

June 23, 2021

**RESCIND BOARD REPORT 11-0928-PO1 AND  
ADOPT A NEW PROCUREMENT CARD POLICY****THE CHIEF EXECUTIVE OFFICER RECOMMENDS:**

That the Chicago Board of Education ("the Board") rescind Board Report 11-0928-PO1 and adopt a New Procurement Card Policy. The policy was posted for public comment from March 24, 2021 to April 26, 2021.

**PURPOSE:** This policy establishes requirements applicable to all those individuals to whom point of sale ("POS") physical procurement cards are issued by CPS to ensure financial transparency and integrity. The policy requires the uniform use and management of purchases made using procurement cards. It also identifies controls and limitations for purchases made by using the cards and it establishes that personnel actions may be taken in response to fraudulent, personal, or otherwise inappropriate use of the cards. The revisions are intended to align this policy with the current Board Policy on Reimbursement for Work-Related Expenses.

**POLICY TEXT:****I. Procurement Card Purchases**

Where expenditures for goods and services are normally made using purchase orders associated with the CPS I-Procurement process or employee expense reimbursements, procurement card purchasing functions allow approved CPS personnel to use a POS procurement card for efficient, small, official business use transactions that do not go through the I-Procurement process. In addition to accommodating certain purchases, the procurement card process provides reduced transaction costs to CPS and expedited payments to vendors in that, like a personal credit card, once the merchant reconciles the transaction with the bank the merchant will be paid.

**II. Use of Procurement Cards**

Purchase of goods and services using CPS-issued, individual POS procurement card must comply with the following limitations and controls:

1. The Department of Finance has the exclusive authority to issue or make available POS procurement cards to authorized users. However, the Department of Finance must not issue more than a total of five (5) POS procurement cards for use district-wide.
2. Authorized Users. The Department of Finance may make POS procurement cards available to an authorized user in Central Office and the Board Office when there is compliance with this Policy. POS procurement cards must not be issued or made available at the network or school level.
3. Authorized User Requirements.
  - a. Central Office Staff. No POS procurement cards will be issued to Central Office staff without the written approval of the Chief Financial Officer or the Treasurer.
  - b. Board Office. No POS procurement cards will be issued to the staff of the Board's administrative office or Board members without the written approval of the President of the Board.
  - c. Board President. No POS procurement card will be issued to the Board President unless approved by the Board.

4. Federal Grant Funds must not be accessible through procurement card purchases including, but not limited to, the following funds:
  - 220 – IDEA
  - 312 - Lunchroom Fund
  - 314 - Lunchroom - Lighthouse
  - 324 - Miscellaneous Federal, State & Local Grants
  - 326 - Government Funded School-Based Grants
  - 332 - NCLB Title I Regular Fund
  - 334 - NCLB Title 1 - Neglected and Delinquent
  - 336 - NCLB Title V Fund
  - 353 - Title II – Teacher Quality
  - 356 – ELL & Bilingual Programs 358 - Title IV
  - 362 – Early Childhood Development 367 – Title I – Comprehensive School Reform
  - 369 – Title I – School Improvement Carl Perkins
5. The Department of Finance is authorized to limit POS procurement card purchase access to specific funds.
6. POS procurement card purchases must be primarily limited to small transactions and emergency purposes, with the exception that POS procurement cards may also be used for reasonable and necessary central office travel and recruitment related expenses.
7. Transactions authorized by POS procurement card users are limited to a collective maximum spend of \$90,000 per month.
8. The purchase of goods (biddable items) from a single vendor by POS procurement card for a single unit must not exceed \$10,000 per year unless otherwise approved by additional Board authority.
9. Card holders must verify that funds are available prior to initiating transactions. POS procurement card purchases may only be initiated using budget lines that have available funds. All expenses paid on POS procurement cards must also be approved within the Oracle PCard module. All card holders must reconcile their transactions on a timely basis or no later than the 15<sup>th</sup> of the month following the incurred expenses. POS procurement card transactions of Board members and staff of the Board's administrative office, if any, must be reported monthly to the Board.
10. Card holders must comply with the requirements of the card holder manual.
11. Transactions must comply with all Board Rules, including Chapter VII.
12. Transactions must comply with all Board policies, including the Board's Policy on Employee Travel and Work-Related Expense Reimbursement. Procurement cards must not be used to purchase any item or service that is not reimbursable under the Board's Policy on Employee Travel and Work-Related Expense Reimbursement, including the purchase of alcoholic beverages.
13. Upon issuance of a POS procurement card, all appropriate personnel administering the use of a procurement card must attend procurement card training conducted by the Department of Finance.
14. In addition to the use restrictions noted in Section II.11., POS procurement cards must not be used for any other prohibited items set out in the card holder manual.
15. Use of a POS 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**

The Department of Finance is responsible for the administration and oversight of the POS procurement cards described in this Policy. The Department of Finance must issue a card holder manual providing the detailed requirements to ensure appropriate POS procurement card use and responsibilities are maintained. The Department of Finance is authorized to establish review, approval, and back-up documentation requirements as well as accounting processes applicable to all cardholder transactions. Procurement card purchases and related accounting practices are subject to annual review or audit.

**IV. Violations**

The Department of Finance must revoke the POS procurement card from an authorized user that fails to comply with this policy or related procedures or CPS' financial and operational policies. POS procurement card holders or other employees found using the card in violation of this policy or related procedures including 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. These cases may also be referred to the Office of the Inspector General or to appropriate law enforcement authorities for other legal action. Offices that expend grant funds in a manner resulting in potential or actual questioned costs will be required to identify alternative funding.

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