

**Area:** Fiscal Systems

**Subject:** FS22 - Purchase Card Program

**Reference:**

**Policy:** A Purchasing Card is a unique business VISA card intended to simplify the purchasing and payment process and reduces the total acquisition cost for small dollar items. Additionally, it provides users with greater flexibility on low dollar transactions.

**Procedure:**

1. Maximum limit of \$500 per card transaction. Maximum limit of \$3,000 per 30-day cycle period per card (22<sup>nd</sup> of month to the 21<sup>st</sup>).
2. The VISA card you receive will have your name and Stanislaus County Office of Education embossed on the card. No one else may use this card. You are the only authorized user. It has been specially designed to avoid confusion with your personal credit cards. The purchasing card is to be used for OFFICIAL SCOE business and MAY NOT BE USED FOR PERSONAL PURCHASES.
3. Prior to receiving the Purchasing Card, you will receive a copy of the Cardholder Account Set-up form. This form will show the 30-day maximum spending limit and single transaction spending limit. The SCOE limit is \$500 per transaction, \$3,000 per cycle.
4. The Purchasing Card is a supplement to the procurement process. As with other procurement methods, the following conditions must be met when using the Purchasing Card:
  - a. The Purchasing Card should be used when the dollar amount for a single item or group of items is less than \$500 (including tax), and the standard purchasing method cannot facilitate needs in a timely manner.
  - b. Each single purchase may comprise multiple items, but the total cannot exceed the single purchase dollar limit on your Purchasing Card.
  - c. When purchases exceed the limit established by the SCOE, standard purchasing procedures must be followed.
  - d. The least expensive item that meets your basic needs should be sought.
  - e. Cardholder must verify that budgeted funds are available prior to making any purchase.
  - f. Cardholder is not to purchase items that are regularly stocked by the department, unless out of stock.
5. The issuance of a Purchasing Card in your name does not allow the credit card company to do any credit check on your personal credit. They will not request any personal information from you, nor should any personal information be furnished.
6. Use of the Purchasing Card is not intended to replace effective procurement planning that enable volume discounts.
7. Purchases of single items whose cost exceed the single purchase limit may not be split to circumvent purchasing regulations per Government Code. It is also against VISA regulations for a merchant to split transactions.

8. Cardholder will reconcile and prepare the monthly Statement of Account, obtain cardholders' manager's signature approval and forward to CSSF business office for payment by the 15<sup>th</sup> of the month. (You will receive the statement by the 25<sup>th</sup> of each month and statement is due by the 15<sup>th</sup> of the next month. Example: statement date 11/22/XX mailed and received by 11/25/XX. You must attach original receipt, sign and give to your approving official who must turn in the statement by 12/15/XX.)
9. If a purchase made with your Purchasing Card is questioned; you must be able to explain the nature of the purchase. If you cannot substantiate that the purchase was necessary and for official use, the department will address this situation.
10. Questions regarding your account balance should be directed to US Bank I.M.P.A.C. Customer Service at 800-227-6736 (available 24 hours a day).
11. As in the case of all expenditures incurred by the SCOE, purchases made with the use of a purchasing card will be subject to audit by the external audit firm.
12. It is the responsibility of the approving official to retrieve purchase cards from employees who leave employment with SCOE. Approving officials should make arrangements to have any outstanding statements forwarded to them.
13. Card Restrictions: The Purchasing Card can be used to purchase supplies and materials that do not exceed the single transaction limit. Numerous merchant code categories are automatically restricted; some are listed below. Some examples of what the Purchasing Card **CANNOT** be used for are:
  - a. PERSONAL USE
  - b. Cash advances
  - c. Fuel purchases (we already have gas cards)
  - d. Dues and membership fees
  - e. Advertising
  - f. Subscriptions
  - g. Donations
  - h. Utility payments
  - i. Leases
  - j. Computer software supplies that are licensed with SCOE
  - k. Rental
  - l. Travel & Entertainment/Business expenses such as registration, meals, hotel/motel, travel, etc. (Except for first night hotel/motel room charge only)
  - m. Food at restaurants. As of 11/1/99, you may purchase food at supermarkets and bakeries per SCOE per diem limits.
  - n. Field trip expenses
  - o. Services

A non-compliance will be issued if card is used for any of the above restrictions.

The above list is not all-inclusive; the Cardholder's Manager, CSSF Accounting Supervisor, or Rocky Mountain may apply other restrictions.

14. Policy for Non-Compliance:

**First time:** Business Services will send the supervisor of the employee a warning letter and the credit card statement. The non-compliant transaction will be highlighted on the statement. Supervisor will speak to the employee.

**Second time:** Business Services will send a letter to the supervisor of the employee. Supervisor will discuss non-compliance with the employee.

**Third time:** Business Services will send last warning letter to department supervisor. The next non-compliance by the employee will result in purchase card cancellation. Exception: A Purchase Card is cancelled if cardholder generates 3 non-compliances within the first twelve months of the card's issue.

**Fourth time:** Cancellation of Purchase Card. Cardholder's manager will take the purchase card and return it to the Business Office.

Non-compliances are accumulative for a 4-year period.

If a purchase card is cancelled, the cardholder must wait one year from the date of cancellation to reapply for a new purchase card.

Reissued purchase cards will be cancelled if 2 non-compliances are given within any 12-month period.

If a reissued purchase card is cancelled, the cardholder will not be eligible to reapply.

**List of non-compliances**

No signature (card holder and manager)

- ◆ No Account Number
- ◆ Receipt must be itemized
- ◆ Statements turned in after the 15<sup>th</sup> of the month (resulting in late charges)
- ◆ No Agenda (food purchases for SCOE events)
- ◆ No list or number of attendees (food purchases for SCOE events)
- ◆ Original receipt missing
- ◆ Purchases violating Card Restrictions (see page 3)
- ◆ No travel authorization attached to the statement (when the room for the 1<sup>st</sup> night was charged)
- ◆ Purchase Card Holder charging more than the 1<sup>st</sup> nights lodging (room only)
- ◆ A single item that is split between two charges
- ◆ Charging someone else's lodging (other than purchase card holder) on your SCOE purchase card
- ◆ Allowing others to use your SCOE credit card

**15. Obtaining a Purchasing Card:**

Complete the "SCOE New Cardholder Application" form (attachment 1) and obtain approval from your Manager. Upon forwarding your form to the Business Office, the application will be reviewed and processed for you. Anyone whose position requires them to routinely make small dollar purchases is a candidate to obtain a Purchasing Card.

**16. Procedure for Purchases:**

- a. The Business Office will notify you when your Purchasing Card has arrived. You must attend a credit card orientation to obtain your purchase card. New authorized officials are also required to attend a credit card orientation. You will be required to sign for the card and sign the back of the card in the presence of SCOE Business Office personnel. Always keep the card in a secure place.
- b. Call the issuing bank at 1-800-227-6736 to activate your card; a notice to do so and instructions will accompany your card upon issuance. You will need to

know your single dollar transaction limit or your approving official for card activation.

- c. You may use the Purchasing Card at any merchant which accepts a VISA card for payment of purchases. You may find that some of our suppliers do not currently accept VISA cards. If any of these suppliers are interested in accepting the SCOE Purchasing VISA card, they should be directed to their local bank or financial institution.
- d. Upon selecting your purchases, present them and your card to the merchant. The merchant will complete a charge receipt which includes the following information at minimum:
  - Imprint of your card; including card number, expiration date, and your name.
  - Date and amount of purchase.
  - Brief description of item (s) being purchased.
  - Imprint of merchant name and identification.
- e. The merchant will obtain authorization for the transaction via either a telephone call or direct telecommunication link to the VISA authorization network. The merchant will obtain an authorization number, as long as the purchase is within the limits established for your card.
- f. Before you sign the charge receipt, verify that the amount is correct and that the sales tax has been added. You will receive one copy of the signed charge receipt. **RETAIN THIS COPY** until you receive your monthly statement of account.
- g. **PHONE ORDERS**
  - i. Before a phone order is made, the SCOE credit card holder must call the vendor (they would like to place the order with) and make sure the vendor will send the SCOE credit card holder an original receipt/invoice and packing slip. After the SCOE credit card holder has determined they will be getting an original invoice and packing slip, the SCOE credit card holder may place the order.
  - ii. The SCOE credit card holder may not let others use their purchase cards to make phone orders.
  - iii. When the SCOE credit card holder has received the statement, they must turn in the original receipt/invoice and packing slip with the statement.
- h. **FIRST NIGHT'S LODGING**
  - i. Staff **may** CHARGE the first night's lodging on their SCOE purchase card if a hotel insists on "charging" instead of "holding" a room. Please note the travel authorization form has been changed to include a box to check if you do charge the first night's lodging.
  - ii. Also note that you **MUST** ask the hotel to send you an invoice **IMMEDIATELY** when they **charge** your card for first night's lodging.
  - iii. The **hotel invoice** **MUST** be included when you reconcile your monthly statement and send it to the business office for payment. You **MUST** also include a copy of your **travel authorization form**.
- i. **INTERNET ORDERS**
  - i. Online orders must be made through secured sites.
  - ii. When the SCOE credit card holder has received the statement, they must

turn in the original receipt/invoice and packing slip with the statement.

- iii. The SCOE credit card holder may not let others use their purchase cards to make Internet orders.

17. Procedures After Purchase:

- a. At the close of each billing cycle, you will receive a Statement of Account from the bank, if you have made any charges. If no charges were made, then statement will not be sent. The statement will itemize each transaction, which was charged to your purchasing card account. Upon receipt of the statement, complete each of the steps below:
  - Review the statement for accuracy.
  - **Senior Data Technician writes in account code number(s) and description of purchase (If charging more than one account per transaction indicate the dollar amount to be applied to each account).**
  - If you have purchased food you will need to attach the agenda and a list or number of attendees to the Statement of Account.
  - If you have charged the 1<sup>st</sup> night (room charge only) you must attach a copy of your approved travel authorization and your original itemized receipt to the Statement of Account.
  - Attach all charge receipts to the Statement of Account, sign and forward to the Manager. The Cardholders Manager shall immediately forward to CSSF business office after signing, within five (5) working days of receipt.
  - If you have returned a purchased item, attach and/or verify any credit vouchers received to the statement on which the credit appears, and indicate the appropriate account number for credit.
- b. If you are charged for an item incorrectly, contact the vendor first to try and resolve the dispute. If this approach is not successful, provide a complete explanation of the error on the form, "Cardholder Statement of Disputed Items", and forward this to the Business Office as soon as possible. The Business Office will notify the bank for adjustment. Any item that is on your statement that you question must be submitted to Business Office within five (5) working days from receipt of the statement.
- c. If you will be unavailable to review your Statement of Account, please forward all receipts to your manager for processing.
- d. It is the **cardholder's** responsibility to retain copies of the monthly statements and receipts.
- e. The Purchasing Card must be used in accordance with these guidelines. Proper accounting procedures must be followed. It is the responsibility of the cardholders involved to utilize a Purchasing Card in a responsible and auditable fashion.

Supervised by: Director I and II

**Performed by:** Division Staff

**Forms needed:** SCOE New Card Holder Application

**Frequency:** On-going