



Shrewsbury Public Schools

Patrick C. Collins, Assistant Superintendent for Finance & Operations

10 December 2015

To: School Committee

1. Procurement Card: Vote to Approve

Background

The district has a need for a Procurement Card [P-Card] Program for a variety of reasons. First, each year we have staff chaperoning students on out-of-state or overseas trips. In the event of a financial-related emergency the staff chaperone may have to procure goods or services [e.g. medications, airline tickets, hospital services, hotel rooms] with a credit card. It is neither reasonable nor prudent to expect a staff chaperone to use their personal card to do this. Secondly, the district occasionally needs to make time-sensitive emergency purchases with local vendors and again expecting a staff member to use their own credit card is not reasonable. Lastly, with the growing move to *ecommerce* an increasing number of vendors are unwilling to extend credit to customers and accept a purchase order as a promise of future payment.

Although procurement cards in both the private and public sector have been in place for many years, neither the Town nor School Department have a procurement card or credit card available for use by staff.

Vendor Selection Process

Several years ago, the Massachusetts Association of School Business Officials [MASBO] conducted a P-Card Selection process on behalf of all its members and selected the "Illinois ASBO Program". This program uses a *MasterCard* platform through Harris Bank/Bank of Montreal. The IASBO P-Card Program is in more than 850 schools across sixteen states and has over \$850M in collective spending. Approximately 23 Massachusetts school districts are now using this program.

Since this is a proven program with a multitude of controls in place, I have selected this program as most advantageous to the district.

Uses

While there are many uses for P-Cards to include eliminating small-dollar purchase order processing, our use will be targeted for staff/student travel, emergency procurement, and use with vendors who do not accept purchase orders.

Controls

Cards will be maintained at Town Hall and issued on an as-needed basis to staff with the approval of the Assistant Superintendent for Finance and Operations. When staff take a card for travel to a conference or chaperoning student travel, they will be provided written notice on appropriate uses and prohibitions. Cards will be set with charge limits and coded to prohibit use at targeted merchant categories. Further, staff will still be required to submit original, detailed receipts for all purchases and internal purchase orders will be used to encumber funds in our budget. I have and will continue to work closely with the Town Accountant on this topic to ensure ongoing compliance with municipal and state laws and regulations pertaining to procurement and recordkeeping.

Approvals Required

The IASBO P-Card Program requires school committee approval via “board resolution” and vote to approve in order to proceed. Please see the attached document.

Proposed Implementation Plan & Timeline

Contingent upon your approval, I am proposing that we begin implementation per the timeline below:

- December: Vote to approve and complete application materials
- January: Order cards and set up on-line account access,
 Business Office and Town Accountant Office complete training
- Feb.- June: Begin use of cards on trial basis and monitor

Recommendation

It is recommended that the school committee vote to approve the enclosed board resolution to implement the MASBO/IASBO P-Card Program. The Town Accountant is supportive of this recommendation.

Also, it is recommended that the school committee vote to approve the enclosed Procurement Card Terms and Conditions of Use to regulate card usage.



Shrewsbury Public Schools

Procurement Card [P-Card] Program

Terms and Conditions

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A) Introduction

The P-Card program is NOT designed to circumvent our purchasing process but rather to enable travel-related and emergency procurement. It may also be used in instances when a vendor will not accept a purchase order for the sale of goods or services. The P-Card program should be viewed as a payment method card program. With the exception of emergency procurement, all other purchases are still required to have prior approval with an approved internal purchase order in place.

B) P-Card Overview

All purchases must be made in compliance with the Shrewsbury Public Schools and State of Massachusetts purchasing laws, regulations, policies, and guidelines. The Business Office establishes the number of cards for the district and individual card limits based on district needs.

C) Personal Liability and Your Credit Rating

The use of the procurement card (P-Card) results in Shrewsbury Public Schools liability, not a personal liability for the card user. Your credit rating will not be affected. However, remember that you sign an agreement with the district prior to using the card and, as such, you are responsible for any misuse of the card as outlined in this manual.

D) Security of Cards

It is the card user's responsibility to safeguard the P-Card and card account number. The card should be treated with the same level of care you use with your personal credit card. Users are prohibited from lending the card to anyone or allowing others to charge expenses to it.

E) Guidelines for P-Card Use:

- For each purchase using the P-Card, the cardholder is responsible for submitting to the Business Office an itemized receipt or invoice.
- The card user shall inform the vendor that the purchase is NOT subject to sales tax, as the district is exempt. An "Exempt Organization Certification Card" will also be given to each card user.

The card user will be required to reimburse the district for any avoidable sales taxes charged.

Types of authorized purchases include:

- 1) Lodging and meal purchases according to approved per diem rates with approved conference request form on file.
- 2) Pre-approved on-line purchases to vendors that are unwilling to accept purchase orders
 - a) Only purchase items from companies that are reputable and creditable.
 - b) When entering P-Card information, make sure you are on a secure site.
 - c) All orders should be shipped before a billing transaction occurs on the P-Card.
- 3) Emergency procurement related to staff or student safety or the safeguarding of district assets.

Unauthorized P-Card Use includes:

- 1) Cash advances, wires transfers or money orders
- 2) Anything without prior authorization by the Business Office [except emergency procurements]
- 3) Any “personal” purchase not related to district business
- 4) Alcohol, tobacco, gambling/lottery purchases
- 5) Gift Cards

F) P-Card Receipt/Invoice Processing

- a) The card user must identify the district corresponding PO number on each receipt or invoice.
- b) The card user verifies each invoice or receipt by signing the invoice or receipt which indicates all items or services have been received and the amount on the receipt or invoice should be paid. Any packing lists or shipping documentation should be forwarded to the Business Office with the invoice or receipt.
- c) Attach the P-Card payment receipt to the original invoice/receipt.
- d) All itemized receipts/invoices, P-Card receipts, packing lists and or shipping documentation should be forwarded DIRECTLY to the Business Office.

H) Lost or Stolen Card

If your card is lost or stolen, the user is responsible to immediately contact the Business Office. Upon notification, the card will be suspended immediately and any charges posted to the account after “missing date” will be denied.

I) Consequences of Failure to Comply with P-Card Policy

Any misuse/abuse of the card or other failure to comply with these procedures will result in the following card user consequences:

- Revocation of future use of the card.
- Disciplinary measures (up to and including termination of the user).
- In addition, if the misuse involves personal transactions, the card user must repay the district for all personal amounts, including any applicable state or county sales taxes.

NOTE: A card user who makes unauthorized purchases or carelessly uses the P-Card may be liable for the total dollar of such unauthorized purchase plus any administrative fees charged by the card issuer in connection with the misuse. The card user will also be subject to disciplinary action, up to and including termination.

Attachment A

Shrewsbury Public Schools P-Card Program User Agreement

Employee Name _____ Position Title _____
P-Card Number _____ Date of Card Issuance _____

As an employee of Shrewsbury Public Schools and as an Authorized P-Card User, I understand and agree to the following Agreement made on this ___ day of _____, 20__, between the Shrewsbury Public Schools. I have been entrusted with a procurement card ("P-Card") for use in the purchase of goods and services solely and exclusively for the authorized business purposes of the district; and agree to abide by the terms and conditions of the P-Card as set forth by the district. The designation as an Authorized User is assigned based on current job responsibilities and may be revoked or revised if job responsibilities change, as identified by my supervisor(s).

- 1) This P-Card may only be used to for job-related expenses.
- 2) The Authorized User shall not use the P-Card for the purchase of any goods or services which are not authorized by the direct written approval of the Business Office supported with an approved purchase order.
- 3) Use of this card will be limited as forth by district policy, administrative regulations, procedures and direct supervisory oversight. Limits may include but not limited to use with approved merchants, daily or monthly expense limits, per transaction amounts, and type of transaction (such as internet, telephone or fax transactions).
- 4) The Authorized User hereby agrees to immediately return the P-Card upon request.
- 5) The Authorized User shall submit original detailed receipts and such other reasonable documentation of goods or services purchases as requested by the Business Office.
- 6) The Authorized User must immediately notify the Bank and the district Business Office in the event of a possible loss, theft, or unauthorized use of the Card. The Bank should be notified by phone at (800) 361-3361 or by fax notice at (888) 224-5394. The district Business Office should be contacted at (508) 841-8400.
- 7) The Authorized User shall immediately indemnify the district for any improper or unauthorized expenditure and for any and all costs and expenses (including attorneys' fees and expenses) incurred by the district in recovering improper or unauthorized expenditures by the Authorized User.
- 8) In addition to reimbursement and recovery of costs in Paragraph 7, above, use of the card for improper or unauthorized purchases will subject the cardholder to loss of card privileges, employee discipline up to and including dismissal and criminal prosecution.
- 9) I acknowledge that I have read the P-Card Terms and Conditions, and understand that it is my responsibility to read and comply with such and any revisions or updates made to it.

Employee/Card User, Shrewsbury Public Schools

Signature

Date



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Resolution Authorizing Issuance Of Individual Procurement Cards

WHEREAS, the School Committee of the Shrewsbury Public Schools has the authority to enter into an agreement with the Bank of Montreal for purchasing cards;

NOW, THEREFORE, BE IT RESOLVED by the School Committee of the Shrewsbury Public Schools that the Chairman is authorized to enter into an Agreement with the Bank of Montreal to secure Procurement Cards for each authorized employee or department of the school district under such terms and conditions as approved by the Board.

The School Committee authorizes the Superintendent to execute a p-Card program agreement on its behalf.

Approved this _____ day of December 2015.

Ayes_____

Nays_____

Chairman_____

Date_____