Dexter Community Schools
CARDHOLDER GUIDE

Introduction
Dexter Community Schools is providing an alternate approach to purchasing products by offering a purchasing card (PCard) program to select District employees, administered by Bank of Montreal (BMO).

PCards offer an alternative to existing procurement processes and provide a convenient, efficient method of purchasing goods and services. District employees and school board members, authorized by the Superintendent, may use PCards for school-related purposes only in accordance with Board policy, the approved budget, and district cardholder guidelines. PCards shall not be used to circumvent the general purchasing procedures required by Michigan law and Board policy.

These policies and procedures are intended to provide guidelines to cardholders in utilizing their PCards, and all cardholders should carefully read this document. A cardholder's signature on the 'Dexter Community Schools Cardholder Agreement' 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 PCard is to be used and how the cardholder's transactions are invoiced.

Obtaining a Card
A cardholder is designated by the administrator of a building, program, or budget area to utilize the PCard for purchasing goods and services. The cardholder is responsible for following the guidelines in regards to purchases, selection of vendors, security of card and monthly reconciliation.

After you have read this Cardholder Guide and understand the procedures outlined, you must read and sign the 'Dexter Community Schools Cardholder Agreement.' If an agreement is not attached to this guide, contact your Purchasing Card Administrator for a copy.

Only employees of Dexter Community Schools are eligible to receive a PCard. A Board Member may receive a PCard upon approval of the Superintendent. Contractors or temporary employees are not eligible. The cardholder is responsible for the security of his/her PCard and the transactions made against the PCard. Each user will be required to sign the 'Dexter Community Schools Cardholder Agreement' as part of the PCard application. Fraudulent use or misuse of the card will result in revocation of the PCard. Dexter Community Schools will seek restitution, including any costs associated with obtaining restitution, for any inappropriate charges made to an account. Misuse of the PCard may result in corrective action up to and including termination and/or possible criminal action.

When you receive your PCard, IMMEDIATELY sign the back of the card and call the phone number on the card to activate it. Always keep the card in a secure place. Cards are the property of Bank of Montreal, and issued to the school district in each cardholder's name. Although the card is issued in your name, it is only to be used for District purchases as defined in this guide.

Ethics

The District strives for and employees are expected to maintain and practice the highest possible standards of business ethics, professionalism, and competence in all purchases and business transactions.

Suppliers/vendors, their products, personnel and services are a natural extension of our own resources. It is the responsibility and expected of all employees in the District to develop and maintain professional relationships between the District and its vendors and to 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 confidentially 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 PCard is to provide the District with an alternate method of purchasing goods and services. The PCard enables employees to order and receive products directly from any vendor who accepts MasterCard, gives employees the authority and flexibility to purchase supplies when the District needs them at competitive prices, and helps employees get faster delivery on low-cost items.

Program Administration

The PCard program is administered by Bank of Montreal, under a statewide purchasing card program designed for Michigan public school districts. The District receives a cash rebate based on the volume of purchases made through the program. Internet access to Cardholder accounts is the Bank of Montreal Spend Dynamics application at https://www.bmospenddynamics.com/secure/welcome.asp

District's Purchasing Card Administrator

The District's Purchasing Card Administrator is Christie Bueche and can be reached at 734-424-4100 x1015 or by email at buechec@dexterschools.org.

General Policies

The District issues PCards to designated employees. No person other than the person to whom the PCard is issued is authorized to use the assigned PCard. The card is to be used for school district business only.

The PCards are issued to the District and assigned to specific users. Personal information of cardholders is NOT provided to Bank of Montreal when cards are issued. Bank of Montreal is provided with a cardholder's date of birth 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.

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

The PCard is as easy to use as any credit card and is just as widely accepted. The only difference between a credit card and a PCard 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 polices and/or procedures are not followed by the cardholder. The Business 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 PCard.

PCards must be kept in a secure place. Although the PCard is issued in the cardholder's name, the card remains the property of Bank of Montreal, and is only to be used for District purchases within the approved budget and as allowed by the District's policies. Cardholders are committing District funds each time the PCard is used.

All charges made on all District PCards are billed directly to the District on a monthly summary invoice. This process minimizes paperwork and streamlines the payment process. Each PCard is assigned to a default accounting code, using a District account number. Other account numbers may be assigned to a transaction by cardholders when reconciling their monthly transactions. Each user will be required to reconcile his/her PCard transactions on a monthly basis using the Bank of Montreal Spend Dynamics web-based application. Please refer to the "Cardholder Recordkeeping and Reconciliation Requirements" section below.

Purchasing Card Restrictions

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

All purchases made using the PCard must be for official school business. The following types are prohibited on the PCard:

- capital outlay, unless approved in advance by the CFO
- personal purchases
- personal travel
- gas for your personal vehicle, even while traveling on district business
- flowers, unless purchased for a student activity
- gifts
- alcohol
- business meals that included alcohol
- tobacco
- telephone calls
- cash advances
- cash transactions such as money orders, ATM, travelers checks, wire transfers

This is just a partial list. Please contact your administrator for further information. A good rule of thumb is: if you would normally use a purchase order, you can probably use your PCard for this purchase. The PCard may only be used for expenditures from the following district funds: General Fund, Community Services Fund, Food Services Fund and Student/School Activity Fund. The PCard may not be used for any purchase that is funded from Capital Projects.

You can use the PCard at any vendor that accepts MasterCard and is not on the restricted vendor list. It may be used for in-store purchases, mail, telephone, internet, or fax orders.

The PCard may only be used to purchase items that are included in a currently approved budget line item and have been pre-approved by the administrator responsible for the budgeted line item. In order to preserve limited district resources, all purchases should be made from the lowest cost vendor. You are strongly encouraged to use the cooperative bidding programs sponsored by regional and State organizations.

Each card has a monthly total limit which, once established, will deny further transactions in that month. Requests for changing the limits may be submitted to the District's Purchasing Card Administrator.

The PCard may never be used for personal items or services, nor is the personal gain of credit card rewards such as bonus points, frequent flyer miles, or any other affinity program reward permitted under any circumstances.

Using the Purchasing Card

Making purchases for goods and services is easy with the PCard.

A. Making a Purchase

1. Only the cardholder named on the PCard can authorize a purchase on his/her card.

2. Do not issue a Purchase Order for purchases made with the PCard.

3. For in-person purchases, the cardholder presents the card at the cash register, signs the charge receipt and takes the charge and cash register receipts and leaves with the purchase.

4. For telephone orders, the cardholder must request and obtain a receipt from the vendor documenting the sale, either by mail, fax or email. In many cases, a receipt is included with shipping documents for purchases made over the telephone.

5. For Internet purchases placed online, the cardholder must print out the invoice from the online vendor as verification of the purchase. In many cases, a receipt or packing slip is included with shipping documents for online purchases.

6. If the PCard 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 must be obtained as a receipt.

7. When the merchant/vendor processes a PCard sale, the merchant/vendor authorizes the transaction by swiping the card or calling in the sale. The authorization process sends a request to the Bank of Montreal credit card processor to approve the amount and the type of merchant used (merchant code). Transactions are approved within seconds. The merchant then deposits the transaction receipts with his/her merchant bank, and the charge is secured on the PCard by the authorization process. Once the merchant sends transactions to his/her bank, the data is uploaded to the Bank of Montreal credit card processor. Every day, the processor formats purchase card account transactions and posts them to the District's company data in Bank of Montreal Spend Dynamics.

8. Cardholders shall keep all receipts/invoices and any related shipping documents in a safe place for submission as part of the monthly reconciliation process outlined in the "Cardholder Recordkeeping and Reconciliation Requirements" section below.

9. Sales tax *should not* be paid on purchases made with the PCard. The school district is exempt from paying state sales tax on purchases made for goods and services. However, sales tax on prepared food when dining out is an allowable expense. In addition, lodging taxes such as local taxes and resort fees are allowable expenses

   Each PCard has the federal identification number of the school district imprinted at the bottom below employee's name. Most vendors accept this number as the "tax exempt number" when purchasing transactions are made. 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 Business Office or go to the DCS website: Department > Business Office > Purchasing > Purchasing Cards to obtain a Michigan sales tax exemption certificate. While Michigan does not have reciprocal agreements with other states, it is always good to ask for the tax-exempt status. Most times the request will be honored.

10. A PCard may be declined at the point of sale. PCards can be declined for many reasons, as follows:
    - Transaction amount exceeds a single purchase limit
    - Transaction amount exceeds the maximum billing cycle limit, when added with other transactions in the billing cycle
    - Transaction is attempted at a merchant with an unauthorized merchant code (MCC)
    - Transaction exceeds the maximum number of daily transactions
    - Transaction exceeds the maximum number of billing cycle transactions

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 shipped goods must be shipped to a Dexter Community School business address. All shipping documents received from vendors/merchants must be submitted with the credit card receipt/invoice as described in the "Cardholder Recordkeeping and Reconciliation 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.

Refusal of Card or Account

If your purchase is declined, the vendor will not know why the sale did not go through. Turn your card over and call the customer service number. Every effort will be made to determine why the transaction was declined.

Merchants are to be encouraged to become involved in the Purchasing Card Program so that you can use the Program most effectively. Merchants may contact their local bank or financial institution to become credit card capable. For those merchants that are unwilling to participate in the Program, alternative sources should be found.

Cardholder Recordkeeping and Reconciliation Requirements

Cardholders must keep all original sales documents (receipts, packing slips, cash register tapes, credit card slips) from purchases made on their PCard. *The credit card slip is not considered adequate documentation; you must have a receipt that itemizes all items purchased. This is especially important for district business meals charged to the PCard. You must have a restaurant receipt itemizing the meal purchase for verification that nothing was nonallowable (i.e. alcohol) All district limitations still apply.* Original documents will be required to be submitted to the budget administrator and forwarded to the Business Office with the cardholder's monthly Expense Report. A preprinted envelope is available for your convenience in keeping your receipts organized during the month.

If a receipt is lost or stolen, the Cardholder should obtain a duplicate copy of the receipt from the vendor or from the bank, Bank of Montreal. The Cardholder is responsible for the bank fee for this service. If a receipt is not submitted, the charges become the personal responsibility of the Cardholder and will be withheld from the Cardholder's payroll check.

A Cardholder cannot accept cash or a due bill for a return; instead a credit must be applied to the PCard. The Cardholder must deal with merchants direct for return of items and credits.

The PCard is not intended to avoid or bypass appropriate purchasing or payment procedures as outlined in Board policies.

The end of each billing cycle is on or around the 26th 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 BMO Spend Dynamics. When there is account activity, cardholders will need to review and reconcile their account online.

Each Cardholder will be required to login to the Spend Dynamics application at https://www.bmospenddynamics.com/secure/welcome.asp and review all transactions for the billing period. The review process includes providing an expense description, checking that the sales documents (receipts, credit card slips, etc.) are attached, and assigning a school district accounting code to each transaction. The cardholder prints a monthly Expense Report, signs and dates the report, attaches all original sales documents, and forwards the expense packet to the budget administrator. The reconciliation must be completed within seven calendar days. *Failure to properly reconcile your statement will result in suspension of your account.*

The budget administrator is responsible for approving monthly Expense Reports to ensure they are complete and that purchases made are within District policy. After budget administrator approval, the complete packet should be forwarded to the Business Office: (1) the Expense Report statement with cardholder signature, (2) the budget administrator signature, and (3) the original receipts.

Purchases made on the PCard will be entered into the school district's accounting system in a batch form, based on the accounting codes provided by cardholders in the Spend Dynamics application.

Paying the Bill

The PCard is a corporate pay arrangement. Account balances will be paid in full each month by a direct charge to a Dexter Community Schools bank account.

Your purchases will be charged to an expense account based upon the account number that you have entered on your Expense Report.

Do not generate a Purchase Order or check request for the purchases you make on your PCard.

Resolving Errors and Disputes

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

In the case of an error, the cardholder should first contact the vendor immediately and try to reach an agreement. Most disputes can be resolved between you and the vendor directly. Examples of discrepancies include incorrect transaction amounts, unauthorized purchases that show up on the monthly reconciliation statement that were not made by the cardholder.

If you are unable to reach an agreement with the vendor, contact Bank of Montreal customer service to dispute the charge.

Transfer or Termination of Employment

Upon transfer or termination of employment of a cardholder, the PCard must be turned in to the cardholder's administrator and forwarded to the Purchasing Card Administrator, as part of the exit interview process. The PCard will be deactivated immediately.

Reporting Lost, Stolen or Damaged Cards

The PCard should be secured, just as you would secure your personal credit cards. If your card is lost or has been stolen, immediately contact BMO via this toll free number 1-855-825-9234. Also notify the District's Purchasing Card Administrator.

If a card becomes damaged and needs to be replaced, the cardholder must make a written request for a new card to the Purchasing Card Administrator. The damaged card must be turned in, and then a replacement card will be requested from BMO. The cardholder will be responsible for review and reconciliation of transactions made on the account associated with the deactivated PCard as well as that of the new PCard.

Purchasing Card Audit of Activity

Your card activity is subject to random audits by the Business Office and/or the district auditing firm. The random audits are to help ensure adherence to the program's policies and procedures.

Questions

Any questions not specifically addressed in these guidelines can be directed to the District's Purchasing Card Administrator.