

# ADMINISTRATIVE PROCEDURES

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## FISCAL MANAGEMENT PURCHASING

AUGUST 5, 2019

Procurement of all supplies, materials, equipment, and services paid for by the District shall be made in accordance with all applicable Federal, State, and local statutes, Board policies, and administrative procedures. Specifically, purchases made with Federal grant funds will be made in accordance with the USDOE requirements (2 CFR 200.317-.326) for the administration and management of Federal grants and Federally-funded programs.

All District employees, officers, and agents who have purchasing authority shall abide by standards of conduct covering conflicts of interest as established in Board Policy GAG as well as the following regulations:

1. All purchases require the approval of the building principal/administrator or the assistant business principal.
2. All purchases over \$2,000 require the approval of the building principal/administrator or the assistant business principal along with approval of the designated central office administrator.
3. All purchases \$10,000 - \$23,000 may be awarded after receipt of written quotations, which will be attached to the purchase order. An attempt will be made to obtain at least three written quotes.
4. All purchases pertaining to procurement of supplies, materials, equipment, or pertaining to construction, renovation, repair, or remodeling over \$23,000 will be awarded after receipt of sealed bids to be solicited by the purchasing supervisor and with the approval of the School Board. An attempt will be made to obtain at least three quotations from competitive bids. Awards will be made to the lowest responsible qualified vendor meeting specifications, taking into consideration the quality of materials or services desired and their contribution to program needs. However, the Board reserves the right to reject any or all bids and to accept that bid which appears to be in the best interest of the district.

The following items are exempt from competitive bidding:

- Professional services
  - Purchases made through governmental entities or purchasing consortiums
  - Magazines, textbooks, books, or periodicals; software licensing and upgrades
5. Emergency purchases may be made with appropriate central office authorization without utilizing the quotation or bidding process. A public emergency may arise as a result of an accident or other unforeseen occurrence which could affect the life, health, or safety of children, and where immediate action cannot await competitive bidding. Fire or damage by the elements to electrical systems, heating, or school plumbing also fall under this heading. All emergency orders will be placed with the vendor by the purchasing department.
  6. To ensure proper inventory tagging and prompt payment, all equipment requisitions will be processed for delivery to the central warehouse.

The Director of Finance is authorized, on a limited basis, to purchase products which are regularly purchased by the district and that are being offered at a special limited price that requires action prior to normal Board committee review and approval process. The district will secure other competitive bids to confirm that the special price cannot be duplicated under the regular Board approval process.

On occasion, because of a need to maintain conformity or compatibility, or to satisfy certain technical requirements, it may be appropriate to seek a product or service from a single source. Any deviations from the bidding requirements of this regulation must be authorized by the director of finance.

Purchase requisitions cannot be processed until all of the above criteria have been met. Requisition procedures are designed to meet the needs of the various operating units within the district and must also follow the purchasing policies as approved by the Board of Education.



# **Livonia Public School District Purchasing Card**

## **Cardholder Guide**

## **OVERVIEW**

Livonia Public Schools is providing an alternate approach to purchasing products by offering a purchasing card (PCard) program to select District employees, administered by JPMorgan Chase Bank.

PCards offer an alternative to existing procurement processes (including petty cash, check requests, and low dollar purchase orders) and provide a convenient, efficient method of purchasing goods and services. District employees and school board members, authorized by the Superintendent, may use PCards for school-related purposes only in accordance with Board policy, the approved budget, and district cardholder guidelines. PCards shall not be used to circumvent the general purchasing procedures required by Michigan law and Board policy.

These policies and procedures are intended to provide guidelines to cardholders in utilizing their PCards, and all cardholders should carefully read this document. A cardholder's signature on the 'Livonia Public Schools Cardholder Agreement' indicates that the cardholder understands the intent of the program and agrees to adhere to these guidelines.

This Cardholder Guide provides information about the process, the types of purchases that can and cannot be made, records that must be maintained and reconciled for each cycle, and a variety of other Program information.

**PLEASE REMEMBER THAT YOU ARE COMMITTING DISTRICT FUNDS EACH TIME YOU USE THE PURCHASING CARD.** You are the person responsible for all charges made to the card, which has been issued to you. Intentional misuse or fraudulent abuse may result in disciplinary action up to and including dismissal.

The card will have no impact on your personal credit. Although the card lists an individual's name, the card is actually issued to the Livonia Public Schools School District.

## **OBTAINING A CARD**

Only employees of the Livonia Public Schools School District are eligible to receive a PCard. Contractors or temporary employees are not eligible. You are responsible for the security of the card and all transactions made against the card. You will be required to sign a Purchasing Card Cardholder Agreement as part of the Purchasing Card application.

When you receive your PCard, immediately sign the back of the card and always keep it in a secure and locked place. Although the card is issued in your name, it is the property of the Livonia Public Schools School District and is only to be used for district purchases as defined in this guide. Fraudulent use or misuse of the card will result in revocation of the PCard. Livonia Public Schools will seek restitution, including any costs associated with obtaining restitution, for any inappropriate charges made to an account. Misuse of the PCard may result in corrective action up to and including termination and/or possible criminal action.

## **PURPOSE**

The purpose of the PCard is to provide the District with an alternate method of purchasing goods and services. The PCard enables employees to order and receive products directly from any vendor who accepts MasterCard, gives employees the authority and flexibility to purchase supplies when the District needs them at competitive prices, and helps employees get faster delivery on low-cost items.

## **PROGRAM ADMINISTRATION**

The PCard program is administered by JPMorgan Chase Bank, under a statewide purchasing card program designed for Michigan public school districts. The District receives a cash rebate based on the volume of purchases made through the program. Internet access to Cardholder accounts is the Smart Data Online application at <https://smartdata.jpmorgan.com>

## **DISTRICT'S PURCHASING CARD ADMINISTRATOR**

The district's Purchasing Card Administrator is Alison Smith and can be reached at 734-744-2584 or by email at [asmith34@livoniapublicschools.org](mailto:asmith34@livoniapublicschools.org).

## **PURCHASING CARD RESTRICTIONS**

All purchases made using the PCard must be for official school business. The following types of transactions are prohibited on the PCard:

- personal purchases
- personal travel
- gas for your personal vehicle, even while traveling on district business
- capital outlay, unless approved in advance by the Director of Finance
- alcohol
- business meals that included alcohol
- tobacco
- telephone calls
- cash advances
- cash transactions such as money orders, ATM, wire transfers

This is just a partial list. Please contact your administrator for further information. A good rule of thumb is: if you would normally use a purchase order, you can probably use your PCard for this purchase.

Each PCard has been authorized for a maximum amount per transaction. This is the amount available on the card for a single purchase. A transaction includes the purchase price, plus freight. The single transaction limit is listed on your Cardholder Account. Once set, the card will reject purchases for amounts greater than the limit. Under no circumstances should a transaction be split into two separate receipts to bypass the single transaction dollar limit. Each card also has a monthly total limit which, once established, will deny further transactions in that month. Requests for changing the limits may be submitted to the District's Purchasing Card Administrator.

## **USING THE CARD**

### **A. Making a Purchase**

- Do not issue a Purchase Order for purchases made with the PCard.
- For in-person purchases, the cardholder presents the card at the cash register, signs the charge receipt and takes the charge and cash register receipts and leaves with the purchase.
- For telephone orders, the cardholder must request and obtain a receipt from the vendor documenting the sale, either by mail, fax or email. In many cases, a receipt is included with shipping documents for purchases made over the telephone.
- For Internet purchases placed online, the cardholder must print out the invoice from the online vendor as verification of the purchase. In many cases, a receipt or packing slip is included with shipping documents for online purchases.
- If the PCard is used to register for a workshop or conference, and the “credit card” information is entered on a registration form, a copy of the registration form showing the amount charged for the registration along with any registration confirmation must be obtained as a receipt.
- **Cardholders shall keep all receipts/invoices and any related shipping documents in a safe place for submission as part of the monthly reconciliation process outlined in the “Cardholder Recordkeeping and Reconciliation Requirements” section below.**
- Sales tax *should not* be paid on purchases made with the PCard. The school district is exempt from paying state sales tax on purchases made for goods and services. Each PCard has the federal identification number of the school district imprinted on it just to the right of the district logo. Most vendors accept this number as the “tax exempt number” when purchasing transactions are made. Occasionally, vendors or merchants may request that a sales tax exemption certificate be provided before they remove the sales tax from a transaction. Please contact the Business Office to obtain a Michigan sales tax exemption certificate. While Michigan does not have reciprocal agreements with other states, it is always good to ask for the tax-exempt status. Most times the request will be honored.

### **B. Shipping and Receiving Information**

- The cardholder must provide the vendor/merchant with appropriate shipping information or a delay in the delivery of the shipment may occur. All shipped goods must be shipped to a Livonia Public School business address. All shipping documents received from vendors/merchants must be submitted with the credit card receipt/invoice as described in the “Cardholder Recordkeeping and Reconciliation Requirements” section below.

### **C. Incorrect Shipments or Returns**

- If a shipment is incorrect, or if there are product quality or service issues, the cardholder should contact the vendor/merchant to arrange for a return, exchange, or credit. If the vendor agrees to issue a credit, the cardholder must get a receipt noting the credit from the vendor/merchant, and the cardholder shall verify that the credit is properly reflected in the next monthly reconciliation statement. It is the cardholder’s responsibility to know and adhere to the vendor/merchant’s return policy.

## **CARDHOLDER RECORDKEEPING AND RECONCILIATION REQUIREMENTS**

Cardholders must keep all original sales documents (receipts, packing slips, cash register tapes, credit card slips) from purchases made on their PCard. *The credit card slip is not considered adequate documentation; you must have a receipt that itemizes all items purchased. This is especially important for district business meals charged to the PCard. You must have a restaurant receipt itemizing the meal purchase for verification that nothing was nonallowable (i.e. alcohol). All district limitations still apply.*

If a receipt is lost or stolen, the Cardholder should obtain a duplicate copy of the receipt from the vendor or from the bank, JPMorgan Chase. The Cardholder is responsible for the bank fee for this service. If a receipt is not submitted, the charges become the personal responsibility of the Cardholder and will be withheld from the Cardholder's payroll check.

At the end of each billing cycle, JP Morgan Chase will email cardholders a report with transactions charged to the PCard for the billing period. When there is account activity, cardholders will need to review and reconcile their accounts. This includes verifying transactions against receipts for accuracy and assigning a proper budget code for each transaction. The reconciliations must be completed within ten calendar days. Failure to properly reconcile your statement will result in suspension of your account.

Original documents will be required to be submitted to the Finance Office with the cardholder's monthly Expense Report. The cardholder should sign the report, staple all receipts to the back of the report, and forward to Finance Office.

## **PAYING THE BILL**

The PCard is a corporate pay arrangement. Account balances will be paid in full each month by a direct charge to a Livonia Public Schools bank account.

Your purchases will be charged to an expense account based upon the account number that you have entered on your Expense Report.

Do not generate a Purchase Order or check request for the purchases you make on your PCard.

## **REFUSAL OF CARD OR ACCOUNT**

If your purchase is declined, the vendor will not know why the sale did not go through. Turn your card over and call the customer service number. Every effort will be made to determine why the transaction was declined.

Merchants are to be encouraged to become involved in the Purchasing Card Program so that you can use the Program most effectively. Merchants may contact their local bank or financial institution to become credit card capable. For those merchants that are unwilling to participate in the Program, alternative sources should be found.

### **LOST OR STOLEN CARDS**

Your Purchasing Card must be secured, just as you would secure your personal credit cards. If your card is lost or stolen, immediately contact JPMorgan Chase via this toll free number 1-800-316-6056. Also notify the district's Program Administrator at 734-744-2584 or extension 42584.

### **RESOLVING ERRORS AND DISPUTES**

The cardholder is responsible for keeping track of how the PCard is used and for its safekeeping. Just like any credit card, the cardholder should protect against fraudulent use of the PCard.

In the case of an error, the cardholder should first contact the vendor immediately and try to reach an agreement. Most disputes can be resolved between you and the vendor directly. Examples of discrepancies include incorrect transaction amounts, unauthorized purchases that show up on the monthly reconciliation statement that were not made by the cardholder.

If you are unable to reach an agreement with the vendor, complete the Dispute Form link in the transaction on Smart Data Online and submit it to JPMorgan Chase Bank. Print a copy of the Dispute form and send it to the Finance Office. All disputes must be initiated with JP Morgan Chase Bank within 60 days of the statement. Disputes may also be made via fax at 1-847-622-2495 or 1-847-931-8861 or via mail to:

JPMorgan Chase  
2500 Westfield Drive  
Mail Code IL1-6225  
Elgin, Illinois 60123  
Attention: Disputes Dept.

### **TRANSFER OR TERMINATION OF EMPLOYMENT**

Upon transfer or termination of employment of a cardholder, the PCard must be turned in to the cardholder's administrator and forwarded to the Purchasing Card Administrator, as part of the exit interview process. The PCard will be deactivated immediately.

### **PURCHASING CARD AUDIT ACTIVITY**

Your purchasing card activity is subject to random audits by the Finance Office and/or the district auditing firm to help ensure adherence to the program's policies and procedures

### **QUESTIONS**

Any questions not specifically addressed in these guidelines can be directed to the District's Purchasing Card Administrator.