



Policy 4045
PROCUREMENT CARDS

Adopted: 2015-04-30	Reviewed: 2021-01-26	Amended:
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POLICY

SUBJECT: **PROCUREMENT CARDS**

The Board of Education believes appropriate use of procurement cards is a customary and economical practice to improve cash management, reduce costs, and increase efficiency.

The Board recognizes the operational needs within school district facilities to conduct daily business purchases for supplies, instructional materials and other small consumables and believes procurement cards permit the quick and efficient procurement of same with supporting documentation necessary for acceptable internal control.

A procurement card account is a separate account established by board authorization for individuals at schools, district offices or departments to provide a more convenient, efficient, cost-effective method of purchase and payment of small dollar transactions and to provide for a simple method for direct payment, all within established board policies and regulations.



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REGULATIONS

SUBJECT: **PROCUREMENT CARDS**

1. AUTHORITY

1.1 The Board authorizes the Secretary-Treasurer to establish a procurement card system for the school district, supported by regulations. The Secretary-Treasurer is further authorized to revoke the use of any procurement card issued by the school district.

2. PRINCIPALS

2.1 The Secretary-Treasurer will issue all procurement cards with appropriate credit limits set for authorized use by approved school district personnel.

2.2 The Secretary-Treasurer shall ensure all charges against the procurement cards are appropriately charged to the correct school district budget account, the correct authorization is received for such charges, and the management of the procurement card system meets best business practices.

2.3 The Secretary-Treasurer will pursue the correction of any inappropriate use of procurement cards and affect such actions as to prevent further misuse or unauthorized use of procurement cards as required.

The Secretary-Treasurer is further directed to pursue disallowed charges that are not immediately repaid by the cardholder. The school district, through written agreement with the employee prior to issuance of a procurement card, shall retain a prior lien against and a right to withhold any and all funds payable to the employee up to the amount of disallowed charges, and interest at the same rate as charged by the financial institution that issued the card.

3. DEFINITIONS

3.1 Procurement Card (P-Card)

The P-Card account is a separate entity established by board authorization for use by individuals at schools, district offices or departments in making small or emergency purchases. All procurements are the property of the school district.

The P-Card, although not a credit card, functions in much the same way as a credit card; however, personal charges are strictly prohibited.

3.2 Ghost Card

A Ghost card is a banking industry term for a P-Card account number assigned to a specific vendor for high volume purchases with larger spending limits—no actual card exists. The Ghost Card operates in a similar manner to that of a blanket purchase order.

3.3 P-Card Program Administrator

P-Card program administration will be managed by the District Education Office Accounting Department. The responsibilities include, but are not limited to:

- all administrative interaction between the school district and the P-Card financial institution
- maintaining a cardholder database
- authorizing the issue of new cards
- arranging for the cancellation of cards
- arranging replacement for lost or stolen cards
- maintaining total and merchant category codes
- establishing and maintaining district-wide communication
- developing and distributing program literature and materials
- assisting in normal card usage procedures
- assisting in problem resolution
- notification of non-compliance to cardholder, and initiating appropriate action if necessary

3.4 Account Coordinator

The account coordinator (principal or other management person) is assigned responsibility for budgets directly related to the activities he/she manages. This person is responsible for the authority and use of the P-Card, and ensuring proper reconciliation of each card issued under their authorization. By authorizing an employee for use of the P-Card, the account coordinator has granted this employee authority for purchases to be made and charged to the account coordinator's respective budget(s).

3.5 P-Card Cardholder

The P-Card cardholder is the individual who has responsibility for the P-Card and overall management of its use, including:

- authorizing disbursements
- accounting and reconciliation of the procurement account purchases and credits
- maintaining card security to prevent unauthorized charges against the accounts
- ensuring purchases are in accordance with district policies, regulations and best accounting practices
- notifying the P-Card financial institution and the P-Card program administrator of lost or stolen cards
- notifying the P-Card program administrator of disputed charges within fifteen (15)

days of the statement date

- adhering to all conditions and restrictions on card usage
- verifying and reconciling all account activity, prices, authorizations for payment, etc.
- notifying the P-Card program administrator of any changes in assignment (school, department) or in personal information (name, workplace address) or any changes that require an adjustment to the default general ledger account

4. AUTHORIZATION OF PROCUREMENT CARD

4.1 Use Approval

The Secretary-Treasurer authorizes the issuance of a P-Card to any employee at a school, district office or department, where appropriate, and within the Board's approval for use.

4.2 P-Card Credit Limits

Each P-Card is restricted on the number of transactions and dollar amount of purchases per transaction and per month. The default credit limit per card will be \$1,500/transaction and \$10,000/month.

The accounting department will perform periodic reviews of various cardholder groups to determine any necessary change to credit limits. Cardholders may request, through the accounting department, an increase/decrease of the credit limit stating their reason(s) for the request. Requests will be reviewed for appropriateness before approval.

4.3 Total Category and Merchant Category Codes

Total category codes (TCC) and merchant category codes (MCC) identify grouping of standard industry codes which describe the type of business and commodities of merchants. Certain TCC and MCC codes have been blocked from prohibited items to reduce the risk of potential fraud. Examples of codes blocked are cash advances and liquor purchases. A P-Card cardholder may request a change to the TCC or MCC in writing to the accounting department stating reason(s) for the request.

5. ESTABLISHMENT OF THE PROCUREMENT CARD

5.1 Application for the Procurement Card

Only employees of School District No. 78 (Fraser-Cascade) can make application for the P-Card. Each P-Card application must be in the name of the person who will actually use the card. P-Card requests will be filled out on a prescribed Employee P-Card Account Request form (available from the accounting department). This application will include:

- name of employee
- mailing address for the account statement
- default general ledger account code

- signature of employee
- authorization by the account coordinator (principal or manager)

All applications will be forwarded to the accounting department for review and consideration for a P-Card. Incomplete forms will be returned to the applicant. Any denied application will be returned with stated reason.

5.2 Establishment of P-Card with Financial Institution

The accounting department will establish with the P-Card financial institution the P-Card account in the name of the applicant (cardholder), the established credit limit, and default general ledger account code. The name embossed on the card is the only person entitled to use the P-Card.

5.3 P-Card Issuance

The P-Card financial institution will forward the P-Card to the office of the P-Card program administrator, within the purchasing department.

Before the P-Card is provided, each cardholder is required to sign an Employee Acknowledgement of Responsibilities and Obligations for Use of School District No. 78 (Fraser-Cascade) Procurement Card form.

6. PROCUREMENT CARDHOLDER RESPONSIBILITY

6.1 P-Card Use and Management

The P-Card cardholder accepts full responsibility for the use of the card once activated. The P-Card is strictly for School District No. 78 (Fraser-Cascade) business.

The P-Card can be used to make any purchases within the acceptable limits of the TCC and MCC codes; however, this is not foolproof. P-Cards are prohibited from being used for:

- wages and salaries, as these must be paid directly by the payroll department to facilitate compliance with legislative and contractual requirements
- cash advances
- purchases in excess of \$1500 including taxes and delivery
- orders which have been split into two or more transactions to remain under the \$1,500 limit
- personal purchases

The P-Card cardholder must adhere to all the conditions and restrictions imposed on the card usage.

6.2 P-Card Security

P-Cards must be safeguarded and the number must not be given out except to authorized suppliers, i.e. a supplier with whom an order is being placed. The P-Card and the P-Card number are to be kept confidential. The only person authorized to use the P-Card is the person to whom it is issued. Lending or sharing the P-Card is not allowed.

6.3 Lost or Stolen P-Cards

The P-Card cardholder must report lost or stolen cards immediately, first to the P-Card Financial Institution (Bank of Montreal @ 1-800-361-3361) and then to the P-Card program administrator (District Education Office accounting department). Once reported to the financial institution, the account will be blocked instantly, minimizing the potential risk exposure. Verbal reports of lost or stolen P-Cards must be followed up in writing to the P-Card program administrator by way of an incident report.

6.4 P-Card Cardholder Transfers to Another District Site

In the event a P-Card cardholder transfers from one school to another or between departments, the P-Card need not be surrendered, but the default general ledger code must be changed.

It is the responsibility of the P-Card cardholder to immediately advise the P-Card program administrator of any changes in assignment or personal information such as name or workplace address. Before leaving for their new assignment, the P-Card cardholder should ensure that all purchases made up to the point in change of their assignment are reconciled.

6.5 P-Card Cardholder Termination of Employment

The P-Card cardholder must inform the P-Card program administrator of their termination of employment and surrender the card to the P-Card program administrator.

6.6 Fraudulent P-Card Use

If the financial institution, P-Card cardholder or P-Card program administrator suspects that the P-Card has been used fraudulently, the P-Card will be cancelled. The financial institution can suspend P-Cards instantly upon notification by the P-Card cardholder or P-Card program administrator. The financial institution may also inform merchants or suppliers that the P-Card has been cancelled. If a P-Card cardholder is asked by a merchant to surrender a revoked P-Card, he or she must do so. Intentional misuse or abuse of the P-Card will result in immediate revocation of privileges, and may be cause for disciplinary action.

6.7 P-Card Cancellation

A P-Card can be revoked for the following reasons:

- employment termination of cardholder. Cancellation should be notified prior to termination
- change in P-Card financial institution/program
- suspected misuse or fraudulent use of P-Card
- non-compliance with district policies and regulations
- change in P-Card cardholder's employment assignment, where duties do not necessitate the need for a P-Card
- lost or stolen P-Cards
- account coordinator's request to terminate P-Card(s). Such requests would be in writing to the P-Card program administrator
- Secretary-Treasurer's request to terminate P-Card(s)

6.8 P-Card Statement Reconciliation

The P-Card cardholder must obtain receipts for each transaction to reconcile the purchases made on their P-Card account.

Should the P-Card cardholder have a concern with a transaction, the P-Card cardholder should seek resolution directly with the merchant. If the problem cannot be resolved, the P-Card cardholder must notify the P-Card program administrator. The P-Card program administrator will follow up on the dispute with the financial institution and advise the P-Card cardholder of the outcome.

7. **PROCUREMENT CARD ACCOUNTING PROCEDURES**

7.1 Receipt Collection and Submission

The P-Card cardholder must ensure that receipts are submitted to the accounting department for inspection, within twenty (20) days after receipt of P-Card statement. Failure to submit will result in cancellation of the P-Card.

7.2 P-Card Payments

The P-Card financial institution will forward a master statement to the accounting department for payment on a monthly basis. Accounts Payable will proceed to make payment to the P-Card financial institution in accordance with agreement with the financial institution.

7.3 P-Card Journalization of Charges

At time of receipt of the P-Card master statement, Accounts Payable will proceed to journalize the charges to the default general ledger codes associated with each P-Card number.

7.4 P-Card Charge Transfer to Different General Ledger Code

Should the P-Card cardholder wish to change a general ledger account code for a particular charge, such request will be made to Accounts Payable.