

**Academy of Dover Charter School  
PCard Internal Control Plan  
Fiscal Year 2016**

**Purpose**

To provide consistent and effective accounting controls over payroll transactions ensuring responsibilities associated with such financial transactions within the Payroll Human Resource Statewide Technology (PHRST) system are segregated among staff to the extent possible so that no one employee has complete control over the processing and approving of transactions. **The Academy of Dover Charter School** (hereinafter “**AOD**”) Payroll Internal Control Policy and operating processes are designed to decrease the likelihood of errors as well as to reduce the risk of perpetrating fraud and/or concealing error in the normal course of an employee’s duties.

It is important to note that the use of the card is for AOD approved purchases only. The card shall **not** be used for personal expenses. *Please note: the use of this card to make personal or unauthorized purchases is grounds for discipline up to and including termination of employment.* In addition, the employee is personally liable to reimburse AOD for the full amount, including any interest or penalty, for any personal or unauthorized purchases.

**Control Guidelines and Process Flow**

Responsibilities associated with financial transactions within PHRST payroll system are segregated among staff to the extent possible so that no one employee has complete control over the processing of transactions. All financial documents processed in the PHRST payroll system require multiple approvals. The **AOD** payroll processing responsibilities are further broken down by (**pay section/budget unit**) for concurrent process flows utilizing the same required forms, approvals, processes and policies.

In addition to the **AOD** PCard Internal Control Policy, the **AOD and Innovative Schools Development Corporation (ISDC)** Human Resource and Fiscal/Payroll staff shall strictly adhere to guidelines/rules as established and directed by Federal Employment Law, GAAP, Delaware Code, Budget Bill, State of Delaware Budget & Accounting Manual and PHRST/FSF systems in the preparation and processing of human resource, benefit administration, and payroll documents; Payroll Funding Expenditures Authorizations; PHRST data entry; records retention; and audit procedures.

**Procedures**

**Tracking Cardholders**

The Head of School and Board President authorize which employees have PCards, and set and review credit limits. Based on the employee’s work requirements, the Board President determines the type of PCard (travel only or purchasing including travel) each employee has. Under the direction of the Head of School and Board President, the ISDC is responsible for enrolling and deleting cardholders. In addition, the ISDC reviews credit limits, reviews PCard purchases for possible misuse or fraud, and annually reviews and makes recommendations to the Head of School and Board President regarding credit limits.

When receiving the P-Card, the Business Manager will meet with the individuals to go over the Credit Card Policy and Cardholder Agreement. Each participant shall sign the Cardholder Agreement, and a statement verifying that he or she has received a copy of the Credit Card Policy.

All purchases should be within the employee's budget authority or otherwise Pre-Approved by the Head of School and Board President. Except for travel expenditures (described below), the following conditions must be met, or specifically Pre-Approved by the Head of School:

- the transaction must be less than \$2,500;
- verbal price quotes must be obtained;
- State Contracts must be utilized where possible; and
- fragmentation of purchases is illegal and not allowed.

In addition, travel expenditures must conform to the State of Delaware Travel Policy which sets forth dollar limits on meals, tolls, personal telephone calls, tips, etc. Employees must reimburse AOD for any expenditure above the pre-determined allowable amounts.

Failure to follow this procedure can result in disciplinary action up to and including termination of employment.

#### **Card Security (including Fraud and Lost/Stolen Cards)**

Upon receipt of a PCard, the cardholder signs an agreement stating that he has received a PCard and understands his responsibilities as a cardholder. Included in the agreement are declarations that the PCard can only be used by the employee and can only be used for business (i.e. school) purposes. The cardholder reviews his JPMorgan statement for accuracy and quarterly, the Administrative Assistant verifies that the cardholder retains possession of the card (a verification log is maintained in the Business Office). If the cardholder's AOD employment is terminated, the Board President is responsible for retrieving the PCard, as well as any outstanding receipts and a list of purchases that have not been reconciled, from the cardholder. The ISDC is responsible for cancelling/deleting the card.

A cardholder who intentionally makes unauthorized purchases or accidentally used the PCard is liable for the total dollar amount of such unauthorized purchases. The cardholder is also subject to disciplinary action, up to and including termination, and possible criminal action for intentionally making unauthorized purchases.

If a purchase was accidentally made using the PCard, the employee, within three (3) calendar days upon realization of the error, must provide full reimbursement to the Business Office. A copy of the check, along with the deposit slip and supporting documentation, will be forwarded to the Division of Accounting (DOA).

Employees who have been issued a VISA Travel/Purchase card are to insure the safety of the card. If a card is lost or stolen, the employee is to report it as soon as possible by calling the 1-800-270-7760 number furnished by JPMC Bank. In addition, the employee must notify the Head of School and Board President. Employees should treat this card as they do their own personal credit cards. (NOTE:

Employees should write the account number and toll free telephone number on an index card for use in reporting this critical information to JPMC Bank.)

Employees are to use the card for AOD approved purchases and travel only. Travel expenditures must be reconciled within 30 days. By accepting the card the employee agrees to not make personal purchases. Failure to follow this procedure can result in disciplinary action up to and including termination of employment.

### **Monitoring PCard Usage and Record Keeping**

All cardholders must submit original receipts and/or invoices to the Administrative Assistant within one (1) week of the transaction, who submits them to the Business Manager. The cardholder identifies the purpose of the purchase on the receipt. If the receipt is lost and a replacement receipt is not obtained, the cardholder reimburses AOD for the expense.

Each week, the Business Manager reviews the PCard transactions in FSF to make sure that all receipts have been received in the Business Office. The Administrative Assistant contacts employees for any missing receipts.

At least twice per month, the Business Manager reviews all receipts and verifies the transactions in FSF; the Business Manager also initials the receipt to show that it has been verified. If required, the appropriation and the account charged are updated. The Head of School receives the verified receipts for the Business Manager and approves the transactions in FSF. The Head of School initials the receipt to show that it has been approved. The FSF system generates a voucher from the approved PCard transactions and the Board President and Board Treasurer approves the approved voucher.

Using the monthly FSF PCard Voucher Transactions report, the Business Manager reconciles all FSF vouchers with the verified and approved receipts. All invoices, purchase card receipts, supporting documentation, and reports are securely filed and maintained for review/reference and audit in the Business Office.

The cardholder statements from JPMorgan Chase are presented monthly to the Citizen Budget Oversight Committee for review of expenditures that have been made using the PCard.

All personnel changes in FSF roles are communicated to the DOA.

## Attachment

(Information sheet provided to employee when they receive the credit card.)

Please find attached the new State P-Card. This card can be used for travel and small purchases as allowed under Academy of Dover Charter School policies and procedures as well as State Accounting rules. Please remember the following:

- All purchases should be within the employee's budgetary authority, or otherwise pre-approved by the Head of School or Business Manager.
- This card is for state approved purchases only. All purchases must be reconciled within 30 days.
- If the card is lost or stolen, please call JPMC Bank at 1-800-270-7760. They are available 7 days a week, 24 hours a day.
- Notify the Business Manager if your card is lost or stolen.
- Treat this credit card as you would your personal credit card.
- No personal purchases are allowed with this card.
- Abuse of this card can result in disciplinary action up to and including termination of employment.

Questions on use of the card can be addressed to the Business Manager, Board President, or the Head of School.

**Approved by Board of Directors July 2015**