

PRESTON COUNTY BOARD OF EDUCATION

FILE: 5 – FINANCIAL MANAGEMENT

File: 5-20 Credit Cards

Last Reviewed: 6-28-10

Next Review: 7-01-12

The Board, at its discretion and with the Superintendent’s recommendation, may authorize the procurement and use of credit cards on a limited basis. It is the Board’s position that the most prudent expenditure of funds is through the procedures established in *File: 5-10 Purchasing Procedures* of this policy manual. However, in the event the Superintendent and the Treasurer/Financial Officer/Director of Purchasing determine that the limited uses of credit cards for certain Central Office personnel will expedite the purchasing practices of the school system, the Board will entertain and act upon proposals presented to it.

Credit cards usage in the Preston County School System shall be in accordance with the guidelines promulgated in *SBP 8200 Purchasing Procedures for Local Educational Agencies*.

Credit cards will not be authorized for individual schools.

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R 5-20-1 General Guidelines for Credit Card Use

All credit cards issued on behalf of the Preston County Board of Education must be approved and recommended by the Superintendent. The purchasing practices outlined in *File: 5-10 Purchasing Procedures* shall be observed, especially those related to requisitions, purchase orders and receipts. Personnel authorized to utilize credit cards shall adhere to the following guidelines:

Prohibitions and Restrictions

- ❖ For cards issued in the name of designated employees, each designated employee must complete and sign an acknowledgement form provided by the Board (See Appendix C of SBP 8200) in which the employee acknowledges the responsibilities associated with becoming a cardholder.
- ❖ Cardholders are prohibited from delegating a card to another individual. Card delegation is the practice of allowing an individual other than the cardholder whose name appears on the front of the card to have access to the card or card number to initiate or complete a purchase transaction.
- ❖ The actual card must be presented for all purchases. Cards and card numbers may not be photocopied and disseminated for making purchases. Card numbers must be kept secure at all times so that the numbers are not photocopied by unauthorized individuals.
- ❖ Cards must be surrendered immediately upon termination or separation of employment. Upon surrender, the card is to be canceled and the card destroyed.
- ❖ The card must be kept secure at all times. For cards issued in the name of designated employees, the cardholder must sign the back of the card upon receipt. Each individual cardholder is responsible for every charge that appears on his/her card. Cards should only be used on secured internet sites. A secured site has a closed lock at the bottom of the screen.

- ❖ A card shall not be used to obtain cash advances or cash credits. Cards may not be used to pay a vendor requiring the payment of a surcharge.

Receipts

- ❖ An itemized receipt must be obtained for each transaction charged on a card. The receipt must contain the following specific information and meet certain conditions:
 - Receipts must be itemized and include a description of the items purchased, unit price, quantity, and total cost for each item. Use of generic terms such as "miscellaneous" or "various merchandise" is not acceptable;
 - Receipts must show no balance due or be marked "paid";
 - Receipts must be totaled;
 - Receipts must show that the payment was a credit card; and
 - All receipts should be kept in chronological order by date of purchases.

Reconciliations and Reviews

- ❖ Each cardholder is responsible for reconciling his/her statement every month.
- ❖ Upon completion of reconciliation, the cardholder must forward his/her documentation to the Treasurer for review.
- ❖ Individual and master statements must be examined carefully for billing errors, debits due to erroneous billings, or credits to correct a previously disputed item.
- ❖ The Treasurer is responsible for reconciling the master statement. This includes reviewing all transactions to ensure that they are legitimate and for official business, and that all required documentation is present.
- ❖ For post-audit purposes, all documentation relating to the card program must be retained for two (2) years from the end of the fiscal year in which the transaction was completed.

Unauthorized Use

- ❖ Employees using a card to knowingly pay for items intended for personal use are subject to disciplinary action up to and including termination and prosecution by the Board and subject to civil action by the credit card company for personal liability.
- ❖ Employees failing to properly follow purchasing policies, procedures, and state law associated with the credit card program are also subject to disciplinary action up to and including a period of probation, or revocation or limitation of credit card privileges.

R 5-20-2 Types of Credit Cards Which May be Issued

Vendor Issued Credit Cards:

- ❖ Vendor issued credit cards can include cards issued by gasoline companies (such as Exxon) or general merchandise outlets (such as Wal-Mart, Sam's Club, Lowe's, etc.)
- ❖ Vendor issued credit cards may be issued either in the name of Preston County Schools without an authorized employee's name printed on the card, or in the name of the school system and each individual cardholder's name also printed on the card.
- ❖ A vendor issued credit card can generally be used only for purchases from that particular vendor or related vendors. Normally, there are very few restrictions as to the type of merchandise that can be purchased using the card, therefore, a requisition and/or a purchase order must be approved by the Superintendent or his/her designee prior to the purchasing of goods or services.
- ❖ In the cases where a vendor issued card is issued only in the name of the school system, to maintain accountability and control, the Superintendent or his/her designee shall maintain a log for each card whereby employees are required to sign-out the card each time the card is being used. A sample form can be found in Appendix C of SBP 8200.
- ❖ Employees who are authorized to use a vendor issued credit card must attend a training course specifically designed for cardholders, whereby all rules pertaining to card use are discussed in detail, including purchasing policies, ethics, and disciplinary action that could result if the card is misused.
- ❖ Employees who are authorized to use a vendor issued credit card must also sign a statement acknowledging that they have attended the training session and that they understand and are willing to assume the responsibilities that are associated with the card's use (See Appendix C of SBP 8200 for a sample form).

Corporate Credit Card for the Payment of Travel Related Expenses:

The Board may obtain a corporate credit card for designated employees to use in charging authorized travel related expenses. The cards must be issued in the name of the Preston County Schools and the individual cardholder.

- ❖ Authorized Card Holders:
 - Corporate credit cards for the payment of travel related expenses may be issued only to the Board's regular, full-time employees;
 - Each card must be issued in the name of an individual cardholder. Only the employee whose name appears on the front of the card is an authorized user of the card. Cards cannot be issued generically in the name of the Board;
 - Employees to whom travel cards are issued must attend a training course specifically designed for cardholders, whereby all rules pertaining to card use are discussed in detail, including purchasing policies, ethics, and disciplinary action that could result if the card is misused; and

- Employees to whom travel cards are issued must also sign a statement acknowledging that they have attended the training and that they understand and are willing to assume the responsibilities that are associated with the card's use.
- ❖ The card is to be used only for authorized travel related expenses incurred by the cardholder. Travel expenses for other individuals, even if they are Board employees, cannot be charged to another employee's card.
- ❖ The monthly statement shall be issued to the Board for payment. The cardholder shall assist the Treasurer in reconciling the monthly statement to assure that only authorized expenses are being paid.
- ❖ All personnel are required to follow all travel authorization and reimbursement requirements and must submit a travel expense reimbursement request prior to the payment of the travel expenses by the Board even if all expenses incurred for the travel were charged on the card. The purpose of this is for the Board to have on file a certification from the traveler that all travel related expenses appearing on the statement were for an authorized purpose.

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