

Dallas County Schools

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DALLAS COUNTY BOARD OF EDUCATION LEA PURCHASING CARD AGREEMENT

Cardholder's responsibilities for use of the purchasing card:

1. The cardholder agrees to use the card exclusively for the purchases specified in this agreement.
 2. The cardholder agrees to use the card for local purchases (pick-up) only. (The use of purchasing cards for Internet orders, telephone orders, mail-in orders, lay-a-ways, confirmations, guarantees, and other charges made to the purchasing card prior to receipt of the materials, supplies, equipment or other items purchased are prohibited.) Local School Exception: Student related travel with pre-approval from CSFO; however, Principal must ensure that non-public fund sources are available to cover unforeseeable situations, i.e. airfare paid but trip cancelled.
 3. The cardholder agrees to use the card for registration and hotel expenses relating to the Board's approved travel policies.
 4. The cardholder agrees to obtain a legible receipt with an itemized listing for each purchase made with the card.
 5. The cardholder agrees to inform merchants that purchases with the card are exempt from Alabama sales tax.
 6. The cardholder agrees to reimburse Dallas County Board of Education or the Local School, whichever is applicable, for purchases that are determined to be unallowable, not supported with an itemized receipt, or for Alabama sales tax charged to the card.
 7. The cardholder agrees to adhere to Dallas County Board of Education's guidelines for purchasing cards.
 8. The cardholder agrees that card purchases are limited to the cardholder only. The card is to be used only by the employee named on the card or designated school personnel for cards issued to applicable schools.
 9. The cardholder understands that purchases of \$500 or more must first have an approved purchase order in place (items must be allowable). An exception to this rule is hotel expenses that exceed \$500.
 10. The cardholder understands that purchasing card privileges may be suspended upon failure of the cardholder to follow the terms of this agreement.
 11. The cardholder understands that the use of the purchasing card for anyone's personal use is subject to criminal prosecution.
 12. Applicable supervisor/coordinator/executive staff will determine when card privileges should be suspended.
 13. A check must be sent to Dallas County Board of Education or the local school, whichever is applicable within the month of the cardholder violation(s).
 14. Local Schools Only: The cardholder agrees to adhere to established field trip policies and procedures for school-related travel expenses for extra-curricular and/or academic activities.
- I acknowledge receipt of the card and agree to the purchasing card agreement and procedures.

Cardholder

Date

Supervisor/Principal

Date

GUIDELINES FOR PURCHASING CARDS USED FOR CLASSROOM INSTRUCTIONAL PURCHASES

Purchasing cards shall be used exclusively for expending classroom instructional support funds in accordance with **Ala. Code § 16-1-8.1 (as amended by Act No. 2005-198)**.

Each local board of education (LEA) that elects to participate in the state purchasing card program will sign an agreement with a financial institution to administer the purchasing card. The LEA is responsible for making monthly payments, settling disputed charges, handling billing errors, and following other requirements included in the agreement. Each participating LEA will be required to make payment in full by the payment due date.

Ala. Code § 16-1-8.1 (as amended by Act No. 2005-198) states *"...(11) Examiners of Public Accounts. All expenditures for classroom instructional support and related documents by each county and city board of education shall be subject to audit by the Examiners of Public Accounts...."* The guidelines contained in this document were developed with assistance of the Examiners of Public Accounts and LEA personnel.

General Guidelines:

1. Anyone using the purchasing card to obtain items for personal use is subject to criminal prosecution.
2. Items purchased with the purchasing card are exempt from Alabama sales tax.
3. Items costing less than \$7500 may be purchased with the purchasing card without competitive bids.
4. Items purchased with the purchasing card must be received before payment is made.
5. Items may be purchased from vendors that do not accept credit cards by issuing purchase orders.
6. Items purchased with the purchasing card must be supported by itemized receipts or supporting documentation.
7. A LEA may use the purchasing card program for selected schools or for all schools.
8. A LEA will limit the purchasing card to the purchase of classroom instructional materials, supplies, and equipment.
9. A LEA may continue to bid copier paper, copiers, and other items, if cost effective.
10. A LEA cannot withhold payroll amounts from cardholders for unallowable charges, sales taxes, exceeding the card limit, or failure to turn in card receipts.
11. A LEA will determine the diminishing purchase limit for individual teachers.
12. A LEA will require each cardholder to sign a purchasing card agreement.
13. A LEA will block the use of the purchasing card for unallowable expenditures to the extent feasible.

Implementing the Purchasing Card Program:

The local board of education (LEA) must decide if the purchasing cards will be obtained for all schools or for selected schools. The LEA may decide to wait until the teachers vote on the school budgets to determine the card limit for teachers at each school. The card limit for the individual designated to make collective purchases at each school may be set at a higher amount than the other cardholders.

The financial institution will provide the LEA with the file structure for submitting teacher information for the individual purchasing cards. The financial institution will prepare the purchasing card agreement with certain features customized for each LEA. One of these customized features is determining merchant code restrictions. The merchant code restrictions should block the use of the purchasing card for unallowable expenditures to the extent feasible. These restrictions could be beneficial if unauthorized users attempt to use the purchasing card or card number. The following categories will be blocked from purchase card use where possible:

1. Cash advances.
2. Long distance telephone calls.
3. Airlines.
4. Motels.
5. Restaurants.
6. Convenience stores.
7. Gasoline stations.
8. Beverage stores.
9. Tobacco stores.
10. Adult stores.
11. Clothing stores.
12. Automatic billings.
13. Movie theaters.

The SDE also recommends that the LEA exercise caution in the use of the purchasing cards for Internet orders, telephone orders, mail-in orders, lay-aways, confirmations, guarantees, and other charges made to the purchasing card prior to receipt of the materials, supplies, equipment or other items purchased. Legal opinions have stated that school boards cannot pay for items that have not been received. [However, the merchant's agreement with a financial institution may prohibit the merchant from billing prior to the shipping date.]

Issuing the Purchasing Cards:

The local board of education must require employees to sign an agreement for the use of the purchasing card. The purchasing card agreement should provide the employee with an understanding of the cardholder's responsibilities for the use of the purchasing card. Agreements should include the following provisions:

1. The cardholder agrees to use the card exclusively for classroom instructional support used either by classroom teachers or students in each teacher's classes.
2. The cardholder agrees to reimburse the LEA for purchases that are determined to be unallowable expenditures or to obtain other funds for the expenditure.
3. The cardholder agrees to obtain a legible receipt with an itemized listing for each purchase made with the card.
4. The cardholder agrees to reimburse the LEA for purchases made with the card that are not supported by a receipt with an itemized listing.
5. The cardholder agrees to inform merchants that purchases with the card are exempt from Alabama sales tax.
6. The cardholder agrees to reimburse the LEA for Alabama sales tax charged to the card.
7. The cardholder agrees to reimburse the LEA for purchases made in excess of the individual purchase limit or to obtain other funds for the excess expenditures.
8. The cardholder agrees to adhere to the LEA guidelines for purchasing cards.

9. The cardholder understands that purchasing card privileges may be suspended upon failure of the cardholder to follow the terms of this agreement.
- 10. The cardholder understands that the use of the purchasing card for anyone's personal use is subject to criminal prosecution.**

The LEA will set a deadline for purchases made with the purchasing card and should consider requiring teachers to turn in the purchasing card on or prior to the last day of school. Individual teacher balances remaining may be expended using purchase orders.

The LEA guidelines for the purchasing card program should include information that would be helpful to the teachers using purchasing cards. Helpful information would include:

1. The procedure for verifying purchasing card balances.
2. Procedures for lost or stolen cards.
3. The name and telephone number of the LEA contact person for questions about allowable purchases. (Allowable expenditures are classroom instructional materials and supplies used either by classroom teachers or students in each teacher's respective classes and instructional equipment and electrical equipment utilized with students in the teacher's classroom.)
4. Procedures for contacting law enforcement authorities about illegal card use.
5. Number of each instance that will cause cancellation of purchasing card privileges.
6. Guidelines for restoring cancelled card privileges.
7. Procedures for using purchase orders instead of the purchasing card.
8. Items that must be purchased from specific merchants. [EXAMPLE: copier paper bid]
9. Deadlines for obtaining copies of missing receipts.
10. Guidelines for turning in cards. (A sign in/out list should be used.)
11. Policies and procedures for Internet orders, call-in orders, and mail-in orders, if permitted.

Operating the Purchasing Card Program:

The use of purchasing cards requires the local board of education to utilize a voucher system to account for expenditures for classroom instructional support. **Ala. Code § 16-1-8.1 (as amended by Act No. 2005-198)** offers the voucher system as an alternative to purchasing classroom instructional support under the Alabama Competitive Bid Law. Purchases made for classroom instructional support under the voucher system are limited to items costing \$7500 or less per item.

The procedures discussed below are intended as general procedures for operating the purchasing card program. The operating procedures in some LEA's may require some modifications to these general procedures. LEA's may implement additional internal control procedures if necessary. However, creating additional paperwork for teachers should be avoided. Initial procedures are:

1. Issue a purchase order for the total of the purchasing card limits of the cardholders at each participating school at the beginning of the purchasing year.
2. Create a **Receipt Log** (that also serves as a Receiving Report) for each school. A format is available for downloading from the SDE web site.
3. Create a voucher and an account code breakdown form for each school. A format is available for downloading from the SDE web site.

The teacher should sign the **Receipt Log** when the teacher brings the purchase receipt to the school office. The receipts and the **Receipt Log** should be kept with the same security protection as cash

receipts. The **Receipt Log** serves as documentation that items have been received and as an audit trail for receipts. Receipts (and any supporting documentation) should be turned in daily. Supporting documentation can include itemization of purchases (if not detailed on the receipt) and explanations justifying purchases that could appear questionable. To help reconcile the monthly statement, the reference number from the **Receipt Log** may be written on the receipt before placing the receipt in a folder. Some schools may also find a receipt folder for each teacher to be beneficial. A credit memo or credit receipt should also be entered on the **Receipt Log**.

The LEA will receive a monthly statement for purchasing cards that is detailed by school. The LEA should send a copy of the monthly statement to each school along with a voucher form and an account code breakdown. The school must reconcile the monthly statement to the **Receipt Log** and the receipts. A copy should be made of each page of the **Receipt Log** used in that month's reconciliation, signed, and dated by the designated school official. (The **Receipt Log** can be kept in a binder and delivered to the LEA when the last reconciliation for the fiscal year is completed.) The voucher and account code breakdown should be completed, signed, and dated by the school official. A signed copy of the voucher, account code breakdown, **Receipt Log**, monthly statement, and the receipts and other documents should be submitted to the LEA to process for payment to the card center.

A copy of the page(s) of the monthly statement detailing the teacher's purchasing card activity should be given to each teacher. The teacher should also receive, if applicable, a statement of purchase order amounts paid or outstanding. The statement should provide a reminder that the teacher's remaining purchases should be adjusted by deducting purchase order amounts from the purchasing card balance. (The statement may be handwritten on the copy of the purchasing card statement.)

The voucher form is intended to meet the legal requirement to establish a voucher system for implementing the purchasing card program. The schools should also use the voucher form to authorize the LEA to pay invoices processed through purchase orders. The voucher total is the amount the school official has identified as ready for payment and is usually the same as the receipt total. Differing amounts among the statement amount, receipt total, and voucher total should be explained on the voucher or in supporting documents. LEA's that send classroom instructional support funds to the schools can use the voucher form as directed by the Examiners of Public Accounts. The decision whether to maintain receipts and other documents at the school or at the LEA is an internal control matter between the LEA and their auditors.

The account code breakdown form is intended to assist LEA accounting personnel in making accounting entries. The voucher total must equal the voucher total on the voucher form. The LEA may list the authorized account codes for each school on the account code breakdown for that school. In order to assist in the compilation for the account code breakdown, a letter of the alphabet may be assigned to each account code for the school. When the receipts are reconciled with the **Receipt Log**, the appropriate alphabetic letter can be entered in the status column of the **Receipt Log**. (Some purchase receipts may have more than one account code.) The reconciled receipt amount for each alphabetic letter can be totaled for the account code breakdown. Some LEA's may choose to create a worksheet that accomplishes the same results.