

(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. 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 District 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.

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. Each card shall have defined dollar limits based on the card or transaction type, including a single transaction limit and a monthly purchase limit, as set out in this regulation. Personnel designated to use credit/procurement cards shall be advised in writing by the Superintendent of their purchasing control limits.

Card User Log

The employee issuing cards shall maintain a complete log of designated card users to track card possession and to identify personnel for annual training. The log shall record, for each card: the card holder or, for a card issued only in the District's name, the employee designated to track it; the last four digits of the card number; the card type; the date issued; the monthly and single transaction limits; the date of the signed Card Holder User Agreement (Exhibit DGD-E); the date of the card holder's most recent annual training; and the date the card was returned, cancelled, or inactivated. The log shall be updated when a card is issued, returned, cancelled, or inactivated and whenever a limit changes, and shall be available to the auditors on request.

Authorized Card Holders

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

Unauthorized use of a District-assigned credit/procurement card may result in disciplinary action up to and including termination of employment and any other action permitted by law.

All card users, including users of cards issued only in the District's name, shall sign a user agreement (Exhibit DGD-E) acknowledging that they have received and understand the District's policies and regulations governing card use. The agreement shall be signed before the card is first used and again each year at the annual training. 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 to the 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 of the possible disciplinary actions for misuse of a District credit/procurement card.

Except for Business Office 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.

Annual Training

Card 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. No card shall be issued to a new card user until the user has completed the training. 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. District-assigned credit/procurement cards may not be used for cash withdrawals, cash advances, or personal expenditures of any kind.

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 that 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 can be made more efficiently and cost effectively by card.
- D. When a revolving fund check cannot be used.

Credit/Procurement Card Purchasing Limitations

The Superintendent establishes the following limits, which apply until revised in writing and reported to the Governing Board:

- A. Business Office card: ten thousand dollars (\$10,000) per month.
- B. Travel card: two thousand five hundred dollars (\$2,500) per month for each card.

C. Single transaction on any card: two thousand five hundred dollars (\$2,500).

D. Technology purchases, including hardware and software, of any amount shall be made by purchase order and not by card.

E. Any purchase above the single transaction limit shall be made by purchase order and not by card. A purchase shall not be divided into smaller transactions to stay within a card limit.

F. No cash withdrawals or cash advances are permitted on any District card.

The limits set on each card with the issuing financial institution shall not exceed the limits stated in this regulation.

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 and in the other actions described in this regulation.

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

When a District-assigned credit/procurement card is required for a physical, verbal, 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 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. Purchase 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 the 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 the date the documentation was submitted to the District.

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

E. Transactions such as 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 requirements of the Uniform System of Financial Records (USFR) for purchasing are met 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.

Use of a Credit/Procurement Card for Travel

Reservations must be made through the Business 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. Meals and lodging charged to a card are subject to the same limits that apply to travel reimbursement under Policy DKC and Regulation DKC-R.

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 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 is within the individual's authorized purchase limits.

C. For travel expenses, verify that 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 to show the review.

E. Submit the reconciled statements and supporting documentation for payment.

All receipts shall be reconciled and reviewed monthly and, if possible, prior to payment of the monthly bill. Card balances shall be paid in full within each billing cycle, by the payment due date, so that the

District incurs no interest, late fees, or finance charges. Should the reconciliation or review identify any transactions that were not valid purchases, 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 to detect improper or fraudulent transactions.

Rebates and Incentives

Credit/procurement card agreements may contain provisions for the District to receive cash rebates or other incentives. Should this occur, the District shall treat rebates as miscellaneous revenue or as a reduction 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 fund of the original expenditure or in the Auxiliary Operations Fund.

LEGAL REF.: A.R.S. 15-213, 15-342, 38-621 through 38-625; Uniform System of Financial Records (USFR)

CROSS REF.: DGD, Credit Cards; DGD-E, Credit Cards Exhibit (Card Holder User Agreement); DJE, Bidding/Purchasing Procedures; DKC, Expense Authorization/Reimbursement; DKC-R, Expense Authorization/Reimbursement Regulation