



Policy Number:	5090
Policy Title:	Credit Card Policy

1. Purpose of the Policy

1.1. The purpose of this policy is to establish the Fair Oaks Water District (FOWD) requirements for the use of the credit card to procure products and services for low dollar purchases.

1.1.1 The Credit Card Policy is designed to:

- support FOWD operating needs.
- shorten the amount of time to secure goods/services for low dollar purchases.
- reduce the processing cost of each individual transaction for low dollar purchases.

Once issued a FOWD credit card, employees will now be recognized as buying agents for FOWD, and, as such, are required to adhere to good procurement practices.

2. Authorized/Unauthorized Credit Card Purchases

2.1. Authorized Credit Card Purchases

2.1.1. Authorized purchases include the procurement of goods and services for FOWD's use in accordance with the Procurement Policy No. 5110. FOWD employees who received FOWD issued credit cards shall conduct themselves in a manner consistent with the highest professional, ethical and legal standards. Employees will utilize prudent judgment as to the establishments in which the card is used and for the products and services purchased. It is important to be aware of the public nature of these procurements and how they might be perceived by FOWD ratepayers. Only the cardholder is authorized to use the card.

Examples of appropriate uses of this credit card payment process include:

- Professional memberships, dues, fees, subscriptions and periodicals.
- Conferences, seminars, and training purchases.
- Exhibition space, sponsorships, and advertising.
- Fuel and other FOWD vehicle maintenance expenses.

- Utility bills and insurance premiums.
- Internet purchases made for FOWD business related purposes.

2.2. Unauthorized Credit Card Purchases

2.2.1. Unauthorized credit card purchases are the purchases which do not conform to the FOWD’s Procurement Policy No. 5110, or approved budget, or general business practices. Examples of inappropriate uses of this credit card payment process include:

- Procurement of all goods and services (including contractors and consultants) that require competitive bidding or Board approval for direct or sole source procurement.
- Special or unusual services such as those involving legal, insurance, or bonding.
- Purchase of materials found commonly in inventory or those which should be ordered through contracted supply vendors. Purchases of up to \$250 may be made by an employee working in an on-call emergency situation – a manager may approve a required emergency purchase exceeding \$250 but not exceeding existing credit card limits.
- Purchases with multiple deliveries, multiple calls for service, or multiple payments (for example, more than one repair to the same piece of equipment within 12 months requires use of a service order or blanket service order for maintenance agreements).
- Food or restaurant purchases by staff and management while in Sacramento area. No so called “business lunches” can be purchased by FOWD credit card by any FOWD staff or management member, including FOWD General Manager. The food purchases prohibition excludes credit card purchases for FOWD functions and events which were previously approved by FOWD Board. Crew leader or a manager may make a reasonable meal purchase for employees working under emergency conditions.
- No tipping is allowed.
- No alcoholic beverages.
- Extended product warranties.
- No catering service – where they set up and serve the event.
- Long term rental agreements.
- Gift Cards.

2.2.2. The cardholder may not split charges to circumvent the established dollar limit per transaction or per card set forth in Section 6 of this policy.

2.2.3. Personal purchases using the FOWD credit cards are strictly prohibited and disciplinary actions will be taken, up to and including termination of employment, if there is intentional misuse or abuse of the credit card.

3. Authorized User and Responsibilities

- 3.1. FOWD regular employees are the only authorized cardholders and users of the credit card. Each individual is responsible for the appropriate use of the card.
- 3.2. Each cardholder is responsible for safeguarding the credit card. The cardholder needs to sign the card or write “see ID” upon receipt of the card and in case of replacement, destroy the old card immediately.
- 3.3. The cardholder is responsible for reading and understanding all the terms, conditions, and regulations and abides all the policies and procedures under the credit card program. The cardholder will need to sign the “Acknowledgment of Receipt Form” prior to receiving the card.
- 3.4. The cardholder is responsible for turning in the receipts to FOWD accounts payable staff within five business days of purchase or at the end of a business trip.

4. Reporting Lost, Misplaced or Stolen Credit Cards

- 4.1. The cardholder must contact the credit card issuer (i.e. Bank), FOWD’s program administrator and his/her supervisor immediately to prevent potential credit card liabilities.

5. Dispute/Unauthorized/Incorrect Charge

- 5.1. If there is a dispute between the cardholder and vendor, the cardholder is required to immediately inform his/her supervisor and FOWD accounts payable staff.

6. Credit Card Limits

- 6.1. The spending limits and type of purchases allowed are designed to help the cardholder to perform his/her work for FOWD. Any future changes in the limits must be requested through the cardholder’s supervisor, reviewed by the General Manager, and must be ultimately approved by the FOWD Board. Each cardholder is delegated a dollar limit with the following general spending parameters:

- Maximum Two Thousand Dollars (\$2,000) single transaction limit.
- Maximum Five Thousand Dollars (\$5,000) monthly limit.
- Maximum Limit for each credit card as set with the Bank is established at Ten Thousand Dollars (\$10,000) in order to allow time for FOWD accounting staff to review and process the credit card payment transactions.
- The FOWD General Manager has full discretion and option to lower the credit card limits for any FOWD employee.

In the case of clear and obvious emergency, FOWD staff would have an option to exceed the stated credit card limits in accordance with the FOWD Procurement Policy 5110.

7. Revocation/Cancellation of Credit Card

- 7.1. At termination of employment, the FOWD Credit Card Program Administrator will cancel the cardholder's credit card.
- 7.2. FOWD reserves the right to revoke or cancel any District credit card at any time.

8. Replacement of Worn Out/Defective Cards

- 8.1. To replace a worn out or defective card, the cardholder must forward the card to the FOWD Credit Card Program Administrator along with a request for a new card.

9. Leave of Absence

- 9.1 Should an employee take a leave of absence, the credit card will be suspended and will be reinstated when he/she returns to work.

10. Reporting, Approvals, and Oversight

- 10.1 The FOWD staff will provide a detailed listing of all the transactions made using the credit cards to the Board of Directors monthly as part of the Board Consent Calendar published reports. The monthly credit card report presented to the Board in the Consent Calendar will identify separately the credit card purchases made by the FOWD General Manager.
- 10.2 The FOWD's Credit Card Program Administrator shall oversee the credit card program to ensure that the credit card policy is being followed. He/she shall train and inform employees on the policies and use of credit card. If there is a violation of FOWD Credit Card Policy the Credit Card Program Administrator shall report the violation to General Manager and FOWD Board President.
- 10.3 The Approving Officials are responsible for reviewing the credit card statements to ensure appropriateness of charges. FOWD General Manager is the Approving Official and responsible for reviewing and approving credit card purchases completed by the FOWD staff. FOWD Board is the Approving Body and responsible for reviewing and approving credit card purchases completed by the FOWD General Manager. FOWD Board President (or other authorized Board member) shall ultimately review, sign, and approve all of the individual FOWD warrants for that month, including the credit card purchases.