activity Type Code (MAT): The Bank categorizes each merchant according to the type of business in which the merchant is engaged, and the types of goods and services provided. The Bank assigns each merchant a corresponding MAT code.

Nonpersonal Services: means a contract under which the personnel rendering the services are not subject, either by the contract's terms or by the manner of its administration, to the supervision and control usually prevailing in relationships between government and its employees.

“Procurement Card (P-Card)”: means a purchase card, similar in nature to a commercial credit card, issued to authorized District personnel to use to purchase and pay for supplies and limited services as authorized.

Purchase Card Program (P-card): District's procurement card program is established to simplify the process for making small dollar purchases using a VISA credit card.

Purchase Card Program Coordinator (PPC): A member of the Procurement and Contracting team, to serve as the liaison between the District, and the Bank. This person is also responsible for managing the P-card program including establishing and conducting training and surveillance.

Rebates/Store Coupons: Rebates are normally manufacturer mail-in rebates discounting the cost of the purchase. Store coupons are discounts made at the time of purchase. Cardholder should take advantage of all rebates and store coupons, only on behalf of the District.

Single Purchase Limit (SPL): The maximum amount authorized by a delegated authority.

Split Purchases: Conducting two charges for the same requirement, in order to keep the purchases below the single purchase limit set to the card.

SSA Activities: Student School Activity Accounts: May use of a P-card. These cards will follow the same requirements of the District cards, but is paid directly from the Business offices of the school's holding these cards.

Statement of Account (SOA): The Statement of Account is a monthly listing of all purchases made by the cardholders and all credits authorized by the Bank.

Statement of Questioned Items (SOQI): A form on which a cardholder claims credit for disputed item, which cannot be resolved with the vendor.

Status of Disputed Transaction: A report prepared monthly listing all unresolved disputes during the last billing cycle.

Suspension: The process in which a department is restricted from making purchases with the district's P-card, due to misuse, or failure to reconcile charges within the stated time as prescribed by the Program Coordinator.

Tax Exemption: The District is tax exempt. The tax exemption numbers are embossed on the P-card.

10.3 Responsibilities

10.301 Executive Director for Procurement & Contracting:

1. Responsible for the overall P-card Program.
2. Obtains approval for the program and/or changes to the program from the Superintendent and/or Board of Education as necessary.
3. Appoints the P-card Program Coordinator.
4. Delegates special purchase authority to approving officials through a letter of delegation.
5. Notifies Division Heads of severe violations for appropriate action to be taken.

10.302 P-card Program Coordinator (PPC)

1. Responsible for the day-to-day operations of the P-card program.
2. Administers the contract and is the point of contact with the Bank.
3. Develops policies and procedures and submits to the Executive Director for Procurement & Contracting for approval.
4. Acts as liaison between cardholder, approving officials and the Bank.
5. Develops and conducts training.
6. Processes P-card applications.
7. Establishes reports, and reviews reports problem areas and trends.
8. Prepares letters of delegation for both cardholders and approving officials.
9. Maintains a current listing of all cardholders and approving officials.
10. Maintains a file of individual training records for each cardholder while the cardholder's account remains active.
11. Coordinates the correct distribution of account codes for purchases (including all SSA accounts.)
12. Oversees programs at the Charter schools that participate in District card program.
13. Authority to suspend or terminate P-card privileges to cardholders and Approving Officials who abuse or violate P-card program procedures.

10.303 The Approving Official (A/O):

1. Must be at the same school/department as the cardholder, and the level of responsibility inherent in this position.
2. Cardholder but may not sign off on his/her own charges.
3. Approval of charges should be his/her own immediate supervisor.
4. Should designate an alternate A/O during vacation or emergencies of the primary A/O to avoid statement-processing delays.
5. Has the authority to direct the PPC to cancel the P-card for any of his/her cardholders at any time.
6. Responsible for recommending P-card dollar limits to the PPC for all his/her cardholders.
7. Obtains and reviews each of their cardholder's statement of account.
8. Verifies that all transactions were appropriate and were made in accordance with District policies.
9. Approves online each cardholder's statement and receipts and supporting documents and forwards them to the accounting dept., within five days of online reconciliation.
10. Retains all copies of cardholder's statement and receipts to include the supporting documentation for three fiscal years. Or according to District Records Retention Policies, if applicable.
11. Requests cancellation of P-card accounts when appropriate, by sending an email to PPC.
12. Notify the PPC for any adjustments needing to be made to an account by email.
13. Verify, at least semiannually, that cardholders are in possession of their P-cards.

14. Notify PPC when cardholders have retired, resigned, or no longer have cardholder responsibilities.
15. Responsible for the correct account code distribution for cardholders.
16. Charter schools' business offices are responsible for payment and reconciliation of their school's expenditures monthly. Their office is also responsible for the retention of all receipts from charges made.

10.304 The Cardholder:

1. Is the person who is issued a P-card, in their name, authorizing them to make purchases for the district within the limitations of their P-card authority.
2. Ensures that funds are available to pay for items being purchased, especially when using administrative funds; and that prior authority is received (i.e. grants and title one funds).
3. Ensures that any supply or service purchased using the P-card is authorized, see "Authorized Use of the P-card" section relating to required authorizations prior to purchase.
4. Must ensure that the purchase limits established for their accounts are not exceeded.
5. Cannot make an unauthorized purchase or carelessly use the P-card. The C/H may be liable to the district for the total dollar amount of the unauthorized purchase.
6. Take advantage of all rebates, discounts, discounted pricing schedules and store coupons.

NOTE: In the event that the cardholder makes a purchase that causes the over-expenditure of the budget, cardholder and A/O agree to authorize the Budget Office to automatically transfer funds from the nearest, similar account with sufficient funds. The Budget Office may request a budget transfer from the school/department to be posted within 24 hours to remedy the deficit account.

10.4 Training

10.401 The PPC is responsible for training all Cardholders and Approving Officials in the uses and requirements of the P-card program.

10.402 The completion of P-card training is required prior to the issuance of a district P-card.

10.403 The length of the required orientation sessions will be established by the PPC; however, a minimum of two hours is recommended.

10.404 All trainees must sign a statement of training certifying that: they have received the P-card training; they understand the training provided; they have been provided the P-card training materials that can be utilized for future reference; they understand the penalties associated with misuse of the card.

10.405 Training record documentation shall be retained by the PPC for each cardholder while the cardholder's account remains active.

The training program will cover, but not necessarily be limited to, the following subject areas:

1. Cardholder and Approving Official responsibilities.
2. Specific guidance on use of mandatory sources.
3. Contract Administration.
4. Simplified Purchase Procedures.

5. Hazardous materials.
6. Competition and price reasonableness.
7. Prohibition against splitting purchases.
8. Rotating sources.
9. Instruction on use of warranties.
10. Use of Grant and Title funds at school locations.
11. Fuel card use at determined locations.
12. Ethics training.
13. Available report products, statements of account, and invoice reconciliation procedures.
14. Travel usage.
15. VISA online Reconciliation.

10.5 Establishing a P-card account.

1. Department Heads or Principal of the requiring activity prepares a letter requesting appointment of proposed cardholders, approving officials and alternate approving officials. An email shall be sent to the P-card Program Coordinator (PPC) to request a P-card for an individual.
2. The individual will attend training prior to receipt of a P-card.
3. The PPC sets up the P-card account with the Bank subject to the requested limits after training.
4. In setting up a P-card account, the PPC shall incorporate district driven merchant codes.
5. The Delegation of Authority letter will be provided by the PPC after the required training is completed. The issuance of the P-card delegates the authority to the cardholder to purchase supplies, equipment, and limited services with the P-card subject to the limits established by their Approving Official.
6. The P-card bears the cardholder's name and may only be used by the named cardholder.
7. The P-card is imprinted with the District's logo and sales tax-exempt number to identify the cardholder as a District employee and will authorize the merchant to process purchases as tax-exempt.

10.6 Authorized Use of the P-card

- a. The P-card shall only be used to purchase and pay for authorized district requirements. These include supplies, equipment, and non-personal services up to \$5,000.
- b. The P-card can only be used for purchases and/or payments above the single purchase limit when the following criteria is met:
 1. For actions against Blanket Purchase Agreement which have been established through the contracting office.
 2. Other types of written agreements which have been established and approved by the contracting office.

3. Purchases made for textbooks and other instructional materials in accordance with Curriculum.
 4. Competition requires three quotes from vendors (not online commercial pricing).
- c. The following types of commodities require the cardholder to obtain specific authorization from the specified controlling departments prior to making the purchase. The phone numbers for the various offices are provided; however, this does not mean that a verbal authorization is appropriate. All actions should be done in writing when dealing with the below departments:
1. Textbook Approval and other instructional materials 520-2045
 2. Hazardous and Potentially Hazardous Materials (HazMat) 477-6023
 3. Software Licensing 520-2968
 4. Warehouse (inventory) 520-2138; (copier paper, art supplies and cleaning supplies, etc.)
 5. Facilities (real property) 477-6007; (sheds, playgrounds or modifications to grounds)
 6. A/V & Technology Equipment 520-2988; and
 7. Telecommunications 520-2140
 8. Science Chemicals (for schools) 520-2034
- d. Medicaid Supported Purchases
1. Physician prescribed medication with prior approval of school nurse.
 2. Only the Medicaid cardholder (at the District Admin building SPED office) will make arrangements for payment using P-card.
- e. Travel and Registration:
1. Email info sent from the school/department should state the travel dates and the location of travel in order for the PPC to open their card for hotel and registration payment.
- f. Gift Cards:
1. A school or an administrative office may purchase gift cards to give to students or parents of school students. Any site issuing gift cards must create an audit sheet stating the quantity of cards purchased and the dollar amounts of each card. Each person given a card must sign for the card they receive. The audit sheet documents the distribution of cards as a record for both the District and the cardholder. Failure to document the distribution will result in loss of P-card privileges or in the personal re-payment of the amount of the gift cards.
 2. The District has a policy of transparency on all purchases. In the case of a Colorado Open Records Act request, you will be required to furnish documentation of the disposition of all the gift cards.

10.7 Unauthorized Use of the P-card

1. Purchases above \$5,000 are unauthorized except as specifically authorized in 10.8.d.
2. Cash advances are prohibited under this P-card program.
3. Purchases of alcoholic beverages and tobacco and drugs (except for those approved by school nurses using Medicaid funds).

4. Purchase and payment for restaurant meals – with the exceptions of Facilities employees during extreme weather conditions; high school SSA cards; and funds used for district authorized field trips (for limited food payment with prior approval by the school's A/O and Business Office).
5. A cardholder shall not allow anyone to use his/her P-card or account number. A violation of this trust may result in withdrawal of the P-card from that cardholder.
6. Consulting and Professional services.
7. For gift cards to employees or volunteers.

10.8 Limitations of P-card Account

1. The P-card account is subject to a single purchase limit, and a monthly cardholder limit.
2. Unless a lower limitation has been established for a particular department or cardholder, no single purchase on the card will ever exceed the purchase threshold of \$5,000, without written approval from a contracting officer. For purchases exceeding \$5,000 must have three written quotes.
3. A single purchase limit does not mean that a purchase is limited to a single item. A single purchase limit means that multiple items may be purchased; however, the cash register receipt for that store purchase cannot exceed the C/H's single purchase limit.
4. P-cards may be used to make a payment against a purchase order or establish contract, with approval from the Procurement office. Payment for purchases shall not be split in order to stay within the SPL. Any purchases that will exceed \$5,000 must be approved. unless assisted by the contracting office and an exception to policy letter is issued.

10.9 P-card Purchase Policy

- a. All contracting, supply and finance regulations apply to P-card purchases. Cardholders must also comply with the following procedures when making purchases:
 1. Ensure that funds are available in district accounts to pay for items being purchased.
 2. Ensure that the supply or service is not one that must be purchased from a required source.
 3. Notify the vendor that the purchase is tax exempt.
 4. Purchases under \$5,000 may be made without securing competition if the cardholder considers the price to be fair and reasonable.
 5. Any purchases that will exceed \$2,500 must be approved unless assisted by the contracting office.
 6. Sign the sales draft and retain a copy for record purposes and for verification of the monthly Statement of Account (SOA). Cardholders shall get a purchase receipt prior to reconciliation.

Once this is accomplished, all receipts will be scanned and forwarded for review by the accounting department.

10.10 Reconciliation and Payment

- a. Each month the cardholder must reconcile their charges online weekly at designated site. The VISA website will itemize each transaction posted to an account during the past billing cycle. Whenever the cardholder goes online to reconcile and allocate charges they must:
 1. Review the entire statement for accuracy, comparing each transaction on the SOA with receipts.

2. If the transaction amounts agree and the item(s) have been received or services have been performed, then check off the transaction and allocate accordingly.
3. Cardholders need to describe or identify the item purchased on each line.
4. If there is a problem with any of the transactions on the SOA such as non-receipt of item or incorrect charge, see the section 10.14 on resolving problems.
5. Retain all documentation in accordance with paragraph 10.11.
6. Sign the printed cardholder statement and forward along with all original documentation to the A/O within two working days. If no receipt is available to send with the statement, attach an explanation that includes a description of item, date of purchase, merchant's name, and why no receipt has been turned in. This statement must be signed by the cardholder and principal and/or director.

10.11 Documentation and Retention

1. Cardholders shall maintain a copy of all documentation for their records as well as turning in to PPC the original documentation supporting purchases being reconciled. The documentation to the printed C/H statement from the website will be attached and forwarded through the A/O to the accounting dept. for review.
2. After online reconciliation, the cardholder will sign and forward all supporting documents (receipts and C/H statement) to their Approving Official.
3. Documents generated at the PPC level supporting cardholders and A/O's (e.g., training records, surveillance records, delegation of authority, etc.) will be retained as long as the cardholder and A/O are performing that function. Kept for one year after termination of authorization and then destroy.

10.12 Suspension of P-cards

If because of findings from an Internal Audit visit, or by any other means, it is discovered that the cardholder is in violation of P-card procedures, a letter, signed by the Executive Director for Procurement & Contracting, will be sent to the cardholder's approving official, with a copy provided to the cardholder. The letter must state that a violation (described in some detail) was discovered or is occurring. Based on the severity of the violation, one of the following actions will be taken: (1) The monthly purchase limitation for that cardholder will be zeroed or, (2) the purchasing authority for the particular cardholder will be suspended for a period of time. In either case, the authority will not be reinstated until the cardholder's approving official takes appropriate action against the cardholder, and cardholder receives remedial training on the District's P-card policy and procedures.

- a. The cardholder may be held personally responsible for unauthorized purchases.
- b. Three written notifications of unauthorized use will result in the immediate suspension of card use.
 1. First offense will result in 2-month suspension
 2. Second offense may result in suspension for fiscal year (6 written notifications within one fiscal year)
- c. After the above-described actions have been accomplished, the monthly purchase limitation or purchase authority may be changed to reflect the previous requested amount.
- d. Further offenses will be grounds to revoke the P-card privileges permanently for that cardholder.

10.13 P-card Surveillance Requirements

1. Surveillance can be conducted by the Procurement and Contracting office on a random basis, and in conjunction with the District Internal Auditor.
2. The PPC will meet with the cardholder to discuss each finding of noncompliance.

10.14 Resolving Problems with the Statement of Account (SOA)

Problems with the SOA usually fall into one of the categories listed on the Cardholders Statement of Questioned Items (SOQI) form. In most cases cardholders will be able to resolve problems by contacting the vendor. If problems cannot be resolved with the vendor the cardholder will have to submit an SOQI form to the PPC to be forwarded to the bank. Other problems may dictate immediate submission of an SOQI. The following will help to determine the correct approach for resolving problems:

1. Merchandise/Service not received: Contact the vendor to verify that shipment has been made or service rendered. Make a note of non-receipt in the "disputed items" column of the purchase log.
2. Merchandise returned or a credit not received: Attempt to resolve by contacting vendor, record questioned amount as a "disputed item".
3. If a purchase is unauthorized mail or phone order, duplicate processing, alteration of amount, or unrecognized charge(s). If the cardholder cannot resolve the problem with the vendor, then immediately contact the Bank. The cardholder should generate the form and keep a copy for their records.
4. Anytime an SOQI is forwarded to the Bank, a copy should be forwarded to the accounting department, and a copy to the PPC.

10.15 Cancellation of Purchase Card Account

Upon employment termination, administrative leave, retirement or reassignment to another department or school the cardholder must inform the PPC. The A/O will forward instructions the PPC for closure, or movement to a different A/O or for the destruction of card. The PPC will cancel the account with the Bank and document cardholder's file.

10.16 Security

The cardholder shall always safeguard the P-card and account number. When the P-card is not used, it shall either be carried on the cardholder's person (in their wallet or purse) or secured in a locked container. A cardholder shall not allow anyone to use his/her P-card or account number in his/her absence. A violation of this trust may result in withdrawal of the P-card from that cardholder. Each card now has a chip for a more secure process at the register. For online purchases, the (fraud level is increased), and directly is the responsibility of the vendor if fraud is evident.

10.17 Lost/Stolen or Compromised Cards

- a. Immediately notify the Bank, the PPC and your A/O in the event a P-card is lost or stolen. If the cardholder suspects the account number has been compromised in a fraudulent manner contact the bank immediately.

- b. The Bank can be notified 24 hours a day by calling the number provided by the Bank. Submit a written report on lost or stolen cards to the PPC within two workdays. The report will include:
 1. The P-card number, the cardholder's complete name.
 2. The date and location of the loss, the date reported to police.
 3. The date and time the Bank was notified.
 4. Any purchase(s) made on the day the P-card was last used, prior to being lost or stolen.
 5. Any other pertinent information.
- c. A new P-card will be mailed within four days of the reported loss or theft. If the cardholder finds the original P-card, it shall be cut in half and given to the A/O who will complete the destruction notice and forward it to the PPC.

10.18 Fiscal Services Department (FSD)

- a. The FSD is responsible for the proper posting of P-card transactions into the general ledger of the District. However, it is the responsibility of the A/O to ensure that documentation is submitted to the Finance dept. in a timely manner. The PPC will then load the appropriate materials for FSD to post it to the general ledger.

10.19 Human Resources and District Security

1. Human Resources will contact PPC of changes in employment of any district cardholder. Should HR contact the PPC about suspending a cardholder's card, it will be zeroed, and a letter sent to the A/O or as appropriate depending on the circumstances.
2. If the Security Office is conducting a confidential investigation, a card may be suspended without notification to the cardholder. The A/O will be made aware of this suspension.

10.20 District Fuel Cards

1. When possible, it is highly encouraged for District vehicles to fill up at the district fuel point located at Geiger Blvd.
2. All high schools will be responsible for the use of fuel cards for their activity buses. Fuel cards should be signed for by driver when keys are given. It is required to have a receipt for the purchase of gas using the district fuel card. Failure to surrender a receipt upon the return of bus or vehicle keys will require the driver to surrender payment for fuel purchased using the School District 11 fuel card.
3. If your school allows fuel to be purchased to fill additional vehicles on road trips they will still be required to turn in a receipt. Failure to do such will result in payment being surrendered by the driver of the vehicle(s) accompanying the activity bus.
4. High schools that lease their activity bus to another school or group other than District 11 schools are not authorized to give the other group their District fuel card and it should not be the in possession of or used by other groups.