Purchasing Card Background

WHAT ARE PURCHASE CARDS
- They look and operate similar to credit cards
- They **do not** carry a revolving line of credit
- Usage and authorization parameters can be reviewed and managed via the internet by district administration
- Administrators can control what can be purchased, where and limit amounts per transaction and month
- Purchasing Cards have been in utilized since 1998, and nationwide by school districts since 2003.

CURRENT PROCESSES
- Less than 2% of the General Fund budget is spent on supplies ($745,000)
- Last year 2,721 purchase orders were written
  - Of those, 2,295 (or 84%) were less than $1,000
  - And 1,900 (or 70%) were less than $500
- It is estimated the average cost of processing a purchase order manually is approximately $75. Automating procurement reduces that cost to between $10 and $40.

GFOA RECOMMENDATIONS
The Government Finance Officers Association (GFOA) recommends that governments explore the use of purchasing cards to improve the efficiency of their purchasing procedures. Purchasing card programs should be designed to be simple and easy to use; however, governments need to maintain appropriate controls to ensure the ongoing success of a purchasing card program. These controls should include:

- Written agreements with banks, which include fee schedules and processing procedures,
- Written policies and procedures for internal staff,
- Instruction on employee responsibility and written acknowledgements signed by the employee,
- Spending and transaction limits for each cardholder both per transaction and on a monthly basis,
- Written requests for higher spending limits,
- Recordkeeping requirements, including review and approval processes,
- Clear guidelines on the appropriate uses of purchasing cards, including approved and unapproved merchant category codes (MCC),
- Guidelines for making purchases by telephone and fax or over the Internet,
- Periodic audits for card activity and retention of sales receipt and documentation of purchases
- Procedures for handling disputes and unauthorized purchases,
- Procedures for card issuance and cancellation, lost or stolen cards, employee termination and
- Segregation of duties for payments, accounting and reconciliations.

ALL GFOA RECOMMENDATIONS HAVE BEEN ADDRESSED IN THE ATTACHED PURCHASE CARD GUIDELINES