

# ***San Geronio Pass Water Agency***

**DATE:** July 26, 2021  
**TO:** Board of Directors  
**FROM:** Lance Eckhart, General Manager  
**BY:** Tom Todd, Jr., Chief Financial Officer  
**SUBJECT: REVISION OF CREDIT CARD POLICY**

## **RECOMMENDATION**

The Board approve the revised Credit Card Policy.

## **BACKGROUND**

The current Credit Card policy was approved by the Board in 2008. The proposed changes allow for better tracking of expense categories and make it easier for Staff to conduct business for the Agency without compromising internal controls.

## **PREVIOUS CONSIDERATION**

- Finance & Engineering Workshop – July 19, 2021: The Board reviewed and discussed proposed changes to the Credit Card Policy. It recommended approval of the revised policy.

## **ANALYSIS**

Currently, the General Manager's credit card is used for charges he incurs and general office expenditures. As more of the services the Agency uses (e.g., computer subscriptions and phone services) require credit card payments, the number of charges on the General Manager's credit card has increased and inflated the monthly total of the General Manager's invoice. At the General Manager's request and strengthening the purchasing process, Staff is proposing issuing a credit card to the Chief Financial Officer for office purchases.

The proposal will improve internal controls in two ways:

1. Allow the Chief Financial Officer to oversee the review, approval, and documentation of expenditures for office expenditures.
2. Require the General Manager and the Chief Financial Officer to review all credit card expenditures before the invoice is paid.

The Board will continue to review the credit card invoice as part of its monthly oversight of Agency financial activities.

The revised policy has been submitted to the auditors for review. The auditors approved the proposed changes.

**FISCAL IMPACT**

There is no fiscal impact.

**ACTION**

The Board approve the revised Credit Card Policy.

**ATTACHMENTS**

Proposed revised Credit Card policy.

# San Gorgonio Pass Water Agency

## Credit Card Policy

August 2021

This policy supersedes and rescinds all previous credit card policies, rules, or regulations adopted by the San Gorgonio Pass Water Agency Board of Directors.

### **Preamble**

This policy is not intended to be a comprehensive set of rules for all issues related to Agency travel and meals. It is intended to cover the use of Agency credit cards by Directors and Staff. Specific issues related to travel are covered in a separate Board of Directors Travel and Expense Reimbursement Policy. In the event of a conflict between this policy and the Travel and Expense Reimbursement Policy, the Travel and Expense Policy will take precedence.

### **I. Purpose**

This policy applies to all Agency credit cards issued to board members or staff members and is intended to ensure that Agency credit cards are not abused or utilized in any way for personal gain.

### **II. Authorized Cards**

Those authorized to have Agency credit cards are all directors, the General Manager, the Chief Financial Officer and the Operations and Maintenance Manager.

### **III. Use of Agency Credit Cards**

1. Credit cards are issued solely for Agency business and are not to be used for personal purchases. In the rare case of a personal item being included on a larger bill (such as a spouse attending a conference or a movie included in a hotel bill) such charges shall be reimbursed to the Agency prior to the credit card payment being made. The Finance Office is responsible for notifying the cardholder what charges need to be reimbursed to the Agency.
2. Agency credit cards are not to be used as an alternate method of procurement to avoid a bidding process or in any way to circumvent the Agency's Procurement Policy.
3. Agency credit cards issued to Board members are to be used only for Agency related travel, registration for appropriate seminars or conferences, Agency related business meals, or purchase of educational materials related to water issues. Travel includes air travel, rental car, taxi, bus, train, use of a local transportation system, lodging, meals, airport parking, fuel for rental cars, conference registration, tips, and incidentals.
4. Hotel bills incurred while on Agency business paid with Agency credit cards will be paid by the Agency. However the following costs will not be paid for by the Agency: in-room movies, visits to a hotel spa, or other charges considered personal or extravagant. Room service (for the cardholder only), wireless internet charges, tips, and incidentals will be paid by the Agency.

5. Agency credit cards issued to the General Manager, the Chief Financial Officer and the Operations and Maintenance Manager are generally to be used for travel or items related to managing the day-to-day affairs of the Agency. This includes, but is not limited to, the following:
  - a. Tools
  - b. Operating expenses
  - c. Office expenses
  - d. Vehicle maintenance, including fuel
  - e. Agency related travel, including air travel, rental car, taxi, bus, train, use of a local transportation system, lodging, meals, airport parking, conference registration, tips, and incidentals. See above for restrictions on hotel charges.
  - f. Business meals not related to travel (see IV. below for restrictions)
6. When a credit card is used for air travel and a flight is booked online, a confirmation form for the flight(s) shall be sufficient as a receipt. When a credit card is used to purchase any product online, an emailed receipt shall be sufficient.
7. Agency credit cards may only be used to purchase “coach” class tickets, if available, unless authorization is given in advance by the Board. Without advance authorization from the Board, any flight booked at any rate above “coach,” if available, requires the cardholder to reimburse the Agency for the difference between “coach” class and the class purchased.

#### **IV. Meals**

1. It is the intent of the Board in adopting this policy that business meals paid for with Agency credit cards will be infrequent.
2. Agency Credit cards may be used occasionally for business meals. However, receipts for meals where non-Agency personnel are present must include the names of all individuals present and the nature of the meeting.
3. Under no circumstances can alcohol charged to an Agency credit card be reimbursed by the Agency. This applies to any purchase of alcohol, whether for a meal or any other reason.

#### **V. Reporting**

1. All receipts must be turned in to the Finance Office accompanied by an Expense Reimbursement form. The form must list the date, purpose of the charge, vendor, and amount charged.
2. If a receipt is not turned in, the Finance Office shall request a copy of the receipt from the cardholder, and every effort shall be made to obtain the original receipt or a copy thereof. The Finance and Budget Committee is not required to authorize payment for any Agency credit card expenditure that does not include a receipt.

#### **VI. Payment**

1. The Finance Office shall ensure that all Agency credit cards will be paid in full each month in order to avoid paying finance or late charges. The General Manager and the Chief Financial Officer will review all credit card bills prior to approving them for payment. Approval by the General Manager does not necessarily mean that all costs on the bill will be paid for by the Agency (see below).

2. Because of the payment schedule, it is unlikely that the Board will be able to authorize payment in advance for credit card bills.
3. The Finance Office will prepare a summary report each month of all charges for each credit card, with totals for the various accounting designations.
4. This report will be made available to the Finance and Budget Committee each month for ratification.
5. It is the responsibility of the Finance and Budget Committee to review all credit card bills, receipts, and payments each month and to require reimbursement from the cardholder for items deemed by the Committee to be inconsistent with this policy or, at its discretion, for items that do not include a receipt. It is the responsibility of the Chief Financial Officer to bring potential inconsistencies to the attention of the Committee.
6. If the cardholder and the Committee disagree as to the expense being consistent with this Policy, the Agency Board of Directors will make the decision at a regular meeting where the item is properly agendized.

#### **VII. Loss of Card**

If an Agency credit card is lost, it is the responsibility of the cardholder to notify the issuer of the credit card and the Finance Office within one business day of the discovery of the loss. The Finance Office shall cancel the credit card immediately and order a new one for the cardholder. Any items purchased with a lost credit card that are not credited by the card issuer are the responsibility of the cardholder, if the loss is not reported within one business day.

#### **VIII. Cancellation**

1. It is the responsibility of the Finance Office to cancel credit cards for Board members when their term expires.
2. It is the responsibility of the Finance Office to cancel credit cards for the General Manager, the Chief Financial Officer or the Operations and Maintenance Manager upon separation from the Agency.
3. The Board can authorize the cancellation of any credit card to a Board member or staff member upon a majority vote. Such a vote can only take place after having been presented evidence of systematic abuse of this policy on the part of the cardholder.

#### **IX. Credit Card Records**

All credit card records will be kept with Agency accounting records, and retained for the period of time prescribed for such records in accordance with government regulations and generally accepted accounting practices.

Adopted by Board of Directors on \_\_\_\_\_ by a vote of \_\_\_\_\_.