

OFFICE OF THE COMPTROLLER

Accounts Payable

Procurement Card Management

This regulation supersedes Regulation 5350.2.

I. PURPOSE

To establish procurement card program procedures.

II. SUMMARY OF CHANGES SINCE LAST PUBLICATION

This regulation has been revised in its entirety.

III. OVERVIEW

Procurement cards provide an alternative method for Fairfax County Public Schools (FCPS) to purchase goods and services in an efficient and effective manner. Given the ease of use, it is critical that the program manager ensure goods and services are purchased in accordance with established procurement policies and regulations. Additionally, to protect against fraud and misuse, the program manager must safeguard procurement cards issued to him or her and ensure adequate internal controls are in place and followed.

IV. RESPONSIBILITIES

- A. The Office of the Comptroller, Department of Financial Services, shall be responsible for reviewing and updating this regulation and for administering the procurement card program.
- B. The program manager shall be responsible for ensuring compliance with the provisions of this regulation.

V. DEFINITIONS

- A. Procurement Card—A purchasing card issued by a financial institution for the purpose of acquiring goods and services in an efficient and effective manner.
- B. Procurement Card Administrator—A financial services employee assigned to administer the procurement card program.
- C. Program Manager—Principal, director, or an individual with fiscal oversight of operations who approves purchases and ensures transactions are conducted in accordance with

FCPS policies and regulations.

- D. Card User—A FCPS employee authorized to use procurement cards to purchase goods and services.
- E. Card Custodian—A FCPS employee assigned by the program manager to safeguard and release procurement cards for pre-authorized use. The employee also must maintain a procurement card log to ensure transactions are recorded in a timely manner.
- F. Reconciler—A FCPS employee assigned by the program manager to verify and reconcile transactions against the financial institution's procurement card statement.
- G. Signature Authorization Form—A, FCPS form (FS-126) used to authorize designated employees to approve and sign financial and procurement documents.
- H. Department or School Named Card—A procurement card issued in the name of the department, school, or center used by multiple authorized personnel within the program manager's assigned area of responsibility. This card has limited disputing rights with the financial institution to research and recover funds for unauthorized charges.
- I. Individual Named Card—A procurement card issued in the name of the individual user of the card. This card has enhanced disputing rights with the financial institution to research and recover funds for unauthorized charges.
- J. Declining Balance Card—A procurement card with a predetermined dollar limit based on project funding used by the Department of Facilities and Transportation Services to purchase equipment for school renovations and other construction projects.
- K. Financial Institution—The contracted procurement card service provider who issues procurement cards. The current financial institution is JP Morgan Chase.
- L. PaymentNet—An online procurement card management system provided by the financial institution, JP Morgan Chase.

VI. PROCUREMENT CARD PROGRAM

- A. Procurement cards shall be used only by FCPS employees for authorized business expenses in direct support of the education mission of FCPS. Misuse of the card will result in revocation of the procurement card and may result in further disciplinary action, up to and including termination of employment.
 - 1. The program manager shall ensure that every employee authorized to sign financial and procurement documents within his or her area of responsibility complete a Signature Authorization form (FS-126) and forward to Accounts Payable, Office of the Comptroller, Department of Financial Services. The Signature Authorization form is available at: http://fcpsnet.fcps.edu/it/offices/eis/doc_mgmnt/information/fs126.pdf. This link is available only through computers within the internal FCPS network (FCPSnet).

The program manager shall notify Accounts Payable of any personnel changes promptly.

2. The program manager shall read and sign one Procurement Card Program Manager's Statement of Responsibility form (Attachment A) for all procurement cards assigned to his or her program.
3. The program manager shall ensure that each employee reads and signs the Procurement Card Employee Acknowledgement Disclosure form (Attachment B) before initial use of any procurement card.

B. Requesting a Procurement Card

1. The program manager shall submit a request based on the type of card needed (Refer to section V. Definitions).
 - a. Department or School Named Card—The program manager must complete section A of the Procurement Card Request or Change form (Attachment C) and forward to the procurement card administrator, Accounts Payable, Office of the Comptroller, Department of Financial Services.
 - b. Individual Named Card—The program manager must complete the Procurement Card Request or Change form (Attachment C) and obtain approval from his or her superior or next highest level of authority and forward to the procurement card administrator, Accounts Payable, Office of the Comptroller, Department of Financial Services.
 - c. Declining Balance Card—The program manager must complete the Procurement Card Request or Change form (Attachment C) and submit the request to the Office of Administrative Services (OAS), Department of Facilities and Transportation Services, for approval. The OAS will determine the appropriateness of the request and, if approved, assign the project funding code and dollar limit before forwarding the request to the procurement card administrator, Accounts Payable, Office of the Comptroller, Department of Financial Services.
2. The program manager shall assign index and subobject codes to each card. Cards may not be assigned to subobject codes related to wages, salaries, school initiatives, reserves, or benefits.
3. The procurement card administrator will review procurement card requests for completeness and accuracy and, upon approval, forward the request to the financial institution.
4. The financial institution will send new procurement cards within ten business days to Accounts Payable, Office of the Comptroller, Department of Financial Services, for verification, activation, and distribution to the program manager.

C. Use of Procurement Card

1. Procurement cards shall be used in accordance with established procurement policies and regulations.
2. Purchases shall not exceed \$5,000 for a single transaction with the exception of textbook purchases. All other exceptions must be preapproved by the comptroller and the director, Office of Procurement Services, Department of Financial Services, or their designee(s). Additional approval may be required by the chief financial officer, Department of Financial Services.
3. Procurement card purchases shall not be split into separate orders to avoid the additional approvals required for purchases that exceed the \$5,000 single transaction limit.
4. Procurement cards may be used for travel purposes provided the cards have been previously authorized for travel.
5. Procurement cards may be used for Internet purchases only from secure web sites. A secure web site address is preceded by "https." It is also recommended that the Internet site provide encryption measures and a fraud protection guarantee.

D. Prohibited Use of Procurement Card

1. Procurement cards shall not be used to purchase materials stocked in the FCPS warehouse. To view what is stocked in the warehouse, go to <http://fcpsnet.fcps.edu/fs/procurement/catalogs/index.htm>. This link is available only through computers within the internal FCPS network (FCPSnet).
2. Procurement cards shall not be used to obtain cash advances, to purchase goods from military facilities, to pay for entertainment, or to purchase any other goods or services prohibited under FCPS purchasing policies and regulations.
3. Procurement cards shall not be used for personal purchases.
4. Procurement cards shall not be used for any purchases not previously authorized by the program manager or his or her designee.
5. Procurement cards shall not be used by any FCPS employee who has not completed a Procurement Card Employee Acknowledgement Disclosure (Attachment B). The form is not complete until the program manager approves it.

E. Internal Controls and Program Management Requirements

1. Separation of Duties
 - a. The program manager shall assign an individual to perform the duties of card

custodian and procurement card log reconciler. Where possible, the card custodian and the reconciler functions should be performed by separate individuals.

2. Program Management

- a. The program manager or designee shall be responsible for preauthorizing procurement card purchases. Individuals performing the role of the card custodian or the reconciler shall not be assigned as designees to preauthorize procurement card purchases.
- b. The program manager shall monitor the fund availability for his or her school, center, or department and ensure that expenditures do not exceed budgeted appropriations.
- c. The program manager shall ensure that transactions are posted to the appropriate expenditure accounts (i.e., correct index and subobject).
- d. The program manager shall immediately report unauthorized use of the procurement card to the procurement card administrator.
- e. The program manager shall review transactions for propriety and compliance with purchasing policies and regulations.
- f. The program manager shall review spending limits and request adjustments when card use changes significantly. Cards that are not used for extended periods should be canceled.
- g. The program manager shall maintain an inventory of all procurement cards issued to his or her program and store the documentation in a secured location separate from the cards.
- h. The program manager shall request a card be canceled by filling out the Procurement Card Cancellation form (Attachment E) and submitting it to the procurement card administrator. Reasons for canceling cards shall include: the cards are no longer needed, the fund code has been closed, or the card was lost or stolen.

3. Supporting Documentation

- a. The card custodian shall ensure that all procurement card transactions are recorded on a Procurement Card Log (Attachment F).
- b. All transactions shall be supported by documentation including original receipts that clearly indicate the justification and authorization for each purchase.
- c. In the unlikely event that a receipt is lost, the card custodian shall request the card

user to write a statement explaining the situation and obtain the program manager's signature of approval.

4. Reconciliation

- a. The financial institution will mail monthly statements directly to the program manager. The reconciler shall reconcile each transaction on the monthly statement or via PaymentNet to the original detailed receipts. It is the responsibility of the individual school, center, or department to verify the accuracy of these transactions.
- b. The reconciler shall ensure all transactions on the statement are reconciled to the procurement card log and properly posted in the financial system.
- c. The program manager shall review and sign the reconciliations.
- d. The program manager or designee shall dispute inaccurate or unauthorized charges directly with the merchant. If unable to resolve, the program manager shall fully document the situation and send a copy of the statement and a Cardholder Dispute form (Attachment D) to the financial institution. If the disputed transactions are not corrected and may result in loss of funds, contact the procurement card administrator. The procurement card administrator will contact the financial institution to help resolve the situation. If the funds cannot be recovered from the merchant, the procurement card administrator, upon approval from the comptroller, may submit a liability claim to the financial institution for reimbursement.
- e. The program manager shall be responsible for recovering sales tax paid on exempt purchases. FCPS is exempt from sales tax for goods purchased in Virginia or delivered to Virginia. Charges for lodging and purchases of goods in other states or the District of Columbia are subject to sales tax (see Regulation 5320, Sales and Use Tax).

5. Records Retention

- a. The program manager or designee shall retain original charge tickets, receipts, invoices, and other supporting documentation along with the statement including the reconciliation. These items shall be maintained in a file at the school, center, or department for three fiscal years plus the current fiscal year. (For the records retention schedule, see Regulation 6701, Records Management Program, for current retention schedule.)
- b. The program manager or designee shall retain a copy of the program manager's Statement of Responsibility (Attachment A) and the original Employee Acknowledgement Disclosure (Attachment B).

6. Safeguarding

- a. The card custodian shall maintain procurement cards in a locked location while not in use. Access to the location shall be limited to those with authorization to access the cards.
- b. The program manager or designee shall immediately report lost or stolen cards to the financial institution and to the procurement card administrator. All lost or stolen cards require immediate notification as well as submission of the cancellation form (Attachment E) to the procurement card administrator.
- c. Individual named procurement cards shall be surrendered immediately upon retirement, reassignment, or termination or at the request of an authorized representative of FCPS.
- d. Procurement cards shall not be transferred to another FCPS facility or staff member.

F. Financial Institution Payment Procedure

1. Financial Systems and Controls, Office of the Comptroller, Department of Financial Services, shall download weekly detailed and summary reports from the financial institution's online system, identifying all purchases made with FCPS procurement cards and forward the summary report to the procurement card administrator.
2. The procurement card administrator shall review the summary report and initiate and confirm payment to the financial institution.
3. Upon confirmation of the payment to the financial institution, Financial Systems and Controls, Office of the Comptroller, Department of Financial Services, shall post the detailed transactions to the FCPS financial system.

G. Financial Services Support

1. Accounts Payable, Office of the Comptroller, Department of Financial Services, shall provide support for the following:
 - a. Requests for new cards.
 - b. Updates to and cancellation of existing cards.
 - c. Changes for single transaction or monthly spending limits.
 - d. Requests for duplicate statements.
 - e. Requests for damaged card replacements.

- f. System administration, including training, for PaymentNet.
- g. Help with card usage problems and reconciliation.
- h. Help with recovery of funds from fraudulent charges.

VII. Compliance Assessment

Adherence to this regulation shall be monitored by the Department of Financial Services and/or internal and external auditors. Monitoring activities may include, but are not limited to, scheduled or random site visits, transaction review audits, and other analysis as deemed appropriate.

See also the current version of: Regulation 5320, Sales and Use Tax
Regulation 5012, Purchasing—Goods and Services Acquisition
Regulation 6701, Records Management Program
Regulation 5310, Travel—Local and Nonlocal

**FAIRFAX COUNTY PUBLIC SCHOOLS
PROCUREMENT CARD
PROGRAM MANAGER'S STATEMENT OF RESPONSIBILITY**

By signing below:

- I have read, understand, and will abide by the requirements stated in Regulation 5350.3, Procurement Card Management, and all referenced policies and regulations.
- I accept responsibility for ensuring compliance with all aspects of the procurement card program within my school, center, or department.
- I will ensure that adequate internal control procedures are being followed at my school, center, or department related to card use, including but not limited to, proper authorization, monitoring, reconciliation, and safeguarding.

School, Center, or Department

Program Manager's Name

Program Manager's Signature

Date

**Please forward this form to the procurement card administrator in
Accounts Payable, Office of the Comptroller, Department of
Financial Services.**

FAIRFAX COUNTY PUBLIC SCHOOLS
PROCUREMENT CARD
EMPLOYEE ACKNOWLEDGEMENT DISCLOSURE

By signing below, I _____
Employee's name and ID number

agree to the following:

- I have read, understand, and will abide by the requirements stated in Regulation 5350, Procurement Card Management, and all referenced policies and regulations.
- I agree to use the FCPS procurement card(s) only for reasonable and necessary business expenses. I understand that misuse of this card may result in disciplinary action, up to and including termination of employment.
- I agree to surrender the card immediately upon retirement, reassignment, or termination or at the request of an authorized representative of FCPS. I understand that use of the card after privileges are withdrawn is prohibited.
- If the card is lost or stolen, I will immediately notify JPMorgan Chase at **1-800-316-6056** and the procurement card administrator.

Employee's Signature

Date

School, Center, or Department

Program Manager's Name

Program Manager's Signature

Date

**All individuals using procurement cards must complete and sign this form.
Please file and retain at the individual's school, center, or department location.**

**FAIRFAX COUNTY PUBLIC SCHOOLS
PROCUREMENT CARD
CARDHOLDER DISPUTE FORM**

CARDHOLDER INFORMATION:

Card Name: _____

Card Number (last 8 digits only): _____

Program Manager: _____

Phone: _____ E-Mail: _____

Program Manager's Signature

Date

MERCHANT INFORMATION:

Merchant Name: _____

Dollar Amount Disputed: _____

DISPUTE TYPE:

_____ Erroneous Charge

_____ Duplicate Posting

_____ Erroneous Amount (provide supporting documentation indicating correct amount)

_____ Credit Not Posted (enclose a copy of credit voucher or returned merchandise receipt)

_____ Other (please explain below)

DISPUTE EXPLANATION:

**FAIRFAX COUNTY PUBLIC SCHOOLS
PROCUREMENT CARD
CANCELLATION FORM**

CARDHOLDER INFORMATION:

Card Name: _____

Card Number: (last 8 digits only) _____

Program Manager: _____

Phone: _____ School or Department: _____

Program Manager's Signature

Date

REASON FOR CANCELLATION:

Card lost _____ Card stolen _____ Unauthorized use of card _____

Funding ends _____ Card no longer needed _____

Other, please explain:

Details for Lost, Stolen, or Unauthorized Use of the Procurement Card:

Date _____ Merchant involved _____

Unauthorized charges reported by financial institution: _____, _____

_____, _____, _____, _____

Explanation: _____
