

McPherson

USD 418

Purchasing Card Process Manual

Approved: December 14, 2015

**McPherson Unified School District # 418
Purchasing Card Process Manual**

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Overview

The purpose of the Purchasing Card Program is to establish a more efficient, cost effective method of purchasing and paying for smaller dollar transactions within established usage limits. Typical purchases shall be limited to less than \$500 including delivery, shipping and handling. Purchases exceeding this amount must be pre-approved by central office administration.

This program is designed to replace a number of requisitions, purchase orders, goods received payments, and the use of personal reimbursement of funds.

The program can be used for in-store purchases as well as mail, online, phone or fax orders.

All cards are issued at the request of a district administrator. Card usage will be monitored and cards may be rescinded at any time.

This manual provides the guidelines under which employees may use purchasing cards. Please read it carefully. The employee's signature on the Purchasing Cardholder Agreement (see Appendix 1) indicates that the employee understands the intent of the program and agrees to adhere to the established guidelines. The Business Office will issue purchasing cards after receipt of the signed agreement and completion of required training.

Recordkeeping is essential to ensure the success of this program. Standard payment policies require retention of receipts and other documentation. As with any charge card, sales slips, cash register receipts, invoices, order forms and receiving documents must be retained. In addition, a Purchasing Card Transaction Log (see Appendix 3) must be completed to expedite reconciliation and approval.

Individual transaction limits, including shipping and handling, have been set for all purchasing cards. Each card has also been assigned a billing cycle limit for maximum total dollar amount of expenditures allowed in a billing cycle. The billing cycle will close on the 15th of each month.

Purchases must be for the use and benefit of McPherson USD 418. **NO PERSONAL PURCHASES ARE ALLOWED.**

Some vendor types have been blocked from usage. If you present the card at any of these merchants, the transaction will be declined. If you are declined and believe the decline should not have occurred, you may contact the USD 418 Business Office to determine if the decline was due to the merchant being blocked, exceeding the monthly cycle limit, or exceeding the single transaction limit. Please contact the USD 418 Business Office at 620-241-9400, extension 135.

Examples of vendors that may be blocked include:

- Hotels and motels
- Restaurants (taverns/breweries)
- Airlines
- Transportation (taxi service)
- Package stores
- Insurance services
- Some service providers

Merchants are paid by UMB Bank within three days of each business transaction. Please indicate to merchants that they **MUST NOT** invoice McPherson USD 418.

Remind the merchant of the district's sales tax exempt status when making a purchase. Some merchants may require that a Tax Exempt Certificate be presented at the time of the purchase. See Appendix 8 for the district's Tax Exempt Certificate.

The purchasing card is **NOT** intended to avoid or bypass appropriate purchasing procedures. Rather, the purchasing card compliments the existing purchasing process.

The purchasing card is **NOT** intended for personal use.

Employees are responsible for the security of this card and transactions made against it. The card is issued in the employee's name and any purchases made against the card are the responsibility of the cardholder. **Use of the card not in accordance with these guidelines may result in personal liability.**

Please remember, that each time the card is used, the user is committing district funds. This responsibility cannot be taken lightly.

If you have any questions about this program or need additional information, please contact the USD 418 Business Office, 620-241-9400, extension 135.

CARD USE PROCEDURES

How to Obtain a Card

- Review the Purchasing Card Process Manual
- Ask your administrative supervisor to complete a Card Action Request on your behalf (see Appendix 2).
- Forward the Card Action Request to the Business Office.
- The Business Office will arrange for cardholder training, acquire the card, and notify you when it is available to be picked up.

When you receive the card, sign the back of the card immediately and keep it in a secure place. Although the card is issued in your name, it is property of McPherson USD 418 and is only to be used for district purposes as defined in this manual.

How to Cancel a Card

To cancel a card, the card should be cut in half and forwarded along with a Card Action Request (see Appendix 2) to the Business Office.

Card Renewal

Periodically, the Business Office will automatically renew purchasing cards. Employees will be notified when the renewed card is available to be picked up from the Business Office. Cards that are not used for a year will not be automatically renewed.

How to Report a Lost or Stolen Card

If a purchasing card is lost or stolen, immediately notify UMB Bank Security at 1-800-494-5141 or 1-816-843-2831 and the USD 418 Business Office at 620-241-9400, extension 135.

Purchasing Card Security

Only the authorized cardholder may use the card. Cards and card numbers must be safeguarded against use by unauthorized individuals in the same manner you would secure your personal credit or debit card.

PURCHASING PROCESS—CARDHOLDER RESPONSIBILITIES

General

The card is not to be used for personal or unauthorized travel or entertainment. The card is also not to be used for services. (see Appendix 6 for a list of allowable charges). Purchasing cards may only be issued to employees of McPherson USD 418.

Receipt of Goods and Materials

The cardholder is responsible for ensuring receipt of goods and materials and will follow-up with vendor to resolve any delivery problems, discrepancies and damaged goods.

For telephone, catalog or online purchases, make sure complete shipping address and instructions are provided along with your name (e.g., name, department name, shipping address, city, state, zip code).

If goods or materials are ordered by phone or online, request that the vendor include a detailed sales receipt in the package and explain that the purchase is from a sales tax-exempt organization. Save the credit card receipt and shipping documentation.

Recordkeeping and Documentation

To facilitate the reconciliation and approval process, the cardholder is responsible for keeping all credit card receipts, cash register receipts, packing slips, etc.

The cardholder must also complete a Purchasing Card Transaction Log for each purchase.

Reconciliation and Approval Process

Purchasing Card Transaction Logs, with the sales receipts attached, should be signed by the cardholder and submitted to your supervisor for approval.

PURCHASING PROCESS—SUPERVISOR RESPONSIBILITIES

General

Administrative staff determine who is eligible for a card, authorize cardholder limits, give prior permission for each purchase, and approve Purchasing Card Transaction Logs.

If an employee ends employment with the district or transfers to another department, the administrator is responsible for retrieving and cutting up the card and then sending it to the Business Card. If an employee moves to another USD 418 department, the old department's card does not transfer to the new department. The new department must initiate the process to obtain a new card for the employee.

Each department needs to determine how to secure the cards and card numbers. In some areas it is more appropriate for individuals to carry the cards. In other areas, the cards may be stored in a secure place. In either case, the account number should be protected.

Cards may only be used by the cardholder whose name appears on the card.

Recordkeeping and Documentation

Required documents include a detailed receipt clearly identifying items purchased and a Purchasing Card Transaction Log. Other documentation may include credit slips, packing slips and cash register receipts.

Records must be retained for five years.

Reconciliation and Approval Process

Administrative staff are responsible for editing and approving Purchasing Card Transaction Logs.

- A district administrator or director must sign and approve all transaction logs.
- Purchasing Card Transaction Logs created for purchases made by district administrators or directors, must be signed by that person's supervisor.
- Purchasing Card Transaction Logs created for purchases made by the superintendent, must be signed by the USD 418 Board of Education President.

How to Audit a Purchasing Card Transaction

Before approving a Purchasing Card Transaction Log, check the following information:

- Vendor Name. It must agree with the credit slip/packing slip, paid invoice or receipt. If the vendor name does not agree, check to make sure there is not another transaction it applies to.
- Do not approve a transaction unless the cardholder has provided a credit, cash register receipt or packing slip. Be sure that document clearly identifies and itemizes the purchase.
- Check to make sure the 'Ship To' address on the documentation is correct. This address should be a USD 418 building or department. If not, it should be investigated.

- Note partial shipments on the transaction log.
- **Note any sales tax charged.** Enter a separate log entry for the tax charged. Work directly with the vendor to obtain a correction. In the event the sales tax charge is not recovered, the employee making the purchase may be responsible for paying the sales tax charge.
- Check packing slip for freight terms. On contract items, freight terms must agree with contract terms.

If inappropriate purchases appear, the employee should supply justification. If the justification is insufficient, appropriate measures must be taken. These measures may include returning the goods and receiving credit, paying for the purchase with private funds, or having the employee pay for the purchase. When payment for a purchase is made by a private source or by an employee, payment must be made to McPherson USD 418 and that amount will be credited to the purchase card transaction.

Approved transaction logs and supporting documentation must be sent to the USD 418 Accounts Payable clerk on or before the 18th of each month.

Each department or building will receive monthly statements from the credit card company. The department or building will review these statements for discrepancies and notify the Business Office of any disputed items. If any items are not recognized, contact the vendor. If resolution does not occur, complete a Purchasing Card Dispute Form and submit it to the Accounts Payable Clerk.

All statements along with supporting documentation will be arranged by building or department. **DO NOT ISSUE PAYMENT.** The USD 418 Business Office will process and issue all payments.

BILLING PAYMENT AND ACCOUNT DISTRIBUTION PROCESS

The statement closing date is the 15th of each month.

Each building or department will receive a statement of activity for the month. This is to be used to reconcile Transaction Logs and invoices.

The Accounts Payable Clerk also receives a statement each month identifying charges to the district's account. This statement is used to pay the bank. The bank is paid with one check monthly. The Accounts Payable Clerk generates a payment voucher that matches the statement from the bank.

Paying the Bank

Each building or department will be assigned a person to reconcile the monthly bank statement. The detail logs, along with receipts and/or paid invoices should be matched to the statement. If a receipt is missing, the cardholder should be immediately contacted to see if one has been received. If not, the vendor must be called and asked to provide a detailed receipt, credit memo, or an adequate substitute. If they can only obtain a copy, please remember to certify and sign it. Verify again for sales tax on each purchase and request a credit, if needed.

Once the statement has supporting documentation for each entry on the statement, a Summary Transaction Log must be created. As long as the attached invoice, packing slip or other payment document is detailed, the items purchased may be described in general terms, combined in categories by account number. **ACCOUNTING CORRECTIONS WILL NOT BE ALLOWED ON THESE TRANSACTIONS ONCE PAYMENT IS MADE TO THE BANK.** If a detailed invoice cannot be obtained, a detailed itemization of the charges must be attached, backed up with something from the vendor showing the charge amount. The detailed itemization can be in the form of a transaction log, internal requisition or even a list.

The Summary Transaction Log is to be signed by either the Associate Superintendent or Business Manager.

The Accounts Payable Clerk will send each building or department the monthly statement from the credit card copy. Each building or department will reconcile their Purchasing Card Transaction Logs to this statement. This completed document will be returned to the Accounts Payable Clerk within three working days of receiving the statement.

Charges will be distributed based on the Summary Transaction Logs approved by your department. The individual charges will also show on the month's budget summary. The vendor column will show Card Center NOT the various vendors used.

RESOLVING ERRORS, DISPUTES, RETURNS AND CREDITS

The cardholder is responsible for contacting and following up with the vendor on any erroneous charges, disputed items or returns as soon as possible. (Most issues can be resolved this way).

If the cardholder is unable to reach agreement with the vendor, the next step is to contact the Business Office at 241-9400, ext. 135.

The Business Office may request the cardholder to complete a Vendor Dispute Form and fax (241-9410) or mail the completed form to the Business Office. (see Appendix 5). The dispute form will be forwarded to UMB Bank for resolution with the vendor.

The bank must be notified of any disputed items within 60 days of the last cycle in which the item was purchased. The cycle closes on the 15th day of each month.

Disputed billing can result from failure to receive goods or materials, fraud or misuse, altered charges, defective merchandise, incorrect amounts, duplicate charges, credits not processed, etc. In the even of fraud notify the Business Office immediately.

Documentation should be kept explaining each credit received for returns or exchanges.

SALES AND USE TAX

McPherson USD 418, as an agency of the State of Kansas, is exempt from paying Kansas sales or use tax per KSA 79-3606(b). (see Appendix 8)

BE SURE TO REMIND THE VENDOR OF THE TAX EXEMPT STATUS WHEN MAKING A PURCHASE. The State of Kansas Statute information is printed on the front of each card.

**McPherson Unified School District # 418
Purchasing Cardholder Agreement**

Name of Cardholder: _____ School: _____

Supervisor's Name and Title: _____

Cardholder agrees to accept responsibility for the protection and proper use of the Purchasing Card in accordance with the terms and conditions below:

1. Cardholder agrees to provide supporting receipts from the vendor and a transaction log for each transaction made using the Purchasing Card issued to the cardholder. Failure to report and document any purchase may be deemed an improper use of the Purchasing Card.
2. If the card is lost or stolen, Cardholder shall notify the Purchasing Card Coordinator (Accounts Payable Clerk) immediately.
3. McPherson USD 418 shall be responsible for all charges, including fees and interest, incurred from the proper use of the Purchasing Card.
4. **THE CARDHOLDER MAY NOT MAKE PERSONAL PURCHASES ON THE CARD.**
The cardholder understands that he/she shall be personally liable for any improper use of the purchasing card and agrees to pay McPherson USD 418 any costs incurred by the improper use of the card, other than improper use as the result of a lost or stolen card which was immediately reported as required in paragraph 2, including fees and interest assessed against the improper purchase. Cardholder understands that McPherson USD 418 may withhold amounts attributable to improper use by the Cardholder from any paycheck or other State of Kansas warrant which may be payable to the Cardholder.
5. Cardholder understands that, should his/her employment with McPherson USD 418 be terminated for any reason, the Purchasing Card must be returned to the Accounts Payable Clerk. Cardholder understands that McPherson USD 418 may withhold his/her final paycheck until the Purchasing Card is returned. Cardholder also understands that McPherson USD 418 may withdraw authorization to use the Purchasing Card and require the return of the Purchasing Card any time for any reason.
6. Cardholder understands that use of the Purchasing Card is limited to \$500 per purchase. Individual purchases in excess of \$500 must be pre-approved by a central office administrator. Purchases may only be used for transactions that would be considered official district business. All purchases must comply with district accounting and purchasing statutes, regulations, and policies McPherson USD 418 implements regarding the use of the Purchasing Card.

Purchasing Cardholder Agreement

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7. The following items may not be purchased with the Purchasing Card. The list is not all inclusive:

- Alcoholic beverages
- Automotive repairs
- Cash advances
- Construction, renovation, or installation
- Leases, rentals
- Personal items
- Printing
- Services
- Telephones
- Unauthorized entertainment, meals or travel
- Weapons/Ammunition

If in doubt that a purchase is authorized under this agreement, Cardholder understands that he/she should seek prior approval from the Accounts Payable Clerk. Such approval presumes the proper use of the Purchasing Card.

8. Cardholder acknowledges by his/her signature to this agreement, that he/she has received training in the proper use of the Purchasing Card; has received, read and understands McPherson USD 418 Purchasing Card Manual; and has read and understands this agreement.

Cardholder's Signature: _____ Date: _____

For Agency Use Only

Limit per purchase: _____ (not to exceed \$500)

Approval Supervisor

Supervisor Name and Title: _____

Signature: _____ Date: _____

Approval Accounts Payable Clerk

Clerk Name: _____

Signature: _____ Date: _____

**McPherson Unified School District # 418
Purchasing Card Action Request**

Date of Request: _____

Check the Requested Action

- _____ New Account
- _____ Issue Replacement Card
- _____ Request Replacement of Lost or Stolen Card
- _____ Close Account

Request Changes to Account Controls

- _____ Total Cycle Dollar Limit
Requested Limit _____
- _____ Maximum Number of Daily Transactions
Daily Transactions Requested _____
- _____ Maximum Dollars per Transaction
Maximum Dollars per Transaction Requested _____
- _____ Emergency Card Replacement
- _____ Authorization Override
- _____ Rush Card Request
- _____ Statement Copy Requested
- _____ Sales Draft Copy Requested

Account Number: _____

Cardholder Name: _____

Department/Building: _____

Position: _____

Special Instructions:

Supervisor's Approval: _____ Date: _____

Accounts Payable Clerk Approval: _____ Date: _____

**McPherson Unified School District # 418
Purchasing Card Transaction Log**

Date: _____

Purchasing Card Account Number: _____

Employee Name: _____

Building: _____

Building Account Code: _____

<u>Company/Vender</u>	<u>Description</u>	<u>Amount</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

The product listed above is for the use of McPherson USD 418 and is being expended against an established account with available funds.

Cardholder's Signature _____ Date _____

Approved by: _____ Date _____

Cardholder must complete this form and receive approval BEFORE making a purchase. Please attach all original sales documents and the original charge slip to this log and return to your supervisor within three days of the purchase date.

NOTE TO VEDORS: McPherson USD 418 is sales tax exempt.

**McPherson Unified School District # 418
Purchasing Card Dispute Form**

Employee Name: _____

Purchasing Card Account Number: _____

Building/Department: _____

Amount of Dispute: \$ _____

Date of Purchase: _____

Supervisor's Approval: _____

Details of the dispute (please provide details and a copy of the original receipt(s))

Employer Signature: _____ Date: _____

Send this form to the USD 418 Accounts Payable Clerk

McPherson Unified School District # 418
Allowable/Excluded Purchases

The following is a partial list of allowable purchases:

- Airline tickets
- Clothing
- Classroom supplies
- Conference registrations
- Custodial supplies
- Food for school classroom and extracurricular activities
- Food for school sponsored meals
- Freight
- Furniture
- Gasoline (emergencies only—use school issued Fuel Card)
- Hotel lodging while on school business
- Meals while school business
- Maintenance supplies
- Memberships authorized by supervisor
- Motor vehicle parts
- Scientific supplies
- Subscriptions
- Uniforms

The following is a partial list of items that may not be purchased using the Purchasing Card.

- Alcoholic beverages
- Automotive repairs
- Breweries/Taverns
- Cash advances
- Casinos
- Construction, renovation, or installation
- Leases, rentals
- Maintenance Agreements
- Pawn shops
- Personal items
- Professional Services (doctors, lawyers, etc.)
- Services
- Taxi services
- Telephones
- Service providers such as Financial Institutions, Money Orders Brokers/Dealers, Insurance Sales, Timeshares.
- Unauthorized entertainment, meals or travel
- Weapons/Ammunition

McPherson Unified School District # 418 Tax Exemption Certificate

Kansas Department of Revenue Sales and Use Tax Exemption Certificate

The Kansas Department of Revenue certifies this entity is exempt from paying Kansas sales and/or compensating use tax as stated below.

Kansas Exemption Number: KSS182CAJ8

Expiration Date: 10/01/2020

The tax-exempt entity understands and agrees that if the tangible personal property and/or service are used other than as stated, or for any purpose that is not exempt from the tax, the tax exempt entity is liable for the state and local sales or use tax. The unlawful or unauthorized use of this certificate is expressly prohibited, punishable by fine and/or imprisonment. The certificate is issued for the sole use of the exempt entity as named.

USD 418 McPherson
514 North Main

McPherson, KS 67460-3499



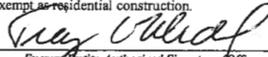
EXEMPT ENTITY INFORMATION:

Authorization and scope:

- K.S.A 79-3606(c) & (d) - Public or Private Elementary or Secondary Schools or Nonprofit Educational Institutions.
- Exemption applies to all direct purchase, rental or lease of tangible personal property and services, except purchases of goods for human habitation and indirect purchases by a contractor for a real property project with a PEC.

Limitations:

- Only direct purchases are exempt through the use of this certificate.
- This entity qualifies for exemption on indirect purchases by a contractor through the issuance of a Project Exemption Certificate (PEC). PECs should be obtained from the department prior to the start of the project. Apply on-line at KDOR's web site: www.ksrevenue.org
- This exemption does not apply to the purchase of any construction machinery, equipment or tools by a contractor used in the constructing, maintaining, repairing, enlarging, furnishing or remodeling facilities for the exempt entity.
- Subject to sales tax are purchases of capital goods used for human habitation (i.e. residential housing and dormitories) to include materials for construction, remodeling or repair and furnishings such as beds, curtains, desks and furniture. Labor services on dormitories are exempt as residential construction.



Exempt Entity Authorized Signature Officer, Office Manager or Administrator
 Tracey C. Wedel

Printed Name

48-6019755

Federal ID Number
 7-28-15

Date

RETAILER INFORMATION:

- To qualify for exemption, the certificate must have an expiration date in the future and be signed by an authorized individual.
- Payment must be made by the entity on their checking account or on a credit/debit card issued to the entity. Acceptance of cash, personal checks, or personal credit/debit cards is not allowed for a tax exempt purchase.
- The entity must have a Kansas exemption certificate. Exemption certificates issued by other states are not valid in Kansas.
- Retailers are required to maintain a copy of the purchaser's certificate in their records for at least 3 years from the date of purchase. Retailers must maintain a current certificate on file.
- Selling tax exempt goods or services that are not exempt by statute may result in the assessment of tax.
- A completed certificate may be used as a blanket exemption for future purchases when of the same type and for the same exempt purpose.

Seller's name and address

Description of goods and/or services purchased

For additional information on Kansas sales and use taxes see Publication KS-1510, *Kansas Sales Tax and Compensating Use Tax* and Publication KS-1520, *Kansas Exemption Certificates*, located at: www.ksrevenue.org. Questions would be directed to Taxpayer Assistance at 785-368-8222.

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