

TO: ALL PRINCIPALS, SCHOOL OFFICE PERSONNEL, and DIRECTORS

FROM: Mark Shepard, Associate Superintendent for Business Affairs
Dwayne Odvody, Director of Purchasing
Jill Pauley, Director of Accounting

SUBJECT: CREDIT CARD PURCHASES

The District has two types of credit cards available for authorized and approved District business:

- 1) **Purchasing Procurement Card** - Available for purchases of low-cost supply items from local suppliers. Not to be used for travel.
- 2) **Travel Credit Card** - Available for business expenses associated with District travel.

The use of the cards is restricted as indicated below:

I. PURCHASING PROCUREMENT CARD

1. The credit cards are available at each location. To use the card, contact the main office at your location.
2. The maximum amount charged on the card, on any one issue, is limited to \$350.
3. The card must be used in accordance with the "Lincoln Public Schools User Guide for Procurement Card Purchasing Program." Copies of the guide are available at each location.

Failure to utilize the card within the established guidelines may result in loss of privilege and/or disciplinary action.

II. TRAVEL CREDIT CARD

These credit cards can be reserved for future travel by calling the Curriculum and Professional Development Department.

1. These credit cards are restricted in use for conference and travel expenses. Each charge made must be paid from travel and supply accounts designated by the division administrator. Conference expenses authorized to be charged against this card include food, lodging, and transportation.

2. When the credit card is used for purchases of meals at a meeting or gathering, you must abide by the restrictions in BA Bulletin #25 (Meal Purchases with District Funds) and/or the dollar limits outlined in BA Bulletin #20 (Business Travel Arrangements and Reimbursement). In addition, the authorized user should write the following information on the back of the customer copy of the credit card receipt:
 - a) People for whom meals were provided
 - b) Purpose of the meeting
 - c) Date and time of the event
3. The customer copy of all credit card charges and the supporting documentation (original, itemized receipts) should be given, immediately upon return, to the division administrator responsible for assigning the payment account number. The administrator should then forward the receipts to the Accounting Department, Box #2, within five (5) calendar days. The division administrator is responsible for assuring that the proper District budget account number is written on the customer copy.
4. Individuals who fail to provide adequate documentation for expenditures, or who have unauthorized items included on the credit card billing, or incur expenditures that do not comply with the provisions of Business Affairs Bulletin #20 and Business Affairs Bulletin #25, will be billed for undocumented and unauthorized expenses.

Failure to utilize the card within the established guidelines may result in loss of privilege and/or disciplinary action.

LINCOLN PUBLIC SCHOOLS

USER GUIDE

FOR

**PROCUREMENT CARD
PURCHASING PROGRAM**

August 2008

PROCUREMENT CARD PROGRAM LINCOLN PUBLIC SCHOOLS

POLICY

The Lincoln Public Schools credit card procurement program provides a convenient and efficient process of purchasing low-cost SUPPLY ITEMS for School District business. This card is to be used solely for Lincoln Public Schools business and may not be used for personal or unauthorized charges.

This is a restricted use card and is NOT to be used to purchase equipment such as appliances and/or small equipment (i.e., printers, microwaves, refrigerators, etc.) It is imperative that charges with this card are restricted to items that pertain to authorized budget accounts of a division, department, or building level.

The use of this card eliminates the need to process requisitions, purchase orders, and invoices. Receipts for charges will be submitted to the appropriate District personnel for proper accounting and subsequent payment by the District accounting office.

I. ADMINISTRATION

The credit card procurement program is affiliated with First National Bank and uses the Visa procurement card administered by the Lincoln Public Schools. Procurement cards are issued to departments and building levels. Each department and building level will designate a procurement card custodian whose responsibility will be to monitor and reconcile monthly statements and complete the paperwork necessary to assure proper use and accountability involved with the program. Initial credit cards will be issued to all departments and building levels with numbers of cards to be determined by the Director of Purchasing. If it is found that additional cards are necessary, they may be requested through the Director of Purchasing.

The procurement card custodian will record card activity by using the Procurement Card Disbursement Log (AC0024). At the end of each billing period, this form will be used to reconcile the procurement card purchases to the statement issued by the procurement card company. Authorized usage, proper account numbers, acquisition of all receipts, and accuracy of amounts is the responsibility of each department and building level. **All accounting procedures must conform to the accepted and stated practices as set by the district Accounting Office.**

Each card user will be required to read and sign the LINCOLN PUBLIC SCHOOLS CARDHOLDER AGREEMENT FORM (AC0026). This agreement form will be on file with each cardholder custodian.

Each procurement card custodian will be required to read and sign the LINCOLN PUBLIC SCHOOLS PROCUREMENT CARD CUSTODIAN AGREEMENT FORM (AC0006).

II. USE OF THE PROCUREMENT CARD

The Procurement Credit Card provides another option to existing purchasing procedures regarding transactions for supplies valued at \$350 or less. No single purchase transaction total is to exceed \$350.

Purchases for restricted items or for transactions in excess of \$350 should continue to be processed in accordance with the established purchasing policies and procedures of the District.

The Procurement Card is not to be checked out over weekends, vacation breaks, or other times in excess of 24 hours.

Unauthorized purchases will be the responsibility of the card user with full reimbursement, including sales tax if applicable, to the School District required. Improper use or abuse of card procedures may result in termination of procurement card privileges and/or disciplinary action.

Please follow these procedures when using the Procurement Credit Card:

- ✓ Identify if the purchase is appropriate for a Procurement Card transaction. Products in stock at LPS Distribution Center or obtainable through an existing LPS contract take precedence over purchases via the procurement card.
- ✓ Check the list of restricted items.
- ✓ Determine if the transaction will total less than \$350. **The procurement card will not be accepted for a transaction amount in excess of \$350.**
- ✓ Complete all necessary documentation required for authorized use of the card.
- ✓ Emphasize to suppliers that LPS is a tax-exempt organization. The tax-exempt number is on the face of the card.
- ✓ Promptly return the card and supporting documentation to the card custodian.

III. DOCUMENTATION AND RECEIPTS

Documentation **MUST** be maintained at its source (department or building level).

Documentation **MUST** support the legitimate business of all transactions made with the Procurement Card.

Supporting documentation should include the following:

- ✓ Copy of packing list when available.
- ✓ Itemized cashier receipt or vendor/supplier invoice.
- ✓ Original copy of signed Procurement Card receipt.

Documentation must accompany the return of the Procurement Card to the card custodian.

Transactions will be routinely audited by Lincoln Public Schools Internal Auditor and external auditing services retained by the School District. Documentation must be retained for a period of three years plus the current school year.

IV. ITEMS NOT AUTHORIZED FOR PROCUREMENT CARD USE

The use of the procurement card is restricted to items that cannot be procured through the District's annual purchasing cycle, items that cannot be procured through the Distribution Center, or exclusive contract agreements made with various suppliers.

The procurement card may not be used to purchase personal items of any kind nor any of the following list of items:

- ✓ Equipment of any kind, except for small classroom items that are not in LPS catalogs and total less than \$350.
- ✓ Alcoholic beverages, drugs, pharmaceutical products, or controlled substances.
- ✓ Personal or special occasion items (such as kleenex tissue, greeting cards, invitations, paper cups or plates, pictures, radios, coffee pots, fans, heaters, art objects, or other small electronic devices, etc.).
- ✓ Conference fees, registration fees, and training fees (except as approved and entered by the card custodians).
- ✓ Food items except those allowed by policy.
- ✓ Airline, rail, or bus tickets.
- ✓ Payments to individuals, employees, or students for any reason.
- ✓ Honorarium payments.
- ✓ Expenses for faculty and staff recruiting, advertising, or entertainment of prospective employees.
- ✓ Moving expenses.
- ✓ Gifts, donations, or contributions to individuals or organizations.
- ✓ Refunds of revenue.
- ✓ Firearms, ammunition, explosives, or other items that are considered to be dangerous.
- ✓ Purchase of, or removal of, hazardous or radioactive materials.
- ✓ Time or lease payments of any kind.
- ✓ Pyramiding (multiple purchases to cover same transaction).
- ✓ Tuition payments.
- ✓ Cash advances.
- ✓ Consulting services.
- ✓ Construction or renovation items.
- ✓ Dues, memberships, or subscriptions (except as approved and entered by the card custodians).
- ✓ Automotive supplies, repairs, or gasoline (except cases of specific pre-approval).
- ✓ Business cards or stationery products.
- ✓ Purchase involving trade of school district property.
- ✓ Telephones, cellular telephones, and related equipment.
- ✓ Cylinder gases and liquid nitrogen.
- ✓ Memorial gifts or flowers for employee related illness or death.
- ✓ Gift certificates.
- ✓ Conference or travel expenses that are reimbursable expenses, except for student groups on one-day field trips.
- ✓ Telephone, fax, or Internet orders (except as approved and entered by the card custodians).

V. TRANSACTION DISPUTES:

Procurement Card users may dispute a charge that appears on their monthly Procurement Card statement. If there is a charge that is not recognized by the user, or if it appears to be incorrect, the building/department MUST contact the LPS Accounting Department within 24 hours of receiving the statement. The request will be sent directly to 1st National Bank for review. Any disputed item is credited to the card until it is resolved.

When 1st National Bank has completed its investigation, the Procurement Card user will be notified of the resolution. If the dispute is settled in favor of the user, the account will be credited for the disputed transaction amount.

VI. LOST OR STOLEN CARDS

It is the responsibility of the procurement card custodian to immediately report the loss or theft of a procurement card to the Lincoln Public Schools Purchasing Department.

VII. RECONCILIATION OF CHARGES

The Procurement Card Custodian is responsible for reconciling all transactions during each billing period.

Changes to transaction account numbers must be made within the allotted time period.

VIII ACCOUNT NUMBER CHANGES

If you need to change an account number on a transaction that has already been posted, send a journal entry request to Matt Bellamy, Box 2. Attach a copy of the receipt to the journal entry request. Keep the original receipt at your location.

PROCUREMENT CARD PROGRAM CARDHOLDER AGREEMENT
Accounting Department
Lincoln Public Schools

Lincoln Public Schools is pleased to present you with the LPS PROCUREMENT CARD. It represents the School District's confidence in you as a responsible employee of the School District entrusted to safeguard and protect the assets of Lincoln Public Schools.

I, _____, hereby acknowledge receipt of a Lincoln Public Schools Procurement Card. As a procurement card user, I agree to comply with the terms and conditions of this Agreement and the stated provisions of Lincoln Public Schools Procurement Card Program User Guide provided to me. I acknowledge receipt of the User Guide and confirm that I have read and understand its provisions. I understand that Lincoln Public Schools is liable to the issuing bank for all charges made by me.

As the user of this Procurement Card, I agree to accept responsibility for the protection and proper use of this card as outlined in this Agreement and User Guide. The Procurement Card must be physically presented to the vendor and cannot be used for telephone/oral transactions nor should the card numbers be given to an unauthorized person. I understand that Lincoln Public Schools WILL audit the use of the procurement card. I understand that I CANNOT use the Procurement Card for the purchase of restricted items listed on the back of this agreement and in the User Guide. I also understand that items, where the Lincoln Public Schools Prime Vendor Agreements and School District Catalogs are in place, MUST be purchased from the Lincoln Public Schools contracted suppliers.

I further understand that improper or fraudulent use of the Lincoln Public Schools Procurement Card may result in corrective action in accordance with the policies of the Human Resources Department. Should I fail to use this Procurement Card properly, I authorize Lincoln Public Schools to deduct from my salary or from any other amounts payable to me, an amount equal to the total of the improper purchases and any applicable sales tax. I also agree to allow Lincoln Public Schools to collect any amounts owed by me even if I am no longer employed by the School District. If Lincoln Public Schools initiates legal proceedings to recover amounts owed by me under this Agreement, I agree to pay legal fees incurred by Lincoln Public Schools in such proceedings.

I understand that Lincoln Public Schools may terminate my right to use the Procurement Card at any time for any reason. I agree to return the card to Lincoln Public Schools immediately upon request or termination of employment.

APPLICANT	
Signature: _____	Date: _____
Printed Name: _____	Employee ID#: _____
Building/Department/Division: _____	

ITEMS NOT AUTHORIZED FOR PROCUREMENT CARD USE

The use of the procurement card is restricted to items that cannot be procured through the district's annual purchasing cycle, items that cannot be procured through the Distribution Center, or items not included in exclusive contract agreements made with various suppliers.

The procurement card may not be used to purchase personal items of any kind nor any of the following list of items:

- Equipment of any kind, except for small classroom items that are not in LPS catalogs and total less than \$350.
- Alcoholic beverages, drugs, pharmaceutical products, or controlled substances.
- Personal or special occasion items (such as kleenex tissue, greeting cards, invitations, paper cups or plates, pictures, radios, coffee pots, fans, heaters, art objects, or other small electronic devices, etc.).
- Conference fees, registration fees, and training fees (except for card custodians).
- Food items except those allowed by policy.
- Airline, rail, or bus tickets.
- Payments to individuals, employees, or students for any reason.
- Honorarium payments.
- Expenses for faculty and staff recruiting, advertising, or entertainment, of prospective employees.
- Moving expenses.
- Gifts, donations, or contributions to individuals or organizations.
- Refunds of revenue.
- Firearms, ammunition, explosives, or other items that are considered to be dangerous.
- Purchase of, or removal of, hazardous or radioactive materials.
- Time or lease payments of any kind.
- Pyramiding (multiple purchases to cover same transaction).
- Tuition payments.
- Cash advances.
- Consulting services.
- Construction or renovation items.
- Dues, memberships, or subscriptions (except for card custodians).
- Automotive supplies, repairs, or gasoline (except cases of specific pre-approval).
- Business cards or stationery products.
- Purchase involving trade of school district property.
- Telephones, cellular telephones, and related equipment.
- Cylinder gases and liquid nitrogen.
- Memorial gifts or flowers for employee related illness or death.
- Gift certificates.
- Conference or travel expenses that are reimbursable expenses, except for student groups on one-day field trips.
- Telephone, fax, or Internet orders (except for card custodians).

PROCUREMENT CARD CUSTODIAN AGREEMENT
Accounting Department
Lincoln Public Schools

LINCOLN PUBLIC SCHOOLS PROCUREMENT CARD PROGRAM

I hereby acknowledge receipt of and accept responsibility for the Lincoln Public Schools Procurement Card(s) listed below. As a Procurement Card Custodian, I agree to comply with the terms and conditions of this agreement and the provisions of the Lincoln Public Schools Procurement Card Program User Guide. I acknowledge receipt of the User Guide and affirm that I have read and understand its provisions. I understand that the Lincoln Public Schools is liable to the card issuer for all charges made with these cards.

As Card Custodian, I will ensure that persons using the cards will be notified regarding adherence to all provisions of the Procurement Card Program Cardholder Agreement and of the Procurement Card Program User Guide and that all card users will have completed and have on file at my location a copy of the Procurement Card Program Cardholder Agreement. I accept responsibility for ensuring that all necessary documentation (including receipts and account number annotations) related to purchases made with these cards are properly accounted for at my location.

I agree to promptly report any loss or misuse of the card(s) listed below to the Purchasing Office. I further understand that any appropriate finance charges and/or other appropriate fees incurred by these cards will be charged to the "default account number" listed for each card.

CARD NUMBER

DEFAULT ACCOUNT NUMBER

Signature

Printed Name

Employee ID Number

Date

School/Department

Email Address

**PROCUREMENT CARD AUTHORIZATION
DEFAULT ACCOUNT NUMBER CHANGE**
Accounting Department
Lincoln Public Schools

Name: _____

Location: _____

Card Number: _____

Date: _____

Current Account Number: _____

New Default Number: _____

Administrator Signature: _____

SAMPLE ONLY

LINCOLN PUBLIC SCHOOLS Procurement Card Program Use and Limitations

Please follow these procedures when using the procurement credit card:

- ✓ Identify if the purchase is appropriate for a procurement card transaction. Products in stock at LPS Distribution Center or obtainable through an existing LPS contract take precedence over purchases via the procurement card.
- ✓ Check the list of restricted items (list on back of this document).
- ✓ Determine if the transaction will total less than \$350.
- ✓ Complete all necessary documentation required for authorized use of the card.
- ✓ Emphasize to suppliers that LPS is a tax-exempt organization. The tax-exempt number is on the face of the card.
- ✓ Promptly return the card and supporting documentation to the card custodian.

Supporting documentation should include the following:

- ✓ Copy of packing list when available
- ✓ Itemized cashier receipt or vendor/supplier invoice
- ✓ Original copy of signed procurement card receipt
- ❖ **Documentation must accompany the return of the procurement card to the card custodian.**
- ❖ **Lost or stolen cards are to be reported to the card custodian as soon as possible.**
- ❖ **The procurement card is not to be checked out over weekends, vacation breaks, or other times in excess of 24 hours.**
- ❖ **Not for travel expenses.**

Unauthorized purchases will be the responsibility of the card user with full reimbursement to the school district, including any applicable sales taxes, required. Improper use or abuse of card procedures may result in termination of procurement card privileges and/or disciplinary action.

ITEMS NOT AUTHORIZED FOR PROCUREMENT CARD USE

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- ✓ Personal or special occasion items (such as kleenex tissue, greeting cards, invitations, paper cups or plates, pictures, radios, coffee pots, fans, heaters, art objects, or other small electronic devices, etc.).
- ✓ Conference fees, registration fees, and training fees. (except for card custodians).
- ✓ Food items except those allowed by policy.
- ✓ Airline, rail, or bus tickets.
- ✓ Payments to individuals, employees, or students for any reason.
- ✓ Honorarium payments.
- ✓ Expenses for faculty and staff recruiting, advertising, or entertainment of prospective employees.
- ✓ Moving expenses.
- ✓ Gifts, donations, or contributions to individuals or organizations.
- ✓ Refunds of revenue.
- ✓ Firearms, ammunition, explosives, or other items that are considered to be dangerous.
- ✓ Purchase of, or removal of, hazardous or radioactive materials.
- ✓ Time or lease payments of any kind.
- ✓ Pyramiding (multiple purchases to cover same transaction).
- ✓ Tuition payments.
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- ✓ Consulting services.
- ✓ Construction or renovation items.
- ✓ Dues, memberships, or subscriptions (except for card custodians).
- ✓ Automotive supplies, repairs, or gasoline (except cases of specific pre-approval.)
- ✓ Business cards or stationery products.
- ✓ Purchase involving trade of school district property.
- ✓ Telephones, cellular telephones, and related equipment.
- ✓ Cylinder gases and liquid nitrogen.
- ✓ Memorial gifts or flowers for employee related illness or death.
- ✓ Gift certificates.
- ✓ Conference or travel expenses that are reimbursable expenses, except for student groups on one-day field trips.
- ✓ Telephone, fax, or Internet orders (except for card custodians).

PROCUREMENT CARD

VERIFICATION INSTRUCTIONS

Every two weeks, your location's procurement card purchases will need to be verified. You will receive a message on your computer when it is time to verify. The message will look like:

"Please check to see if your location has Visa Procurement Card transactions to verify".

This email message will state the date when these charges will be posted.

You will have a menu option on your financial school menu for the Procurement Card System. It looks like:

<p style="text-align: center;"><u>MENU PRCSCH: PROCUREMENT CARD SYSTEM (SCHOOLS)</u></p> <p><u>1. Procurement Card Transaction Verification. . FMS.350</u> <u>2. Procurement Card Transaction Lookup FMS.350L</u> <u>3. Procurement Card Transactions Report FMS.555</u></p>
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FMS.350 will be used to do the actual verification of charges.

FMS.350L is a lookup screen that shows the history of all your school/location's charges.

FMS.555 is the report you will run after each verification process.

FMS.350--Procurement Card Transaction Verification is used to verify each purchase.

The information contained in this file is sorted by the last eight digits of the credit card number. If you know the last eight digits of the card number, you can enter "C" for Change and the card number. If you do not know the card number, you can index and all of the card numbers that have transactions during this verification cycle will be listed. At this point you can put a "C" on the card number you want and it will take you to the next screen.

<u>C</u> Card Number: <u>12345678</u> Change Lookup Index End Index: 1 1 = By Card Number 2 = By Transaction Date
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The next screen displays all of the transactions for the card number selected for this verification cycle.

Location: XXX	Card Number: XXXXXXXXXXXXXXXXXXXX			
CMD Tran Date	Adjusted Account #1	Amount	Merchant Name	Ver?
__ 3/12/2001	01.1460.41200.XXX.006	\$10.87	HYVEE-LINCOLN #3 #1S66	N
__ 4/07/2001	01.1100.41200.XXX.006	\$85.00	WORDS ETC.	N

Place a "C" for Change by each transaction and press the enter key. This will bring up the next screen where you actually verify the information listed and make any necessary changes.

This screen lists each individual purchase.

Card Number: XXXXXXXXXXXXXXXX	Verify? Y
Date of transaction: 3/12/2001	
Account number from card: 01.1100.41200.XXX.006	Transaction Amount: \$10.87
Adjusted account number: Transaction description:	Adjusted Amount:
1. 01.1460.41200.XXX.006 HYVEE-LINCOLN #3 #1S66	\$10.87
2. \$.00
3. \$.00
4. \$.00
5. \$.00
	Adjusted Total: \$10.87
	(Adjusted total must = Transaction Amount)
Vendor name: HYVEE-LINCOLN #3 #1S66	
Vendor city: LINCOLN	
Vendor state: NE	
Vendor postal code: 68521-1196	

If the transaction listed was made by someone at your location, the first thing you want to do is change the Verify Flag from "N" for No to "Y" for Yes.

Each credit card has an account number assigned to it as a default account number. Each transaction will automatically be charged to that assigned number unless you change the account number. You can change the account number by tabbing down to the line where the account number is listed. At this point you can change the account number or add additional account numbers. You can also change or add to the description line. The information listed as the description will be the information listed on your monthly printout. It may be helpful to change the description for teacher allocation funds to include the teacher's name.

If you want to add additional account numbers, tab over to the amount field and change the dollar amount to the amount that is to be charged to the account number listed. Then tab down to the next line and add the next account number. Add a description and the amount that is to be charged to this account number. This screen will allow you to charge up to 5 account numbers for one transaction. If you change the amounts, the program will **not** let you exit unless the total of the adjusted amounts listed adds up to the original Transaction Amount listed.

Once you have made all of your changes, press the enter key and the system will take you to the next transaction. Complete the same procedures until all transactions have been verified. It is very important that all transactions are verified within two days of receiving them. We are on a short time line to make payment to the Mastercard vendor.

You should be using your Procurement Card Disbursement Log when verifying these cards. Once a charge has been verified fill in the "On Bill" column with the date it was verified. There may be times when a charge does not show up right away. This happens because of the timing when a vendor sends in the charge. If this happens, skip the charge on your log and go on to the next charge. If a charge does not show up within a month, please let Accounting or Purchasing staff know so we can investigate the problem.

After you have verified your charges, you should run **FMS.555-Procurement Card Transactions Report**. This report will list the same information as is listed on the verification screen. You can run the report by card number or account number. Run it by card number after you verify and attach all of your receipts and documentation to the report. You need to keep all original documentation for three years plus the current school year for audit purposes.

FMS.350L Procurement Card Transaction Lookup screen will show the history of all charges to any credit card. Once you verify the transactions and the accounting staff processes them for payment, they are removed from the verification screen. At that point, the charges only can be viewed from the lookup screen.

If you are running the report right after you have verified the transactions, leave the submittal screen as is and press the enter key to submit it. If you are running the report after the transactions have been posted, you will need to enter the date range for the transactions you want and change the "Selection by" to "2" (Posted).