

Acceptable Use Tracking for Pcard Purchases

Florida School Finance Officers Association

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Former Twin Cities Principal Charged with School Credit Card Fraud

School Principal over \$11,000 in personal use expenditures with District issued Purchasing Card and over \$5,000 in suspicious use ¹

¹ <https://patch.com/minnesota/minneapolis/former-twin-cities-principal-charged-school-credit-card-fraud>

School employees abusing DOE-issued credit cards

Audit suggests over 30% of \$17 million of spend is fraudulent ²

- Personal Use
- No Documentation

² <https://nypost.com/2013/10/19/school-employees-abusing-doe-issued-credit-cards/>

Denver Public Schools cracks down on employee credit card use

Audit shows 78% fail rate ³

- Personal Use
- Prohibited Purchases

³ <http://kdvr.com/2016/03/02/dps-cracks-down-on-employee-credit-card-use/>

Lake Quinault school employee spent more than \$100,000 on district credit card

Secretary employed since 1977 spent over \$118,000 on herself ⁴

⁴ <http://www.theolympian.com/news/local/crime/article147811469.html>

Topics

- Methods of Purchase
- Acceptable Use Guidelines
- Cardholder
- Supervisor
- Merchant Category Codes (MCC) and Groups
- Monitoring Activities
- Self Assessment

Methods of Purchase

Purchase Order

1. Identify Commodity
2. Create Purchase Requisition
3. Reviewed in Workflow
4. Purchase Approved

Purchasing Card

1. Individual Approved
2. Identify Commodity
3. Place Order
4. Purchase Reviewed

Acceptable Use Guidelines

- Cardholder User Guide and Training
 - District Business Only
 - Acceptable and Unacceptable Purchases
 - Acceptable and Unacceptable Budget Codes
 - Monthly Transaction Limit
 - Single Transaction Limit
 - Sales Tax
 - Consequences

Cardholder

- Complete Training and Sign Agreement
- Required Receipt Documentation
 - Vendor Information
 - Date and Amount of Purchase
 - Brief Description of Items Purchased
 - Last 4 Digits of Card Number
 - Shipping Address (if applicable)
- Funds Available
- Review Documentation Against Statement
- Sign and Submit to Supervisor for Approval

Supervisor

- Review Documentation Against Statement
 - Acceptable Items
 - Shipping Address (if applicable)
 - Sales Tax
 - Split Transactions
- Approve with Signature and Submit to District Administrator

Merchant Category Codes (MCC)

- A four digit code assigned to every vendor, identifying the products and services provided
- Bank that processes the vendor's charge card assigns the MCC
- District assigns cardholders to an MCC Group that best relates to their needs as a purchaser

Airlines

Auto Services & Supplies

Auto/Vehicle Dealers

Auto/Vehicle Expenses

Auto/Vehicle Rentals

Business Expenses/Services

Cash/Cash Advances

Caterers Food

Clothing/Shoes/Uniforms

Clothing/Uniform Services

Eating and Drinking Places

Education

Entertainment

Equipment/Furniture

Facilities/Maintenance

Facilities/Repair Services

Facilities/Repair Supplies

Facility Repair

Freight Courier

Fuel

Government

Health Services and Supplies

Lodging

Medical

Miscellaneous

Other Supplies

Prof. Services

Retail

Services

Transportation

Utilities

Facilities/Repair Supplies

Home Supply Warehouse

Lumber/Building Supply Stores

Glass/Paint/Wallpaper Stores

Hardware Stores

Nurseries, Lawn, Garden Supply

Automotive Parts Stores

Floor Covering Stores

Drapery & Upholstery

Fireplace & Accessories

Misc. Home Furnishing Specialty

Wrecking Salvage Yards

Bicycle Shops/Sales/Services

Swimming Pools/Sales/Service

Monitoring Activities

- Review Transactions and Spend Report
 - Line Item
 - Budget Code
- Review of Declined Purchases
 - Monthly Spending Limits
 - Single Transaction Limits
 - Invalid Merchant Category Codes
- Audit Schools and Departments
- Report Spending to Board

Self Assessment

1. Is the name of your entity on the Purchasing Card?
2. Do you have an established Purchasing Card Policy?
3. How many Purchasing Cards does your entity have?
4. Do you have monthly, daily and single transaction limits?
5. Are limits defined by position?
6. Are Merchant Category Code Groups utilized?
7. Are receipts and statements reviewed by multiple people?
8. Could misuse of a Purchasing Card result in criminal charges?
9. Could misuse of a Purchasing Card result in an employee being discharged?