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# PURCHASING PROCEDURES

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For Policy 721.0 & 721.1



ANOKA-HENNEPIN  
SCHOOLS

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## ABOUT THIS MANUAL

This manual was developed to inform District staff of the procedures that will allow them to purchase appropriate items, at the most cost-effective price, while adhering to all legal and internal control requirements pursuant to district policy 721.0 & 721.1

The School Board has the ultimate authority and approval over what the District purchases. All procedures are developed and written to provide detailed practical guidance to support the responsibilities and goals of the School Board.

Under the direction of the School Board, the District operates a centralized purchasing system administered by the Purchasing Department. The centralized purchasing system includes:

- The purchase of supplies, furniture, equipment, and services.
- The utilization of district Purchasing Cards
- The utilization of district Fuel Cards.
- The development of bid/quote/proposal specifications, receipt of bids, and maintenance of contracts as necessary to perform this function.
- The sale or disposal of obsolete and/or surplus property.

The fundamental objectives of the Purchasing Department are to:

- Assure "cost effectiveness" in order to obtain the best products or services for the dollar.
- Provide high quality service. The Purchasing Department continually researches new products and vendor sources, as well as striving to provide a quick response time to purchasing and delivery requests.
- Ensure that all purchases adhere to applicable State and Federal requirements and guidelines.
- Research new products and vendor sources, as well as striving to provide a quick response time to purchasing and delivery requests.

Substantial state and federal requirements exist pertaining to standards of conduct and conflict of interest. It is the intent of the District for all employees, officers, or agents to conduct all activities associated with procurements in compliance with the highest ethical standards, including the avoidance of any real or perceived conflict of interest.

It is also the intent of the District to impose appropriate sanctions or disciplinary actions, including but not limited to termination and/or prosecution, for any employees or officers who violate any of these requirements.

## DISTRICT PROCUREMENT PROCEDURES

To ensure that all disbursements of District funds are properly reviewed, authorized and consistent with sound financial management principles, the following procedures will be applied, to the extent that they do not conflict with or contradict with any Board policies.

The District avoids the acquisition of unnecessary or duplicative items. Additionally, the District considers consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, the District makes an analysis of leases versus purchase alternatives, and other appropriate analyses to determine the most economical approach.

The District will make independent estimates of the goods or services being procured before receiving bids, proposals, or quotes to obtain an estimate of how much the goods and services are valued in the current market.

All solicitations will incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description will not, in competitive procurements, contain features which unduly restrict competition. The description will include a statement of the qualitative nature of the material, product, or service to be procured and, when necessary, will set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications will be avoided, if at all possible.

The District ensures that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. The District accomplishes this by conducting internet searches, including using vendor searches, and by using other less technologically advanced tools to locate and identify potential contractors. Federal guidelines are followed regarding the number of bids required.

Minnesota Statute 471.345, determines the following appropriate processes to be conducted, based upon the estimated contract cost.

### **Purchases over \$175,000**

Sealed bids or proposals are required for goods and services over \$175,000. District staff are required to work directly with Purchasing to develop specifications and conduct the process. Following are the requirements for sealed bids and proposals:

#### **Request for Bids:**

- The invitation for bids will be publicly advertised and bids must be selected from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids.
- The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond.
- All bids will be publicly opened at the time and place prescribed in the invitation for bid.
- A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder.
- Any or all bids may be rejected if there is a sound documented reason.

#### **Request for Proposals**

- Competitive proposal (> \$175,000, fixed price or cost reimbursement, request for

proposal (RFP) with evaluation methods). Requirement for competitive proposal procedures.

- Requests for proposals must be publicized requests and identify all evaluation factors and their relative importance.
- Proposals must be solicited from an adequate number of qualified sources.
- The organization must have a written method for conducting technical evaluations of the proposals received and for selecting recipients.
- Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program.
- The organization may only use qualification-based methods, whereby competitors' qualifications are evaluated, and the most qualified competitor is selected, in the procurement of architectural/engineering professional services.

The District requires that construction or facility improvement contracts, or subcontracts exceeding \$175,000, include a bid guarantee equivalent to 5% of the bid price from each bidder (such as bid bond or certified check), a performance bond on the part of the contractor for 100 percent of the contract price, and a payment bond on the part of the contractor for 100 percent of the contract price.

In order to ensure objective vendor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals (RFPs) are excluded from competing for such procurements.

The District does not engage in the following situations that may restrict full and open competition, including but not limited to:

- placing unreasonable requirements on firms in order for them to qualify to do business.
- requiring unnecessary experience and excessive bonding.
- noncompetitive pricing practices between firms or between affiliated companies.
- noncompetitive contracts to consultants that are on retainer contracts.
- organizational conflicts of interest.
- specifying only a "brand name" product instead of allowing "an equal" product to be offered and describing the performance or other relevant requirements of the procurement.
- any arbitrary action in the procurement process.

### **Purchases over \$25,000, but less than \$175,000**

If non-federal funds are utilized and purchases are estimated to exceed \$25,000, but less than \$175,000, the purchase can be made by either a quotation process of obtaining a minimum of two comparable quotes, proposal process, or by direct negotiation with vendors. Quotations must be kept on file for a period of at least one year. District staff should work directly with Purchasing to determine and conduct the appropriate purchasing method, with the resulting documentation kept on file in the Purchasing Department.

### **Purchases less than \$25,000**

If non-federal funds are utilized and purchases are estimated to be less than \$25,000, the purchase can be made through a quotation process of obtaining a minimum of two comparable quotes or by direct negotiation with vendors. Sites may obtain their own quotes from vendors but must submit this documentation to Purchasing to be kept on file.

## Cooperative Purchasing

To foster greater economy and efficiency, the District enters into state and local intergovernmental agreements where appropriate for procurement or use of common or shared goods and services. This includes cooperative purchasing agreements where practical and beneficial. Depending on the purchase requested, the district may purchase it from a cooperative or inter-local agreement if the price is competitive and the goods or service are needed in a timely manner. The Finance Director and Purchasing Manager will make this determination.

## SOLICITATIONS

After bids, proposals, or quotes are received, but before awarding a contract, the District conducts either a price analysis or a cost analysis, depending on the type of contract, in connection with every procurement in excess of \$25,000.

The District awards contracts only to responsible vendors with the ability to perform successfully under the terms and conditions of a proposed procurement. The District considers such matters as vendor integrity and business ethics, compliance with public policy, ability to complete the project on time and in accordance with specifications, record of past performance, and the contractor's financial and technical resources.

The District will award a contract to a vendor who has the appropriate experience, expertise, qualifications, and any required certifications, necessary to perform the work. Vendors should also have the financial resources to sustain the project while the initial work is being completed and during each service period until invoices are submitted for payment to the District as work is completed. Vendors should have the proper equipment or the capability to subcontract for the proper equipment necessary to complete the contracted work.

The District will not subcontract with or award sub-grants to any person or company who is debarred or suspended from receiving federal funds. The Business Services Department is required to check for excluded parties on the System for Award Management (SAM) website before any procurement transaction is paid with federal funds. A list of previously reviewed vendors is located on the District Document Center for Staff under both Accounting and Business Services (System for award management list.pdf)

## TIE BIDS

After bids, proposals, or quotes are received, but before awarding a contract, the District In the event of identical low bids, the following procedure is utilized:

1. All parties will have an equal opportunity to obtain a contract.
2. Up to two rounds will be allowed to each low bidder in which they may modify their previous bid.
3. By participating in the tie breaking procedure, the bidders will reaffirm that they will perform all work as set forth in the bid specifications of the original solicitation.
4. The first round of new bids must be submitted in writing by the date and time as released by the Purchasing Director, the new bids will be opened, and each party will be notified of the new bid results.
5. If a tie still exists, each part will be given another opportunity to submit another new bid at a new time to be specified.
6. After two rounds if a tie still exists, all bids will be rejected.
7. The contract will be awarded to the lowest Base Bid after consideration of the Base Bid

amounts submitted by Bidders.

8. The contract price may not exceed the original base bid amount received.
9. All other documentation and any alternate pricing previously provided must be honored at the amounts provided in the original bid.

## PURCHASES USING FEDERAL FUNDS

All procurement transactions paid with federal funds are conducted in a manner providing full and open competition where no proposer or bidder has a competitive advantage over another. All potential proposers and bidders must be provided the same information and have the same opportunity to submit a bid or proposal. Providing a competitive advantage to one or more potential proposers or bidders over another can open up the potential for disputes and lawsuits that can be costly and can significantly delay the completion of projects.

The District conducts federal procurements in a manner that prohibits the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable federal statutes expressly mandate or encourage geographic preference.

Federal methods provide for procurement by micro-purchase. Micro-purchase is a purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed \$10,000. The micro-purchase method is used in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost.

Small purchase procedures may be used in those relatively simple and informal procurement methods for securing nonprofessional services, supplies, or other property that do not cost more than \$175,000.

Time and materials type contract means a contract whose cost to the District is the sum of the actual costs of materials, and direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

The District may use a time and materials type contract paid with federal funds in accordance with the above and only:

1. After a determination that no other contract is suitable; and
2. If the contract includes a ceiling price that the contractor exceeds at its own risk.

### Small & Minority Businesses

The District takes all necessary affirmative steps to assure that minority businesses and women's business enterprises, and labor surplus area firms are used when possible. To accomplish this, the District uses the following required affirmative steps:

- Placing qualified small and minority businesses and women's business enterprises on solicitation lists
- Assuring that small and minority business, and women's business enterprises are solicited whenever they are potential sources
- Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises
- Establishing delivery schedules, where the requirement permits, which encourage

- participation by small and minority businesses, and women’s business enterprises
- Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce, and
- Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed above.

### **Domestic Preferences for Procurements**

- 1) As appropriate and to the extent consistent with law, the non-Federal entity should, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products or materials produced in the United States (including but not limited to iron, aluminum, steel, cement and other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award.
- 2) For purpose of this section:
  - a) “Produced in the United States” means, for iron and steel products, that all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.
  - b) “Manufactured products” means items and construction materials composed in whole or in part of non-ferrous metals such as aluminum; plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.

### **SOLE/SINGLE SOURCE PURCHASES**

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used when using federal funds only when one or more of the following circumstances apply:

- The item is available only from a single source. This must be documented utilizing the single source purchase form.
- The public need or emergency for the requirement will not permit a delay resulting from competitive solicitation.
- MDE (or other federal awarding agency) expressly authorizes noncompetitive proposals in response to a written request from the District.
- After solicitation of several sources, competition is determined inadequate.

## METHODS OF PROCUREMENT

Methods available to District staff to purchase goods and services generally fall into six categories. Procedures for each of these options are outlined in the following sections.

### Purchase Order (PO)

Purchase Orders are legal documents representing the District's agreement to pay for items once received and accepted by the District. Conversely, without a properly approved and issued Purchase Order, the District is under no obligation to pay for goods or services received, even if the goods or services were ordered by a District staff member.

No purchase or obligation to buy should be made without first generating a Purchase Order, except for the following instances:

- Utilities.
- Transportation.
- Dues, Fees and Registrations.
- Authorized Pcard and Amazon purchases.
- Warehouse requisition.
- Reimbursement of pre-approved travel expenses.
- Mileage
- Purchases authorized for payment pursuant to a district contract.

To procure services or items from vendors not currently in the purchasing system, district staff should complete a New Vendor Request form. This form can be found on the Purchasing website.

The following provides ordering procedures for the purchase of goods or services:

- Orders using Federal or State restricted funds that are greater than \$10,000 must have a minimum of two (2) quotes and be preapproved by the administrator with budget authority.
- All orders greater than \$25,000 must be submitted to the Purchasing Department to collect formal quotes, proposal, or bids.
- Splitting requests in any manner to circumvent these requirements is not allowed.
- Enter and approve a purchase order for the goods or service needed.
- Attach any supporting documentation (such as quotes or prior approvals).
- The Purchasing Department reviews the order, makes necessary revisions, and submits the PO to the vendor.

### Pcard

The District participates in a Purchase Card (Pcard) Program. The Pcard is to be used in accordance with the procedures established within this manual as well as the attached P-Card Procedure Manual. Before receiving a Pcard, the Principal/ Department Supervisor must approve the employee's request. The P-card is not intended to circumvent the Purchase Order process. The employee will receive training and procedures before receiving their Pcard.

### Fuel Card

The District participates in a Fuel Card Program. The Fuel Card is to be used in accordance with the procedures established within this manual as well as the attached Fuel Card Procedure Manual. Before receiving a Fuel Card, the Principal/ Department Supervisor

must approve the employee's request. The Fuel Card is not intended to circumvent the Purchase Order process. The employee will receive training and procedures before receiving their Fuel Card.

### **Amazon Purchases**

Items not available through vendors by using purchase orders may be purchased through the District's Amazon account, upon review and approval by Purchasing, with orders entered by a site's designated Amazon purchaser using a District P-card.

Under no circumstances will staff be reimbursed for orders placed on personal Amazon accounts pursuant to district policy 412.0.

### **Warehouse Requisitions**

A limited number of items that are more cost effective when purchased in bulk or are needed on short notice are stocked in the warehouse. Details on the items carried in stock can be obtained by using the online Distribution Center catalog at <http://www.ahschools.us/site/default.aspx?PageID=3916>.

### **Direct Purchases**

When it is necessary for a site or department to make a purchase directly from a vendor without the use of a purchase order or purchasing card (Pcard), the vendor invoice should be submitted to the Accounting Department. The invoice must show:

- vendor name
- invoice number
- invoice date
- detailed description of the items or services provided
- date of the order
- itemized pricing

Department must provide:

- the expense code to be charged
- signature of the person verifying the receipt of the goods or service and date the goods were received
- signature of the program administrator approving the expense
- Any additional details to be included for record keeping

A District voucher form is available for those looking to consolidate multiple payments for one vendor.

### **Employee Reimbursements**

Employee Reimbursements are only intended for use as a last resort. Reimbursements are not an acceptable method of purchase to circumvent the District Purchasing program.

Pursuant to district policy **412.0** Claims for reimbursement of employee expenses must be pre-approved and submitted to the Accounting Department on the appropriate form:

- Voucher Form for Employee Reimbursement
- Employee Miscellaneous Reimbursement Form

All forms must be signed by the employee and by the program administrator. All forms are available through the Document Center for staff via AH Connect. PLEASE NOTE: Regardless of

the procurement method used, all deliveries must be made to a District site and received by a District employee.

### **Service Contracts**

Any type of agreement that obligates the district to provide payment, services, goods or use of District properties, facilities, or other resources to an external party (hereinafter "contracts") must be signed by the CFO or Superintendent and retained pursuant to applicable records retention schedule.

Service Contracts are legal documents representing the District's agreement to pay for services performed by a vendor or independent contractor. District Legal Counsel has developed contract templates for the use by sites and departments, these are accessible to all staff and can also be found on the Purchasing website. All routing and retention will be handled by the Purchasing Department.

Common examples of service contracts: Accompanist, Presenter, DJ, Decorator, Lease agreement, Professional Development workshop, theatre set design, waterslide rental, magician.

## **SUPPLEMENTAL INFORMATION**

### **Leases & Other Multi-Year Commitments**

The School Board, the Superintendent, or the Chief Financial Officer has sole authority to obligate the District to contracts, leases, and multi-year commitments. Prior approval must be obtained before submitting requests for the following items:

- Multi-year or open-ended service agreements.
- Multi-year or open-ended personal service contracts.
- Multi-year leases for equipment, computers, vehicles, etc.
- Any real property leases.

### **Purchase of Computers & other Technology Equipment**

District practice is to standardize technology equipment and software throughout the District. The District's Technology Plan outlines District Standards related to technology including such items as which equipment will be used (brand and model), what equipment will be purchased and supported at each site, and which programs will be supported. The District's Purchasing and Technology Departments have the responsibility of enforcing these standards, as well as providing necessary technical support for approved equipment. Therefore, all technology purchases must be approved by the Technology Department, including purchases made from categorical funds.

## **Disposing of Supplies, Materials or Equipment**

State laws govern the disposal of equipment and other property that has been purchased using public dollars. Supplies, materials, furniture, or equipment that are no longer needed, or obsolete, must go through the district surplus process. When possible, items should first be made available to other sites across the district.

To streamline the disposal process, a [Surplus Form](#) has been created. If assistance is needed, please contact the Warehouse Supervisor. If an item has an asset tag, the pcard administrator must be notified and provided with the barcode number.

After the surplus form is received, the District Warehouse will post the items on the district auction website for 21 days. If there is available space in the District Warehouse, a pickup will be made from the site for the surplus items. Once the auction closes, the site contact will be notified regarding any next steps required in the process (coordination of pickup or disposal).

If items are damaged and hold no perceivable market value, they may be exempt from this process, please contact the Warehouse Supervisor for review. Devices (computers, tablets, laptops) utilize a separate process that can be found here: [Device Disposal](#)

## **District Furniture Standards**

Purchasing has worked with District administration to develop furniture standards that provide for consistent quality products for all sites. Staff must contact Purchasing to obtain current ordering information for standard furniture items. Information is also available on the Purchasing website.

## **Donated Funds**

Funds donated to a site, for the purpose of purchasing items that will become District property, must be forwarded to the District Accounting Department. Sites will then work with Purchasing to acquire the items or services according to the procedures detailed in this manual.

## **Deliveries**

Generally, items ordered with a Purchase Order will be delivered to the Distribution Center (warehouse) from the vendor. The orders are checked for accuracy, quantity and quality before delivery to the site/department.

Each district school location will receive delivery of merchandise twice a week. The employee who ordered the merchandise is responsible for verifying and inspecting items received upon delivery from the Distribution Center.

In limited circumstances where Purchasing has determined the delivery should be made directly to the site, staff at the site must check the order for accuracy, verifying the quantity received is correct and that the order was received in good condition. In addition, the packing slip must be signed, dated, and sent to Purchasing so the receiving process can be completed in the software system. Under no circumstances can deliveries be made to personal residences. Deliveries to non-District sites must have prior approval from the Purchasing Department

## **PROHIBITION AGAINST CONFLICTS OF INTEREST, GRATUITIES, AND KICKBACKS**

Any employee or official of the District, elected or appointed, who take, receive, or offer to take or receive, either directly or indirectly, any rebate percentage of contract, money, or other things of value, as an inducement or intended inducement, in the procurement of business, or the giving of business, for, or to or from any person, partnership, firm, or corporation offering, submitting pricing for, or in open market seeking to make sales to the District may be subject to punishments in accordance with state and/or federal laws.

Please refer to School Board Policy 721.0 for further information regarding Conflict of Interest and Code of Conduct.

## WHO IS RESPONSIBLE?

The following outlines the roles and responsibilities assigned to those involved in the District purchasing process.

Employee	Identifies the need and obtains approval of the responsible site and/or program manager(s), to initiate the purchasing process for goods or services.
Office Professionals	Determines if funds are available. Enters a requisition in the purchasing system.
Principal, Administrator, or Manager	Approves purchase requisitions for their building, site, or department.
Purchasing Department	Reviews requisitions, prints purchase orders, and issues to vendor. Enters receiving for items purchased on a PO. Pays invoices for items purchased on a PO, matching the invoice to the purchase order, verifying pricing, and attaching related packing slips and receiving documentation. Places orders to replenish inventory stock items. Collects payments for items sold on auction. Establishes purchasing standards and specifications. Prepares quotes, proposals, and bids according to the requirements of MN Statute 471.345. Determines legality of all purchases. Acts as a clearinghouse for vendors and vendor negotiations.
Distribution Center/Warehouse	Receives goods and verifies accuracy of delivery according to records purchasing system. Delivers goods received to appropriate site/department. Disposes of surplus or obsolete materials.
Manager of Purchasing	Establishes, by direction of the School Board and Superintendent, purchasing procedures and follows School Board policy. Presents bid results and recommendations for approval of bids to the School Board.
Accounting Department	Verifies correct usage of budget codes to assure compliance with state regulations. Verifies the responsible program has adequate funds to complete purchases. Pays the vendor after the materials, equipment, or services are received and an invoice has been submitted by the vendor.
School Board	Establishes purchasing policies to ensure goods and services are purchased in a prompt, cost effective, and legal manner.

## PCARD PROCEDURE MANUAL

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The purpose of this procedure manual is to ensure that the Purchasing card (hereinafter "Pcard") is used appropriately by authorized district employees (hereinafter "cardholders") so that specific categories of merchants, goods, and services may be procured on behalf of the District in an efficient and cost-effective manner and consistent with policy 721. The use of the Pcard is an alternate means of payment and must not circumvent the use of contracts, purchasing laws, rules, policies, or procedures.

Individuals who fail to comply with this policy and all associated procedures may result in card suspension, cancellation, and disciplinary action up to and including termination of employment.

Pcards must be used in conjunction with the district's procurement policies and procedures. The Pcard is not meant to replace the Purchasing System. Please contact the Purchasing Department first about items needed for your program. For further information about these policies, please contact Purchasing at (763)506-1300.

### DEFINITIONS

**Purchasing Card – (P-Card)** A payment method whereby internal customers (requisitioners) are empowered to deal directly with suppliers for purchases using a credit card issued by a bank or major credit card provider. Generally, a pre-established credit limit is established for each card issued. The cards enable eProcurement and facilitate on-line ordering, frequently from pre-approved suppliers under blanket contracts.

**Cardholder** - An employee who has been delegated purchasing authority and has been authorized at their site to have a Purchasing Card for the purposes of making business purchases on behalf of the department or unit. The Pcard is individually issued and may only be used by the cardholder.

**Approver** – A supervisor who has been given the authority to review and approve Pcard purchases.

**Pcard Administrator** – Accountant in Business Services working under the direction of the Director of Finance

**Capital purchases** - Items with a unit cost of \$500 or greater and would be repaired rather than replaced

**Allowable Purchase** - A purchase of goods that are needed for a legitimate Anoka-Hennepin District business purpose, are not available through the existing system under contracts, fall under the P-Card Limits, and are not otherwise restricted by existing District policies for purchase with a P-Card. The P-Card Allowable purchases in the policy manual includes a non-exhaustive list of commonly purchased items that are Allowable Purchases.

**Activity Report** – Commonly referred to as the "monthly Pcard statement". A detailed report of the monthly Pcard usage that is provided to the cardholder to be reviewed, reconciled, approved and submitted with supporting documentation to the Pcard Administrator.

## PURCHASING CARD PURCHASES

### Allowable Purchases

- Conference/Seminar registrations
- Amazon.com – Through the District Amazon Program
- Approved food purchases
- Travel-related services. Note: Purchases of travel-related services must comply with District policies on travel expenses; and Minn. Stat. §15.435. (Minn. Stat. §15.435 states in part, “Whenever public funds are used to pay for airline travel by an elected official or public employee, any credits or other benefits issued by any airline must accrue to the benefit of the public body providing the funding.”)
- FedEx/UPS charges
- Craft purchases of a small dollar amount that cannot be made through District contract vendors
- Supplies purchases of a small dollar amount that cannot be made through District contract vendors
- Emergency hardware store needs
- Other business-related goods or services not otherwise prohibited by this policy or as authorized in writing by the Purchasing Department.

### Prohibited Purchases

The Pcard is not meant to replace the District Purchasing Program and Purchase Order System.  
Please contact the Purchasing Department first about items needed for your program.

- The Pcard shall not be used for any prohibited or non-district business purpose. Examples include:
  - Alcohol
  - Capital purchases
  - Fuel – See Fuel Card Procedures
  - Cash, cash advances, or extensions of credit
  - Weapons of any kind, including firearms and ammunition
  - Computers & Technology Equipment
  - Consulting or professional/technical services
  - Construction services
  - Furniture
  - Gift Certificates
  - Memberships – Submit application to Accounts Payable
  - Internet Purchases – exceptions: booking airfare or hotels online, conference registrations or as authorized in writing by the Purchasing Department.
  - Items restricted by District Health & Safety
  - Personal Protective Equipment or Cleaning supplies
  - Federal Purchase – Unless pre-approved by the Grant Program Director as meeting all federal purchase guidelines.
  - License & Subscriptions
- Items available through District Purchasing.

This list is not intended to be all-inclusive. If you have specific questions, please call your Pcard

Administrator for assistance.

## Eligibility

Only full-time faculty and staff are eligible to receive a Pcard. It is not necessary for every eligible departmental employee to receive a Pcard — typically, the individual receiving the card should be the individual making many of the site purchases.

## OBTAINING A PCARD

Requests for a **new Purchase Card** need to be e-mailed to the Director of Finance with the following details:

- why a card is being requested
- appropriate credit limits needed on the account
- default budget code for transactions
- demographics of the potential cardholder.

Requests to the Director of Finance are required only when a position has yet to have a Purchase Card. If the new card assignment is approved the Director of Finance will forward information to the Pcard Administrator who will order the Pcard.

When a new card is needed because of an employee change, the request and information may be sent to Pcard Administrator who will order the new staff a card then follow up with training once the card arrives.

## Training

Training will be done by the Pcard Administrator for all new cardholders. Training will include the cardholder being set up on the Pcard website, covering District policies and procedures and will be provided a User Guide and Manual.

## RESPONSIBILITIES

**Approver** - Review and approve purchase documentation. As discussed above, the cardholder's supervisor must review and approve the monthly reconciliation and supporting purchase documentation for each Pcard. This monthly review should include the following procedures:

- Review and sign the monthly Pcard Activity Report within one week of receipt from the cardholder. Promptly investigate any unexplained, unusual, or significant items.
- Ensure the monthly statement and all appropriate supporting documentation (as discussed above) is included; and
- Ensure completed Pcard Activity Report with supporting documentation and signatures is submitted to Pcard Administrator by the 10th of the month

**Cardholder** - Activate and maintain the card in a secure manner. Utilization of the card for authorized purchases as outlined in this policy manual and that such purchases be made in connection with employment with, for the benefit of and authorized by Anoka-Hennepin Public Schools. The cardholder is responsible for the security of the issued Pcard, and any transactions made against the Pcard. It will be assumed that any purchases made against the card will have been made by the cardholder. Retain itemized detailed receipts for all charges. Review and complete monthly reconciliation and provide all supporting purchase documentation including

itemized detailed receipts and/or invoices for each Pcard purchase. This monthly reconciliation should include the following procedures:

- Complete the monthly Pcard Transaction Log upon receipt, and promptly investigate any unexplained, unusual, or significant items.
- Ensure the monthly statement and all appropriate supporting documentation (as discussed above) is included; and submitted to Approver for review
- Ensure completed Pcard Transaction Log with supporting documentation and signatures is submitted to Pcard Administrator by the 10th of the month.

## PCARD TRANSACTION LIMITS

Pcards are subject to two limits:

- a maximum transaction dollar amount
- a maximum payment cycle dollar amount

If a card is used attempting a transaction in excess of an established limit or approved exception, the transaction will be automatically declined. If a need above an established limit occurs during normal business hours, the Pcard approver may email a credit limit increase to the district Pcard Administrator.

Splitting a purchase into more than one transaction to avoid exceeding an established purchasing limit is prohibited.

## RECONCILIATION AND PAYMENT

The Visa Purchase Card program carries corporate, not individual, liability. A single invoice covering all Anoka-Hennepin Public Schools' Purchase Cards will be paid each month by Accounting. You will not be required to pay your monthly statement using personal funds. The Purchase Card does not impact your personal credit rating in any way.

**It is required that you retain all original detailed receipts for goods purchased.** If you purchase via phone or mail, require the merchant to include a receipt with the goods when the product is shipped to you.

Every cardholder will need to review their statement (at a minimum one time per month) for all transactions made against their Visa Purchase Card during the previous billing cycle. You will be notified by e-mail to review and approve your transactions the day after the Cycle Close Date. Please reconcile your account within a week. You have the option to change (reallocate) any portion of the 17-digit UFARS code, or to split and reallocate between multiple codes. Original receipts and a copy of your US Bank Statement (printed from the website) should be forwarded to the Education Service Center each month, by the 10<sup>th</sup> of the month.

The cardholder may keep a transaction log of all receipts and statements. The log serves to remind cardholders of transactions and assists in reconciliation of the monthly statements. A monthly audit will be conducted of card activity, retention of receipts, reconciled detail and signed monthly statements signed by the Pcard Administrator.

## Monthly Processing/Reconciliation

Cardholders will receive an activity report (statement) by email when it is ready for review. If an activity report has not been processed, there will be no email from US Bank. Cycle close is the 25<sup>th</sup> of the month unless on a weekend, or on a designated bank holiday. Cycle close then could be the 26<sup>th</sup> or 27<sup>th</sup> of the month (on the next business day). There is a "13<sup>th</sup> Cycle" which closes on June 30<sup>th</sup> of every year.

- Log on to Access Online.
- Select Transaction Management then Transaction List
- Use the dropdown box to select the most recent "Billing Cycle Close Date" and hit the "Search" button. You can review prior statements by selecting prior close dates or you can review. Selecting "Open" will display charges since last cycle close that will be on the next statement.
- Verify charges.
- Correct budget codes.
- Add descriptions for each transaction.
- Once the reconciliation is complete, select "Print Account Activity". This report will show in detail the transactions, budget codes (including splits) and total for the cycle. At the bottom of the report, the cardholder and approver must sign.
- Attach itemized detailed invoices or receipts for each transaction to the Activity Report.
- Forward the signed Account Activity report along with backup to Accountant in the Finance Department by the 10<sup>th</sup> of the following month.
- If a cardholder has no statement to reconcile, no paperwork is required.
- The Accountant prints out a list each month of cardholders who have statements to reconcile and records the receipt of the cardholder's paperwork to ensure all paperwork is collected.
- The charges and backup are reviewed by Accounting and Finance to ensure legitimate purchases, appropriate backup and authorized approval of purchases. If there is an issue, the cardholder and, in some cases the approver, are contacted on issues and paperwork is held until purchases and backup are deemed valid and complete.

## Sales Tax

Most purchases made by the school district are tax exempt. At the time of purchase, be sure to point out the tax-exempt number printed on your credit card then check your receipt to make sure you were not charged tax.

When food is delivered to a site with students, the district is tax exempt. Sales tax is payable when prepared food is picked up, when eating at restaurants, hotel stays and airfare.

It is the cardholder's responsibility to notify the merchant that **Anoka-Hennepin Public Schools is tax exempt**. Our Minnesota state tax exempt number is "**8031701**". On occasion, a vendor may request a hard copy of the ST3 Form which has our tax-exempt number on it. These requests should be forwarded to the Finance Office who will work with the vendor. Should you have additional questions, please contact a Pcard Administrator for assistance.

## **When Your Records Do Not Agree with Your Monthly Statement**

There may be an occasion when you find items on your transaction log that do not correlate with your retained receipts or monthly cardholder statement. Reconciliation of your monthly statement is very important to determine if you made a particular transaction, the amount of the transaction is correct, or you have a quality or service issue.

Your first recourse is to contact the merchant involved to try to resolve the error. If the merchant agrees that an error has been made, your account will be credited. Highlight the transaction in question on your statement as a reminder that the item is still pending resolution. Be sure to check that the credit is received on your next monthly statement.

If the cardholder is unable to resolve the issue directly with the merchant, they must contact the Pcard Administrator. When calling, be sure to have itemized detailed information regarding the dispute.

The cardholder is responsible for the transactions identified on the statement. When an audit is conducted on the account, the cardholder must be able to produce receipts that an Anoka-Hennepin Public Schools' approved transaction occurred. If an error is discovered, the cardholder is responsible to show that the error or dispute resolution process has been followed.

## **REWARDS, LOYALTY PROGRAMS, AND OTHER INCENTIVES.**

- Employee Benefits Prohibited: When using the district issued Pcard, the acceptance of items or any other benefit, including, but not limited to, customer loyalty points, rewards, free items, or gift cards for the benefit of the employee and not for the benefit of the District is prohibited.
- A violation of this requirement may lead to consequences including, but not limited to, discipline or discharge.
- Any employee or any official of the District, elected or appointed, who shall take, receive, or offer to take or receive, either directly or indirectly, any rebate percentage of contract, money, or other things of value, as an inducement or intended inducement, in the procurement of business, or the giving of business, for, or to or from any person, partnership, firm, or corporation offering, submitting pricing for, or in open market seeking to make sales to the District shall be deemed guilty of a felony and upon conviction such person or persons shall be subject to punishment of a fine in accordance with state and/or federal laws.

## **PROGRAM RESTRICTIONS**

Each Pcard has been assigned a monthly credit limit determined by the Principal/Department Supervisor. US Bank will not change your credit limit without the approval of the Principal/Department Supervisor and the Pcard Administrator.

The Pcard will be accepted for purchases of generally approved Anoka-Hennepin Public Schools commodities. Businesses and services determined not to offer products commonly accepted for Anoka-Hennepin Public Schools use have been blocked from accepting the Pcard.

If your Pcard is declined by a merchant and the cardholder feels the decline should not have occurred, contact the Pcard Administrator. All Pcard declinations post to the website within 48 hours. This screen will clarify to the cardholder why the transaction has been declined.

## VIOLATIONS

The Pcard is to be used for business purposes only; personal charges of any kind are strictly prohibited. Improper use of the Pcard may result in disciplinary action up to and including termination of employment.

In the event of improper charges to the Pcard, the District will seek restitution from the cardholder. The employee will be held personally liable for the total amount of the transactions. Cardholders may be required to reimburse the District for any amounts spent using the Pcard which violate the provisions of this Purchasing Card Procedures. All repayments must be completed with 30 calendar days.

Cardholders cannot request personal reimbursement for transactions placed on Pcards.

Misuse of the Pcard includes but is not limited to:

- Use of Pcard for personal purchases
- Use of Pcard for prohibited purchases
- Use of Pcard by someone other than the cardholder
- Use of Pcard to circumvent established district purchasing programs
- Fraudulent or inaccurate record keeping
- Missing submission of monthly reconciliation
- Splitting transactions to avoid limits

In the case of Pcard misuse the following process will be followed:

**1st offense:** Cardholder and supervisor will receive written notice describing the infraction.

**2nd offense:** The Cardholder must also complete Pcard refresher training. Cardholder, direct supervisor, and Association Superintendent will receive written notification describing the infraction.

**3rd offense:** Cardholder's Pcard will be suspended for 30 days after resolution of infraction. Cardholder and direct supervisor must submit a Pcard Reinstatement Form and must also complete Pcard refresher training to request Pcard reinstatement.

**4th offense:** Cardholder's Pcard is terminated

Misuse of card determination is done at the discretion of the Pcard Administrator and may result in termination of Pcard upon first offense based on the severity of misuse.

## LOST OR STOLEN CARDS

The Pcard is the property of Anoka-Hennepin Public Schools and should be secured just as a cardholder would secure their personal credit cards. If your Pcard is lost or stolen, contact US Bank customer service number **(1-800-344-5696)** immediately, then notify the Pcard

Administrator.

Upon notifying US Bank, the card will be deactivated immediately. If the card is reported lost or stolen and is later used, the Merchant will decline it. Prompt action in these circumstances is important in reducing Anoka-Hennepin Public School's liability for fraudulent charges.

## PCARD ADMINISTRATOR

**If you have any questions about the program or need additional information, please contact the Pcard Administrator:**

**Brian Marquis (763) 506-1302**

Current program

As of 8/16/2021:

**Issuing Bank:** US Bank

**Credit Type:** Visa

**Contract:** Sourcewell 080620-USB

## FUEL CARD PROCEDURE MANUAL

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The use of a District issued Fuel Card ensures the appropriate procurement controls are in place for all purchases of Fuel as needed for District purchases.

Individuals who fail to comply with this policy and all associated procedures may result in card suspension, cancellation, and disciplinary action up to and including termination of employment.

Fuel Cards must be used in conjunction with the district's procurement policies and procedures.

### DEFINITIONS

**Fuel Card** – A payment method whereby district employees are able to complete purchases directly with suppliers for tax-exempt fuel purchases.

**Fuel Card User** - An employee who has been delegated purchasing authority and has been authorized at their site to have a Fuel Card for the purposes of making business purchases on behalf of the department or unit.

**Approver** – A district assigned individual who has been given the authority to review and approve Fuel card purchases.

**Fuel Card Administrator** – Purchasing Supervisor working under the direction of the Director of Purchasing to manage the Fuel Card Program.

**Allowable Purchase** - A purchase of fuel for a legitimate Anoka-Hennepin District business purpose.

**Activity Report** – Commonly referred to as the “Monthly Fuel Card statement”. A detailed report of the monthly Fuel Card usage that is provided to the cardholder to be reviewed, reconciled, approved, and submitted with supporting documentation to the Fuel Card Administrator.

### FUEL CARD PURCHASES

#### Allowable Purchases

- Fuel for district owned vehicles and equipment

#### Prohibited Purchases

The Fuel Card is not meant to replace the District Purchasing Program and Purchase Order System. Please contact the Purchasing Department first about items needed for your program outside of the allowable purchases above.

- Maintenance items
- Personal vehicles
- Personal equipment
- Items available through District Purchasing.

The Fuel Card shall not be used for any prohibited or non-district business purpose.

## Eligibility

District employees are eligible to utilize a Fuel card as approved by their department and need established. It is not necessary for every eligible departmental employee to receive a Fuel card — typically, the cards are assigned to one of the following: the department, location, vehicle, or the equipment. Card limits will be set based on employee.

## OBTAINING A FUEL CARD

Requests for a **Fuel Card** or Fuel card access need to be e-mailed to the Director of Purchasing with the following details:

- Why a card is being requested
- Appropriate credit limits requested based on need
- Default budget code for transactions
- Demographics of the potential cardholder:
  - Name
  - Employee ID number
  - Approver
  - Site

Requests to the Director of Purchasing are required only when a position/site or equipment has yet to have a Fuel Card. If the new card assignment is approved the Director of Purchasing, it will forward information to the Fuel card Administrator who will order and distribute the Fuel card.

## Fuel Card Training

Training will be done by the Fuel card Administrator for all new card users and as needed. Training will cover use of card, prohibited items and procedures.

## RESPONSIBILITIES

**Approver** – Collect all fuel receipt. Review and approve purchase documentation. The approver must review and approve the **Monthly Transaction Report by Card** and the supporting purchase documentation for each Fuel card purchase. This monthly review must include the following procedures:

- Review and sign the monthly **Transaction Report by Card** within one week of receipt from the Purchasing department. Promptly investigate any unexplained, unusual, or significant items.
- Ensure the monthly statement and all appropriate supporting documentation is included; and
- Ensure completed **Monthly Transaction Report by Card** with supporting receipts and signatures is submitted to Fuel card Administrator within 7 business days from the receipt of the report.

**Cardholder** - Maintain the Fuel card in a secure manner. Cardholders will be assigned an Driver ID number. This number is utilized to distinguish the individual use of card. Driver ID numbers are not to be shared and must be kept in a secure manner as it ties the transaction to the user. Utilization of the Fuel card for authorized purchases as outlined in this procedure manual and that such purchases be made in connection with employment with, for the

benefit of and authorized by Anoka-Hennepin Public Schools. It will be assumed that any purchases made against the card utilizing the assigned Driver ID number will have been made by the district employee. Retain itemized detailed receipts for all charges. Retain, review and submit all receipts for purchases made on the Fuel card to the cards assigned approver. This monthly reconciliation should include the following procedures:

- Verify the monthly Fuel card receipts are accurate, and promptly investigate any unexplained, unusual, or significant items.
- Ensure that all fuel receipts are available and submitted to Approver for review by the 25th of the month

Cardholders are responsible for payment to the district in a situation in which a receipt is not provided for the transaction.

**It is required that you retain all original receipts for goods purchased.**

## FUEL CARD TRANSACTION LIMITS

Fuel cards are subject to two limits:

- a maximum daily transaction dollar amount
- a maximum number of daily transactions
- a maximum billing cycle spend amount

If a card is used attempting a transaction in excess of an established limit or approved exception, the transaction will be automatically declined. An email will be generated and sent to Fuel card Administrator with the exception message. If a need above an established limit occurs during normal business hours, the Fuel Card Administrator will review the exception for a credit limit increase if requested by the Approver.

Splitting a purchase into more than one transaction to avoid exceeding an established purchasing limit is prohibited.

## MONTHLY PROCESSING/RECONCILIATION

Fuel card Approvers will receive a **Monthly Transaction Report by** email when it is ready for review Cycle close is the 25<sup>th</sup> of the month unless on a weekend, or on a designated bank holiday. Cycle close then could be the 26<sup>th</sup> or 27<sup>th</sup> of the month (on the next business day). There is a “13<sup>th</sup> Cycle” which closes on June 30<sup>th</sup> of every year.

### **When Your Records Do Not Agree with Your Monthly Statement**

There may be an occasion when you find items on your **Monthly Transaction Report by Card** that do not correlate with your retained receipts reconciliation of your monthly statement. It is important to promptly identify any discrepancies.

Your first recourse is to contact the merchant involved to try to resolve the error. If the merchant agrees that an error has been made, your account will be credited. Contact the Fuel Card Administrator to ensure the error is recorded.

If the cardholder is unable to resolve the issue directly with the merchant, they must contact the Fuel Card Administrator. When calling, be sure to have itemized detailed information regarding the dispute.

## Sales Tax

Fuel purchases made by the school district are tax exempt. At the time of purchase, be sure to point out the tax-exempt number printed on your credit card then check your receipt to make sure you were not charged tax.

It is the cardholder's responsibility to notify the merchant that **Anoka-Hennepin Public Schools is tax exempt**. Our Minnesota state tax exempt number is **"8031701"**. On occasion, a vendor may request a hard copy of the ST3 Form which has our tax-exempt number on it. These requests should be forwarded to the Finance Office who will work with the vendor. Should you have additional questions, please contact a Pcard Administrator for assistance.

## REWARDS, LOYALTY PROGRAMS, AND OTHER INCENTIVES

- **Employee Benefits Prohibited:** When using the district issued Fuel card, the acceptance of items or any other benefit, including, but not limited to, customer loyalty points, rewards, free items, or gift cards for the benefit of the employee and not for the benefit of the District is prohibited.
- A violation of this requirement may lead to consequences including, but not limited to, discipline or discharge.
- Any employee or any official of the District, elected or appointed, who shall take, receive, or offer to take or receive, either directly or indirectly, any rebate percentage of contract, money, or other things of value, as an inducement or intended inducement, in the procurement of business, or the giving of business, for, or to or from any person, partnership, firm, or corporation offering, submitting pricing for, or in open market seeking to make sales to the District shall be deemed guilty of a felony and upon conviction such person or persons shall be subject to punishment of a fine in accordance with state and/or federal laws.

## VIOLATIONS

The Fuel card is to be used for business purposes only; personal charges of any kind are strictly prohibited. Improper use of the Fuel card may result in disciplinary action up to and including termination of employment.

In the event of improper charges to the Fuel card, the District will seek restitution from the cardholder. Cardholders may be required to reimburse the District for any amounts spent using the Fuel card which violate the provisions of this Fuel Card Procedures. Repayment may include deductions from wages or other amounts payable to the cardholder or may require other steps necessary to permit the District to collect any amounts owed by the cardholder.

Cardholders cannot not request reimbursement for transactions placed on Fuel cards.

Misuse of the Fuel card includes but is not limited to:

- Use of Fuel card for personal purchases
- Use of Fuel card for prohibited purchases
- Use of Fuel card to circumvent established district purchasing programs
- Fraudulent or inaccurate record keeping
- Missing submission of monthly reconciliation

- Splitting transactions to avoid limits

Misuse of card determination is done at the discretion of the Fuel card Administrator and may result in termination of Fuel card upon first offense based on the severity of misuse.

## LOST OR STOLEN CARDS

The Fuel card is the property of Anoka-Hennepin Public Schools and should be secured just as a cardholder would secure their personal credit cards. If your Fuel card is lost or stolen, immediately contact the Fuel card Administrator.

Upon notifying the Fuel Card Administrator the card will be deactivated immediately. If the card is reported lost or stolen and is later used, the Merchant will decline it. Prompt action in these circumstances is important in reducing Anoka-Hennepin Public School's liability for fraudulent charges.

## FUEL CARD ADMINISTRATOR

**If you have any questions about the program or need additional information, please contact the Fuel card Administrator: Brian Marquis (763) 506-1302**