

San Geronio Pass Water Agency

DATE: September 5, 2024

TO: Finance and Budget Committee

FROM: Lance Eckhart, General Manager

BY: Tom Todd, Jr., Chief Financial Officer

SUBJECT: UPDATE OF CREDIT CARD POLICY

RECOMMENDATION

Recommend adoption of revised Credit Card Policy by the Board.

PREVIOUS CONSIDERATION

- Board of Directors – July 26, 2021: The Board reviewed and approved the current Credit Card Policy.

BACKGROUND

The Agency Credit Card Policy is one of a number of policies whose purpose is to guide Staff and Board members in good financial management practices for the Agency.

This policy is more of a procedural statement, which provides direction for the issuance and use of Agency credit cards and reporting of credit card charges.

ANALYSIS

Credit cards are a financial tool that have reached the level of necessity in today's world. Any online transaction requires a credit card to pay for or reserve a service or product. Most in-person transactions are simpler with credit cards. Sometimes cash can be refused in preference to a credit card payment.

For the Agency, credit cards simplify the many transactions needed by the Board and Staff. In previous decades, purchases for travel or other services and some products required payment up front by the employee, and reimbursement by the Agency. Credit cards eliminate the cashflow issue for the employee and simplify tracking and accounting for Staff.

However, convenience can also encourage abuse. Issuing an Agency credit card to employees is evidence of trust on the part of the Agency and a responsibility requirement on the part of the employee. The Credit Card policy has a number of provisions to help ensure employee accountability and measures to redress any abuses.

The current policy was approved by the Board on July 26, 2021.

The proposed update removes some redundant provisions related to other policies for administrative clarity. Both the Board of Directors Travel and Expense Policy and the General Manager and Staff Travel Policy are currently in effect and are included in the list of policies for Board review.

The proposed update also broadens the authority of the General Manager to authorize credit card users and adds language to deal with fraudulent activity related to credit cards.

FISCAL IMPACT

Credit cards in and of themselves are a tool, not a cost element. As a payment vehicle, all credit card charges are allocated to the appropriate budget line item when the invoice is received and prepared for payment.

ACTION

Recommend adoption of revised Credit Card Policy by the Board.

ATTACHMENTS

Draft #1 Revised Credit Card Policy – includes items and sections to be removed

Draft #2 Revised Credit Card Policy – items and section have been removed, and additions are highlighted in red.

San Gorgonio Pass Water Agency

Credit Card Policy

DRAFT #1

August 2021~~4~~

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~~ **Board members** and Staff. Specific issues related to travel are covered in a separate Board of Directors Travel and Expense Reimbursement Policy **and General Manager and Staff Travel Policy**. In the event of a conflict between this policy and the Travel and Expense Reimbursement Policies, the Travel and Expense Policies will take precedence.

A. Purpose

This policy applies to all Agency credit cards issued to ~~b~~**Board members** or ~~s~~**Staff members** and is intended to ensure that Agency credit cards are not abused or utilized in any way for personal gain.

B. ~~Authorized Cards~~ Users of Agency Credit Cards

Board members are authorized users of Agency credit cards. The General Manager is an authorized user of an Agency credit card. Staff may be authorized to use Agency credit cards at the General Manager's discretion. All users of Agency credit cards agree to abide by the requirements of this policy. ~~Those authorized to have Agency credit cards are all directors, the General Manager, the Chief Financial Officer and the Operations and Maintenance Manager.~~

C. 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. **The Director Travel and Expense Policy governs the use of credit cards for Directors' travel.**
4. Agency credit cards issued to the General Manager and Staff are generally to be used for travel or items related to managing the day-to-day affairs of the Agency. **The General Manager and Staff Travel Policy governs the use of credit cards for travel-related expenses.**

The following sections have been removed from the policy:

3. *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.*

D. Reporting

1. All receipts must be turned in to the Finance Office accompanied by an Expense Reimbursement form, **or other form provided by the Finance Office**. 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.

E. 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 agendaized.

F. Loss of Card or Suspected Fraud

1. If an Agency credit card is lost, it is the responsibility of the cardholder to notify the Finance Office within one business day of the discovery of the loss.
2. It is the responsibility of the cardholder to notify the Finance Office promptly if a fraudulent charge is suspected.
3. 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.

G. Cancellation

1. It is the responsibility of the Finance Office to cancel credit cards for Board members when they leave office.
2. It is the responsibility of the Finance Office to cancel credit cards for the General Manager and Staff upon separation from the Agency.
3. The Board can authorize the cancellation of any credit card issued to a Board member or the General Manager 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.
4. The General Manager can authorize the cancellation of a credit card issued to Staff, after having been presented with evidence of systematic abuse of this policy on the part of the cardholder.

H. 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 _____.

Mickey Valdivia
President of the Board

Kevin Walton
Secretary

San Gorgonio Pass Water Agency

Credit Card Policy

DRAFT #2

August 2024

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

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A. Purpose

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

B. Authorized Users of Agency Credit Cards

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C. 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. **The Director Travel and Expense Policy governs the use of credit cards for Directors' travel.**
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2. It is the responsibility of the Finance Office to cancel credit cards for the General Manager **and Staff** upon separation from the Agency.

3. The Board can authorize the cancellation of a credit card **issued** to a Board member **or the General Manager** 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.
4. **The General Manager can authorize the cancellation of a credit card issued to Staff, after having been presented with evidence of systematic abuse of this policy on the part of the cardholder.**

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