

PURPOSE

The purpose of the purchase card (P-Card) program is to streamline and simplify the requisitioning, purchasing, and payment process for small dollar, high volume transaction purchases by eliminating the need for purchase orders, check requests, expense reimbursements, and facilitating quick payment to merchants.

SCOPE

This policy is not intended to replace, but rather supplement existing purchasing, travel, reimbursement, and other District policies. P-Cards shall not be used to circumvent existing policies.

Fleet fuel purchases are not covered by this policy.

DEFINITIONS

Allowed P-Card Purchases—Purchases shall be for goods and/or services necessary for official District business. Examples include:

- Services, repairs, and maintenance;
- Supplies, equipment, parts, copies;
- Business travel (lodging; travel fare; meals, including tips not exceeding 20%; auto rental, excluding gasoline; parking; and tolls); and
- Training, conferences, and conventions.

Prohibited P-Card Purchases—Purchases shall not be for:

- Gasoline and oil for District-owned, leased or rented vehicles;
- Personal expenditures, including gasoline for personal vehicles used for District purposes (seek reimbursement for personal mileage instead);
- Cash refunds or advances;
- Sales or excise tax;
- Ethanol alcohol, e.g., wine, spirits, or beer;
- Purchases under contract, unless the contract specifies payment by P-Card; and
- Separate, sequential, or component purchases or transactions made with the intent to circumvent purchasing limits, e.g., split purchases.

Issuing Bank —The bank selected by the District to provide the P-Card program.

Purchasing Card—A commercial credit card for small dollar purchases of goods and/or services necessary for official District business.

P-Cardholders—Individuals designated by this policy be issued a P-Card in their name for use only by that individual under this policy. The following individuals, if employed, are designated to be issued a P-Card:

- District President;
- District Treasurer;
- District Manager;
- Facility Manager;
- Personnel Officer; and
- Fire Chief.

Purchasing Limits—A single purchase shall not exceed the standing rule established by the Board for spending limits unless approved by the Board of Directors. A purchase shall not be made unless there is sufficient cash flow and budget left for that budget account, e.g., office expense, building and grounds, etc.

RESPONSIBILITY

It shall be the responsibility of the **Treasurer** to:

- Serve as primary contact with the issuing bank for P-Cards, especially after report of a “declined” transaction or lost or stolen P-Card;
- Add, change, cancel, or suspend P-Cards as necessary, e.g., name changes, new or terminated employees, compromised P-Card, etc.;
- Ensure each P-Cardholder reads and signs a ***P-Cardholder Agreement Form 884-1*** prior to being issued a P-Card;
- Review purchase substantiation for compliance with this policy;
- Reconcile P-Card statements and submit reconciliations to the District President for verification;
- Record and account for P-Card transactions within the District’s accounting system; and
- Report to the Board of Directors all suspected violations of this Policy.

It shall be the responsibility of the **District President** to:

- Verify P-Card statement reconciliations by the Treasurer; and
- Temporarily assume the responsibilities of the Treasurer in the event the Treasurer loses his or her office.

It shall be the responsibility of each **designated P-Cardholder** to:

- Keep the P-Card secure;
- Ensure purchases are made in compliance with this policy (purchases not in compliance with this policy could be considered misappropriation of District funds, e.g., purchase of prohibited items);
- Provide merchants evidence of sales tax exemption;
- Assume personal responsibility for any purchases made with the P-Card that are not in compliance with this policy, e.g., sales tax, missing receipts, purchase of prohibited items;
- Substantiate P-Card purchases with adequate source documentation and if substantiation is lost, obtain a copy at their own time and expense from the merchant or issuing bank;

- Immediately notify the Treasurer if a merchant receives a “decline” response from the issuing bank after attempting to put through a P-Card transaction; providing the Treasurer with following information:
 - Merchant where decline occurred;
 - Total transaction amount of the decline; and
 - Date the decline occurred;
- Immediately report lost or stolen cards;
- Make every reasonable effort to resolve merchant disputes;
- Immediately report all unresolved merchant disputes to the Treasurer; and
- Return the P-Card to the Treasurer upon cancellation or revocation or loss of office or transfer, resignation, or termination of employment.

PRACTICES

The Treasurer is authorized to execute agreements for electronic payments using a P-card.

Adding and Updating P-Cardholders

To add a new P-Cardholder, the District Manager or the Fire Chief shall complete the **Add P-Cardholder Form #884-2** and provide the Form to the Treasurer.

The **Treasurer** is authorized to sign **P-Cardholder Agreement Form 884-1** on behalf of the District for each authorized P-Cardholder.

To update existing P-Cardholders or to remove existing P-Cardholders from the P-Card Program, the District Manager or the Fire Chief shall complete the **Update P-Cardholder Form #884-3** and provide the completed Form to the Treasurer.

The Treasurer shall work with the issuing bank to add new, update existing, or remove existing P-Cardholders from the P-Card Program using **Add P-Cardholder Form #884-2** or **Update P-Cardholder Form #884-3** provided to the Treasurer by the District Manager or Fire Chief.

P-Cardholders users shall keep their P-Card information up to date by notifying the District Manager or Fire Chief of changes, e.g., name change.

Documentation

To meet the requirements of generally accepted accounting principles (GAAP), all P-Card purchases must be substantiated with adequate source documentation such as receipts or invoices. This substantiation must include information relating to:

- The amount of the purchase;
- The time and place of the purchase;
- Itemized description of the purchase;

- If necessary, the business purpose of the purchase;
- The name and address of the merchant;
- Signature of the merchant or merchant's authorized representative if the receipt or invoice is handwritten; and
- In the case of meals or entertainment, the names and the business relationships of individuals other than yourself for whom the purchase was made.

Telephone or internet purchases made with a P-Card still must have substantiation, e.g., a mailed, faxed, or emailed receipt.

Substantiation of credit is needed from the merchant when merchandise purchased with the P-Card is later returned to the merchant for any reason.

P-Card purchase substantiation should not be marked or highlighted unless the marking or highlighting is critical to legitimize the substantiation, e.g., adding a tip or adding the name of the business if its not printed; or clarifies details.

P-Cardholders will assume personal responsibility for any purchases made with the P-Card that does not have sufficient substantiation. P-Cardholders may complete ***Missing Receipt Affidavit Form 884-5*** for purchases without substantiation; however, habitual use of this affidavit instead of submitting actual receipts may result in suspension or termination of purchasing P-Card privileges.

Security

Designated P-Cardholders should treat the P-Card with the same level of care as the P-Cardholder would use with their own personal credit or debit cards.

Lost or stolen cards should be immediately reported via telephone to the issuing Bank and the Treasurer and then in writing to the Treasurer on the ***Lost/Stolen Card Report Form 884-2***.

A P-Cardholder may be responsible for all charges made against the P-Card from the time it is lost or stolen until the time the issuing bank is notified, especially if the P-Cardholder fails to immediately notify the issuing bank upon discovering the loss or fails to discover the loss within a reasonable amount of time.

"Declined" P-Card transactions should be treated as a potential indication of fraudulent use of one or more P-Cards, i.e., one or more P-Card may have been used to "run up" the account with fraudulent charges or the issuing bank has detected purchase patterns that could indicate fraudulent charges.

Returned Merchandise

When merchandise purchased with the P-Card is later returned to the merchant, the merchant should credit the same P-Card that was used to originally purchase the merchandise. If the merchant insists on providing the credit in some other form, e.g., cash, store credit, gift card, exchange, etc., the P-Cardholder should immediately notify the Treasurer to ensure the credit is properly handled and documented.

Reconciliation

The Treasurer shall cause a monthly P-Card statement for each P-Card to be made available or mailed to the District's address every month.

The Treasurer shall immediately open mailed P-Card statements and begin reconciliation without delay.

The Treasurer shall reconcile each P-Card statement by the tenth (10th) day of each month (the accounting software automatically includes the reconciliation date on the reports). Items that appear on a P-Card statement, e.g., service charge, late payment fee, finance charge, etc., but have not been entered, must be entered before reconciliation (additional substantiation is unnecessary for these items beyond the P-Card statement).

After reconciliation, the Treasurer shall distribute and post to the District's internet website, each P-Card statement and summary and detailed reconciliation report. Before distribution and posting of each P-Card statement, the Treasurer shall redact the following information:

- P-Card account numbers;
- Merchant account numbers; and
- Any other information that could be used to perpetrate theft, fraud, or forgery.

The Treasurer shall file each original P-Card statement and summary and detailed reconciliation report for audit.

The District President verifies P-Card statement reconciliations by reviewing P-Card statements for the following:

- The presence of only allowable purchases;
- The presence of purchases within the spending and payment thresholds;
- The presence of P-Card statements and the accounting software summary and detailed reconciliation reports and the absence of fraudulent alterations to the statements and reports; and
- The "cleared balance" or equivalent on the accounting software summary and detailed reconciliation reports matches the "Current Balance as of Statement Date" or equivalent on the P-Card statement.

If a discrepancy is found during verification, the District President shall immediately bring the discrepancy to the attention of the Treasurer for an explanation. If the Treasurer cannot satisfactorily explain the discrepancy, the District President shall seek the advice of the District's Auditor and if necessary, the District's Attorney.

To document verification of P-Card statement reconciliation, the District President shall complete an **Account Reconciliation Verification Form #860-1** and file the **Account Reconciliation Verification Form #860-1** for audit.

Because the District President verifies P-Card statement reconciliations, the District President should limit his or her purchases using a P-Card whenever possible.

Disputed Items

Disputes, if possible, should be immediately resolved between the P-Cardholder and the merchant. Failure to resolve disputed items could result in the P-Cardholder being responsible for paying even though the charge is incorrect (federal laws and regulations protect the merchant and issuing bank from untimely disputes).

If the P-Cardholder is unable to promptly resolve the dispute, the P-Cardholder should submit a **P-Card Dispute Form 884-3** to the Treasurer. The Treasurer will then follow the issuing bank's dispute process to resolve the dispute. Unresolved disputes with the issuing bank shall be reported by the Treasurer to the Board of Directors.

Suspension, Revocation, or Cancellation

The P-Card is issued to designated individuals at the District's convenience and may be suspended or revoked at any time by the Treasurer or Board of Directors. Loss of office or transfer, resignation, or termination of employment is grounds for cancellation of the P-Card and in these situations, P-Cardholders should ensure the **P-Card Return Form 884-4** is completed and given to the Treasurer along with the P-Card.

P-Cards should be cancelled immediately upon a P-Cardholder's loss of office or transfer, resignation, or termination of employment. The P-Cardholder is still responsible for any prohibited P-Card purchases incurred between the official's loss of office or employee's termination date and the date the card is cancelled. The Treasurer could be responsible for payment of prohibited P-Card purchases incurred by a former official or employee in the event of an unreasonable delay in canceling privileges were the result of the Treasurer's inactions.

POLICY: **PURCHASE CARDS**
EFFECTIVE DATE: **04/04/22**
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RELATED POLICIES

Purchasing 824

Reimbursements 830

Bank Account Reconciliation 860

Fleet Fueling 886

Travel 890

RELATED RULES

002 Spending Limits

REVISION HISTORY

Revision Date	Author	Revision Details
April 4, 2022	Monte Olsen	Initial version