

## FARMINGTON PUBLIC SCHOOL DISTRICT PURCHASING CARD PROGRAM GUIDELINES

### **INTRODUCTION**

The Farmington Public School District provides an alternate approach to purchasing products by offering a purchasing card program to select District employees.

Purchasing cards are designed to consolidate many small transactions onto a single monthly invoice. This Purchasing Card Program expedites the accounts payable function, reduces transaction costs, facilitates the timely acquisition of goods and materials and offers purchasing rebates. The Purchasing Card Program is designed as an alternative to a variety of processes including petty cash, check requests and low dollar purchase orders. The Purchasing Card Program is not intended to avoid or bypass current procedures. Rather, the Program complements the existing processes.

These policies and procedures are intended to provide guidelines to cardholders in utilizing their purchasing cards, and all cardholders should carefully read this document. A cardholder's signature on the Cardholder Agreement Form indicates that the cardholder understands the intent of the program and agrees to adhere to these guidelines.

The following information is intended to clarify how the purchasing card is to be used and how the cardholder's transactions are invoiced.

### **ETHICS**

The District strives to maintain and practice the highest possible standards of business ethics, professionalism and competence in all purchases and business transactions. It is the cardholder's responsibility to purchase only those goods that are necessary for District purposes.

Suppliers/vendors, their products, personnel and services are a natural extension of our own resources and employees should keep in mind that personal contacts form much of the basis for the vendor's opinion of the District. In this regard, the following should be observed when dealing with vendors and their representatives:

1. Assure the confidentiality of all specifications and price quotations made by vendors.
2. Decline to take advantage of vendor's errors and show consideration for vendor difficulties by cooperating with the vendor whenever possible to resolve problems.

## **PURPOSE**

The purpose of the purchasing card is to provide the District with an alternate method of purchasing low-dollar goods. The purchasing card enables employees to order and receive products directly from any MasterCard vendor; it gives employees the authority and flexibility to purchase supplies when the District needs them at competitive prices, and it helps employees get faster delivery on low-cost items.

## **PROGRAM ADMINISTRATION**

The District's purchasing card program is administered through Bank of Montreal (BOM), under a statewide purchasing card program designed specially for Michigan Public School Districts. The District's purchasing card program administrator is the Purchasing/Accounting Manager.

## **GENERAL POLICES**

Farmington Public School District issues purchasing cards to designated employees. No person other than the person to whom the purchasing card is issued or their designee is authorized to use the assigned purchasing card. The card is to be used for District business only.

The Assistant Superintendent of Business Services has final authority to issue purchasing cards to individual users. No card will be issued without the Assistant Superintendent of Business Services written approval.

The purchasing cards are issued to the District and assigned to specific users. Personal information of cardholders is NOT provided to BOM when cards are issued. BOM is provided with a cardholder's date of birth and the last four digits of his/her Social Security number for verification purposes only. Card activity is not reported on a cardholder's personal credit report and likewise, activity on the card is not used to compute a cardholder's credit score with reporting agencies. Activity on the purchasing card program is reported on the Farmington Public School District credit report.

The purchasing card is as easy to use as any credit card and is just as widely accepted. The only difference between a credit card and a purchasing card is that the latter is a corporate liability charge card with certain restrictions and limitations imposed on the cardholder. Card privileges may be rescinded at any time at the discretion of the purchasing card administrator if policies and/or procedures are not followed by the cardholder. The Business Services office and/or the purchasing card administrator will audit card usage and the cardholder will be personally liable for any unauthorized use that occurs with the purchasing card.

Purchasing cards must be kept in a secure place. Although the purchasing card is issued in the cardholder's name, the card remains the property of BOM and is only to be used for District purchases as allowed by the Farmington Public School District policies and procedures. Cardholders are committing District funds each time the purchasing card is used.

All charges made on all District purchasing cards are billed directly to the District on a monthly summary invoice. This process minimizes paperwork and streamlines the payment process. Each purchasing card is assigned a default accounting code, using a District account number. Other account numbers may be assigned to transactions by the purchasing cardholders reviewing their transactions and using the drop down menu of account codes on BOM's Smart Data Online web-based site.

Training will be provided with the issuance of the purchasing card to ensure that all policies and procedures are understood. An employee will not be issued a purchasing card until training has taken place.

The cardholder will only be able to use the purchasing card for specific Merchant Category Codes (MCC) assigned for each user based on necessity specific to each cardholder. Each card will be issued with a group of MCC based on the probable use of the card by each user. If the cardholder attempts to use the purchasing card for a Merchant category not set up, the transaction will be denied. The District's program administrator can adjust the MCC assigned to each user.

Each user will be required to review their purchasing card transactions on a monthly basis using the BOM Smart Data Online internet application. Please refer to the "Cardholder Recordkeeping Requirements" section below.

The following types of purchases are **prohibited** on the purchasing card:

- Capital outlay purchases, unless approved in advance by the Assistant Superintendent of Business Services.
- Cash advances
- **Personal use**
- Gasoline
- Gifts
- Entertainment (bars, casinos, etc.)
- Other (See "Exclude" List)

**Purchasing cards can not be used for tuition reimbursement or FEA conferences.**

## **PURCHASING PROCESS**

Making purchases for goods and services is easy with the purchasing card.

### **A. Making a Purchase**

1. Only the cardholder named on the purchasing card or their designee can authorize a purchase on his/her card.
2. The cardholder will present the card at the cash register, instructing the cashier of tax exempt status (see #7 below), sign and take the charge receipt and cash register tape for filing and leave with the purchases.

3. The cardholder may also place an order over the telephone. When a telephone order is placed, the cardholder should request a receipt from the vendor documenting the sale. In many cases, a receipt is included with shipping documents for purchases made over the phone. The receipt and shipping documents shall be submitted to the Business Services office according to the “Cardholder Reconciliation Requirements” section below.
4. The cardholder may also place an order over the internet. When an online purchase is made, the cardholder should print out the invoice from the online vendor as verification of the purchase. In many cases, a receipt is included with shipping documents for online purchases. The receipt and shipping documents shall be submitted to the Business Services office according to the “Cardholder Reconciliation Requirements” section below.
5. If the purchasing card is used to register for a workshop or conference and the “credit card” information is entered on a registration form, a copy of the registration form showing the amount charged for the registration along with any registration confirmation shall be submitted to the Business Services office according to the “Cardholder Reconciliation Requirements” section below.
6. Cardholders should keep all receipts/invoices and any related shipping documents in a safe place for submission to the Business Services office as part of the monthly reconciliation process outlined in the “Cardholder Reconciliation Requirements” section below.
7. Farmington Public School District is exempt from paying sales tax on purchases made for goods and services. Each card has the federal identification number of the District imprinted on it, located just below the name of the cardholder. Most vendors accept this number as the “tax exempt number” at point of sale. Occasionally, vendors or merchants may request that a sales tax exemption certificate be provided before they remove the sales tax from a transaction. Please contact the secretary in the Business Services office to obtain a sales tax exemption certificate.
8. A purchasing card may be declined at the point of sale. Purchasing cards can be declined for many reasons:
  - Transaction amount exceeds a single purchase limit
  - Transaction amount exceeds the monthly purchase limit
  - Transaction is attempted at a merchant with an unauthorized merchant code (MCC)

If a transaction is declined at the point of sale, the cardholder must cancel the transaction and contact the Business Services office as soon as possible to determine the cause of the declined transaction. Adjustments may be necessary to the cardholder’s account (i.e. adding merchant codes, increasing transaction amounts, etc.) depending on the reason for the declined transaction.

## B. Shipping and Receiving Information

The cardholder must provide the vendor/merchant with appropriate shipping information or a delay in the delivery of the shipment may occur. All goods must be shipped to a Farmington Public School District building address. All shipping documents received from vendors/merchants must be submitted with the credit card receipt/invoice to the Business Services office, as described in the “Cardholder Recordkeeping Requirements” section below.

## C. Incorrect Shipments or Returns

If a shipment is incorrect, or if there are product quality or service issues, the cardholder should contact the vendor/merchant to arrange for a return, exchange or credit. If the vendor agrees to issue a credit, the cardholder must get a receipt noting the credit from the vendor/merchant, and the cardholder shall verify that the credit is properly reflected in the next monthly reconciliation statement.

It is the cardholder’s responsibility to know and adhere to the vendor/merchant’s return policy.

## **CARDHOLDER RECORDKEEPING REQUIREMENTS**

Cardholders must keep all original sales documents (receipts, packing slips, cash register tape, credit card slips) from purchases made on their BOM purchasing card. These documents will be required to be submitted to the Business Services office with the cardholder’s monthly Expense Report printed from the Smart Data Online application, as described in this section.

The District’s monthly billing cycle runs through the 26th day of each month, or the Monday following, if the 26th falls on a weekend. At the end of each billing cycle, each cardholder will receive a reminder email notification from BOM to review his/her posted transactions for that billing period.

Each cardholder will be required to login to the Smart Data Online application via Internet connection and review all transactions for the billing period. The review process includes providing an expense description, checking/verifying and attaching sales documents (receipts, credit card slips, etc.) and assigning a District accounting code to each transaction.

Once the review process has been completed each cardholder will print a monthly Purchasing Card Report, sign and date the report and attach all original sales documents. The Expense Report packet will then be sent to the Business Services office for review, no later than the 5th of every month.

Purchases made on the purchasing card will be entered into the District’s accounting system in a batch form, based on the accounting codes provided by cardholders in Smart Data Online.

Please refer to the Account Reconciliation procedures for step-by-step instructions on the monthly account review and reporting process.

## **DISCREPANCIES OR UNAUTHORIZED ACCOUNT USAGE**

If there are any discrepancies on the cardholder's monthly reconciliation statement, contact the vendor immediately to try to resolve the issue(s) in question. If the discrepancies cannot be resolved with the vendor, please contact the Purchasing/Accounting Manager in the Business Services office.

**The cardholder is responsible for keeping track of how the card is used and for its safekeeping. Just like any credit card, the cardholder should protect against fraudulent use of the Card.**

Examples of discrepancies include incorrect transaction amounts, unauthorized purchases that show up on the monthly reconciliation statement. Unauthorized account usage may result in requiring reimbursement to the District by withholding in Payroll.

## **CARD DEACTIVATION**

Upon transfer, long-term leave or termination of employment of a cardholder, the purchasing card must be turned in to the Business Services office. The purchasing card will be deactivated immediately.

Whenever a purchasing card is misused or these policies and procedures are violated, purchasing card privileges will be revoked and appropriate disciplinary action will be determined by the Associate Superintendent for Instructional Services.

## **REPORTING LOST, STOLEN OR DAMAGED CARDS**

If a purchasing card is lost or stolen, the cardholder must immediately contact Bank of Montreal at (800) 316-6056 and notify the Purchasing/Accounting Manager in the Business Services office. The purchasing card will be immediately deactivated and an acknowledgement will be sent to the cardholder and District informing them of this action.

If a card becomes damaged and needs to be replaced, the cardholder must make a written request for a new card. To request a new card, complete the "Card Holder Request Form" and send the completed form to the Purchasing/Accounting Manager in the Business Services Office. The damaged card must be turned into the Business Services office and a replacement card will be requested from BMO. The cardholder will be asked to complete a new Cardholder Agreement when a new card is issued. The cardholder will be responsible for review and reconciliation of transactions made on the account associated with the deactivated purchasing card as well as that of the new purchasing card.

## **OTHER INFORMATION**

Policies and guidelines related to the BMO purchasing card program will be updated periodically. Cardholders will be provided with updates as they become available.

Any questions not specifically addressed in these guidelines can be directed to the Purchasing/Accounting Manager.