

DISTRICT-ISSUED CREDIT CARDS: CARDHOLDER RESPONSIBILITIES

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Sample Rule 1

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(This sample rule is intended to communicate critical expectations, responsibilities, and procedures to individuals who are authorized cardholders and card users within a district-administered credit card program. Most districts will need to substantially modify the sample to better reflect actual/intended local practices and to add specific district procedures. The content of this rule may also serve as the primary content of the "Acknowledgement of Credit Card Program Authorization and Cardholder Agreement" mentioned in the first paragraph of the rule. In other words, the primary intended audience for this rule is the group of end-users who are authorized to make actual purchases with a district credit card. Most districts will want to establish additional internal procedures that more-specifically address the general management and administration of the district's credit card program by the staff in the district's business office and by any building-based assistants who play a role in program management.)

No person is authorized to receive or use a District-issued credit card unless he/she first signs an "Acknowledgement of Credit Card Program Authorization and Cardholder Agreement." The District's Business Office may require employees or other authorized persons to periodically reaffirm such acknowledgement/agreement.

A. General Responsibilities of Cardholders/Card Users:

1. Secure the physical card and sensitive card information (such as the card number, expiration date, and security code) to avoid unauthorized access/use.
2. Use a District credit card only if authorized to do so. Do not permit any unauthorized person to use a District credit card.
3. Use District credit cards only for authorized District purchases.
4. Be familiar with and use the District's exemption from paying sales tax.
5. Obtain, retain, and submit proper documentation of all card transactions, including itemized receipts.
6. Review and reconcile card transactions on a timely basis as directed by the District's Business Office. Fully cooperate with any account/transaction audits.
7. Promptly report and fully cooperate with the District's Business Office and the card issuer to address disputed charges, suspected fraudulent/unauthorized charges, and any lost or stolen cards.
8. Surrender the physical card to the District's Business Office and cease all use of any District credit card/card account upon ending employment, transferring to a new position that does not have the same card-use authorization, or as otherwise directed by the District.
9. Comply with all applicable District policies and procedures regarding procurement and purchasing.

To the extent any person uses a District credit card in a unauthorized manner, fails to reasonably maintain the security of a District credit card, fails to follow relevant policies and procedures, or otherwise engages in irresponsible or fraudulent activity in connection with

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the District's credit card program, he/she is subject to appropriate consequences and disciplinary action, which may include (as examples) making the District financially whole, suspension/revocation of card access and purchasing privileges, referrals to law enforcement, and/or termination of employment. Inadvertent, minor deviations from procedures that are isolated in nature may result in corrective actions (such as required re-training, issuing of a notice of expectations, etc.).

B. Additional General Guidelines and Requirements:

1. Credit cards issued by the District are the property of the District and can be withdrawn, recalled, cancelled, or modified at any time at the sole discretion of the District.
2. Individuals who have authorized access to District credit cards are expected to use reasonable judgment and to consult, as needed, with a supervisor or with the District's Business Office regarding specific situations and transactions that may not be covered by a clear rule.
3. The availability and possibility of making a purchase via a District-issued credit card should not be confused with the need to make a case-by-case determination of the most appropriate method for selecting goods/services, selecting vendors, and processing a transaction. The vast majority of District purchases should be processed using purchase orders, vendor invoices, and payments that are processed directly through the District's Business Office.
4. Authorized card users are expected to be aware of and adhere to applicable transaction limits and other usage restrictions (such as geographic restrictions, merchant category restrictions) that apply to their individual use or to the card/account that they are using. Card users are expected to plan ahead and to submit requests for changes to such restrictions to the District's Business Office far enough in advance to have the request reviewed and processed.
5. Employees who have access to District credit cards are expected to adhere to any administrative or supervisory directives regarding card usage that are more restrictive than the requirements of this administrative rule.
6. *[Insert any additional general guidelines.]*

C. Authorized Credit Card Purchases/Transactions: District credit cards are restricted-use cards. In order to use a District credit card to make a purchase, the purchase must not be one of the unauthorized purchases (see list below) and must be one of the following:

1. A purchase that is supported by a completed purchase order that has been approved by an authorized administrator/supervisor *[insert if consistent with district procedures: "and submitted to the District's Business Office"]*. Documentation (such as an email) that contains materially the same information as a purchase order may be substituted for an actual purchase order if necessary.
2. A purchase that is approved, with documentation, by an administrator/supervisor who is authorized to approve the expenditure in the absence of a specific purchase order.

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3. An emergency purchase for a District purpose that, if not approved in advance by an administrator/supervisor, is immediately reported to the card-user's supervisor and to the District's Business Office.
4. *[Insert any other type of credit card purchase that is generally considered an authorized purchase.]*

See below for information and expectations regarding refunds, rebates, or other credits to a card account.

- D. Unauthorized Credit Card Purchases/Transactions:** The following list of expressly prohibited/unauthorized credit card transactions is not intended to be exhaustive of all possible transactions that may be deemed inappropriate by the District. A purchase is unauthorized if it falls under any one of the following:

{Editor's Note: The list below must be carefully reviewed and modified to reflect local expectations and practices. Consider consulting with the district's auditor for additional guidance. Use specifically prohibited transactions in conjunction with other controls, such as card/account transaction limits and blocking certain categories of merchants/transactions within the account set-up.}

1. Personal purchases. Using a District credit card to make a personal purchase or payment is prohibited, even with the intent to reimburse the District. If, notwithstanding this general prohibition, any person uses a District credit card to make a purchase other than a purchase that is on behalf of the District, the person must immediately report the purchase to the District's Business Office and either return the purchase (if possible) or promptly reimburse the District.
2. Purchases intended to bypass any District purchasing or procurement policies, including splitting a large purchase into multiple smaller purchases in order to circumvent applicable dollar limits, approval requirements, or other procedures.
3. Any purchase that requires advance School Board approval prior to the point that District funds are obligated, unless Board approval has been obtained.
4. Cash advances. ***{Editor's Note: If the district can identify a situation where an exception might be made, it could add language such as, "except when the [insert applicable position(s) – e.g., District Administrator or Business Manager] has given direct, temporary permission to make such a transaction in response to a documented emergency"}***
5. The purchase of gift cards or similar cash equivalents, unless the *[insert applicable position(s) – e.g., District Administrator or Business Manager]* gives advance written approval for the specific purchase, specific amount, and specific intended use of any such cash equivalent. Any such exceptional approval shall be based on a determination that the purchase is clearly a permissible use of the District funds and, to the extent applicable, that there are adequate controls to ensure that the cash equivalent is not misused and that other practical alternatives for the intended use of the cash equivalent do not provide better protection for the District. ***{Editor's Note: A school district that permits employees to use district-issued cards that have a pre-loaded cash balance and***

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for which specific usage is tracked under a district-controlled account may need to adjust this paragraph to clearly address such debit-based purchasing cards. Significantly, unless the specific arrangement and purpose has been approved by the district's legal counsel, school districts should not issue bank account debit cards to employees for purchases that directly debit a district's deposit balance at a financial institution.

6. Recurring charges/payments (e.g., monthly or annual "auto payments") shall not be made using a District credit card except that the District's Business Office may elect to directly arrange and directly administer such recurring payments on a card account.
7. Any direct payment for services rendered to the District if the payment has not been invoiced and processed directly through the District's Business Office. Examples include payments for services rendered by consultants, trades services (plumbing, electrical, etc.), attorneys, medical providers, or any "1099" service-provider or contractor.
8. The purchase of any capital equipment with a cost in excess of [insert dollar limit(s) – e.g., \$x,xxx per unit or \$x,xxx per transaction], except as invoiced and processed directly through the District's Business Office.
9. Computer hardware, software, applications, or any peripheral device that works in conjunction with a computer or similar device (e.g., a projector, monitor, printer, router, storage device, etc.), unless specifically (e.g., the particular product or brand/model of device) approved and authorized by the [insert applicable position(s) – e.g., Director of Technology or Business Manager].
10. Furniture, unless specifically (e.g., manufacturer and model) approved and authorized by the [insert applicable position(s) – e.g., Director of Facilities or Business Manager].
11. Purchases that involve or require approval of a contract that addresses terms beyond item(s), price, and quantity, unless the contract has already been approved on behalf of the District. However, payment pursuant to any such contract will normally be processed directly through the District's Business Office.
12. Payments for the lease/rental of non-District facilities, unless the payment is processed directly through the District's Business Office or is otherwise specifically approved by the [insert applicable position(s) – e.g., District Administrator or Business Manager].
13. Purchases of alcoholic beverages or drugs/pharmaceuticals.
14. The payment of fines or forfeitures for parking violations, speeding tickets, or other motor vehicle violations/citations.
15. The purchase of fuel for a personal vehicle that is used for business travel when the travel is being reimbursed on a mileage basis. (The cost of fuel is included in the mileage-based reimbursement rate.)
16. [Insert any additional unauthorized purchases/transactions.]

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E. Maintaining Card Security:

1. Except when possessed in connection with imminent or very recent use, District cards are normally to be stored in a secure (locked) location at the appropriate District facility. *[Insert, if applicable: "No employee shall regularly store a District credit card among his/her personal items/possessions or at his/her home."]* Approved locations include:
 - a. A secure location in the District's Business Office such that the cards are accessed using a check-out/check-in system.
 - b. A secure location within a restricted-access office of a particular building or facility (e.g., a safe or a locked filing cabinet with limited access), such that the cards are accessed using a check-out/check-in system.
 - c. A location otherwise specifically approved by the *[insert applicable position title(s) – e.g., Business Manager]* or his/her administrative-level designee.
2. Do not make notes or copies of sensitive card account information (e.g., full card number, expiration date, security code, or account password) or maintain sensitive card information in any non-secure manner or non-secure location.
3. An employee who receives a District credit card issued in his/her individual name (i.e., his/her name is imprinted on the card) should sign the back of the card immediately upon receipt of the card.
4. When using online services/vendors, do not save credit card information in any account unless authorized to do so for the specific account by the *[insert applicable position title(s) – e.g., Business Manager]*.
5. Employees must initiate the contacts that result in a transaction or other disclosure of card information. For example, do not provide card information in response to an email or phone call that is received from a third party.
6. Do not mail or fax credit card information as a method of payment unless doing so is approved by the District's Business Office for the specific transaction based on a determination that mailing or faxing is the only reasonable means of making a necessary purchase. Retain a copy of the order form, confirm the vendor's receipt of the order, and ensure that the District will receive an itemized receipt.
7. If an employee knows or suspects that a card for which he/she is responsible has been used without authorization, lost, or stolen, he/she shall take appropriate steps to report the issue as soon as reasonably possible. Normally, this means immediately contacting both the card issuer and the District's Business Office to have the card/account suspended or canceled.
8. Departmental cards (including building-based cards) are cards that are not issued in a specific, individual cardholder's name. The individual(s) charged with responsibility for releasing a departmental card to a card user shall verify that each person who requests use of the card is an authorized user of the card.

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F. Making Authorized Purchases Using a District Credit Card:

1. Confirm that the purchase is an authorized purchase (see above).
2. Before commencing a transaction, investigate the vendor/merchant's procedure for processing tax-exempt transactions. This sometimes requires making a purchase at a dedicated customer service desk, presenting a copy of the District's tax-exempt certificate, presenting a vendor-specific tax-exempt card that the District already has on file, and/or presenting a District ID.
3. Before executing and submitting payment using a District credit card, review the total amount of the transaction and confirm that sales tax was not charged. If, for any reason, sales tax is charged for a District purchase and not corrected, it must be specifically reported to the District's Business Office.
4. Whenever practical, have any purchased items that will be shipped delivered to an appropriate District location (i.e., not to an employee's home). Notify the District's Business Office if any delivery will be made to a non-District location.
5. Obtain an itemized receipt. Summary receipts are not acceptable. The lack of an itemized receipt, for any reason, must be reported to the District's Business Office.
6. Enter the transaction information into the District's credit card transaction logging system as soon as reasonably practical and always prior to [insert deadline applicable to each billing cycle]. Attach/submit applicable documentation.
 - a. An appropriate supervisor, Business Office staff member, or a designated Business Office liaison will be responsible for reviewing each entry logged in the system.
 - b. No card user may approve his/her own transaction log entries.
7. Additionally, when making a purchase via the internet from online services/vendors:
 - a. Take reasonable steps to verify that that site represents a legitimate and reputable business/organization. Review return/exchange policies and procedures.
 - b. Ensure that the site offers a secure connection and has a valid security certificate.
 - c. If the site requires ordering through an established account, use a District-related account rather than a personal/home account. Contact the District's Business Office prior to establishing any new account.
 - d. Ensure that sales tax is not charged. This may require the employee to initiate contact with the vendor or site operator prior to completing account set-up and/or the specific purchase.
 - e. Do not save credit card information (e.g., as a payment method for future purchases) in any online account unless authorized to do so for the specific account by the [insert applicable position title(s) – e.g., Business Manager].

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G. Returns, Refunds, and Account Credits:

1. When returning a purchase or otherwise obtaining a refund, rebate, or account credit, such transaction shall be credited to the same card on which the original transaction was charged unless other arrangements are made by, or with the specific approval of, the District's Business Office.
2. Obtain an itemized receipt or vendor credit memo related to any returns and for any exchanges for different or differently-priced items.
3. Maintain a record of any return shipment information (if applicable).
4. Enter the transaction information into the District's credit card transaction logging system as soon as reasonably practical and always prior to [insert deadline applicable to each billing cycle]. Attach/submit applicable documentation.

H. Transaction Review/Disputed Transactions:

1. Employees who are authorized to hold and/or use District credit cards will be informed if they have direct access to a record of current account activity. At least monthly, and as additionally directed by the District's Business Office, employees who have such access shall review the record of account activity to identify any questionable or suspicious transactions.
2. If any cardholder, card user, or other person with responsibilities related to the card program determines that there is a need to dispute a charge, the individual should initiate the card issuer's disputed charge procedures and inform the District's Business Office of the disputed charge, requesting additional assistance as needed.

I. Important Contact Information:

{Editor's Note: In this section, insert a list of important internal and external contacts; consider briefly identifying the key roles of each listed contact.}

1. DISTRICT CONTACTS:
2. CARD ISSUER CONTACTS:
3. IF A DISTRICT CREDIT CARD HAS BEEN LOST OR STOLEN:

Adoption Date: