



Marysville
School District

PROCUREMENT CARD PROCESS MANUAL



***Report Lost or Stolen Procurement
Cards***

Immediately!!

**JP Morgan Chase Toll Free # 1-800-270-7760
&
MSD Purchasing Department 360-965-0106**

MARYSVILLE SCHOOL DISTRICT PROCUREMENT CARD PROCESS

The District purchasing card provider is JP Morgan Chase & Company. This contract includes access to the *Paymentnet*TM Internet web site for reviewing, tracking, reconciliation, reporting, approval and auditing purposes.

This document provides procedures information and appropriate contacts for assistance to all Marysville School District (MSVL) purchasing card users.

CONTENTS

INTRODUCTION

DEFINITIONS

SECTION I:	<i>Issuance of Procurement Cards.....</i>	<i>4</i>
SECTION II:	<i>General District Protocol.....</i>	<i>5</i>
SECTION III:	<i>Uses of Procurement Cards.....</i>	<i>6</i>
SECTION IV:	<i>Uses of Procurement Cards via Telephone/Internet.....</i>	<i>8</i>
SECTION V:	<i>Credit Limits.....</i>	<i>9</i>
SECTION VI:	<i>Vendor Declines of Procurement Cards.....</i>	<i>10</i>
SECTION VII:	<i>Record Keeping and Reconciliation.....</i>	<i>11</i>
SECTION VIII:	<i>Safeguarding of Procurement Cards.....</i>	<i>13</i>
SECTION IX:	<i>Memorandum of Understanding.....</i>	<i>14</i>
SECTION X:	<i>Fraud Controls.....</i>	<i>15</i>

CONTACTS:

Administrative Issues – Gregg Kuehn, Purchasing Manager, 20110

Accounting Issues – Lisa Erdman, Accounting Manager, 20093

Technical / Reconciliation Issues – RaeDeene Lindsey, Purchasing, 20106

Training – RaeDeene Lindsey, Purchasing, 20106

DEFINITIONS

Cardholder:

Department/school administrator who is ultimately responsible for the card, and for approving purchases.

Card Custodian:

Employee designated by the **Cardholder** as responsible for the safekeeping of cards and the sign out logs.

Card User:

Employee utilizing the card to make purchases.

SECTION I

ISSUANCE OF PROCUREMENT CARDS

All Marysville School District Procurement Cards are standard Purchase cards.

- **Purchase card** – for general purchases of supplies and materials (See Section II, #2) and for general purchases and travel related expense (See Section II, #3).

Cards are issued based on the following structure:

Board Members
Superintendent
Assistant Superintendent
Executive Directors
Assistant Directors
Directors
Managers
Supervisors
Principals
Departments
Associated Student Body (ASB)

Department Administrator may request additional cards by emailing the Purchasing Manager. Please include in your request reasons for the additional cards.

SECTION II

GENERAL DISTRICT PROTOCOL

GENERAL DISTRICT PROTOCOL – The following criteria apply to all users of District purchasing cards:

- A self-assessment form will be required annually to evaluate compliance with procedures.
- Periodic audits will be conducted by the Purchasing / Finance Department to answer questions and assist in following procedures.
- Memorandum of Understanding:
 - Each **cardholder** must have a signed form on file in the Purchasing office
 - Each **card custodian** must have a signed form on file at the school/department
 - Each **card user** must have a signed form on file at the school/department each school year
- A sign-out log must be maintained.
- All cards must be kept in a **locked cabinet or safe** when not being used.
- Cards may **not** be checked out by or be in the possession of:
 - Students
 - Non-employees
 - Employee with unresolved disallowed charge issues; outstanding reconciliations & receipts or repeated violations
- Any exceptions to established policy must be discussed and approved ***in advance*** with the Purchasing Manager. Exceptions may include temporarily raising limits, on a case-by-case basis.
- The procurement cards can only be used for ***current year*** purchases. The transaction date determines the fiscal year to which the item will be charged.
- ***All cards and receipts must be turned in to the department/school card custodian before leaving for the summer****. If any receipts or disallowed purchases are outstanding, the responsible staff member must reimburse the District before leaving.
- ***Notify Purchasing*** regarding any transactions that have not been reimbursed so that payroll deductions may be initiated to recover the amounts.
- ***Notify Purchasing*** immediately for the deactivation of any missing cards.

****Staff may not have procurement card orders
delivered to their homes at any time
for any reason!***

SECTION III

USES OF PROCUREMENT CARDS

PROCUREMENT CARD – The procurement card may be used to make purchases of supplies and materials for District use as well as for all components of extended travel with the exception of **food**. Each user must sign a current Memorandum of Understanding and have prior, written, administrative approval. The card must be signed out on a log sheet prior to use.

ALLOWABLE PURCHASE CARD USAGE:

- Current year materials and supplies under \$5,000.00, including all fees, freight and taxes
- Teachers' classroom supplies and decorations
- Admission to museums, theaters, science centers, zoos, plays, athletic and cultural events
- Local registrations
- Subscriptions and memberships
- Books (excluding textbooks except Curriculum Department), videos, instructional materials between September 1st and the last day of school
- Office supplies in retail stores
- Office supplies online with other vendors (**excluding Office Depot and Amazon**)
- Repair of small equipment
- Tools and supplies as needed for maintenance
- NON-food incentives and awards under \$10.00
- Air fare, train fare, ferry fare
- Extended travel conference registrations
- Hotel/Motel/Lodging reservations and charges
- Gas for rental cars
- Parking
- Cab and shuttle fares (**excluding tips over 15% unless Authorized by Superintendent and/or designee**)
- Telephone and fax charges (actual cost as evidenced by original, itemized hotel receipts)
- ASB approved fees, admissions & activities (must be included on District approved Travel Prior)
- Vendors using PayPal as a 3rd party to process credit card payments is allowable

PROHIBITED/DISALLOWED PROCUREMENT CARD USAGE:

- Personal or any other non-district purpose. If the card is used for these purposes, or if original, itemized receipts are not turned in, or the card is used for prohibited purposes, the user must pay back the District immediately. If this does not happen, a payroll deduction will be processed.
- Food – (**Except ASB**) unless it is pre-authorized by the superintendent and/or designee; or it is a material or tool necessary to teach the class and it is stated in the lesson plan (e.g. science experiment; home economics). The general fund card may not be used to purchase food or snacks for any other purpose.
- Salaries, wages, consultant / contractual services (e.g. DJ's, presenters, parents)
- Cell phones, phone calls
- Cash advances or gift cards
- Restaurants (**Except ASB**) unless it is pre-authorized by the superintendent and/or designee.
- **Gratuities or tips over 15% unless Authorized by Superintendent and/or designee.**
- Gifts (flowers, meals, jewelry for employees or volunteers)
- Gasoline Expenses (except rental car placed on same Pcard)
- Entertainment (**Except ASB** as approved according to established regulations & procedures)
- Equipment * (over \$5,000)
- Furniture – an exception can be made only by contacting Purchasing in advance
- Personal staff development fund purchases – you must pay and get reimbursed for unapproved expenditures
- Purchases costing more than \$10,000.00 – the transaction MAY NOT be split. Be sure to include ALL costs. If it exceeds the limit, DO NOT place the order! Request an increase or create a purchase order.
- No back orders!
- Instructional materials between the last day of school and August 31st for use after September 1st
- No individual accounts through **EBay or PayPal** allowed
- ****NOTE:** Cards and receipts must be turned in to the card custodian before the last day of school. Cards may not be used again for instructional materials until September 1st. All purchases \$10,000 or greater must have prior approval of the Purchasing Manager.

****NOTE: The Procurement Card MAY NOT be used for purchase of equipment or items needing to be inventoried (over \$5,000) e.g.; digital cameras, computers, televisions, other theft sensitive electronics (Exceptions will be made on a case by case basis and require prior approval from the Purchasing Manager.)***

All Technology related purchases, such as computers and software, must be cleared by Technology prior to purchase.

SECTION IV

USE OF PROCUREMENT CARDS via TELEPHONE / INTERNET

- 1) Orders may be placed over the telephone and/or the Internet. ***For Audit Purposes***, an email or fax confirmation and/or receipt must be requested and retained with procurement card records. The packing slip should also be retained, but it will not generally include the cost or shipping charges. The emailed or faxed confirmation must include:
 - Prices for each item, including all other applicable charges (shipping, taxes, fees, insurance, etc.)
 - The telephone number and name of the person with whom the order was placed.
 - A transaction confirmation / authorization / reference number.
- 2) ***BACK ORDERS ARE PROHIBITED***. When contacting a vendor to place an order, inquire as to the availability of items in stock. If any items are out of stock:
 - Make the vendor aware of the prohibition of back orders.
 - Inquire as to the anticipated availability date.
 - If unknown, ask the representative if the vendor can provide notification of availability date so that the order may be resubmitted at that **future** time.
 - If the vendor cannot or will not provide that notification service, place the order using the purchase order process.
- 3) Purchase cards may not be used to pay for items offered by vendors on a pre-approval basis (*e.g., unsolicited mail order cards, flyers, advertisements, telephone or Internet*) or for confirming orders.

***NOTE: Notification of Purchase Card orders
MUST be sent to the Warehouse via email
confirmation or district mail.***

SECTION V
CREDIT LIMITS

The **Purchase Card** credit limits are as follows:

<u>Type</u>	<u>Per Transaction</u>	<u>Credit Limit</u>
Department Standard	5,000.00	50,000.00
Transportation	5,000.00	50,000.00
Technology	5,000.00	50,000.00
Elementary	5,000.00	25,000.00
Middle	5,000.00	25,000.00
High	5,000.00	25,000.00
All ASB	5,000.00	25,000.00

For questions about increasing a credit limit for a particular purchase, or special circumstances, please contact the Purchasing Department.

(Temporary adjustments for one time purchases exceeding the limit can be requested by contacting the Purchasing Department.)

NOTE: The splitting of transactions to circumvent established per transaction limits or to avoid having to initiate a purchase order is strictly prohibited.

SECTION VI

VENDOR DECLINES OF DISTRICT PROCUREMENT CARDS

- 1) If for any reason a **vendor** refuses to accept a District procurement card, please contact:

RaeDeene Lindsey - 20106

Gregg Kuehn - 20110 After hours 425-330-2161

- 2) If the **transaction** is declined, check for the following common reasons:

- Over the per transaction limit*
- Over the total credit line
- Incorrect expiration date
- Incorrect “bill to” address
- Blocked Merchant Category Code (MCC)
- Credit Verification Code omission or mismatch

****NOTE: Check to see if freight, taxes, processing fees, service fees, etc. caused the transaction to exceed the transaction limit. If so, the procurement card MAY NOT BE USED for this transaction. Call for a transaction increase or initiate a purchase order.***

DO NOT DIRECTLY CONTACT JP MORGAN CHASE!

SECTION VII

RECORD KEEPING & RECONCILIATION

- 1) Schools/departments **must use** the *Procurement Card Sign-out Log* to control the use of the procurement card. For internal control purposes, two signatures are required on the sign out log to check out a card; the user and the card custodian.
- 2) **All employees checking out a purchase card or signing as the card custodian must have a signed Memorandum of Understanding on file prior to doing so.**
- 3) Original documents (pre-authorization, packing slips, confirmations, statements, etc.) pertaining to the use of procurement cards must be kept at the school/department with the site's procurement records for 6 years, regardless of type of order (i.e., phone, Internet, etc.), in accordance with the established record retention requirements. Copies of receipts or invoices should be retained in procurement records.
- 4) Schools/departments must reconcile all transactions in *Paymentnet*TM on a **weekly basis**. Deadlines for reconciling transactions are as follows:

Wednesday – Enter account codes and tax information in the Transaction Detail fields in *Paymentnet*TM (see step 5).

Friday – Send printed transactions lists (reports) to Accounts Payable:

* Original itemized receipts are required, showing individual items purchased, to verify that charges are allowable and for a valid District purpose prior to payment being issued.

* The supervisor, principal, or department head must approve all purchases by signing and dating the reports. Reconciliation reports are to be submitted to the Finance Department, Accounts Payable, by Friday of each week with copies kept on site for audit purposes.

- 5) Compensating Tax - In Transaction Detail in *Paymentnet*TM, the field **Comp Tax – Y or N** indicates whether compensating or use tax has been charged by the vendor, shown as sales tax on the receipt/invoice at the point of sale. Compare the receipt to the original amount and tax shown on the Transaction Detail screen; sales tax does not always display in the tax field. **You must check the receipt to verify whether tax has been charged.**

If tax **has not been** charged at the point of sale, enter a 'Y' in the Comp Tax field and change N/A in the Additional field to '1000'.

If tax **has been** charged at the point of sale, enter 'N' in the Comp Tax field and leave N/A in the Additional field.

NOTE: We are obligated to pay sales tax for purchases even if the vendor does not collect Washington State sales tax.
(Services, registrations, memberships and admissions are exempt.)

- 6) Training will be provided to cardholders/reconcilers for use of *Paymentnet*TM, the online reconciliation and reporting program.

NOTE: For training, please call RaeDeene Lindsey 20106

- 7) Vendor discrepancies (e.g., incorrect or duplicate charges, merchandise that has been paid for but not received, or incorrect items shipped) should be handled as follows:
- Contact the vendor to clarify and resolve any differences or problems
 - Document vendor contacts (name of customer service representative, phone numbers, dates, action to be taken, resolution deadline, return authorization numbers, etc.)
 - Return merchandise via a traceable means such as UPS
 - Request proof of delivery
 - **If you cannot resolve the issue, contact the Purchasing Department.** Federal law provides a 60-day window during which formal disputes must be reported to the bank to preserve our dispute rights.

SECTION VIII

SAFEGUARDING OF PROCUREMENT CARDS

- 1) If the procurement card has the name of an individual, the card should be signed with a full legal signature. If the card is assigned to a school/department, the signature strip will contain the phrase, "Request district photo ID".
- 2) The procurement cards should be adequately safeguarded and stored in a secured location when not in use (**e.g., in a safe or locked cabinet**).
- 3) If an administrator or card custodian resigns, retires, transfers, or otherwise terminates, the new administrator or cardholder must submit a signed Memorandum of Understanding to the Purchasing Department.
- 4) ***UNDER NO CIRCUMSTANCES*** may any procurement card, or card account number be checked out to a student, parent, volunteer, or other non-employee.
- 5) Repeated and/or unresolved card usage violations must be reported to Purchasing for further action, in accordance with policies and procedures.

NOTE: Always present Marysville School District identification badge when using the card!

SECTION IX

MEMORANDUM OF UNDERSTANDING

The purpose of the Memorandum of Understanding is to protect the District by insuring that all Marysville School District staff (cardholders, card custodians, reconcilers, and users) understand and agree to abide by the procurement card policies and procedures. It also serves to protect the cardholders from penalties for violations incurred during card usage by non-cardholders.

- 1) All Marysville School District personnel are required to sign a ***Memorandum of Understanding on the Use of District Issued Procurement Card*** if any of the following situations are applicable:
 - Staff member is checking out a procurement card to make purchases
 - Staff member is a cardholder
 - Staff member is responsible for the reconciliation or approval of card transactions
 - Staff member is the designated card custodian responsible for the safekeeping of cards and the sign out logs
 - Staff member is checking out/in cards, in the absence of the card custodian
- 2) The signor agrees to adhere to the procurement card rules and policies as stated in the Memorandum of Understanding; and more importantly,

The signor agrees to reimburse the District and/or authorizes the District to withhold from his/her payroll check, the value of any purchase that is made contrary to the procurement card policy.

-
-
- 3) The Memorandum of Understanding signed by the cardholder is to be retained at the Purchasing Office. All other signed Memorandum of Understanding forms are retained by the school/department.

SECTION X
FRAUD CONTROL

JPMorgan Chase & Co. manages the *Paymentnet*[™] procurement card reconciliation system. The management includes fraud control through account monitoring, verification of transactions with the cardholder, as well as canceling cards to avoid further loss.

If you are contacted by a JPMorgan Chase fraud team member, please respond by having them contact the Purchasing Department.

If you believe there is **FRAUD** on your card:

TO REPORT FRAUD: Contact...
Gregg Kuehn @ 20110 (360-965-0110)
RaeDeene Lindsey @ 20106 (360-965-0106)

***PLEASE! Do not dispute on-line. Do not directly call *Paymentnet*[™]
or JP Morgan Chase regarding disputed transactions.***