



Board Agenda Item #	Agenda II A
Date:	July 21, 2016
To:	MPS Board of Directors
From:	Caprice Young, Ed.D., CEO & Superintendent
Staff Lead:	Oswaldo Diaz, Chief Financial Officer
RE:	Revised Credit Card Policy

Proposed Board Recommendation

I move that the Board approves the revisions to the MPS credit card policy as presented in the board agenda, item II C. The MPS Finance Committee has recommended approval of this item.

Background

Our current credit card policy places the liability of purchases on MPS employees. Employees are required to pay their credit card bill and submit for reimbursement. This has caused a financial burden for our employees, and has deterred them from using the credit cards for legitimate expenditures.

We are recommending that MPS schools and Home Office return to a corporate credit card program that will be managed and supervised by the MPS Finance Department, and that will be processing payments directly to the credit card vendor. The program will function as a purchase card program. The Accounts Payable Specialist will monitor the program.

Benefits of the program include cash back savings up to \$40,000 per year; increased controls on spending; improved visibility into employee spending; and decreased data entry and reconciliation for EdTec.

Budget Implications

None.

Name of Staff Originator:

Oswaldo Diaz, Chief Financial Officer

Attachments

Revised Credit Card Policy, CSH 111

SOP # CSH111 Revision: 2
Office
Effective Date: 8/1/16

Prepared by: Central
Approved by: BOD

Title: CSH111 CREDIT CARDS AND DEBIT CARDS

Policy: It is the policy of the Organization to provide credit cards to authorized members of the Organization staff in the performance of their duties and responsibilities. The Organization does not permit the use of debit cards. The use of credit is the same as handling cash; every precaution must be taken to account for all funds, whether Federal, State or otherwise, and the most efficient and effective purchasing procedures as well as internal controls will be implemented to safeguard Organization funds.

Purpose: To be able to use credit cards in a controlled manner that allows for purchases such as travel and where a check and/or purchase order is not accepted.

Scope: This applies to transactions at the discretion of the School Principal, Chief Executive Officer and Chief Financial Officer.

Responsibilities:

School Principal is responsible for authorization of credit card transactions up to \$5,000 in accordance with the approved budget.

Chief External Officer, Regional Directors and Chief Financial Officer are responsible for authorization of credit card transactions up to \$10,000 and over, using documented approval, not to exceed the current limits established by procedure number PUR104 Accounts Payable and Cash Disbursements.

Chief Executive Officer is responsible for authorization of credit card transactions up to \$25,000, using documented approval, not to exceed the current limits established by procedure number PUR104 Accounts Payable and Cash Disbursements.

Accounts Payable Specialist and EdTec are responsible for recording the transactions in the accounting records and reconciling credit card receipts to the credit card statements in accordance with CSH107 Bank Reconciliations.

Background: On occasion, the Chief Executive Officer and other senior management may not be in the position to carry a lot of cash or may need to use a credit card for purposes of travel arrangements. Under these circumstances and as considered necessary by Organization management, credit card transactions are acceptable.

Procedure:

1.0 CREDIT CARDS

1.1 Issuance of Corporate Credit Cards

Corporate credit cards are issued to personnel who travel on Organization business or have a legitimate need to purchase goods and services, either in person or on-line or when a purchase order cannot be approved in time or a purchase order is not accepted by a vendor. These cardholders will be required to sign a statement (CSH111 Ex1 Use of Credit Cards and Debit Cards Certification) acknowledging that the card shall be used exclusively for legitimate Organization-related business purposes and that the cardholder agrees to take reasonable precautions to protect the card from loss or theft by storing it in a secure location. Upon approval from the credit card company, a card will be issued bearing the names of both the individual and the Organization.

Cardholders, while working with other Organization staff, must plan activities and travel requests with sufficient time in order to avoid the use of credit cards. Cardholders abusing this privilege may have the card revoked if it is determined that sufficient time was available in order to request and receive approval for a purchase order.

When using the credit card for internet purchases, cardholders should ensure that the site utilizes industry recognized encryption transmission tools.

All corporate credit cards will be issued from the same vendor to enhance the purchasing power of the credit card and to provide for efficient on-going monitoring of all purchases made with the credit card(s).

1.2 Cardholder Responsibilities

Every month, each cardholder will be provided with a statement detailing the expenditures that were charged to his/her corporate credit card. The cardholders will submit all receipts for purchases of goods and services to the Finance Department within seven (7) days attached to the debit/credit card monthly statement after making any purchase. All documents will be initialed by the cardholder. In any instance of a missing receipt, payment will be the responsibility of the cardholder.

Should the Accounts Payable Specialist identify any inadvertent personal or unauthorized uses of the card, the card statement as well as all backup documentation will be forwarded to the Chief Financial Officer, for review.

The Chief Financial Officer, will discuss with the cardholder any charges of concern and the card member will be required to reimburse the Organization immediately for any such inadvertent personal charges or unauthorized charges.

Excessive inadvertent personal charges will be grounds for revoking credit card privileges. Personal use of corporate credit cards is strictly prohibited. Any personal use will subject the employee to the Organization's disciplinary actions.

Any fraudulent or other unauthorized charges shall be immediately pointed out to the Chief Financial Officer, for further investigation with the credit card provider and at the discretion of the Chief Financial Officer may be required to be reimbursed by the individual cardholder who purchased the unauthorized transaction.

The Organization requires the following review and approval procedures:

- The cardholder will review the card statement to ensure only their own approved charges are listed on the statement. Any charges not made by the cardholder will be identified and discussed with the Accounts Payable Specialist.
- The Chief Financial Officer will approve credit card usage by the Principals, and the Chief Executive Officer will approve credit card usage by the Chief Financial Officer, and the Board of Directors Chairperson will approve credit card usage by the Chief Executive Officer.
- The Accounts Payable Specialist will review all charges on the card statement against all purchase documents submitted by the cardholder.
- The Chief Financial Officer, will review charges and supporting documentation prior to the monthly card statement being approved and included for payment.

Cardholders shall report the loss or theft of a corporate credit card immediately by notifying the credit card company (24 hours a day, seven days a week) as well as the Chief Financial Officer. In the event of theft of the card, a police report will be filed by the cardholder and a copy of the report will be maintained for insurance purposes.

1.3 **Revocation of Corporate Credit Cards**

Failure to comply with any of these policies associated with the use of the Organization's corporate credit cards shall be subject to possible revocation of credit card privileges. The Chief Financial Officer, with the approval of the Chief Executive Officer or Board Chairperson, shall determine whether credit cards are to be revoked.

1.4 **On-going Monitoring of Corporate Credit Cards**

The Organization will implement continuous on-going monitoring of the use of corporate credit cards to ensure only authorized expenditures are made with the credit cards. Credit

card usage must follow the same criteria as all other purchases; i.e., allowable, reasonable, necessary, and allocable, where required.

In addition, the Board of Directors may, from time to time, authorize unannounced monitoring of the use of corporate credit cards.

Corporate credit cards will be assigned only to the Chief Executive Officer, Chief External Officer and Principals and all charges to that assigned card will be the responsibility of that employee. Employees authorizing the use of the credit card by other Organization employees, parents or friends, will be subject to disciplinary action.

1.5 **Employee Personal Credit Cards**

With prior approval from the Chief Executive Officer and/or Chief Financial Officer, the Organization employees may incur legitimate Organization business expenses utilizing their personal credit cards for such expenditures. The Organization shall reimburse employees according to Organization reimbursement policy (PUR106 Reimbursements).

2.0 **DEBIT CARDS**

2.1 **Debit Card Policy**

The organization does not permit the use of debit cards.

Revision History:

Revision	Date	Description of changes	Requested By
0	2/14/13	Initial Release	
1	2/13/15	Revision of credit and debit card limits and controls	Oswaldo Diaz, CFO
2	7/21/16	Revision of credit card limits and controls	Oswaldo Diaz, CFO

**CSH111 Ex1 USE OF CREDIT CARDS AND DEBIT CARDS
CERTIFICATION**

Certification of receipt of the Organization Policy and Procedures on the “Use of Credit and Debit Cards”:

I, _____, hereby certify that I have received
(Print name of employee) (Position)
and understand the above-stated policy and procedures and I will comply with those procedures. Failure to comply with the procedures may subject me to disciplinary action as outlined in the Organization Human Resources Policies and Procedures Manual.

Signature of Employee

Date

Chief Executive Officer

Date

[This page intentionally left blank]