

San Gorgonio Pass Water Agency

DATE: October 5, 2026

TO: Board of Directors

FROM: Lance Eckhart, General Manager

BY: Jennifer Ustation, Chief Financial Officer

SUBJECT: APPROVAL OF UPDATED CREDIT CARD POLICY

RECOMMENDATION

That the Board of Directors approve the updated Credit Card Policy.

PREVIOUS CONSIDERATION

- Board Meeting – September 9, 2024: The Board approved the Credit Card Policy.

BACKGROUND

The Board adopted the current Credit Card Policy in September 2024. The policy establishes requirements for Agency credit cards used by Board members and staff, including allowable uses, documentation, review, payment, and cancellation. Staff has reviewed the policy to strengthen internal controls, clarify cardholder and reviewer responsibilities, and address operational issues that arise in administering a purchasing card program.

The Agency is transitioning to the U.S. Bank Cal-Card program. This is an appropriate time to update the policy so that the governing requirements, cardholder expectations, approval workflow, and administrative controls are in place as the new program is implemented.

ANALYSIS

The proposed policy retains the existing requirement that Agency cards be used only for authorized public purposes and continues monthly review by the Budget and Finance Committee. The revisions provide more complete guidance for both traditional credit cards and purchasing card accounts.

Program scope and accountability: Clarifies that a card is a payment method and does not replace the Agency's procurement, contracting, budgeting, travel, or approval requirements.

Cardholder authorization: Requires written authorization, acknowledgment of responsibilities through a Cardholder Agreement, any required training, and maintenance of current cardholder and limit records.

Transaction controls: Establish single-transaction and monthly limits, prohibit transaction splitting, identify prohibited purchases, and require documentation for temporary limit increases and exceptions.

Documentation and reconciliation: Requires itemized support, a specific Agency business purpose, accounting information, confirmation of receipt, meal attendees when applicable, and a Missing Receipt Declaration when documentation cannot be obtained.

Independent review: Provides that cardholders may not approve their own transactions and specifies the review process for staff, the Chief Financial Officer, the General Manager, and Board members.

Fraud and card security: Strengthens requirements for safeguarding account information, reporting lost or stolen cards and suspected fraud, resolving disputed charges, and protecting sensitive card data in public records.

Program administration: Assigns administration to the Chief Financial Officer and requires periodic review of cardholders, limits, inactive accounts, recurring charges, disputes, and compliance.

Violations and cancellation: Clarifies when card privileges may be suspended or canceled and identifies potential reimbursement, corrective, disciplinary, or referral actions.

The updated policy will support the implementation of the Cal-Card program by establishing consistent expectations before cards are issued and transactions begin. Staff will also use supporting forms, including a Cardholder Agreement, Missing Receipt Declaration, and Director Transaction Certification, to document compliance with the policy.

FISCAL IMPACT

Adoption of the updated policy has no direct fiscal impact. The strengthened controls are intended to reduce the risk of unauthorized purchases, late fees, unsupported transactions, and fraud. Any program costs or rebates associated with the U.S. Bank Cal-Card program are separate from this policy's adoption.

ACTION

That the Board of Directors approve the updated Credit Card Policy

ATTACHMENTS

Updated Credit Card Policy (Redlined)

San Gorgonio Pass Water Agency

Credit Card Policy

Adopted September 2024

Draft September 2026

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 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 Board members or Staff and is intended to ensure that Agency credit cards are not abused or utilized in any way for personal gain. This policy applies to all Agency credit cards and purchasing card accounts issued to or used by Board members or Staff. Credit cards are a payment method and do not replace or modify the Agency's purchasing, contracting, budgeting, travel, or approval requirements. This policy is intended to safeguard public funds, establish accountability, and prevent personal or unauthorized use.~~

B. Authorized 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. Board members and the General Manager may be authorized users of Agency credit cards. Staff may be authorized to receive or use an Agency credit card with the written approval of the General Manager. Before receiving or using a card, each cardholder shall review this policy, complete any required training, and sign a Cardholder Agreement acknowledging the cardholder's responsibilities. The Chief Financial Officer shall maintain a current list of cardholders, account limits, and required approvers.~~

C. Use of Agency Credit Cards

- ~~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. Credit cards are issued solely for authorized Agency~~

business and shall not be used for personal purchases under any circumstances. If a personal charge is made inadvertently, the cardholder shall immediately notify the Finance Office and reimburse the Agency. Reimbursement of an intentional personal purchase does not cure or authorize the violation and may result in suspension or cancellation of the card and other corrective or disciplinary action consistent with Agency policy.

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. Agency credit cards shall not be used to avoid or circumvent the Agency's Procurement Policy, purchasing authority, competitive procurement requirements, contract requirements, budget controls, or other approvals. Purchases shall not be split into multiple transactions to avoid any applicable threshold, approval, or card limit.
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. Agency credit cards issued to the General Manager and Staff may be used for authorized travel and for budgeted goods and services related to Agency operations, provided the purchase is within the cardholder's delegated purchasing authority and card limits. The General Manager and Staff Travel Policy governs travel-related expenses.
5. A card issued in an individual's name may be used only by that cardholder. A cardholder shall not lend the card or provide the card number, security code, password, personal identification number, or online credentials to another person. Cardholders shall protect physical cards and account information and shall not transmit card information through unsecured means.
6. The General Manager, in consultation with the Chief Financial Officer, shall establish a single-transaction limit and monthly credit limit for each card based on the cardholder's duties and purchasing authority. Temporary or permanent limit increases require documented approval stating the business need. A temporary increase shall include an effective date and expiration date.
7. Prohibited transactions include cash advances; cash equivalents; gift cards unless specifically authorized for an Agency program; illegal goods or services; fines or penalties attributable to the cardholder; alcohol; and purchases from an entity in which the cardholder has a financial interest. Capital asset purchases are permitted only when otherwise authorized under the Procurement Policy and supported by information necessary for asset identification and capitalization.
8. Exceptions required for an emergency or an otherwise blocked legitimate purchase shall receive written approval before the purchase whenever practicable. When prior approval is impracticable, the cardholder shall document the circumstances and obtain approval as soon as possible after the purchase. An exception does not waive applicable law, budget authority, or delegated purchasing authority.

9. Cardholders shall identify subscriptions and other recurring charges during each reconciliation. Before a card is cancelled or a cardholder separates or changes duties, recurring charges shall be cancelled or transferred to an appropriate Agency account or cardholder. Receipt for a recurring subscription will be required on the initial purchase, but not after, unless the amount or terms change.

D. Reporting Documentation and Reconciliation

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. For every transaction, the cardholder shall submit an itemized receipt or invoice and the form or electronic record required by the Finance Office. Documentation shall identify the transaction date, vendor, amount, specific Agency business purpose, general ledger account and project or cost center when applicable, and any required procurement approval. Documentation shall also confirm that the goods were received or services were performed. For meals, the cardholder shall identify the attendees and Agency business purpose.
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. If an itemized receipt or invoice is unavailable, the cardholder shall make every reasonable effort to obtain a duplicate from the vendor. If a duplicate cannot be obtained, the cardholder shall complete a Missing Receipt Declaration describing the purchase, business purpose, items acquired, and reason the documentation is unavailable. The Finance and Budget Committee is not required to ratify an expenditure that lacks adequate supporting documentation. Repeated missing documentation may result in suspension or cancellation of card privileges.
3. Each staff cardholder shall review and reconcile all transactions and submit complete supporting documentation to the Finance Office before the payment is due or electronic reconciliation record becomes available, or within another deadline established by the Chief Financial Officer to permit timely payment.
4. The Finance Office shall reconcile transactions for credit cards issued to Board members. Each Board member shall provide the Finance Office with the itemized receipt and required business-purpose documentation prior to the statement due date or, when the receipt is not immediately available, as soon as reasonably practicable. The Finance Office shall provide the completed monthly reconciliation to the Board member for review and confirmation before submitting the charges to the Finance and Budget Committee for ratification.
5. Cardholders are responsible for promptly resolving duplicate charges, incorrect amounts, returned merchandise, and other transaction discrepancies with the merchant and, when necessary, the card issuer. A disputed or fraudulent charge shall be identified in the monthly reconciliation and monitored until the credit or other resolution appears on a subsequent statement.

E. Payment and Reporting

- ~~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). The Finance Office shall ensure that all Agency credit card statements are paid in full and timely to avoid finance or late charges. Each statement and its supporting documentation shall receive an independent review and approval. No cardholder may approve their own transactions. Finance review for coding and documentation does not replace approval of the business purpose by the designated approver. The General Manager shall approve the Chief Financial Officer's charges. The Chief Financial Officer shall review the General Manager's charges for documentation and policy compliance, with those charges subject to Finance and Budget Committee review. Approval of a statement does not preclude the Agency from subsequently requiring reimbursement of an unauthorized or inadequately supported charge.~~
- Because of the payment schedule, it is unlikely that the Board will be able to authorize payment in advance for credit card bills.
- The Finance Office will prepare a summary report each month of all charges for each credit card, with totals for the various accounting designations.
- This report will be made available to the Finance and Budget Committee each month for ratification.
- 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.
- 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

- ~~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.~~ 1. If an Agency credit card is lost or stolen, the cardholder shall notify the card issuer and the Finance Office immediately upon discovery, but no later than one business day.
- ~~It is the responsibility of the cardholder to notify the Finance Office promptly if a fraudulent charge is suspected.~~ 2. The cardholder shall immediately notify the card issuer and the Finance Office of any suspected fraudulent or unauthorized charge and shall cooperate in completing all required affidavits or dispute documentation.
- ~~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.~~ 3. The Finance Office shall promptly suspend or cancel the affected card and coordinate issuance of a replacement when appropriate. A cardholder may be required to reimburse the Agency for loss resulting from intentional misconduct,

negligence, or failure to report the loss promptly, subject to applicable Agency personnel procedures and law.

G. Cancellation

1. It is the responsibility of the Finance Office to cancel credit cards for Board members when they leave office. The Finance Office shall cancel a Board member's credit card when the member leaves office or no longer has an Agency business need for the card.
2. It is the responsibility of the Finance Office to cancel credit cards for the General Manager and Staff upon separation from the Agency. The Finance Office shall cancel or transfer credit card access for the General Manager and Staff upon separation, transfer, change in duties, extended inactivity, or loss of Agency business need. The cardholder shall return or securely destroy the physical card as directed and identify all recurring charges requiring cancellation or transfer.
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. The Agency may immediately suspend a credit card issued to a Board member or the General Manager when misuse, suspected fraud, intentional personal use, repeated failure to provide documentation, or another material policy violation occurs. The Board may cancel the card by majority vote after review of the circumstances. Suspension may remain in effect while the matter is reviewed.
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. The General Manager may suspend or cancel a credit card issued to Staff for misuse, suspected fraud, intentional personal use, repeated documentation or reconciliation failures, extended inactivity, or another violation of this policy. Corrective or disciplinary action shall be handled consistently with applicable Agency personnel policies.

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. Credit card statements, receipts, approvals, dispute records, Missing Receipt Declarations, Cardholder Agreements, and related records shall be retained with the Agency's accounting records in accordance with the Agency's adopted records retention schedule and applicable law. Full card numbers, security codes, passwords, and other sensitive account information shall not be included in publicly accessible supporting records and shall be securely stored, transmitted, and disposed of.

I. Program Administration and Review

The Chief Financial Officer shall administer the credit card program and periodically review active cardholders, transaction and monthly limits, inactive accounts, recurring charges, merchant restrictions, outstanding disputes, and compliance with this policy. The

program shall be reviewed at least annually and adjusted as necessary to reflect Agency operations and internal control needs.

J. Violations

A violation of this policy may result in reimbursement to the Agency, suspension or cancellation of card privileges, and corrective or disciplinary action consistent with applicable Agency policies. Suspected fraud, theft, or other unlawful conduct may be referred to the appropriate authorities.

This policy should be reviewed annually.

Adopted by Board of Directors on September 9, 2024.

Robert Ybarra
President of the Board

Maricela Cabral
Clerk of the Board



Approval of Updated Credit Card Policy

October 5, 2026



Updates to Credit Card Policy

Program Scope
and
Accountability

Cardholder
Authorization

Transaction
Controls

Documentation
and
Reconciliation

Independent
Review

Fraud and Card
Security

Program
Administration

Violations and
Cancelations

Recommendation

Approve Updated Credit Card Policy