

CHAPTER 10

10.17 Purchasing Card Established 03/10/2009

10.17.1 Rationale

The Purchasing Card (P-Card) is a method of payment that provides an efficient and effective method of payment for expenditures. The P-Card effectively decreases expenses and cuts program costs by offering increased control and monitoring of payments while reducing the time and paperwork associated with the use of purchase orders.

10.17.2 P-Card Coordinator

The Business Manager will be responsible for the P-Card administration for Marshall County Schools.

10.17.2.1 P-Card Coordinator Responsibilities

- monitoring and overseeing Marshall County Schools P-Card Program to ensure that internal controls are in place to prevent misuse;
- verifying potential cardholders eligibility to obtain a P-Card;
- ensuring proper completion and submission of applications, cardholder agreements, and maintenance forms;
- ensuring successful completion of any required training for new cardholders and monitoring completion of on-going training requirements;
- determining or verifying the following: credit limit, single transaction limit, number of daily transactions, and number of monthly transactions;
- maintaining cardholder agreement forms;
- reconciling master statements or electronic payment files;
- ensuring the prompt payment of Marshall County Schools master statement/account;
- ensuring that Marshall County Schools cardholders follow all P-Card policies and procedures;
- disseminating updated P-Card information to Marshall County Schools cardholders;
- activating P-Cards;
- ensuring that P-Cards are cancelled and destroyed upon termination or separation from employment;
- providing updated contact information to the State Auditor's Office Local Government P-Card Division;
- identifying possible ethics law violations related to inappropriate activity by cardholders and vendors including the possession of gifts, bribes, etc.;

- conducting periodic reviews of transactions to ensure they are appropriate for Marshall County Schools purchases
- ensuring that all Marshall County School personnel assigned to monitor P-Card transactions have access, either electronically or manually to the transactions made by any cardholder under their purview;
- addressing and establishing additional controls/policies, in a timely manner, as recommended by external or internal audits and reviews.

10.17.3 Physical Controls

Cards and records are to be stored in a secure location to which only authorized individuals have access.

10.17.4 Payment Process

Marshall County Schools shall make all P-Card payments directly to the financial institution. The financial institution should receive payments within twenty-five (25) successive, calendar days after the billing cutoff on a standard monthly payment cycle.

10.17.5 P-Card Issuance

10.17.5.1 Eligibility

P-cards are issued upon request by the P-card coordinator. All P-card holders must be an employee of Marshall County Schools.

10.17.5.2 Application Process

The designated applicant must complete and sign a P-Card Application provided by P-Card Coordinator. The Coordinator must sign the application and indicate the credit and transaction limits and the daily and monthly transaction limits for use of the P-Card. The Coordinator will keep a file of all approved applications for auditing purposes. Applications may be submitted in hard copy or electronically.

10.17.5.3 Cardholder Agreement Form

Approved applicants are required to sign a Cardholder Agreement Form. P-Cards will not be issued without this form. The Cardholder Agreement Form signifies that the applicant acknowledges that he or she has had adequate training, understands the P-Card Policies and Procedures, and accepts responsibility for compliance with the P-Card Policies and Procedures. The P-Card Coordinator will maintain a copy of this form. Forms may be retained in hard copy or electronically.

10.17.5.4 P-Card Delegation

P-Card delegation is prohibited. P-Card delegation is the practice of allowing an individual other than the cardholder whose name appears on the front of the P-Card to have access to the P-Card or P-Card number to initiate or complete a transaction.

P-Card delegation includes allowing an individual other than the cardholder to:

- have physical possession of the P-Card to make payments to point-of-sale vendors;
- have access to the P-Card number and expiration date to make payments via telephone, internet, or in person;
- have access to receipts or invoices that display the P-Card number and expiration date.

P-Cards are issued in an individual's name. Only that person named on the P-Card is the authorized user.

10.17.5.5 P-Card Security

The P-Card must be kept secure. The individual cardholder is accountable for every charge made by or authorized by the cardholder that appears on his or her P-Card.

P-Cards should only be used on secured internet sites. A secured site has a closed "lock" on the screen.

All cardholders are required to sign the back of their P-Card upon receipt.

10.17.6 P-Card Activation

Upon receipt, the cardholder must contact the P-Card Coordinator to activate the P-Card. Do not call the activation number on the front of the P-Card. A four-digit PIN number is required for P-Card activation. The P-Card Coordinator is the only individuals with access to the assigned PIN numbers of the P-Cards.

10.17.7 Instructions for Use

10.17.7.1 General

The P-Card is a preferred method of payment for certain designated transactions or dollar amounts. All applicable laws, rules and regulations, P-Card Policies and Procedures, and other governing instruments must be followed, regardless of the method of payment.

The P-Card may be used to make payments for goods, services, and travel that are not prohibited by P-Card Policies and Procedures. Personal charges are prohibited.

10.17.7.2 Transaction Limit

Individual transaction limits and credit limits are determined by Marshall County School’s P-Card Coordinator. It is a violation of policy to manipulate the ordering, billing, or payment process in order to circumvent established cardholder limits.

10.17.7.3 Usage Restrictions

Except where otherwise exempted by statute, rule, or waiver from the State Auditor’s Office Local Government P-Card Division, the P-Card may not be used to obtain cash, cash credits, or cash advances.

10.17.7.4 Ordering

Payments may be made with the P-Card by phone, fax, mail, secured internet site, or in person. When paying by telephone, fax, mail, or internet, the vendor should be provided with a complete shipping address.

Shipping and handling charges must be included in the stated price and the total charge may not exceed the cardholder’s assigned transaction limit.

When placing the order, the vendor should be instructed to provide an itemized invoice or receipt.

The vendor may not charge the account until the merchandise has been shipped.

10.17.7.5 Tax Exempt Status

Government Entities are tax exempt and should not pay tax to in-state vendors. Cardholders should remind vendors that the Marshall County Schools is tax exempt before initiating a transaction.

The words “Tax Exempt” and Marshall County School’s tax identification number are printed on the P-Card.

The cardholder is required to provide the vendor with a copy of the tax-exempt certificate.

It is the cardholder’s responsibility to ensure charge accuracy. Sales tax or shipping charges should be addressed immediately with the vendor by the cardholder.

10.17.8 Documentation and Reconciliation

10.17.8.1 Statements and Reconciliation

All cardholders will receive electronic (or paper) statements. The statement closing date is the 27th day of every month. Each cardholder is responsible for ensuring that his or her statement is reconciled every month. The P-Card Coordinator is responsible for ensuring the reconciliation of the master account(s). Cardholders should review all transactions to ensure that they are legitimate, for official school business, and that all required documentation is included.

Individual and master statements must be examined carefully for billing errors, or credits made to correct a previously disputed item.

Cardholders may be required to sign an individual statement and submit it to the appropriate office in accordance with Marshall County School's guidelines. The signed statement should be filed with that month's corresponding receipts.

Upon completion of reconciliation, the cardholder should forward his or her documentation to Marshall County School's P-Card Coordinator for review.

10.17.8.2 Disputed Items

Disputed items may result from failure to receive goods, fraud, misuse, defective merchandise, incorrect amounts being charged, duplicate charges, credits not yet received or taxes other than sales tax charged by an in-state vendor. Transactions that appear fraudulent should be reported to the Marshall County School's Business Manager and the State Auditor's Office Local Government P-Card Division immediately.

It is the cardholder's responsibility to ensure charge accuracy. Sales tax or shipping charges should be addressed immediately with the vendor by the cardholder.

The first step in the dispute process is for the cardholder to contact the vendor and attempt to resolve the problem. If the vendor is unwilling to credit the charge, the cardholder must provide documentation that the vendor was contacted and was unwilling to credit the charge and a dispute form should be filed with Marshall County School's Business Manager within sixty (60) days from the statement date that contains the disputed item.

10.17.8.3 Record Retention

For P-Card inspection and post-audit review purposes, it is recommended that Marshall County Schools keep all documentation relating to the P-Card Program (cardholder applications, agreements, maintenance forms and training certificates) as long as the P-Card is active or for two (2) years from the end of the fiscal year in which the last transaction was completed, whichever is longer. Additionally, all transaction documentation should be kept until a post-audit review has been completed by either the State Auditor's Office Chief Inspector Division or a firm approved by the Chief Inspector.

10.17.9 P-Card Maintenance

10.17.9.1 Maintenance Requests

A P-Card Maintenance Request must be completed to make modifications to a cardholder's account.

The request should clearly state the type of maintenance requested such as address or name changes, credit or transaction limit changes, or P-Card cancellation.

Maintenance requests must be signed by the P-Card Coordinator. The P-Card Coordinator should maintain a copy of the P-Card maintenance request.

10.17.9.2 P-Card Cancellation

P-Cards must be cancelled immediately upon termination of or separation from employment. Upon cancellation of any P-Card, the P-Card Coordinator is responsible for ensuring that the P-Card is destroyed and that a P-Card maintenance request is completed.

10.17.9.3 Lost or Stolen Cards

Immediately report lost or stolen P-Cards to the financial institution and the P-Card Coordinator within 24 hours to limit cardholder liability. To report a lost or stolen P-Card, call 1-800-VISA911. The P-Card Coordinator is responsible for ensuring that a P-Card maintenance request is completed.

10.17.10 Fraud, Misuse and Abuse

West Virginia Code, §6-9-2c, states:

“It is unlawful for any person to use a local government purchasing card, issued in accordance with the provisions of section two-a of this article, to make any purchase of goods or services in a manner which is contrary to the provisions of section two-a of this article or the rules promulgated pursuant to that section. Any person who violates the provisions of this section is guilty of

a felony and, upon conviction thereof, shall be confined in a state correctional facility not less than one year nor more than five years, or fined no more than five thousand dollars, or both fined and imprisoned. “

Failure to comply with P-Card Policies and Procedures, rules, and law associated with the P-Card Program may result in revocation or limitation of P-Card privileges, a period of probation, or mandatory P-Card training in addition to any other discipline deemed necessary or appropriate by Marshall County Schools.

Instances of unlawful use, possible fraud, misappropriation, or mismanagement with the P-Card shall be reported immediately to the P-Card Coordinator of Marshall County Schools. The P-Card Coordinator shall report all aforementioned instances to Marshall County School’s Superintendant and the Director of the State Auditor’s Office Local Government P-Card Division within 24 hours of his or her discovery in a format approved by the State Auditor’s Office Local Government P-Card Division.

The P-Card Program is a privilege, not a right, and disciplinary action will be taken for fraud, misuse or abuse of the P-Card.

10.17.11 Definitions

- **Cardholder** - Individual responsible for and named on the P-Card.
- **Cardholder Account Number** - The individual account number assigned to each Marshall County School’s payment account.
- **Cardholder Agreement Form** - A form signed by the cardholder that acknowledges that the cardholder has had adequate training, understands the *P-Card Policies and Procedures*, and accepts responsibility for compliance with all policies and procedures.
- **Cardholder Application Form** - A form that initiates the P-Card issuance process.
- **Disputed Item** - Any transaction that was not authorized by the individual cardholder.
- **Electronic Signature** – An electronic sound, symbol or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record. (See WV Code 39A-1-2(8).
- **Goods** - Materials, supplies, commodities, equipment, and any other articles or items used by or furnished to Marshall County Schools.
- **Individual Statement** - A listing of transactions available monthly to the cardholder indicating all activity on an individual P-Card.
- **Master Billing Account Number** - The master account number assigned to each employee for billing purposes.

- **Master Statement** - A list of transactions available monthly to the P-Card Coordinator indicating all activity on each individual P-Card that rolls up to that employee's master account number.
- **Official Use** - Payments made by a cardholder on behalf of Marshall County Schools as permitted by law and P-Card Policies and Procedures.
- **P-Card Coordinator** - The individual designated by Marshall County Schools to administer the P-Card Program.
- **P-Card Delegation** - The practice of allowing an individual other than the cardholder whose name appears on the front of the P-Card to have access to the P-Card or P-Card number to initiate or complete a transaction.
- **P-Card Provider** - The financial institution providing P-Card services to the Local Government P-card Program.
- **Program Administrator** – The Director of the Local Government P-Card Program in the State Auditor's Office Local Government P-Card Division.
- **Purchasing Card (P-Card)** - A payment account issued in the name of an individual employee of Marshall County Schools for official use.
- **Receipt** - An itemized document indicating the vendor, the price per item, and the total amount charged in a transaction.
- **Transaction** –The payment for goods and services and other items.
- **Transaction Limit** - The maximum dollar amount permitted in any single transaction.
- **Vendor** - The supplier of goods or services to Marshall County Schools.