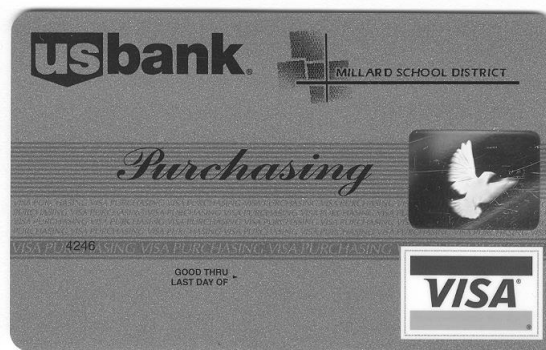


Millard School District



Purchasing Card Cardholder Policies and Procedures Manual

July 2012

Cardholder policies and procedures manual

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Introduction

The MILLARD SCHOOL DISTRICT U.S. Bank® Purchasing Card program is a simple and easy-to-use payment method that increases efficiency and reduces costs at our organization. Specifically, it helps reduce the number of purchase requisitions, purchase orders, petty cash transactions and other time-consuming purchasing activities. It also simplifies the purchasing process and offers many convenient reporting options for you.

Please read this Cardholder manual. It provides helpful information regarding the purchasing card process, approved purchases, supplier acceptance, record retention and monthly reconciliation.

If you have questions about the program or need additional information, contact your program administrator.

Purpose of the U.S. Bank Purchasing Card program

Our purchasing card program offers a timely and reliable way to make purchases and pay low dollar transactions. It eliminates many expensive payment processes associated with petty cash, cash advances, impress funds, check requests and purchase order transactions. In fact, it benefits everyone involved in the purchasing process:

Cardholders....

- **Save time** because it is faster to place orders and receive goods
- **Have less paperwork** because there are fewer purchase orders and requisitions

MILLARD SCHOOL DISTRICT...

- **Improves reporting and tracking** with consolidated invoices
- **Empowers cardholders** to make purchases while still ensuring compliance with company guidelines
- **Adapts to changing needs quickly** with easy-to-adjust spend controls
- **Increases efficiency** in accounts payable because there are fewer checks to cut and less paperwork

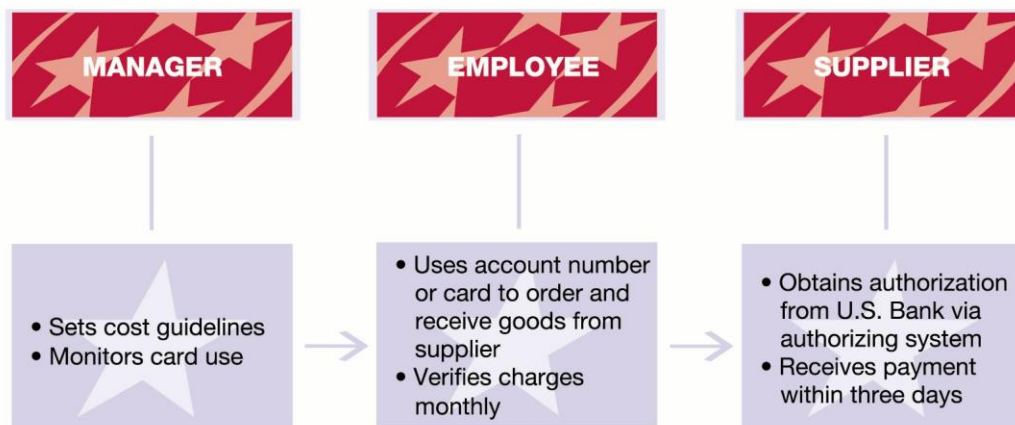
Suppliers...

- **Receive payment within 72 hours**
- **Increase efficiency** because there is no invoice processing or tracking

The purchasing card eliminates many time-consuming processes. However, it is not intended to avoid or bypass appropriate purchasing guidelines. The requirements and approval limits detailed in this manual must be adhered to at all times. Failing to abide by the guidelines set forth here violates the Federal Acquisition Regulation (FAR) and MILLARD SCHOOL DISTRICT purchasing policy.

Purchasing card process overview

Roles and responsibilities



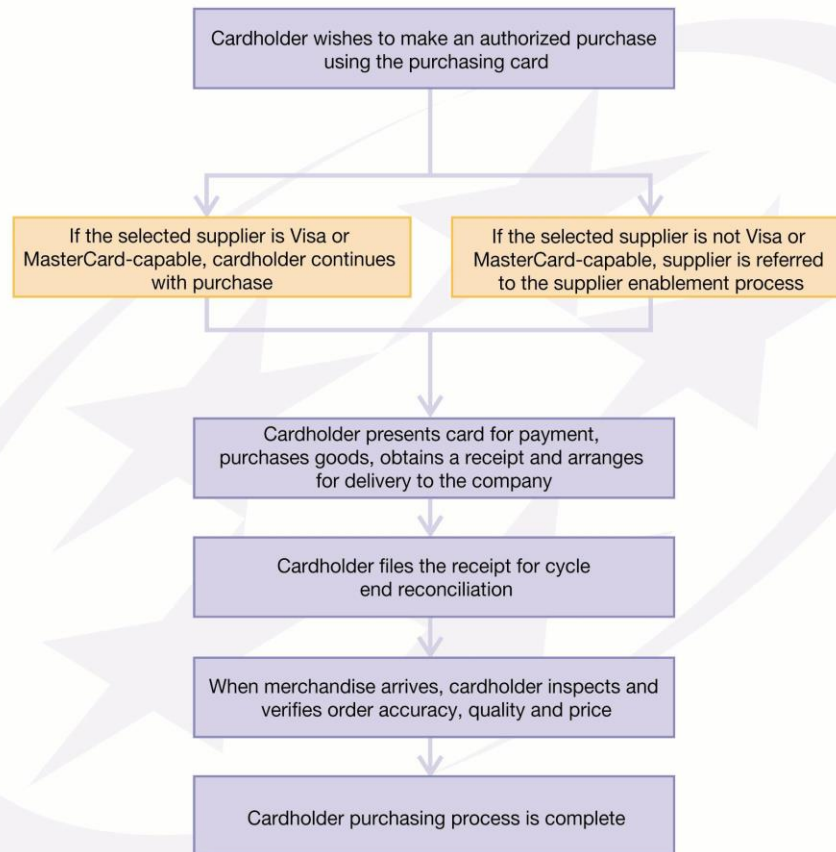
Our purchasing card payment process is simpler and more efficient than a paper-based system.

Paper-based payment processes are time-consuming. The paperwork, staff time and reconciliation involved cost organizations as much as \$100 per transaction. Our purchasing card program is more efficient. It streamlines the payment process, saving MILLARD SCHOOL DISTRICT a significant amount of money.

The purchasing card program allows managers to set cost guidelines and monitor card use. Cardholders simply use their account number or card to make qualified purchases and then verify the monthly charges. If there are discrepancies, it is the Cardholder's responsibility to report them. Once vendors have obtained authorization from U.S. Bank via the authorizing system, they receive payment within 72 hours.

The purchasing card program handles invoices and payments electronically, reduces the number of accounts-payable invoices and automatically posts transactions to the general ledger (G/L). It also supplies consolidated management reports for tracking purposes and spending trends.

Typical purchase process



Using your purchasing card is as easy as using a personal credit card.

How to obtain a purchasing card

Purchasing cards are issued to employees who need to buy goods and services on behalf of the organization. To request a purchasing card, ask your manager for a Purchasing Card Application & Change Request form.

Complete it in full being careful to check “New Account” at the top of the form and indicate your office address. You can also use this form to make future changes to your card including employee name changes, card limit changes and job transfers. Read the Purchasing Card Cardholder Agreement carefully and, if you agree, sign and forward it to your manager.

Management approval process

Your manager will assign several limits to the account. The **single transaction limit** sets a maximum dollar amount for any single purchase made. It may apply to one item or a mix of multiple items purchased in a single transaction from one supplier.

A **monthly spend limit** will also be set. It determines the amount you can spend within a 30-day billing period. The amount is automatically replenished the day after the billing date.

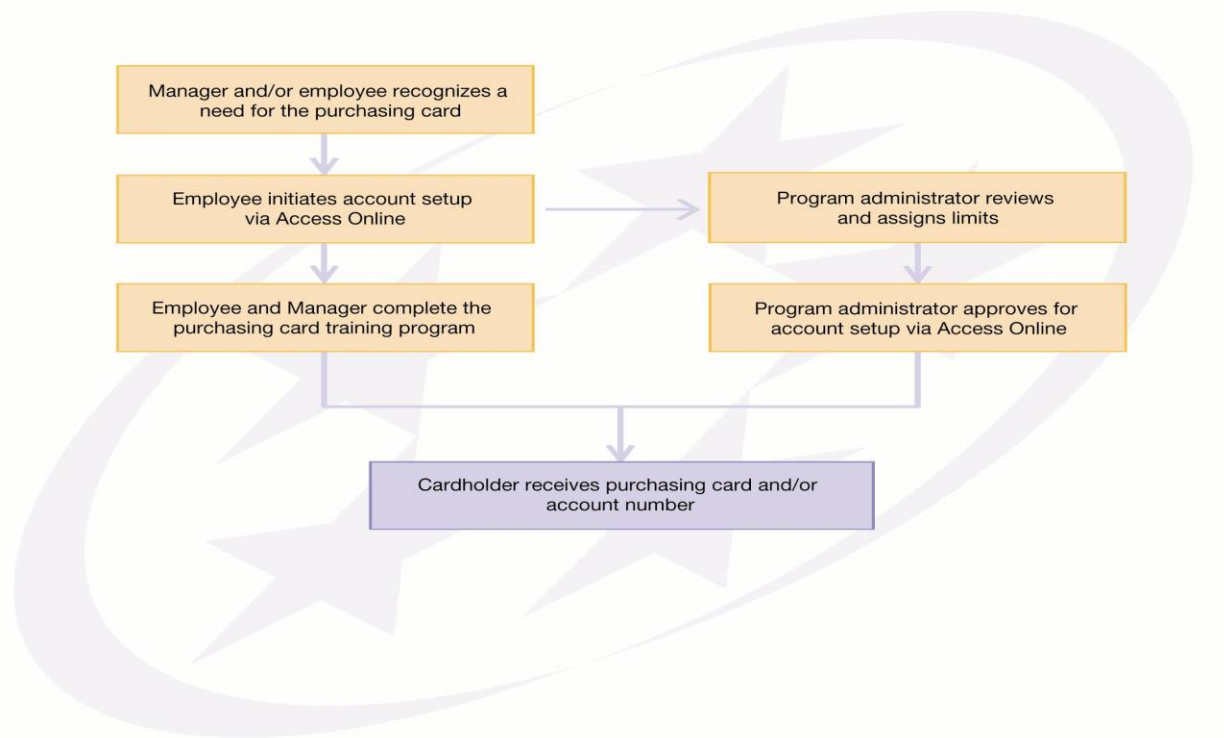
As an added security, you will be assigned a user-specific **Default Accounting Code**. This code identifies you by business unit, cost center and general ledger G/L code. The information is necessary to automate accounting transactions in our G/L system.

Your manager must also sign the agreement. Once all these steps have been completed, your manager will forward your application and agreement to the purchasing card program administrator.

Purchasing card application process

The program administrator reviews your materials and determines whether a card is needed. If it is approved, the program administrator submits the new account information record to U.S. Bank. At this time, the employee and manager (if needed) complete the purchasing card training program so they are familiar with the rules and procedures. The new purchasing card will be sent directly to the cardholder or, in some cases, to his/her manager or program administrator who will then forward it to the cardholder.

A straightforward process



There are seven basic steps when applying for a purchasing card.

Cardholder's acknowledgement of responsibilities form

You will receive a Cardholder's Acknowledgement of Responsibilities form when you apply. Please read it closely. The form outlines your responsibilities as a cardholder. If you agree to adhere to the guidelines in the document, sign and return it to your program administrator. If you have questions, contact your purchasing card administrator.

Receipt of your purchasing card

Once a completed application has been received by U.S. Bank, your new purchasing card will be mailed to your program administrator in seven to ten working days. When you receive the card review it carefully. Please make sure your name, company name and other information is correct. If it is not, contact your program administrator or U.S. Bank Customer Service immediately at (800) 344-5696 so a revised card can be sent out to you.

Activating your purchasing card

You must activate your new purchasing card before it can be used. To do that call the toll-free number on the label attached. Then sign the back of the card and keep it in a secure place. The card is issued in your name but please remember it is the property of MILLARD SCHOOL DISTRICT and should only to be used for approved company purchases.

Using your purchasing card

Your purchasing card offers many of the same conveniences as a personal credit card. However, please observe the following guidelines to help ensure a smooth accounting and overview process.

Company-approved buying methods/channels/processes

There are a number of ways to make purchases. You can place orders in person, over the phone, via fax, e-mail or the Internet. Just have the supplier charge the purchase to your purchasing card or account number.

For phone or fax orders, instruct the supplier to put your name and mailing address on the shipping label. Also, tell them to write "Credit Card Purchase" on the shipping label or package.

Purchasing card procedure – how to use your purchasing card

The process is the same as using a personal credit card. For mail and phone orders, the supplier may require additional information to verify the orders.

There are eight basic steps:

1. Cardholder presents a card or account number to make a purchase
2. Supplier enters the card information into an electronic terminal hooked up to the association
3. Supplier sends information to request authorization of purchase
4. Authorizing system transmits the request to U.S. Bank where the account number and spending control limits are verified
5. Merchant receives approval
6. Cardholder receives the merchandise and one copy of the sales receipt
7. Supplier batches and deposits the sales draft with the processing bank at the end of the day. The bank then issues a credit for the purchase
8. Processing bank transmits the sales receipt data to U.S. Bank which applies the charge to the cardholder's account

Acceptable purchasing card uses

Your MILLARD SCHOOL DISTRICT purchasing card is for business use only. The following types of purchases are acceptable:

- Business-related
- Small tools (purchase or rental)
- Subscriptions*, seminars and dues
- Film and film processing
- Computer hardware components
- Copy services
- Electrical supplies
- Safety supplies
- Building maintenance supplies
- Office supplies
- Computer software
- Office furniture

* The initial sign-up document for subscriptions or any recurring charge that will NOT have monthly back-up documentation must be included with the first applicable statement.

Unacceptable purchasing card uses

Your purchasing card may not be used for personal purposes. Moreover, some business purchases are also restricted. The following types of purchases are unacceptable:

- Personal uses
- Capital purchases
- Travel and entertainment (T&E)
- Air fare
- Rental car
- Hotel for travel
- Stocked merchandise

Also, it is against program guidelines to exceed your single transaction limit or your monthly spending limit.

Cash advances

Cash advances are not allowed on your MILLARD SCHOOL DISTRICT purchasing card. If you need a cash advance, contact your manager.

Misuse or abuse of your purchasing card

In addition to excluding personal purchases, the purchasing card program may exclude certain suppliers based on their vendor classifications. Purchase of restricted commodities or from restricted suppliers is unacceptable. It is also forbidden to split purchases or service costs over multiple transactions in order to get around the authorized transaction limit.

Misuse of your purchasing card is a serious offense. You could have your card permanently revoked, be subject to an internal audit or further action by human resources, even face legal action and/or termination.

Fraudulent use of your purchasing card

If someone makes fraudulent purchases with your purchasing card it is your responsibility to report the activity. Call U.S. Bank Customer Service at (800) 344-5696 immediately – you are liable for all unauthorized card use until the card issuer is notified. Next, notify the person who approved your card. He/she will immediately call or e-mail the purchasing card administrator to report the activity and follow up with a written, detailed explanation. The purchasing card administrator will contact the card issuer to get a replacement card for you. It should arrive in about 3-5 business days.

One increasingly common form of credit card fraud is “**phishing**”. This is when criminals send e-mails or host websites posing as legitimate financial institutions asking

for your personal information and account numbers. To protect yourself and our organization:

Never give out your account number or other personal data to someone who contacts you via phone or e-mail. U.S. Bank and the credit card association already have the information they need to maintain your account. They never contact you to ask for verification.

Do not reply to a fraudulent e-mail under any circumstance. Also, do not click on the link in the e-mail.

Send a copy of suspicious e-mail to fraud_help@usbank.com. In your e-mail, please tell U.S. Bank that you have an account relationship with them, what Internet Service Provider (ISP) you use, the type of connection you use to access the Internet and whether you have a firewall installed on your computer.

Sales and use tax

Tax authorities usually require suppliers to include sales but not use tax at the time of your purchase. The amount of the tax depends on a variety of factors including the state, county and city where you make the purchase. When it is assigned to you, your card will have a default tax flag based upon the expected tax status for most of your purchases. You can override this tax flag value, if needed, using the U.S. Bank Access@Online Transaction Management Reallocation functionality.

If you have questions about whether or not a tax should be paid, please contact the purchasing card program administrator.

Supplier acceptance

Anyone you currently make purchases from should be considered a potential supplier even if they do not currently accept purchasing cards. The program is open to non-retail suppliers. In fact, we encourage all suppliers to become involved in the purchasing card program because it makes you more effective and the organization more efficient. It also enables suppliers to be paid within three days of your business transaction.

If they do not already accept Visa or MasterCard, suppliers should contact the purchasing card program administrator, U.S. Bank, their local bank or the card association to become Visa or MasterCard capable. Suppliers need to know that accepting the purchasing card is a pre-condition to participating in the U.S. Bank purchasing program. There are no other options.

Lost or stolen cards

The MILLARD SCHOOL DISTRICT purchasing card is company property. Keep it safe just as you would your personal credit cards. If your card is lost or stolen, contact U.S. Bank Customer Service immediately at (800) 344-5696 and notify your purchasing card program administrator. Your verbal request must be followed up with a written confirmation of cancellation by e-mail or fax as soon as possible.

After your call, the card will be blocked. By acting promptly, you can reduce our organization's liability for fraudulent charges. You may also want to make this call if your statement is lost or stolen.

Receiving goods and services purchased with your purchasing card

When receiving goods or services purchased with your card, please observe the following guidelines to ensure payment errors do not occur.

Receiving goods

Review the shipper's documents for location and shipment when the package arrives. Conduct a visual inspection to make sure the items delivered match the packing slip. If shipment is correct, enter the bill of lading or packing slip information into the accounts payable receipt/matching system.

If the number of goods accepted is significantly more than the bill of lading (5% or more), accept the shipment but bring it to the procurement department's attention immediately. If the number of goods accepted is significantly less (5% or less) than the bill of lading, bring the shipment to the procurement department's attention immediately for a decision.

If goods are rejected, enter them in the accounts payable system immediately so accounts payable does not pay for rejected items. Also, make sure to contact the vendor and address the matter.

Receiving services

The contract management system sends you periodic notices to validate that the supplier has completed its specified purchases. Please indicate whether the supplier has completed a portion or the entire contract amount via the contract management system.

Your monthly purchasing card statement

As with personal credit cards, you receive a statement each month detailing transactions made against your purchasing card. If there were no transactions on the card, a statement will not be sent.

Reconciling your statement

Our purchasing card program carries corporate, not individual liability. As a result, accounts payable processes a central invoice and you are not required to pay the amount shown on your monthly reconciliation statement using your own funds. Your manager's signature is required to verify his/her approval of your monthly purchases upon receipt of your statement. The program does not effect your personal credit rating in any way.

You are required to retain receipts for all purchases. So, if you make a purchase by phone or mail, be sure to ask the supplier to include a receipt with the shipment. This is important because your receipt is the only original document stating whether or not a sales tax has been paid.

Reviewing transactions

You receive a statement each month identifying each transaction made against the purchasing card during the last billing cycle. This statement is mailed to the address you provided in the New Account Information Record. For your convenience, you can also view and print statements online via the Access Online tool. When you receive your statement:

1. Review it for accuracy
2. Attach all receipts you retained during the billing cycle to the back of the statement in the order that they appear on the statement
3. Send your reconciled statement with attached receipts to your manager for review and approval
4. Your manager reviews, approves and forwards the statement to the program administrator where it is retained for audit purposes

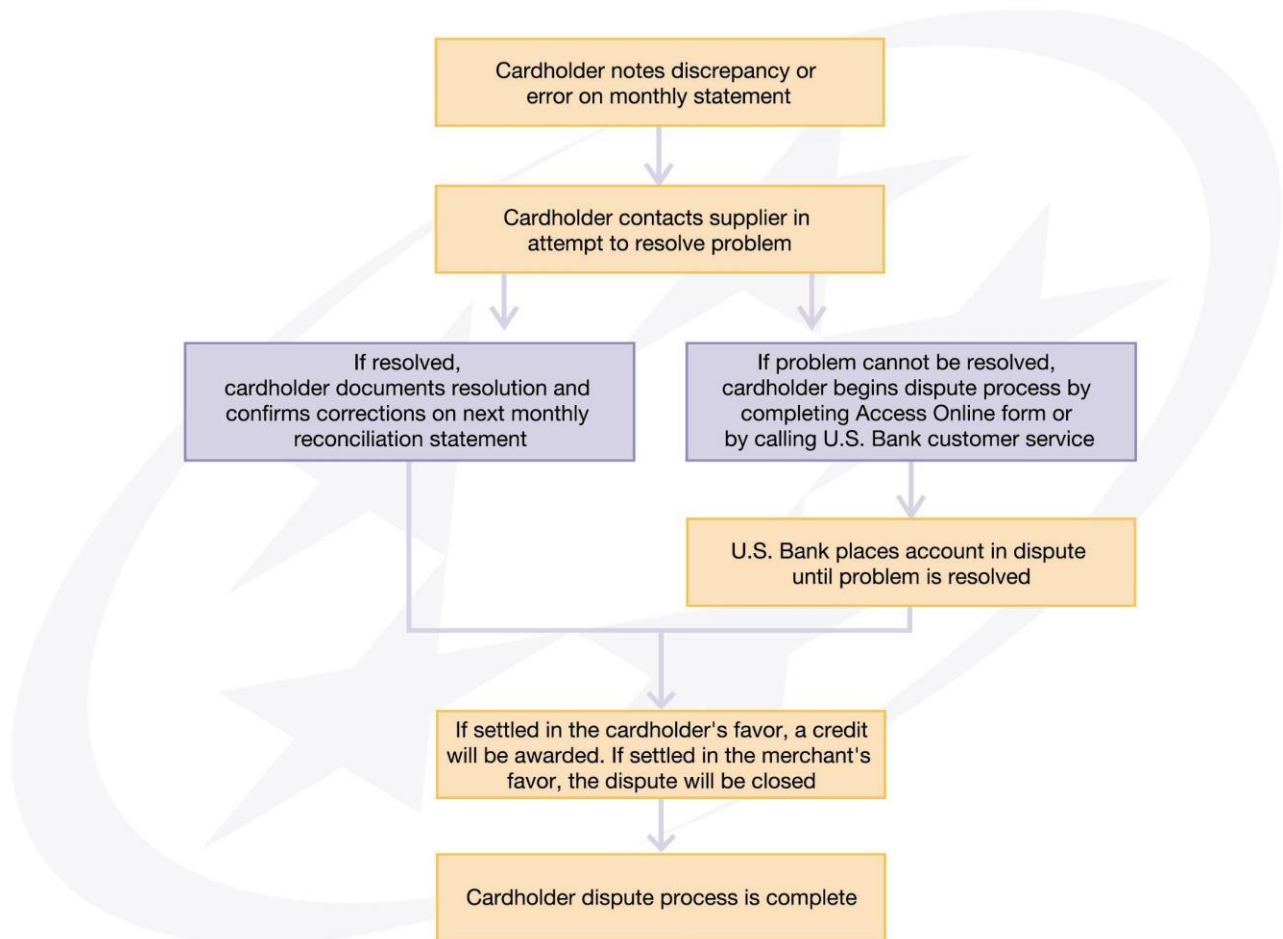
Payment of a central invoice is made immediately by accounts payable, but your purchase activity may be audited at any time.

What to do if your records and statement do not match

You may occasionally find items on your statement that do not match your receipts. The amount may be incorrect, you may have service issues or perhaps you did not make the purchase at all. The first step is to contact the supplier and try to resolve the error. If the supplier agrees an error has been made, they can simply credit your account.

If a supplier does not agree an error has been made, contact U.S. Bank Customer Service at (800) 344-5696 and tell them you want to dispute a charge on your card. You can also file disputes online using Access Online. U.S. Bank must be notified of disputed charges within 60 days of the statement issuing date. The amount of the next invoice is reduced by the amount of the disputed item until the transaction is resolved.

Dispute process



Follow these steps to help settle disputed transactions quickly and efficiently.

Utilizing Access Online Transaction Approval Process (TAP)

In addition to reconciling and obtaining approval for your statements, you are required to approve purchases through the Access Online Transaction Approval Process (TAP). Your transactions are posted to Access Online throughout the month and can be reviewed and approved at any time.

With TAP, you can:

- View transactions by approval status and other parameters
- Review, approve and forward transactions
- Pull back transactions that a manager has not yet approved, rejected or modified
- Manage rejected transactions
- View your approval history, current status, manager comments, modifications, and the time and date of each approval

For more information including an [Access Online TAP user guide](#) and [web-based training](#), contact the purchasing card program administrator.

Payment

Cycle date

The statement cycle date is the 23rd day of the month, or, if the 23rd day falls on a weekend or holiday, the next business day. You have two days from the cycle date to reallocate and finalize charges and make adjustments to the account. You can also allocate charges throughout the month.

Consolidated statement

Two days after your cycle date, U.S. Bank sends a consolidated monthly statement via electronic file for processing. No invoices are mailed to your department. Only individual cardholder statements are mailed. Once the information files are processed, they are forwarded to their respective departments. The total value of each department's purchasing card charges appear on an intercompany statement.

Documentation/receipt retention

It is your responsibility to get receipts for purchases and reconcile them with your monthly statement. If your account is audited, you must be able to produce receipts and/or proof that the transactions occurred. If there is an error, it is your responsibility to show that the error or dispute has been settled. If you lose a receipt, it is your responsibility to contact the supplier for a copy. If you can not obtain a receipt, it is the decision and responsibility of your manager to create a document to account for the receipt.

Frequently asked questions

Who can get a purchasing card?

Purchasing cards are issued to employees that need to buy goods and services on behalf of the organization.

How can I get a purchasing card?

Ask your manager for a Purchasing Card Application & Change Request form. Complete it in full being careful to check "New Account" at the top of the form and indicate your office address. Then read the Purchasing Card Cardholder Agreement carefully and, if you agree, sign and forward it to your manager.

How do I activate my purchasing card?

It's easy. Just call the toll-free number on the label attached to your card.

How do I use my purchasing card?

The process is the same as using a personal credit card. You can place orders in person, over the phone, via fax, e-mail or the Internet. Just have the supplier charge the purchase to your purchasing card or account number. For mail and phone orders, the supplier may require additional information to verify the orders.

Why not use a purchase order instead of a purchase card?

Your purchasing card is simpler and easier to use than purchase orders and offers many convenient reporting options. Plus, it helps increase efficiency and reduce costs at our organization.

Can I use my purchasing card for orders placed over the Internet or telephone?

Yes. Just be sure to instruct the supplier to put your name and mailing address on the shipping label. Also, tell them to write "Credit Card Purchase" on the shipping label or package.

Why was my card rejected when I tried to use it?

There could be several reasons. You might not have activated it. You might have exceeded your single transaction limit. Or, you may have exceeded your monthly spend limit. For help in determining the exact cause, contact the purchasing card program administrator or U.S. Bank Customer Service at (800) 344-5696.

What should I do if I believe my card was rejected in error?

Contact U.S. Bank Customer Service at (800) 344-5696.

What should I do if my card spending limits are too low for my purchasing needs?

Speak with your manager. He/she must approve the spending limit increase and submit the appropriate paperwork to the purchasing card program manager.

Can I allow another person in my department to use my purchasing card?

It is strongly discouraged as you are responsible for all purchases made to the account.

How do I return an item after I have used my card to purchase it?

Return the items to the supplier then enter them in the accounts payable system immediately so accounts payable does not pay for the rejected items.

Do I have to pay sales tax?

Usually. The amount of the tax depends on a variety of factors including the state, county and city where you make the purchase. Your card will have a default tax flag based upon the expected tax status for most of your purchases when it is assigned to you. If you have questions about whether or not a tax should be paid, please contact the purchasing card program administrator.

What should I do with receipts for goods/services purchased with my card?

Reconcile your receipts with your monthly statement and then save them. If your account is audited, you must be able to produce receipts and/or proof that the transactions occurred.

What if I lose a receipt?

Contact the supplier for a copy. If you can not obtain a receipt, it is the decision and responsibility of your manager to create a document to account for the receipt.

How does a supplier who accepts my purchasing card get paid?

Once vendors have obtained authorization from U.S. Bank via the association network, they receive electronic payment within 72 hours.

Do I pay my U.S. Bank purchasing card statement?

No. Accounts payable processes a central invoice and you are not required to pay the amount shown on your monthly reconciliation statement.

Will I receive a statement if there has been no activity on my account?

No. You only receive a statement if you use your card.

How do I reconcile my monthly purchasing card statement?

First, review your statement for accuracy. Then attach all receipts you retained during the billing cycle to the back of the statement in the order that they appear on the statement. Finally, send your reconciled statement with attached receipts to your manager for review and approval. Your manager reviews, approves and forwards the statement to the program administrator where it is retained for audit purposes. You can also reconcile your statement online with Access Online.

What if there is an incorrect charge on my monthly statement?

Contact the supplier and try to resolve the error. If the supplier agrees an error has been made, they can simply credit your account. If a supplier does not agree an error has been made, contact U.S. Bank Customer Service at (800) 344-5696. Tell them you want to dispute a charge on your card. You can also file disputes online using Access Online. The amount of the next invoice is reduced by the amount of the disputed item until the transaction is resolved.

What if there is an unauthorized charge on my monthly statement?

If the charge is from a supplier, contact them and try to resolve the issue. If you don't know who made the charge, contact U.S. Bank Customer Service immediately at (800) 344-5696 and notify your purchasing card program administrator.

How are card purchases integrated into my company's accounting system?

This is done through the Access Online Transaction Approval Process (TAP). You are required to approve purchases through TAP in addition to reconciling your statement.

What should I do if my purchasing card is lost or stolen?

Contact U.S. Bank Customer Service immediately at (800) 344-5696 and notify your purchasing card program administrator. Your verbal request must be followed up with a written confirmation of cancellation by e-mail or fax as soon as possible. After your call, the card will be blocked.

Will my card purchases be monitored or reviewed?

Your manager must sign off on all purchases. Also, your purchase activity may be subject to an audit at any time.

What should I do if a supplier I use on a frequent basis does not accept cards?

Inform the supplier that accepting the U.S. Bank Purchasing Card is a pre-condition to participating in the U.S. Bank purchasing program. There are no other options. They should contact the purchasing card program administrator, U.S. Bank, their local bank or the credit card association to become Visa or MasterCard capable.

Will my purchasing card affect my personal credit rating?

No. The purchasing card program does not effect your personal credit rating in any way.

Who can I contact at U.S. Bank if I have questions about my account?

You can call U.S. Bank Customer Service (800) 344-5696 at any time.