supportCon SOUTH

September 23, 2025 | **SPRINGFIELD**

Introductions

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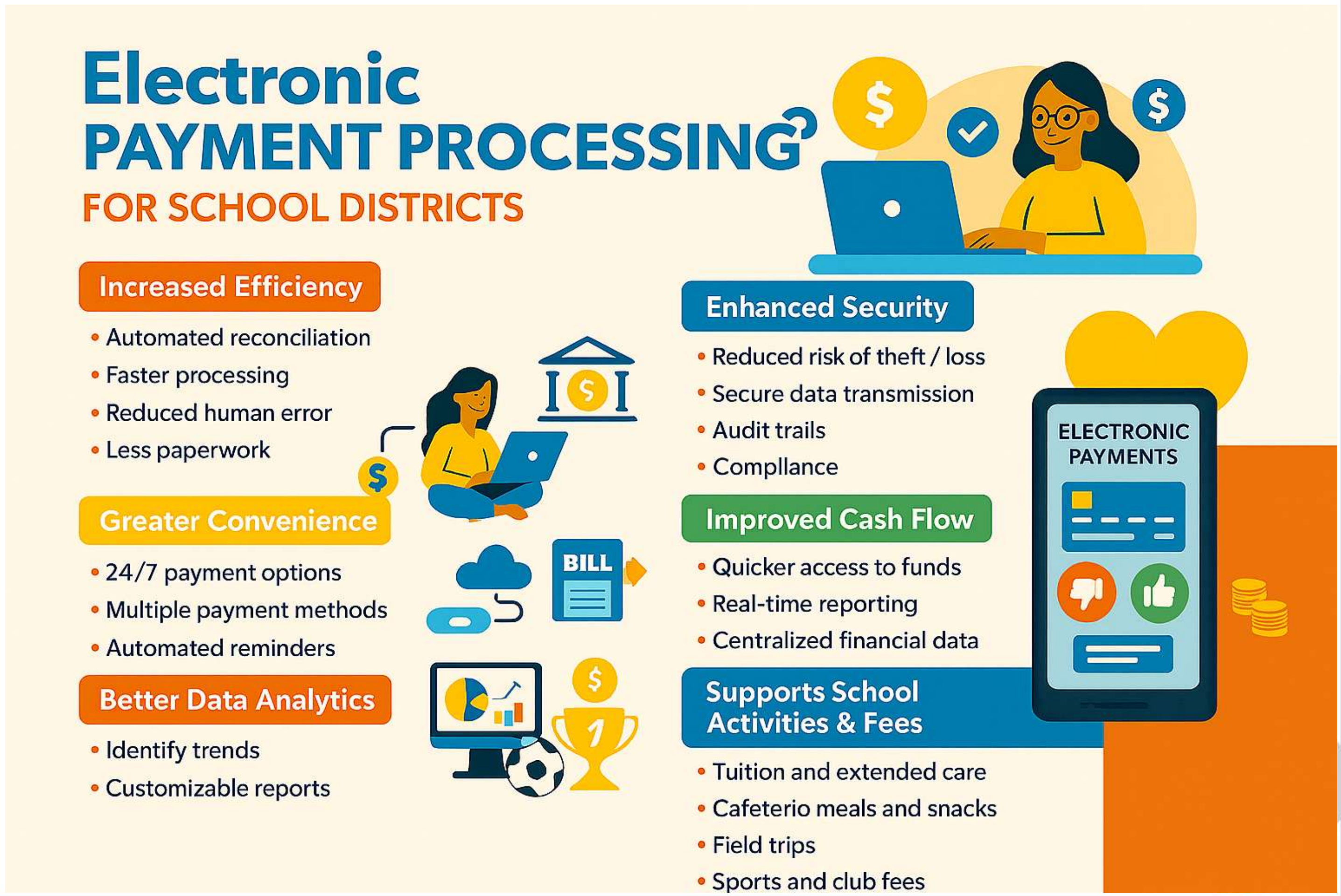
We love them!!



Electronic
PAYMENT PROCESSING
FOR SCHOOL DISTRICTS
Increased Efficiency
• Automated reconciliation
• Faster processing
• Reduced human error
• Less paperwork
Greater Convenience
• 24/7 payment options
• Multiple payment methods
• Automated reminders
Better Data Analytics
• Identify trends
• Customizable reports
BILL
Enhanced Security
• Reduced risk of theft / loss
• Secure data transmission
• Audit trails
• Compllance
Improved Cash Flow
• Quicker access to funds
• Real-time reporting
• Centralized financial data
Supports School Activities & Fees
• Tuition and extended care
• Cafeterio meals and snacks
• Field trips
• Sports and club fees
ELECTRONIC PAYMENTS

SCHOOL

We Hate Them?

- Hate is strong word…..how about how do we address the challenges?
- Cost Issues
- Fraud Risks
- Processing Issues
- Compliance Issues
- Equity Issues
- Reliance on computer systems/system failures

Highest Fraud Risk Areas

1. Cash handling
2. **Purchase Cards/ Credit Cards**
3. **Amazon Purchases**
4. Fake Vendors/Wire Fraud
5. Vendor Collusion
6. Ghost Payrolls
7. Stolen/Missing Checks
8. Undeclared Revenues
9. Misuse of Public Funds

2024 Consumer Finance Protection Bureau Report

- Key Findings
  - 87% of the sampled school districts (300 nationally) contract with payment processor to enable electronic payments (especially around food service and student activity accounts)
  - Surcharges for parent use of electronic payment apps continue to increase and hit low income families disproportionately
    - “For families paying full price for lunch, every $1.00 they spend to pay for their child’s lunch incurs $.08 in transaction fees. For those paying reduced prices for lunch, this ratio grows to $.60 for every $1.00 spent.”
  - In 2024 at the time of the report, three companies (MySchoolBucks, SchoolCafe, and LINQ Connect dominated the market with more than 67% of the share. However, the market continues to grow and there are an additional 20 plus companies that are operating in the space
- The report raises concerns about the “fairness” of the process for parents and families.
  - https://files.consumerfinance.gov/f/documents/cfpb_costs-of-electronic-payment-in-k-12-schools-issue-spotlight_2024-07.pdf

Buttoning Up Your Policies and Procedures

- Common Sense……
- PRESS Policy Section 4 is your friend…..
- Your auditors can help build an internal control checklist
- Illinois ASBO and AASBO have resources
- US Department of Education – Office of Inspector General
- Where are your vulnerabilities?

Equity Challenges with Electronic Payments

- Not all families have credit cards or checking accounts
- Fees for transactions hit low income families disproportionately
- Holding lunch accounts
- State statutes on fees and graduation
- Digital hesitancy
- Student activity accounts and sports

Purchasing Cards

Major Categories of Purchasing Card Providers

Provider Type	Examples
National Banks	JPMorgan Chase, Bank of America, U.S. Bank, Wells Fargo
Regional Banks / Credit Unions	PNC, Fifth Third, Truist, local credit unions
Edtech & ERP Vendors	Edsembli, PowerSchool, Frontline Education, Tyler Technologies
Payment Gateways	eMerchant, PaySchools, RevTrak, MySchoolBucks
Government / Cooperative Programs	U.S. Communities, Sourcewell, state-level purchasing cooper atives

Benefits of P-Cards

- Allows for timely, small purchases
- Reduces the number P.O.'s and checks written
- Business Department review is streamlined
- Set spending limits
- Reduce cash handling
- Earn Rebates
- Can Integrate with financial software

Risks of P-Cards

Misuse by negligence or intentional: Staff have easier access to district funds. The risk is high for staff to use the card for personal use rather than for the benefit of the school.

Misuse of Public Funds: Using cards to purchase items against school code (alcohol, excessive traveling, non-school associated dinners, etc.)

Excessive Use: Staff may use cards to circumvent the procedures of procurement policies.

Sales Tax: As the School is Tax-Exempt Agency, no sales tax should be charged on

Risks of P-Cards

- Sharing of Cards: P-Cards that are held in the name of the staff person should be only individual using the card. All expenses are their responsibility.

- Usage during school breaks: Spending of school funds should be for the benefit of the students in the school year. Use of P-Cards should be limited and restricted during school breaks.

- Identity Theft: The use of online purchases opens up the risk the card number can be stolen by individuals.

P-Card Policy & Procedures

- Ensure your District has a solid policy in place for enforcement
- Assign a Gatekeeper (who will enforce)
- Communicate to staff what is acceptable / not acceptable
- Enforcement of daily reimbursement limits
- Student Activity usage

Examples of P-Card Fraud

Johnny is a high school foods teacher with access to the school P-Card. During November, he planned a “Thanksgiving Feast” to teach the students how to make common Thanksgiving meals. He instead used the card to make purchases for his own family Thanksgiving that he was hosting.

Suzie Q is the music department chair whose husband recently lost their job in December. In desperation on how to pay for their kids Christmas presents, she used the district card at the local toy store.

Examples of P-Card Fraud

The Principal at School X fraudulently purchased (5) Visa gift cards with the District Card at a local Target with the explanation they were to be used for teacher appreciation for 1 teacher at each grade level. The Principal instead kept the Visa cards and used them at different department stores.

The Director of Transportation is provided a District P-Card. The Director also runs a vintage sportscar team that races locally. Over the course 3 years, it was found there were $100,000 of purchases of racing tires, spoiler, and a trailer.

BEST PRACTICES FOR P-CARDS IN K-12 SCHOOL DISTRICTS

Program Structure & Governance

- Designate a P-Card Admrinistrator
- Create a Clear Policy Manual
- Require Signed User Agreements

Internal Controls

- Segregation of Duties
- Limit Card Access
- Set Spending Limits & Vendor Restrictions
- Limit Card Access
- Set Spending Limits & Vendor Restrictions
- Monitor Foreign Transactions

Reconciliation & Oversight

- Monthly Statement Review
- Audit Trails
- Conduct Random Audits

Training & Support

- Initial & Ongoing Training
- Accessible Resources

Strategic Enhancements

- Integrate with ERP Systems
- Use Analytics for Spend Insights

Best Practices

- Review listing of card holders annually
- Implement ***<u>and enforce</u>*** Procurement Terms & Conditions
- Lock cards and limit use during spring/winter/summer break
- Create centralized log of employee misuses
- Implement a sign in/out sheet for school cards

Best Practices

Update	Terminate	Restrict
Update financial software frequently	Terminate expired or compromised cards	Restrict purchases outside the US and Canada

What One Year of Amazon Orders Looks Like!

Amazon Purchases

business prime

Risks

- Higher risk of employee abusing
- Shipping directly to staff homes
- Volume of transactions
- Keeping PO process and checks straight

Benefits

- Easy to use
- Staff have easy access
- Saves time for staff
- Data analytics is helpful for thinking about bulk purchasing

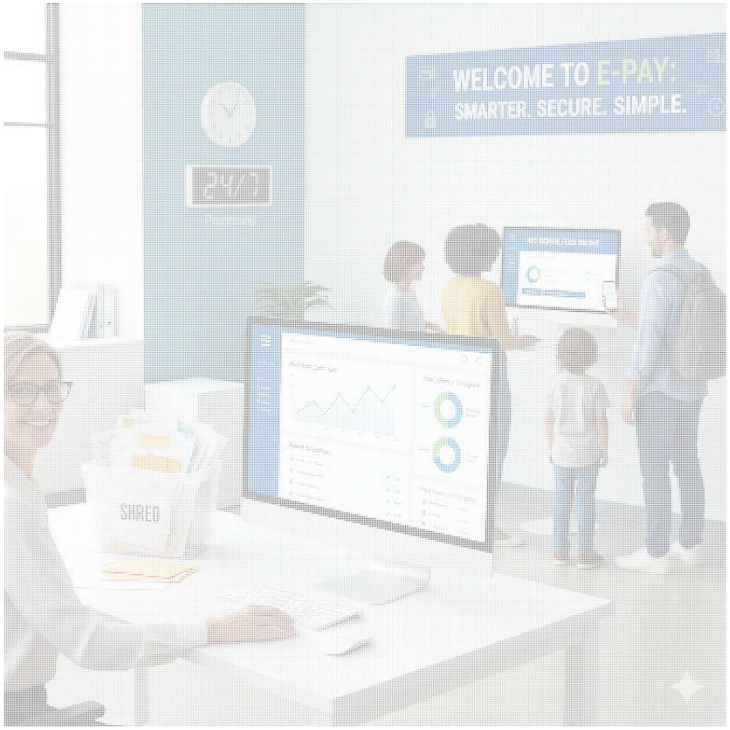
- Increase selection and discounts on bulk purchases
- Easy to add/remove users
- Easy to reorder products
- Set spending limits on users
- Set delivery options

Board Policy Compliance

- Control District only users
- E-procurement capabilities
- Ability to restrict suspended/debarred vendors
- Only utilize vendors that take tax exempt
- Restrict shipping addresses
- Bulk purchase bidding
- No direct p-card purchases
- Must be shipped to identified school location
- Manual approval of all orders to ensure consistency with District goals and objectives

Questions and Answers

We thank you for your time!



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