

POLICY: **Charge Accounts**  
EFFECTIVE DATE: **08/06/21**  
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#842

## POLICY

It is the policy of the District to maintain control over its credit worthiness and protect itself from unauthorized credit.

## PURPOSE

This Policy is designed to ensure that the opening and maintenance of charge accounts is controlled at the same time the requisitioning, purchasing, and payment process is streamlined and simplified, and the need for purchase orders, check requests, or reimbursements is minimized while facilitating prompt payment to merchants.

## SCOPE

This Policy applies to all charge and open invoice accounts of the District.

This Policy is not intended to replace, but rather supplement existing purchasing, travel, reimbursement, and other District policies. Charge accounts shall not be used to circumvent existing policies.

## DEFINITIONS FOR THIS POLICY

**Charge account**—purchases made on credit to an account held by a merchant where the full balance must be paid each month, e.g., AutoZone.

**Open invoice account**—purchases made on credit to an account held by a merchant, where invoiced purchases are paid when due, e.g., Fire Master.

## RESPONSIBILITIES

It is the responsibility of the **Treasurer** to approve the opening and closing of all open invoice accounts with credit limits *up to* five hundred dollars (\$500.00).

It is the responsibility of the **Board of Directors** to approve the opening and closing of all open invoice accounts with credit limits *above* five hundred dollars (\$500.00).

It is the responsibility of the **Board of Directors** to approve the opening and closing of all charge accounts.

The **Treasurer** has the responsibility for administering this Policy.

It is the responsibility of **all employees** to comply with this Policy by not opening unapproved open invoice or charge accounts.

It shall be the responsibility of the **District Manager** or **Fire Chief** to provide the names to the Treasurer of individuals authorized to make purchases using the District's credit.

For purchases made using the District's credit, it shall be the responsibility of each **authorized individual** to:

- Ensure purchases are made in compliance with District policies (purchases not in compliance with District policies could be considered misappropriation of District funds, e.g., purchase of prohibited items)
- Assume personal responsibility for any purchases that are not in compliance with District policies, e.g., sales tax; missing receipts; purchase of prohibited items; etc.
- Substantiate purchases with adequate source documentation and if substantiation is lost, obtain a copy on their own time and expense from the merchant

### PRACTICES

1. The Treasurer will work with commercial credit reporting organizations such as Dun & Bradstreet DUNS® to ensure the District's credit worthiness is accurately reported.
2. The Treasurer will be the primary contact with charge and open invoice account merchants to:
  - a. Add, change, cancel, or suspend individuals authorized to make purchases using the District's credit; and
  - b. Provide evidence of state sales tax and federal excise tax exemptions.
3. The Treasurer will:
  - a. Maintain a chart of all approved charge accounts using **Charge Accounts Form 842-1**;
  - b. Maintain a file for each merchant with a charge or open invoice account;

- c. Review purchase substantiation compliance as charge account and open invoice transactions are recorded within the District's accounting system;
- d. Reconcile charge account statements;
- e. Review open invoice account statements; and
- f. Report to the Board of Directors all suspected violations of this Policy.

RELATED POLICIES

Disbursements 836  
Account Reconciliation 860  
Fleet Fueling 886

REVISION HISTORY

Revision Date	Author	Revision Details
August 6, 2021	Monte Olsen	Initial version