



DISTRICT FINANCIAL SERVICES INSIGHTS

P-Card Purchases

Best Practices

A little history: The purchase card was initially introduced in the federal government in the 1980s as a means of procuring small items in a more efficient and effective manner. After a Department of Commerce pilot program, carried on with other agencies in 1986, indicated significant advantages of purchase card use, the use of the federal purchase card began to expand and in 1989 the General Services Administration was granted government-wide responsibility to manage the purchase card program. The use of the purchase card grew rapidly after the National Performance Review in 1993 identified the purchase card as an effective means of improving the efficiency of federal procurement of smaller dollar items or “micro-purchases.”¹

Other public agencies, including schools began the use of P-Cards in the 1990s. Since that time many public officials have found themselves in hot water over P-Card use. To prevent issues from occurring, it is imperative that district put strong policies in place for the use of the P-Cards:

Best Practices:

1. Establishing a P-Card program through Governing Board approval. Although no mention of purchasing cards is found in the Education Code, the program is very similar to a Revolving Cash Fund and establishment of the program should follow the same basic principles for the sake of transparency.
2. Establish strong written policies and procedures.
 - a. Create a procedures manual that includes the dos and don'ts, the audit process, documentation required, records retention, etc.
 - b. Have a written agreement with each individual cardholder outlining restrictions on the use of the cards and ensuring that the individual understands the extent of their personal liability and consequences of misuse.
 - c. Provide training for users, auditors, and accounts payable staff.
 - d. Establish transaction limits for cardholders.
 - e. Assign a P-Card program administrator and a backup for that role.

- f. Audit each expenditure carefully. All rules for procurement apply, including bid limits.
- g. The card should not be used to evade standard procurement processes.

The Commercial Warrants Unit reviews each expenditure on the statement. Backup documentation for each expenditure is required as if the expenditure was processed on a separate voucher.

¹AGA Corporate Partner Advisory Group Research

For sample manuals and agreements, please email Guiselle Carreon at guiselle.carreon@sdcoe.net.

Gift of Public Funds

Public Purpose

Since we are nearing the end of the school year, it is a good time to remind districts to be mindful of what constitutes a gift of public funds.

Article XVI of the California Constitution prohibits public agencies from gifting public funds:

“...nor shall it have power to make any gift or authorize the making of any gift, of any public money or thing of value to any individual, municipal or other corporation...”

Government Code 8314 outlines the intent of the Constitution in greater detail and defines several terms such as:

- **Personal Purpose:** personal enjoyment, private gain or advantage, or an outside endeavor not related to state business.
- **Campaign Activity:** an activity constituting a contribution as defined in GC Section 82015 or 82025.
- **Public Resource:** means any property or asset owned by the state or any local agency, including, but not limited to, land, buildings, facilities, funds, equipment, supplies, telephones, computers, vehicles, travel, and state-compensated time.
- **Use:** means a use of public resources which is substantial enough to result in a gain or advantage to the user or a loss to the state or any local agency for which a monetary value may be estimated.

Incidental values and use is not intended to be covered by this prohibition. For example the use of a district phone to make an appointment would be incidental.

Education Code 44015 allows district to reward employees and students as follows:

- (1) Propose procedures or ideas that thereafter are adopted and effectuated, and that result in eliminating or reducing district expenditures or improving operations.
- (2) Perform special acts or special services in the public interest.
- (3) By their superior accomplishments, make exceptional contributions to the efficiency, economy, or other improvement in operations of the school district.
- (4) The governing board of a school district may make awards to pupils for excellence.

No award may exceed \$200 unless expressly authorized by the Governing Board. Note also, that EC 44015 requires the district to establish and policies and procedures for granting awards and set aside funds for this purpose.

When recognizing students, staff, or community members, make sure the awards serve a public purpose.

Examples:

- Yes: Flowers purchased as part of an awards ceremony or as decorations at a public event have a public as opposed to a personal character.
- No: Flowers to show sympathy due to illness or death, or as congratulations for achieving personal milestones such as a birthday or a wedding benefit an individual and would be considered a gift of public funds.

The California Supreme Court has ruled that the public has a right to see emails and text messages regarding work related communications on government officials' personal devices. See: <http://www.mercurynews.com/2017/03/02/san-jose-californias-top-court-to-decide-if-government-emails-sent-on-private-devices-are-public-record/>

IMPORTANT / UPCOMING DATES AND DEADLINES

IMPORTANT DATES

Mar. 15, 2017 2nd Interim Report Due to SDCOE

WORKSHOPS

March 10, 2017 Retirement Reporting
Apr. 4, 2017 Commercial Warrants Audit Process
Apr. 28, 2017 Public Works Workshop

Professional Development Workshops

Input Requested

District Financial Services (Financial Services, Commercial Warrants, Retirement, and Business Consultants) are interested in providing professional development and training opportunities for districts. Currently we have the following workshops in the works:

March 10, 2017 Retirement Reporting

April 4, 2017 Commercial Warrants Audit Process and Updates

Our unit has been working with CRC to provide an improved audit process. We would like to update you on the developments and also explain how our Audit Module works.

April 28, 2017 Public Works Workshop

Please let us know what topics you would like offered in the future. Email Vandee Shelton at vandee.shelton@sdcoe.net

The following presentations are available:

- Independent Contractors
- SB 854 – DIR Requirements
- Child Nutrition Purchasing
- Basic Purchasing & Advanced Purchasing (All Day)
- Piggyback and CMAS Contracting
- Fraud Prevention in Public Agencies
- RFP and Bid Development

Other topics based on your suggestions can be developed.

FUTURE DEADLINES - PROP 39:

June 30, 2018 LEA's final encumbrance
August 1, 2018 Final Expenditure Plan Submission
June 30, 2020 Final date all projects must be complete