POLICY SERVICES

ADVISORY

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Policy Advisory No. 1065

Policy DGD — Credit Cards
Regulation DGD-R — Credit Cards
Exhibit DGD-E — Credit Cards

This revision reflects the requirements of the Uniform System of Financial Records (USFR) Compliance Questionnaire relating to District credit/procurement cards. Policy DGD now provides for defined dollar limits based on the card or transaction type, maintenance of a complete list or log of card users, prohibition of cash withdrawals and personal expenditures, retention of signed card-user agreements, and documented annual training for applicable employees.

Regulation DGD-R has been revised to provide corresponding implementation requirements, including tracking card possession and personnel subject to training, retaining signed card-user agreements, establishing card and transaction limits, providing annual training to card users and employees who process card transactions, and maintaining dated documentation of training participation.

Exhibit DGD-E has been revised to align the card-user agreement with the updated policy and regulation. The agreement addresses authorized card use, prohibited cash withdrawals and personal expenditures, applicable purchasing and documentation requirements, possible personal liability and wage withholding to the extent permitted by law, and disciplinary consequences for misuse.

If you have any questions, please call Policy Services at (602) 254-1100. Ask for Dr. Charlotte Patterson, Policy Analyst; Lynne Bondi, Policy Analyst; or Renae Watson, Policy Technician. Our e-mail addresses are, respectively, [cpatterson@azsba.org], [lbondi@azsba.org] and [rwatson@azsba.org].

ADVISORY 1065

DGD ©
CREDIT CARDS

(Credit Cards and/or Procurement Cards)

Definition of Credit/ Procurement Card

The District defines "credit card" and "procurement card" as a form of payment in lieu of cash, purchase order, or check. The credit/procurement card must bear the company logo.

Use of Credit Cards/ Procurement Cards

The Governing Board acknowledges that instances may occur when ready payment for goods or services is in the District's best interest. The Superintendent is responsible for the implementation of all aspects of the District credit/procurement card program. The Board authorizes the Superintendent to secure and assign ~~controlled limit~~ credit/procurement cards <u>(with defined dollar limits based on the card or transaction type)</u> to designated personnel.

<u>The District will maintain a complete list or log of card users to track card possession and identify personnel for annual training.</u>

District-assigned credit/procurement cards may not be used for <u>cash withdrawals or</u> personal expenditures.

<u>All card users will be required to sign an agreement outlining the District's policies and procedures governing card use, including possible disciplinary action for misuse. The District will retain all signed card-user agreements.</u>

The use of credit/procurement cards is to be closely monitored and payment of statements for authorized purchases is to be made as promptly as possible to avoid fees and charges for the use of such cards.

<u>The District will provide annual training to authorized card users and employees who make credit/procurement card purchases or process credit/procurement card transactions. The District will maintain dated documentation of each applicable employee's participation in the annual training.</u>

The Superintendent is directed to develop regulations for the use of District-assigned credit/procurement cards. Such regulations are subject to Board review and approval.

The Board reserves the right to revise or rescind this policy at its sole discretion.

Adopted: ________________________

LEGAL REF.:
A.R.S.
15-342
38-621
38-622
38-623
38-624
38-625
Uniform System of Financial Records

CROSS REF.:
DKC - Expense Authorization/Reimbursement

REGULATION

CREDIT CARDS

(Credit Cards and/or Procurement Cards)

Purposes, Conditions, and Limits

The issuance and use of a credit/procurement card is to provide an alternative purchasing mechanism when traditional payment/procurement methods are not feasible. Cards shall be issued in the District's name and if applicable, the user's name. The employee issuing cards shall maintain a complete list ~~of designated card users~~ or log of card users to track card possession and identify personnel for annual training. Physical security of cards shall be maintained at all times. The District shall cancel or inactivate cards, or recover the cards, if possible, upon loss, theft, or misuse; when a card is no longer needed; and upon the card holder's separation from the District's employment when the card is in the user's name. For cards issued in the District's name, a specific employee shall be designated by the Superintendent to track who has the cards and account for all card transactions.

A credit/procurement card may be used to facilitate the payment of travel expenses such as hotels, meals and registrations for training and education while conducting District business, including fuel for District-owned vehicles.

~~Purchasing control limits shall be based on single transaction limits and monthly purchase limits for each card holder. Purchase limits shall be established based on the types of transactions for which the card is being used. Personnel issued credit/procurement cards shall be determined by the Superintendent to have a legitimate need and whose~~ Credit/procurement cards shall have defined dollar limits based on the card or transaction type. The Superintendent shall issue credit/procurement cards only to personnel who have a legitimate need and for whom use of the card is necessary for effective purchasing. Personnel designated to use credit/procurement cards shall be advised by the Superintendent of their purchasing control limits.

Authorized Card Holders

Persons designated as authorized credit/procurement card holders must agree to abide by the procedures described in this regulation.

~~The holders will be held liable for any u~~Unauthorized use of a District-assigned credit/procurement card~~, which~~ may result in disciplin e~~ary action~~ up to and including ~~the loss~~ termination of employment and any other action~~s~~ ~~provided~~ permitted by law.

Note: This material is written for informational purposes only, and not as legal advice. You may wish to consult an attorney for further explanation.

All card users, including users of cards issued only in the District's name, shall sign a user agreement acknowledging ~~receipt and understanding of~~ that they have received and understand the District's policies and regulations ~~for the~~ governing cards~~'~~ use. The District shall retain all signed card-user agreements. The agreement shall authorize the District to withhold wages for the amount of any improper purchase~~; pursuant~~ to the ~~Fair Labor Standards Act~~ extent permitted by law. To the extent permitted by law, card users shall be held personally liable for card transactions that are contrary to laws, rules, policies and regulations, including applicable penalties and interest. The user agreement shall contain a statement expressing possible disciplinary actions for the misuse of a District credit/procurement card.

Except for business department personnel performing authorized office duties, no person other than a designated holder is to have access to or use of a District-assigned credit/procurement card.

Authorized card ~~holders shall receive training on the use of the card that addresses purchase limitations, advanced purchasing approval, necessary purchase documentation, and the District's payment process regimen~~ users and employees who make credit/procurement card purchases or process credit/procurement card transactions shall receive annual training on the District's policies and procedures governing card use. The training shall address purchase limitations, advance purchasing approval, required purchase documentation, and the District's payment process regimen. The District shall maintain dated employee sign-in sheets or other documentation supporting each applicable employee's participation in the annual training.

Scope

The credit/procurement card is to be used only when the items and/or services to be purchased are for the official use of the District. ~~*No personal use of a credit/procurement card is allowed*~~ District-assigned credit/procurement cards may not be used for cash withdrawals or personal expenditures.

District-assigned credit/procurement cards may be used only when one (1) of the following conditions exists:

A. When a vendor will not accept a purchase order or offer billing terms.

B. When the purchase must be made during an "emergency." For the purpose of this regulation, *emergency* means payment for a purchase must be made before the next accounts payable check run. A memo bearing the Superintendent's signature of approval must be presented explaining the circumstances and nature of the emergency.

C. When certain purchases could be made more efficiently and cost effectively.

D. When a revolving fund check cannot be used.

Credit/Procurement Card
Purchasing Limitations

District-established credit/procurement card purchasing limitations shall be established by the Superintendent. The Superintendent shall establish ~~card user and single transaction limits and monthly purchase limits for each card. Such limits shall be established based on the type of transactions for which the card is to be used~~ <u>defined dollar limits based on the card or transaction type, including single-transaction limits and monthly purchase limits for each card user</u>.

A purchase made using a District-assigned credit/procurement card may not violate any District purchasing policy or regulation. All purchases must be appropriate and in the best interest of the District. Violation may result in termination of the employee's credit/procurement card privileges.

Credit/Procurement Card Transaction
Requirements for Physical, Verbal,
and Internet Orders

When a District-assigned credit/procurement card is required for a physical, verbal<u>,</u> or internet purchase, the following steps must be taken:

A. Prior to use of the credit/procurement card, the card holder is to submit a purchase order requisition form to the District business office accompanied by the following:

1. A detailed description of the items and/or services to be purchased using the credit/procurement card.

2. The date the purchase will be made.

3. The actual amount of the purchase. If the actual amount is not known an estimate may be stated, *but the amount of the purchase cannot exceed the stated amount.*

4. Proper account coding information.

5. Signatures of the requester and the approving authority.

B. The holder must verify that a purchase order has been created and approved before a credit/procurement card transaction occurs.

C. When a credit/procurement card is used the card holder must promptly submit all receipts and other related documentation to the business office. The documentation should clearly indicate the employee making the purchase and the specific school purpose for the expenditure. Receipts for fuel or vehicle repairs are to include the vehicle license number.

Supporting Purchase Documentation

Employees using cards shall submit all supporting documentation to the District monthly. Supporting documentation shall include:

A. Purchasing requisition, purchase order, invoice, packing slip, receiving report, and transaction receipt, as applicable. If original receipts are not available because they are lost or illegible, the card user shall request a copy of the receipt from the vendor or complete an affidavit detailing the purchase date, vendor, product, cost, tax and other charges, and reason the receipt is not available.

B. A description of the item(s) purchased and the specific District purpose for the expenditure.

C. The card user's signature and date the document was submitted to the District.

D. Documentation of the purchase of fuel or vehicle repair, the license number of the vehicle, and odometer reading of the vehicle.

E. Transactions, such as ~~I~~internet, phone, and fax transactions may result in card charges before goods or services are received. Such transactions allow purchases that are normally prepaid in order to procure the item or to receive a discounted price. In such instances the District shall ensure that all relevant aspects of Uniform System of Financial Records (USFR) VI-G are adhered to for each purchase.

Credit/procurement card statements must be addressed directly to the business office and not to the card holder. All purchase transaction receipts must be reconciled to the monthly credit/procurement card statements prior to entry on an expense voucher. As credit/procurement card companies may charge fees and interest, payments must be made in a timely manner to avoid finance charges.

Use of a Credit/Procurement Card for Travel

Reservations must be made through the purchasing office. A completed professional leave form must be submitted along with the necessary information. The business office will provide the credit/procurement card information to the selected vendor.

Payment Process Regimen

The Superintendent shall ensure that approval, verification, and payment duties are separated among different employees. A copy of the billing statement shall be sent directly to the District. Electronic statements may be accepted if provided to card users by the financial institution or the District. Upon receipt of the billing statement, the card user ~~should~~ shall complete the transaction log and submit the log, billing statement, and all other supporting documentation for review and approval. The reviewer shall:

A. Confirm that all supporting documentation is complete and was submitted in a timely manner.

B. Verify that each purchase transaction appearing on the card user's billing statement is an appropriate, legitimate District purchase that was approved, and within the individual's authorized purchase limits.

C. For travel expenses, verify the expenses do not exceed allowable reimbursement amounts as prescribed by the USFR and are supported by a properly approved travel claim.

D. Initial and date the reconciliation document for review.

E. Submit reconciled statements and supporting documentation.

All receipts shall be reconciled and reviewed monthly and, if possible, prior to payment of the monthly bill. Payments shall be made in a timely manner to avoid late fees and finance charges. Card balances shall be paid in full each billing cycle. Should the reconciliation or review identify any ~~items~~ transactions that were not ~~a~~ valid purchases, ~~it~~ the transactions shall be reported to the Superintendent and disputed.

Periodic Review

The District shall periodically compare budget and actual expenditures to ensure purchases remain within budget limits, or available cash balance, as applicable, and shall monitor the types of purchases and vendor usage to ensure compliance with District procurement policies and regulations~~,~~ and USFR purchasing guidelines.

The review process shall include strategies that are employed to detect improper or fraudulent transactions.

Rebates and Incentives

Credit cards or procurement cards may contain provisions for the District to receive cash rebates or incentives in the form of rebates. Should this occur, the District shall treat rebates as miscellaneous revenue or as a deduction of expenditures.

Should a rebate be received in the same fiscal year as the original expenditure, including the encumbrance period, the rebate may be recorded as a reduction of the original expenditure. Otherwise, the District shall record the rebate as miscellaneous revenue in the original expenditure or in the Auxiliary Operations Fund.

EXHIBIT

CREDIT CARDS

DISTRICT-ASSIGNED CREDIT/PROCUREMENT CARD ~~HOLDER~~ USER AGREEMENT

By my signature I ~~hereby~~ acknowledge that I have read and understand the __________________________ School District's credit/procurement card policy and regulation~~s~~, and that I have been provided sufficient opportunity to ask questions ~~related to the District's~~ regarding the requirements governing card use.

I agree to use the credit/procurement card ~~policy and regulation. Furthermore, I affirm that I~~ only for authorized District purposes and will not use the ~~credit/ procurement~~ card for cash withdrawals or personal ~~reasons and~~ expenditures. I acknowledge that I have been advised of the purchase limitations ~~associated with the use of the card. I understand that a violation of this agreement may result in disciplinary action up to and including termination, and possible legal action~~ ,advance purchasing approval requirements, required purchase documentation, and payment process.

I authorize the District to withhold wages for the amount of any improper purchase to the extent permitted by law. I understand that, to the extent permitted by law, I may be held personally liable for card transactions that are contrary to applicable laws, rules, or the District's credit/procurement card policy or regulation, including applicable penalties and interest.

I understand that misuse of a District credit/procurement card may result in the loss of card privileges, discipline up to and including termination of employment, and other action permitted by law.

______________________________	______________________________
Signature	Position
______________________________	______________________________
Printed name	Date signed

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