

CEDAR RAPIDS COMMUNITY SCHOOL DISTRICT
PURCHASING CARD PROGRAM MANUAL
EFFECTIVE JULY 1,2019

Executive Summary

Purpose: Use of Purchasing Cards is a cost-effective way to reduce the administrative costs associated with making frequent and low dollar purchases. The purpose of the Purchasing Card program is to provide a cost-effective purchasing tool to authorized District staff to efficiently and effectively expedite the purchasing process. Purchasing Cards will be made available to employees based upon need as determined by the appropriate District Administrator.

The Purchasing Cardholder and Cardholder's direct supervisor bear responsibility for appropriate use and oversight.

Purchasing Card Administration: Due to the size of this program, it is essential that effective internal controls are in place to provide assurances to the Board of Education and the school community at large, that the Cedar Rapids Community School District is managing a program of fiscal integrity at the highest level with emphasis on responsible stewardship of public funds.

Guidelines

It is the intent of the District's Purchasing Card program to establish a set of operating rules, guidelines, and procedures to minimize instances of card misuse and maximize its benefits to the organization. It is incumbent upon all employees who wish to maintain their privilege of using the District Purchasing Card to act as good stewards of public funds.

These program guidelines govern the process by which Purchasing Cards are issued, utilized, and processed. These guidelines also detail the responsibilities of the Cardholders, supervisors, and management in ensuring that all Purchasing Card transactions are appropriate, authorized, and recorded in a timely manner.

Issuance

Issuance of a Purchasing Card will be initiated by the potential Cardholder's supervisor and will require employee training and a signed **Purchasing Card Employee Agreement**.

Purchasing Card Limits and Restrictions

Purchasing card limits will be designated by the supervisor. Both single purchase and monthly limits will be set based on budgetary constraints and departmental needs. Purchases are not to be split into multiple transactions in order to circumvent single transaction limits. Splitting a transaction to circumvent purchase limits will most likely trigger a fraud alert and "shut down" the card temporarily.

To increase limits after a card has been issued, contact the Purchasing Card Administrator. For specific transactions or events, limits can be increased on a temporary basis by contacting the Purchasing Card Administrator and providing the specific information.

Acceptable Uses

Items such as office supplies, educational supplies, books, professional education and seminars, travel related expenditures, subscriptions and other related materials are all allowable purchases provided state and district policies/procedures/regulations are followed.

- Purchasing policy 702
- Purchasing--Bidding, Proposal and Quotation Procedures 702.1a
- Appropriate Use of Public Funds 707.1
- Travel Guidelines Governing Expenses 705.1
- General Principles governing the appropriate use and management of student activity funds.

Equipment

Equipment may be purchased with the Purchasing Card. Equipment is defined as "lasting longer than 12 months" and must be \$500 or more in cost. The District maintains an asset listing of all items with an individual value of \$500 or greater. All equipment must be assigned an asset tag number. ***It is the responsibility of the Cardholder to request an asset tag if the purchase could be defined as Equipment. Please access the CRCSD Asset Tracking System under Purchasing on the District website to request an asset tag.***

Unacceptable Charges

- No items are to be purchased if available through the warehouse. e.g., toilet tissue/copy paper. An online catalog of warehouse items is available on the district website purchasing department page.
- Gift Cards
- Alcohol
- Employee meals while traveling.
- Technology--there are exceptions. Cardholder must check with Technology department first before making a purchase.
- Fuel for a personal vehicle (mileage reimbursement should be submitted instead).
- Fuel for a district vehicle (fuel cards are available specifically for this purpose).
- Gifts
- Holiday cards or decorations
- Tokens of appreciation or clothing
- Staff incentives
- ***This is not a comprehensive list. It is the responsibility of the Cardholder to follow any policies/regulations/procedures or restrictions regarding purchases.***

Inappropriate Purchasing Card Use and Consequences

- 1. Personal Use:** Use of District Purchasing Cards to pay for expenditures not specifically related to official school business shall be deemed personal expenditures and are strictly prohibited. *Inappropriate use of the purchasing card may subject the cardholder to termination, criminal charges, and prosecution.* There may be instances where separating personal expenditures from approved District expenditures on a vendor/merchant invoice is not possible. In those instances, personal expenditures shall be reimbursed to the District immediately. (Refer to Credit Cards/Purchasing Cards: Regulation 704.6). Cardholder is required to inform Purchasing Card Administrator and Accounting immediately if a personal charge is made.
- 2. Use in Violation of Public Purpose:** District funds are to be expended only for legitimate public purposes and not for private personal gain for which services of comparable value have not been rendered to the District. All funds received by the District are considered public funds and must be used to support the educational mission of the District. The best test to use when determining whether the expenditure is appropriate is called the “public scrutiny test.” The test is simple and merely asks whether the tax-paying public would view the expenditure as necessary to support public education. **If you are already questioning whether the expenditure is appropriate, it may very well not be appropriate.** Contact your supervisor if you have any questions about appropriate expenses.
- 3. Failure to Provide Appropriate Documentation:** Each transaction must be accompanied by a receipt. An acceptable receipt must include the vendor name, date, dollar amount, description of items purchased, and confirming payment made. Receipts for meals for staff meetings, trainings or professional development need to include a Food Purchase Form. *Order confirmations are not a guarantee of the final purchase and are NOT an acceptable receipt and/or invoice.*
- 4. Past due Transaction Reconciliation:** Every month an email notification is sent to all Cardholders and the Cardholder’s online approver stating that electronically reconciled and approved transactions are due to Accounting by the 7th of the month, **NO EXCEPTIONS.** Cardholders are expected to monitor transactions and allocate expenses on a regular basis to ensure accuracy and efficiency. Regular monitoring of your transactions (recommended twice per week) will detect fraud early and reduce the additional time needed to address any discrepancies. Purchasing Card and Fuel Card transactions post within 1-3 business days.
- 5. Unethical Use:** Each Cardholder will follow workplace expectations and avoid any financial conflict of interest (Refer to Workplace Expectations Regulation 500.1 and Employee Conflict of Interest Regulation 506.14). Failure to follow these policies will be grounds for discipline up to, and including, termination. Fraudulent activity, such as alteration or manipulation of receipts in any way, regardless of the reason will result, at minimum, of a cardholder suspension of privileges and a written warning in the cardholder’s personnel file.
- 6. Loaning a Purchasing Card**

7. Shipping Purchases to Home. All purchases must be shipped to a District location.

CONSEQUENCES

The following consequences will be enforced for inappropriate use of a Purchasing Card

- **First violation:** The Cardholder's account will be placed on hold status and will not be reactivated until all charges have been reimbursed and all appropriate documentation is received. Cardholder's supervisor will be notified. If the cardholder is late with their reconciliation, the card will be suspended for at least the number of days that the transaction(s) were late.

Example: Reconciliations are due to Accounting on the 7th of the month. If they are not received in Accounting until the 10th, the card will be suspended for a minimum of 3 days.

If the severity of the infraction is egregious stricter consequences may be enforced, up to and including termination.

- **Second violation:** The Cardholder's account will be suspended for six months. The cardholder will have to complete online training to have the card reinstated. Cardholder's supervisor will be notified and will be encouraged to provide the employee with a verbal warning. If the severity of the infraction is egregious stricter consequences may be enforced, up to and including termination.
- **Third violation:** The Cardholder's account will be terminated. Cardholder's supervisor will be notified. A written reprimand by the supervisor will be put in the Cardholder's employee personnel file. If the severity of the infraction is egregious stricter consequences may be enforced, up to and including termination.

Loss of Purchasing Card privileges includes acting as an approver for other Cardholder's purchasing activity.

Consequences regarding Fuel Cards

Fuel card consequences will be the same as Purchasing Card consequences with one exception. If multiple cards are issued for a location and a violation is earned, ALL fuel cards for that location will be suspended per the timelines mentioned above.

Consequence Appeal process

In the event that a Cardholder feels that a levied consequence for card misuse can be appropriately defended based upon unique circumstances, the Cardholder has the right to appeal for reconsideration. The Cardholder may request an appeal hearing to defend their position.

Please direct all requests for appeals to the Purchasing Card Administrator who will arrange for an appeal hearing.

Appeal Hearing: An appeal hearing will include an opportunity for the Cardholder to provide an explanation of the circumstances related to their card usage in question. The Purchasing Card Administrator will first state the findings of fact that led to the consequence for card misuse. The employee will then follow with an explanation of the circumstances.

A Purchasing Card Appeal Panel composed of the Superintendent or designee, a member of the Superintendent's Cabinet whose supervisory responsibilities are most closely aligned with the Cardholder in question, and the Executive Director – Business Services, will have sole voting rights to make the appropriate determination under the circumstances.

If a member of the Purchasing Card Appeal Panel is the Cardholder who is the subject of the appeal hearing, then another member of the Superintendent's Cabinet will be chosen by the Superintendent or designee to act as a voting member of the Purchasing Card Appeal Panel and participate in the decision-making process. The number of voting members on the Purchasing Card Appeal Panel will be three in all circumstances and be composed of the Superintendent or designee and two other members of the Superintendent's Cabinet. The decision of the Purchasing Card Appeal Panel shall be final.

The Purchasing Process

How To: Make a Purchase

The Purchasing Card may be used to purchase goods/services in person, over the phone, fax or on the Internet.

1. Determine if the purchase is appropriate for a Purchasing Card transaction and within your dollar limits.
2. Select a vendor based upon best price, quality and service. **It is incumbent upon all employees who wish to maintain their privilege of using the District Purchasing Card to act as good stewards of public funds.** Employees are expected to compare multiple vendors whenever possible and practical in an effort to ensure that the best value is obtained.

3. **Internet Guidelines**

Cardholders must exercise discretion in selecting Internet vendors that are reputable in order to minimize the possibility of fraud. All guidelines apply for Internet purchases. Do not give out your Purchasing Card number online unless you have read and understand the vendor's privacy statement, disclaimer, warranty, terms and conditions. This will allow the Cardholder to understand the vendor's policies on purchases, deliveries, returns, etc. and provide an additional layer of protection for both the Cardholder and the District.

Prior to entering the Purchasing Card number onto an Internet website, the Cardholder should ensure that the site is secure. To identify whether an Internet website supports secure transmissions, the URL identifying the current page will always begin with https:// ("s" stands for secure) in lieu of the normal http://, and a secure symbol (solid key or closed yellow lock) will be displayed on your Internet browser. The https and secure symbol may not appear until you are at the checkout screen. All relevant information should be printed from the ordering screens if available.

4. **Sales Tax Exempt Purchases:** State that you are with Cedar Rapids Schools, that you will be using a Visa Card and that the District is **sales tax exempt**. If the vendor requests

the tax-exempt number, it is **57-024028** and is printed on the Purchasing Card. If the vendor requests a tax-exempt certificate, they can request it directly from the Purchasing department at (319) 558-2321. Many vendors will require the set-up of a tax-exempt account prior to online ordering.

If taxes are charged, the Cardholder is responsible for contacting the vendor and requesting a credit or paying Accounting for the tax. If the vendor will be issuing a credit transaction, state this on the receipt before scanning and check subsequent transactions to be sure this credit has posted. **Always check the receipt before leaving the store or pressing submit.** If tax has been charged, the transaction will need to be canceled and reissued. Cash refunds are strictly prohibited. Keep both receipts for verification and scan and attach the matching receipt to the appropriate online transaction.

Until all sales tax charged to your Purchasing Card has been credited or personally reimbursed, your Purchasing Card account will be placed on hold. When the credit receipt or the personal reimbursement has been received in Accounting, your Purchasing Card privileges will be reinstated.

5. Clearly define your purchase requirements, determine availability, agree on a price (including shipping and handling costs) and order the item(s).
6. Give the vendor the Purchasing Card number and expiration date, as well as your name, your school/department and complete delivery address. The billing address will always be: 2500 Edgewood Rd NW, Cedar Rapids IA 52405-1015.
7. Obtain a receipt. A detailed itemized receipt must be scanned in PDF file format and electronically attached to each transaction. The single receipt must match the dollar amount of the single transaction. An acceptable receipt must include the vendor name, date, dollar amount, description of items purchased, and confirming payment made. The following items, listed in priority order, will serve as a receipt.
 - Invoice
 - Register Receipt
 - Web Page Print Out

Order confirmations are not a guarantee of the final purchase and are NOT an acceptable receipt and/or invoice.

Detail regarding incomplete receipts or no receipts:

If a detailed itemized receipt is not obtained, or is lost, you must contact the vendor to request a detailed receipt/invoice. Only after all contact with the vendor has failed to provide the necessary receipt, you must then complete a substitute receipt form which is available from the Accounting Department, and only to be used when given permission by Accounting. This completed form must be scanned and attached to the transaction.

Please be aware that not all vendors are the same. You may need to contact the vendor directly in order to obtain a complete receipt and/or invoice.

8. **Food Purchases. *Employee meals while traveling are not allowed on the Purchasing Card.*** Meal purchases may be required for staff meetings, trainings or professional development. Guidelines regarding food purchases for staff can be found in Board Policy 707.1 Appropriate Use of Public Funds. If the meal purchase is appropriate a Food Purchase Form must be completed and uploaded with the receipt into the Access Online system. This form requires detail about the meeting and attendees and must be signed by a supervisor. This form can be found on the Purchasing page of the District website and also, under Staff Resource, Forms.
9. **Receiving of goods.** When receiving a shipment, it is the Cardholder's responsibility to promptly inspect the shipment to ensure that the order is complete and that the items are in an acceptable condition. Any visibly damaged goods should not be accepted. Suspected damaged goods should be noted on the bill of lading.
All items should be shipped to Cardholder's location or District office, not Cardholder's home. All packing slips and/or bills of lading should be retained as part of the purchase transaction documentation.

If you have placed an order with a vendor and any of the following take place:

1. You do not receive the order within a reasonable amount of time after the promised delivery date (generally one week) and you are unable to contact the vendor
2. The phone number on the website is no longer in service
3. The vendor goes out of business

Contact your Purchasing Card Administrator for next steps.

If the Cardholder is a 9 or 10-month employee, no purchases should be made at least 3 weeks prior to the last day worked, so that adequate time for transaction reconciliation is allowed.

How To: Handle Returns or Exchanges

The Cardholder is responsible for managing any returns and exchanges directly with the vendor and for ensuring that the proper credit is received from the vendor for returned merchandise.

1. Cash refunds are strictly prohibited. Any credits or returns **MUST** be handled as an online credit transaction. Contact the vendor directly and obtain instructions for returns and exchanges.
2. Return or exchange the item in person at the store or ship it.
3. Review future online transactions to ensure that your Purchasing Card account is properly credited.
4. Credits must be reconciled the same as any online transaction. If an item was returned to the vendor for credit, the transaction showing receipt of the item and the subsequent transaction showing credit for the returned item must be charged to the same account code.

How To: Handle Disputed Charges

If there is a charge that is not recognized by the Cardholder or if it appears to be incorrect, the Cardholder must seek resolution with the vendor immediately. Common examples of disputes: goods not received, damaged items, merchandise was returned, duplicate or incorrect charges. Please note the reason for the discrepancy on the receipt before scanning.

If the problem cannot be resolved with the vendor, call US Bank Customer Service at 877-887-9260, register the transaction as in dispute in the US Bank Access Online system and inform the Purchasing Card Administrator immediately. When US Bank has completed its investigation, the Cardholder will be informed of the resolution and any corrections that were made to their account.

How To: Handle Fraudulent Charges

If there is a charge that is not recognized by the Cardholder, contact the Purchasing Card Administrator and US Bank Customer Service at 800-344-5696 immediately. If US Bank agrees that the charge is fraudulent, they will cancel the current card and issue a new card. They will also send a form to the Cardholder for verification regarding the fraudulent charge.

How To: Reconcile Your Online Purchasing Card Transactions

The Purchasing Card is designed to facilitate point-of-sale purchases and streamline payment procedures for authorized Purchasing Cardholders. With this authority comes the responsibility for maintaining adequate documentation for each purchase. All purchases, whether in person, by telephone, fax or Internet must have a detailed itemized receipt, be assigned an account number and be reviewed by a designated Approver before final Accounting review. This process is completed via an online system called Access Online. All Cardholders will receive training on the use of Access Online after the first purchase is made.

All transactions within a billing cycle (which is typically the 26th of the month to the 25th of the following month) must be electronically reconciled, reviewed by an Approver and sent to Accounting by the 7th day of the month. It is recommended that cardholders complete their transaction reconciliation by the 6th of the month, so that their Approver will have 24 hours to review, prior to submission to Accounting.

The reconciled online transaction must include:

- A detailed itemized receipt scanned in PDF file format and electronically attached to the transaction. The dollar amount of the single receipt scanned for that transaction must match the amount of the transaction.
- An expense description.
- An account code allocated for each transaction.
- If a description of a charge is not clear as to what was ordered, please provide further clarification on the receipt before scanning and attaching.

The Cardholder's online approver must review and electronically approve each online transaction receipt and account number that has been assigned. The Cardholder's online approver may electronically reject the transaction for any reason which will then send the transaction back to the Cardholder. The Cardholder's online approver will notify the Cardholder of the reason for

the rejection in order for the transaction to be electronically reconciled with necessary changes and resubmitted for approval.

There must always be two layers of approval prior to the transactions being submitted to Accounting.

Example: Cardholder—Approver—Accounting

The Accounting department will review each Purchasing Card transaction.

All original Purchasing Card receipts must be retained in the school/department for **TWO** years. Do not send paper receipts and documentation to the Accounting department.

Purchasing Card Security

The Purchasing Card is District property. Keep your Purchasing Card in a secure location and guard the card number against use by unauthorized individuals in the same manner you would safeguard your personal credit card. The only person entitled to use a Purchasing Card is the person whose name appears on the face of the card. **Do not lend your card or give the number to another employee to use.**

If the Cardholder is expected to be absent for 30 days or more, please notify the Purchasing Card Administrator. The card will be inactivated to safeguard the account.

Mobile Wallets

The Cardholder does have District permission to upload their Purchasing Card information to a mobile phone for use in the mobile wallet. For directions or more information regarding mobile wallets contact the Purchasing Card Administrator or US Bank Customer Service at 877-887-9260.

How To: Report a Lost or Stolen Card

In the event of a lost or stolen card, the Cardholder must notify US Bank by calling 877-887-9260 immediately. The Purchasing Card Administrator must also be notified. US Bank will immediately close the account, transfer account information to a new account number and issue a replacement card. A Purchasing Card may also be replaced by calling the Purchasing Card Administrator directly.

Employee Leave of Absence, Transfers, Terminations and Retirements

The Cardholder's supervisor must notify the Purchasing Card Administrator in writing in the event a Cardholder takes a leave of absence for 30 days or more, transfers to another school/department, is terminated, or retires. In the event of a leave of absence, the Purchasing Card account will be put on hold until the Cardholder's return. It is the supervisor's responsibility to collect the Purchasing Card from transferred, terminated and retired employees. Cut the card in half and send to the Purchasing Card Administrator.

Upon notification of a Cardholder's assignment to another District position, the Purchasing Card Administrator will notify the new supervisor of the need for a new Purchasing Card Employee

Request Form to be completed and approved if it is deemed necessary for the transferred employee to use a Purchasing Card in their new position.

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