

AMEND BOARD REPORT 09-0722-PO4
ADOPT A NEW PROCUREMENT CARD AND CORPORATE CREDIT CARD POLICY

THE CHIEF EXECUTIVE OFFICER RECOMMENDS:

That the Chicago Board of Education ("the Board") amend Board Report 09-0722-PO4, Procurement Card Policy, ~~adopt a new policy for using procurement card and corporate credit cards as a method of purchasing goods and services and establish limitations for the use of the cards to ensure accountability and that purchases are made in accordance with relevant Board rules and policies.~~

PURPOSE: This policy establishes establishing the administrative requirements applicable to all Board members, officers, employees and all other persons to whom procurement cards are issued. ~~in this policy will ensure~~ The policy requires the uniform use and management of purchases made using procurement and corporate credit cards, identify controls and limitations for such purchases and establish that personnel actions may be taken in response to fraudulent, personal, or otherwise inappropriate use of the cards.

POLICY TEXT:**I. Procurement and Corporate Credit Card Purchases**

Where as expenditures for goods and services are normally made using purchase orders or employee expense reimbursements, procurement card and ~~corporate credit card~~ purchasing functions were established to allow Board members and approved CPS personnel to use a Point of Sale MasterCard based charge card for small transactions, emergency purchases and travel and recruitment related expenses that do not go through the I-Procurement process. In addition to accommodating emergency purchases the procurement card and ~~corporate credit card~~ processes provides reduced transaction costs to the CPS and expedited payments to vendors in that, similar to a personal credit card, once the merchant reconciles the transaction with the bank the merchant will be paid.

II. Use of Procurement Cards and Corporate Credit Cards

Purchase of goods and services using CPS-issued individual procurement cards ~~or corporate credit cards~~ shall be made and conducted in compliance with the following limitations and controls:

1. Two individual procurement cards will be issued per school – one to the principal (or designee) and one to the engineer. One additional procurement card may be issued to the principal's designee when authorized by the Chief Financial Officer or designee.
2. ~~Corporate credit~~ No procurement cards will be issued ~~only~~ to staff of central ~~or~~ and area offices without written approval of the Chief Executive Officer and the Chief Financial Officer. ~~in management positions of Officer and higher (Bands 9, 10 and 11) as approved by the Senior Leadership Team or successor management group.~~ No procurement cards will be issued to staff of the Board's administrative office or Board members without the written approval of the President of the Board.
3. Federal Grant Funds will not be accessible through procurement card ~~or corporate credit card~~ purchases including but not limited to the following:
 - 220 - IDEA
 - 324 - Federal Grants
 - 332 - Title I
 - 334 - Neglected and Delinquent
 - 336 - Title V

- 353 - Title II
 - 354 - Title IID
 - 356 - Title III
 - 358 - Title IV
 - 362 - Head Start
 - 364 - Reading First
 - 367 - SOS
 - 369 - Perkins
4. The Chief Financial Officer shall have further authority to limit procurement and ~~corporate credit card~~ access to specific funds and to establish review, approval and back-up documentation requirements as well as accounting processes applicable to all cardholder transactions.
 5. Procurement card and ~~corporate credit card~~ purchases will be limited to small transactions and emergency purposes with the exception that ~~corporate credit~~ procurement cards can also be used for reasonable and necessary central and area office travel and recruitment related expenses.
 6. Cumulative monthly transactions for procurement cards will be limited to \$1,250 for principals and \$750 for engineers. Procurement card transactions by Central and area offices ~~transactions for corporate credit cards~~ will be limited to \$5,000 per month per card.
 7. The purchase of goods (biddable items) from a single vendor by a single unit shall not exceed \$10,000 per year unless otherwise approved by Board authority.
 8. Card holders shall ensure that funds are available prior to initiating transactions. Procurement card and ~~corporate credit card~~ purchases can only be initiated using budget lines that have available funds. All card holders shall reconcile their transactions on a timely basis. Procurement card transactions of Board members and staff of the Board's administrative office must be reported monthly to the Board in a report to be prepared by the Secretary to the Board.
 9. The card holder manual issued by the Chief Financial Officer shall establish requirements to ensure that an appropriate segregation of duties is ~~shall be~~ maintained between procurement card and ~~corporate credit card~~ users, approvers and reviewers.
 10. Transactions will be made in accordance with all Board Rules, including but not limited to Chapter VII. Board Rules concerning Procurement and Contract Rules.
 11. Transactions will be made in accordance with all Board policies, including but not limited to the Board's Policy on Reimbursement for Work Related Expenses. Procurement cards shall not be used to purchase any item or service that is not reimbursable under the Board's Policy on Reimbursement for Work Related Expenses, including, but not limited to, the purchase of alcoholic beverages.
 12. All appropriate school, central and area office personnel will be required to attend procurement card ~~or corporate credit card~~ training.
 13. In addition to the use restrictions noted in Section II.11. above, procurement cards shall not be used for any other prohibited items set out in the card holder manual issued by the Chief Financial Officer.
 14. Use of a procurement card for personal purchases or any other purchases unrelated to Board business is strictly prohibited.

III. Authorization to Establish Procedures, Manuals and Compliance Reviews: Compliance with Policy:

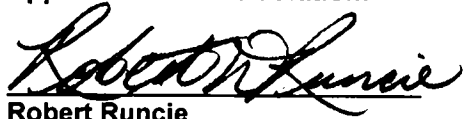
The Chief Financial Officer shall issue procedures and manuals for the effective implementation of the requirements and control measures set out in this Policy. Procurement card purchases and related accounting practices are subject to annual review or audit as directed by the Chief Financial Officer.

IV. Violations

Failure to comply with this policy or related procedures and manuals or ~~and~~ CPS' financial and operational policies will result in revocation of the use of the card. Procurement ~~card or corporate credit~~ card holders or other employees found using the card in violation of this policy, procedures or manuals including, but not limited to uses for fraudulent, personal, or otherwise inappropriate purposes will be subject to discipline up to and including dismissal, pursuant to the Board's Employee Discipline and Due Process Policy, ~~and referral~~ Such cases may also be referred to the Office of the Inspector General or ~~and~~ to appropriate law enforcement authorities for other legal action. Schools or offices that expend grant funds in a manner resulting in potential or actual questioned costs will be required to identify alternative funding.

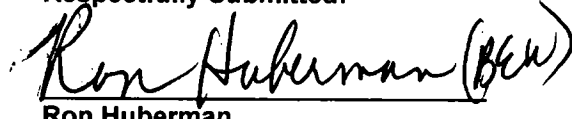
~~Procurement card and corporate credit card purchases and related accounting practices will be subject to annual review/audit as directed by the Chief Financial Officer. The Chief Financial Officer shall have the authority to establish procedures, accounting processes, and training related to procurement and corporate credit card activities.~~

Approved for Consideration:



Robert Runcie
Chief Administrative Officer

Respectfully Submitted:



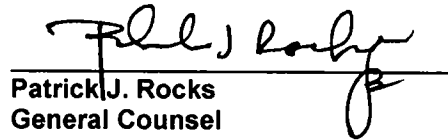
Ron Huberman
Chief Executive Officer

Noted:



Diana Ferguson
Chief Financial Officer

Approved as to Legal Form ^{AM}



Patrick J. Rocks
General Counsel