



## PURCHASING CARD PROGRAM

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### SECTION I - INTRODUCTION

The School District of Lee County's Purchasing Card Program is designed to improve efficiency in processing low dollar purchases from any vendor that accepts the Visa credit card. Many of our current suppliers will accept the Visa credit card.

This program allows the cardholder to purchase approved commodities and services directly from our vendors. Each purchasing card is issued to a named individual and the School District of Lee County is clearly shown on the card as the Governmental buyer of goods and services.

The Purchasing and Financial Accounting Departments will monitor the performance of the program. All questions or concerns should be directed to:

Procurement related:	Susan Malay	337-8195
	Joe Marody	337-8160
Finance related:	Mark Santiago	337-8229
	Michelle Rabkin	337-8193

#### A. PURPOSE – POLICIES AND PROCEDURES:

1. Provide an efficient method of purchasing and paying for goods and services not exceeding \$999.99 per purchase.
2. Reduce the use of low dollar value Purchase Orders.
3. **Ensure purchasing card purchases are in accordance with the local purchasing policy and procedures and State Statute.**
4. Reduce the time spent by Procurement Services and Financial Accounting Department's processing of low dollar transactions.
5. Ensure that the School District of Lee County bears no legal liability from inappropriate use of purchasing cards.
6. Provide for disciplinary action if the purchasing cards are misused.

The policies and procedures provided herein are minimum standards for Schools and Departments. Schools and Departments may establish additional internal controls.

B. HOW IT WORKS

The Purchasing Card system simplifies the procurement/disbursement process. Procurement responsibility is delegated to the ordering School or Department enabling an authorized cardholder to place an order directly with the vendor.

When the supplier at the point-of-sale requests a purchase authorization, the Visa Purchasing Card system validates the transaction against preset limits established by the Procurement Services Administrator. All transactions are approved or declined (electronically) based on the Purchasing Card authorization criteria established. The authorization criteria may be adjusted periodically as needed and may include, but is not limited to, the following:

- Single purchase limit as set by Procurement Services Administrator (not to exceed \$999.99)
- Monthly spending limit
- Approved Merchant Category Codes
- Number of transactions allowed per day
- Number of transactions allowed per month

The authorization process occurs through the electronic system that supports the Purchasing Card processing services under the School District of Lee County agreement with Bank of America.

C. WHO DOES WHAT?

The following is a summation of the responsibilities of the individuals and organizations involved in the Purchasing Card system.

- **Cardholder**
  - Sign employee authorization statement
  - Hold and secure purchasing card
  - Order materials
  - Collect and save all sales receipts to submit to bookkeeper/department secretary
- **Bookkeeper/Reviewer**
  - Match receipts with monthly card statement
  - Review monthly statements for validity of all transactions
  - Review monthly charges with principal/department head
  - Identify disputed charges
  - Verify the appropriateness of account line (i.e., location/fund/cost center/function/ project/object code)
  - Include the names of all travelers on receipts for registrations, hotel, and airline tickets.
  - Forward statement(s) with completed transmittal form and original receipts within five (5) days to Financial Accounting Department.
- **Principal/Department Head/Approver**
  - Request Purchasing Cards for designated employees
  - Set Department spending limits within established guidelines
  - Designate representatives responsible for authorizing charges

- Collect cards from cardholders that end employment
- Evaluate the need to reissue cards when employees transfer
- Notify the Card Administrator of terminated cards and return to PCA
- Sign the monthly statement authorizing charges
- Resolve issues regarding whether items are business or personal
  
- **Financial Accounting Department**
  - Receive approved monthly statements from all cardholders
  - Receive consolidated statement from Purchasing Card issuer
  - Confirm that Department Representatives authorize all charges
  - Notify Departments when approved monthly statements are not received
  - Pay all monthly charges from consolidated statement
  - File and store statements, receipts etc.
  
- **Procurement Services**
  - Pursue supplier discount opportunities
  - Approve/disapprove all Purchasing Card requests
  - Coordinate issuance and cancellations of cards
  - Obtain a signed acceptance document for card recipient before card is issued
  - Coordinate training for prospective card holders
  - Maintain complete list of issued Purchasing Cards.
  - Conduct a semi-annual inventory of Purchasing Cards and provide a report of the results of the inventory to the Internal Auditor
  - Notify bank of cancelled lost cards
  - Coordinate program policy issues
  - Participate in ongoing program reviews
  - Participate in resolving billing disputes
  - Final resolution of supplier disputes
  - Maintain Policy and Cardholder guides/manuals
  - Make recommendation for disciplinary action in the event of misuse in accordance with the policy
  - Evaluate Purchasing Card feedback from suppliers
  - Establish and monitor benchmarking objectives
  - Coordinate and maintains internal controls
  - Target new cardholders and expanded use of card
  - Set daily transaction limit
  
- **Internal Auditor**
  - Conduct periodic operational and compliance audits

## SECTION II - POLICIES AND PROCEDURES

### A. ASSIGNMENT AND CONTROL OF THE PURCHASING CARD

#### 1. REQUESTS FOR AND ISSUANCE OF PURCHASING CARDS

- a) Purchasing cards will be issued to individual employees who frequently purchase goods and services.
- b) The purchasing card will have the employee's name, School District of Lee County, tax ID Number, and the expiration date embossed on the face of the card. The purchasing card issuing company will not have individual cardholder information other than the cardholder's work address. No credit records, social security numbers etc. of the cardholder are maintained.
- c) All requests for purchasing cards must be made to the Procurement Services Department by the Principal/Department Head using the authorized SDLC request form.
- d) Requests for new cardholders or for changes to current cardholders will be made by submitting a request form to the Purchasing Card Administrator.
- e) When the Purchasing Card Administrator receives a Purchasing Card from the issuing Card Company, the cardholder will be required to participate in the training regarding use of the purchasing card, personally take receipt of the card, sign a purchasing card agreement with the School District of Lee County, and sign a certification and receipt form. **The cardholder will be given a copy of the Purchasing Card Policies and Procedures guide.**

#### 2. LOST OR STOLEN PURCHASING CARDS

- a) If a purchasing card is lost, stolen or misplaced, the cardholder must immediately notify the Purchasing Card Administrator in Procurement Services or Bank of America of the loss. A police report should be filed if the card is stolen.
- b) The cardholder will be responsible for reporting all information necessary to reduce the liability to the School District of Lee County for a lost or stolen card.

3. TERMINATION OR TRANSFER OF CARDHOLDER

- a. **When an employee ends their employment or is transferred to another School/Department, the Principal/Department Head shall collect the purchasing card and then submit the purchasing card to the Purchasing Card Administrator.**
- b. **If the Principal/Department Head is unable to collect the purchasing card when an employee's employment is terminated, he/she shall immediately notify the Purchasing Card Administrator. The Purchasing Card Administrator will ensure that the card is canceled.**
- c. The School/ Department is responsible for all cost associated with the replacement of a lost or stolen card.
- d. Disciplinary action will be taken in the event that the Purchasing Card Administrator or bank is not notified immediately of a lost or stolen card.

B. LIMITATIONS ON USE OF PURCHASING CARD

1. CARDHOLDER USE ONLY

Only the employee whose name is embossed on the card may use the purchasing card. No other person is authorized to use the card. The cardholder is responsible and accountable for all transactions that occur on his/her card. The card holder is responsible to ensure that no sales tax is charged on any purchase.

2. SCHOOL DISTRICT PURCHASES ONLY

The purchasing card is to be used for School District authorized purchases only.

**The purchasing card cannot be used for any personal use and any such use will require immediate reimbursement and will result in disciplinary action that may include dismissal.**

3. DOLLAR LIMITATIONS

- a. The Principal/Department Head approving the assignment of a purchasing card will set two limits for each cardholder: A single purchase limit and a 30-day limit. The maximum limits shall be \$999.99 for a single purchase and \$12,500.00 during the 30-day billing cycle. Requests for spending limit changes must be initiated and authorized only by the Principal/Department Head. The Principal/Department Head may impose additional limitations.

- b. A purchase may be made of multiple items, but the invoice cannot exceed \$999.99 or the cardholder's limit if less than \$999.99. **Charges for purchases shall not be split to stay within the single purchase limit. This will be considered abuse of the Purchasing Card program and will result in disciplinary action.**

4. OTHER CONDITIONS

- a. All items purchased over-the-counter must be immediately available. No back ordering is allowed.
- b. All items purchased during one telephone transaction must be delivered in a single delivery. If an item is not immediately available, no back ordering is allowed.
- c. The vendor must deliver all items purchased by telephone within the 30-day billing cycle. The order should not be placed without this assurance.

5. PROHIBITED USES OF PURCHASING CARDS

The following types of items may **not** be purchased with a purchasing card, no matter the dollar amount.

- a. Items whose cost is greater than \$999.99;
- b. Auto Repairs; (Transportation Department only)
- c. Fuel and oil - (except for vehicles owned by the District or Rented by the District when out of County and for purchase of gasoline for site equipment by facility maintenance personnel);
- d. Restaurants;
- e. Cash advances;
- f. Telephone calls;
- g. Annual Contracts, Membership Dues, Subscriptions;
- h. Gifts
- i. Internal account purchases
- j. Personal items
- k. **Items available through the District Warehouse or Maintenance Stockroom.**
- l. **Any additional goods or services available from an existing district bid or on a bid the School District of Lee County is piggy-backing.**

C. PROCEDURES FOR MAKING AND PAYING FOR PURCHASES

1. DOCUMENTATION OF OVER-THE-COUNTER PURCHASES

- a. When an over-the-counter purchase is made, the cardholder must obtain the customer's copy of the charge slip and ensure that the charge slip does not include sales tax on the purchase.

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- b. The charge slip will be forwarded to the Bookkeeper/Department Secretary.

2. TELEPHONE ORDERS

- a. When placing a telephone order, the cardholder must confirm that the vendor will immediately forward a copy of the charge slip to the cardholder and that sales tax will not be charged on the charge slip.
- b. Ensure that the vendor will charge the purchasing card when shipment is made so that receipt of the supplies may be certified on the monthly Statement of Account. This is also a requirement of the vendor's contract with VISA.

3. ON-LINE ORDERS

- a. When ordering on-line, the cardholder must receive approval from the Principal/Department Head prior to placing the order.
- b. The cardholder is responsible to secure a confirmation of the purchase to include a description of the items purchased and the total charge including freight charges. On-line purchase confirmations are usually obtained by checking out through a Shopping Cart or some other final process to verify the purchase.
- c. The billing address that will be requested when ordering on-line is as follows:

The School District of Lee County  
2855 Colonial Blvd.  
Fort Myers, FL. 33966-1012

The Phone number for the billing address is: (239) 334-1102

4. TRAVEL PURCHASES

- a. Leave Requests must be approved by the appropriate administrator prior to making any travel arrangements to include registration, airline tickets, hotels and etc.
  - 1. All purchase orders payable to Bank of America for travel must include the name of the traveler, dates traveling and the name of the conference/seminar etc..

**OPEN PURCHASE ORDERS WILL NO LONGER BE ACCEPTED FOR TRAVEL AND REGISTRATIONS**

- b. Telephone the hotel to make the reservations and use the credit card to reserve the rooms.
  - 1. If one of the traveler's has a District credit card issued in their name, they can charge all of the hotel rooms on one credit card upon checking out of the hotel.
  - 2. If none of the traveler's has a District credit card issued in their name, issue a Purchase Order payable to the hotel and forward the confirmation to Financial Accounting Department for the check to be submitted in advance.

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- c. If allowed by the conference host, the credit card can be used to pay the registration.
  - d. Airline arrangements can be made by using Expedia.com; Orbitz.com; Cheaptickets.com; Travelocity.com or going directly to the airline web site. **TO LIMIT AGENCY FEES, IT IS STRONGLY RECOMMENDED THAT TRAVEL AGENTS NOT BE USED TO BOOK AIRLINE TICKETS.**
- ALL TICKETS ARE NON-TRANSFERABLE AND NON-REFUNDABLE.**

1. The most economical flight must be selected.
2. If the traveler is unable to use the ticket, the site where the ticket was booked must be contacted immediately (at least 24 hours prior) to the flight and the ticket is the property of the School District of Lee County. If the cancellation is due to medical or family emergencies or circumstances beyond the control of the traveler such as weather, other School District business or etc., all fees incurred are paid by the District. If the cancellation is due to changes made by the traveler, the traveler must reimburse the district any fees or cost associated with the cancellation.

5. MISSING DOCUMENTATION

If for some reason the cardholder does not have documentation of the transaction to forward to the Bookkeeper/Department Secretary, he/she must contact the vendor immediately to secure a copy of the charge slip/receipt. If a copy can not be secured from the vendor, the cardholder must forward a statement to include a description of the items purchased and that the receipt was not obtained for the Principal/Department Head's approval. The Bookkeeper/Reviewer must forward the statement approved by the Principal/Department Head with the receipts accompanying the statement for the period. Continued incidents of missing documentation may result in the cancellation of the employee's purchasing card.

6. PAYMENT AND INVOICE PROCEDURES

- a. The purchasing card company will mail an individual billing statement to the cardholder at their office and one consolidated statement for all cardholders to the Financial Accounting Department. This Statement of Account will list all transactions processed during the previous 30 days. If no purchases were made on the purchasing card during the billing cycle, no Statement of Account will be generated unless adjustments for previously billed transactions have been processed during that cycle.
- b. The cardholder must review the statement and note any errors or disputes. Card charge slips/receipts for all items listed on the statement should be attached to the statement. Account numbers for each item (or account numbers and total dollar amounts for groups of items) should be written on the transmittal form to be attached to the statement. The statement will then be reviewed and signed by the Principal/Department Head or their designee. By signing the statement, the authorized signer is



certifying that all charges are appropriate and authorized and that all charges are proved by attached receipts. Once the authorized signer for the School/Department has reviewed and signed all statements for which they are responsible, the statements are forwarded to the Accounts Payable Section of the Financial Accounting Department.

**All statements shall be forwarded to the Financial Accounting Department according to the payment cycle list provided by Financial Accounting Department.**

- c. The Financial Accounting Department will ensure that the Purchasing Card charges are paid timely and that the consolidated statement received is reconciled against the individual cardholder statements forwarded from the Schools/Departments. Principals/Department Heads will be notified when individual statements are not received in the allotted time. Continued failure to meet the five workday deadlines may result in the revocation of Purchasing Cards at the discretion of the Procurement Services Administrator/Purchasing Card Administrator.
- d. If the statement is not received in the Financial Accounting Department prior to when payment is due, the Principal/Department Head will be contacted by the Financial Accounting Department. Any processing charges due to late transactions will be added to the payment. If this happens 4 times, it can be requested by the Procurement Services Department or administrator that the card that causes the violation be returned.
- e. All purchases made by using the purchasing card will be charged to the school/department of the cardholder. There will be no internal transfers for purchases between schools or departments from school to school or department to department for misallotment of material purchased.

D. DISPUTES

- 1. If items purchased with the purchasing card are defective, the cardholder must return the item(s) to the vendor for replacement or credit. If the service paid for with a purchasing card is faulty, the vendor must be notified and directed to correct the situation or provide a credit. **CASH REFUNDS WILL NOT BE PERMITTED.** If the vendor refuses to replace or correct the faulty item or service, the purchase will be considered in dispute. If the quantity of items received is less than the invoice and charge billing, then the transaction must be disputed.
- 2. A disputed item must be explained with a note on the cardholder's Statement of Account before the statement is forwarded to the Accounts Payable section for payment.
- 3. It is essential that the time frames and documentation requirements established by the purchasing card issuer are followed to protect the cardholder's rights in dispute.

## DISPUTES PROCEDURES

A **dispute** occurs when a cardholder questions a transaction that has been charged to his/her account. The following steps must be taken to ensure prompt settlement:

1. The cardholder contacts the Merchant about the transaction and supplies the necessary information to begin the resolution process, **AND**;
2. The cardholder completes the *Bank of America VISA Dispute Form* and faxes to Bank of America (800-538-8788) explaining the reason(s) for the dispute as well as a copy of the statement if the item has posted. Bank of America will then place the transaction into a disputed status.
3. If the problem is resolved between the merchant and the cardholder, the cardholder should write the solution agreed upon on the bottom of the *Dispute Form* that was previously faxed to Bank of America, and fax it to Bank of America as soon as possible. If an agreement cannot be reached, the following steps will be completed:
4. After the item has been entered as a dispute, Bank of America must determine who is responsible by researching the transaction including requesting a copy of the sales draft when necessary. When responsibility for the transaction is determined, the dispute will be settled on-line.
5. When an account is in a dispute status, the disputed amount is still included in calculating the available money for authorizations (monthly limit). At the time the item is placed in dispute, it is removed from all finance charge, late charge, over limit fee, past due amount and calculations. Finance charges, which accrue from posting until the item is placed in dispute, must be handled according to School District's policy. Any cardholder statements generated while the account is in dispute will display the following message:  
  
YOUR ACCOUNT IS IN DISPUTE FOR \$XXX.XX. THIS AMOUNT HAS NOT BEEN INCLUDED IN THE FINANCE CHARGE OR PAYMENT CALCULATIONS.
6. If the cardholder is actually responsible for the transaction, the dispute is settled in favor of Bank of America and no further actions are required. If the cardholder is not responsible for the transaction, the dispute is settled for the cardholder and the Chargeback process may be initiated against the Merchant.
7. If there continues to be problems with a particular merchant, the cardholder should notify the Procurement Services Administrator of the problems.

E. REVIEW OF PURCHASES BY DEPARTMENTS

1. **Because of their knowledge of the job responsibilities and requirements, Principals/Department Heads are required to review each purchasing card expenditure (item purchased, amount, and vendor) to ensure the goods or services were necessary, and for official use.**
2. When purchases are questioned, the Principal/Department Head or a designated administrator will be responsible for resolving the issue with the cardholder. If the Principal/Department Head is not satisfied that the purchase was necessary and for official use, the cardholder must provide either a credit voucher proving the item(s) were returned for credit or a personal check for the full amount of the purchase. Checks must be sent to the Financial Accounting Department with an explanation and account number. A copy will be forwarded by the Financial Accounting Department to the Procurement Services Administrator. Violation of purchasing privileges or use of the card for inappropriate items by an employee will result in confiscation of the card and disciplinary action up to and including dismissal.
3. Serious or continued misuse of the purchasing card will result in the revocation of the card. The Principal/Department Head or other district officials will discipline, as necessary, employees incorrectly using their purchasing card.
4. To help the Schools/Departments in their reviews, management reports will be available from the purchasing card company.

SPECIAL USE CARDS

There may be situations when an employee only needs a Purchasing Card due to job duties associated with a special project. The special use Purchasing Card feature provides a card for these situations and can be activated when needed. The Principal/Department Head should contact the Procurement Services Administrator who will contact Bank of America Commercial Card Services. Once the project is over, the Procurement Services Administrator is notified by the Principal/Department Head and deactivates the card. Activation and deactivation of the emergency cards will be coordinated by the Procurement Services Administrator (or designee). When not in use, the special use cards will be kept locked in a safe in the Financial Accounting Department.

**School District of Lee County  
Purchasing Card VISA Dispute Form  
Cardholder Information**

Name (As appears on Card)		
School/Department		
Billing Address		
City	State	Zip Code
Business Phone Number	Fax Number	
Account Number		

**Dispute**

Incorrect \$ Amount (Attach Sales Receipt)		
Duplicate Posting		
Credit Not Processed (Attach Credit Receipt)		
Other		
Vendor	Product/Service	Dollar Amount

**Provide details about the Disputed Item(s)**


**Has there been a resolution?      YES \_\_\_\_\_      NO \_\_\_\_\_**

Cardholder's Signature	Date
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