

CAL-Card Procedures

Business & Contract Services

A. General Information

The CAL-Card program is designed to allow District employees to purchase supplies/materials and equipment, valued under one thousand dollars (\$1,000), through the use of a Visa® credit card. Its purpose is to provide an alternative cost effective way to obtain low-value goods that would otherwise be purchased using purchase orders. The CAL-Card is issued for government entity use only and contains limitations and special features including: single purchase transaction limits, cycle limits, authorized merchant categories, and approval procedures.

The CAL-Card is issued only to an employee who is a full-time permanent District employee having a business need for such. When determining and justifying who has significant business/operations need for the CAL-Card, Approving Officials should consider the following criteria:

- The ability to satisfy the purchasing needs of several employees within the same department
- The projected dollar volume of CAL-Card purchases
- The projected frequency of CAL-Card usage
- Issuance of the Cal-Card should be needs based and not be solely for the convenience of the employee
- Number of existing cards in the department/area

The CAL-Card must only be used by the Cardholder whose name appears on the card. Cardholders are delegated limited purchasing authority on behalf of the District. With this limited delegation of authority, the Cardholder is fully responsible for the goods purchased, following District purchasing guidelines, and ensuring that sufficient funding is available to pay for purchases at all time. District purchasing guidelines can be found at the following website: http://www.palomar.edu/fiscal_services/pdfs/PurchasingServicesManual_30209.pdf.

B. Authorized Uses

The District encourages the use of the CAL-Card in the procurement of everyday use, *low value* supply/material items. Cardholders must follow all District guidelines for purchasing when using the CAL-Card. Authorized uses include the following:

- One time and periodic supply/material purchases up to the Cardholder's single transaction limit
- Equipment costing under \$1,000 (includes sales or use tax, shipping, etc.)
- Furniture costing under \$1,000 (includes sales or use tax, shipping, etc.)
- Food/refreshments for official District functions or business meetings

- Travel expenses such as air fare, ground transportation, lodging, conference fees, and meals
- Other uses not listed with prior authorization by the Vice President, Finance and Administrative Services or the Director, Business and Contract Services

All office supplies should be ordered on-line from Office Depot using the CAL-Card. Exceptions will be made for non-substitutable items not available through Office Depot.

C. Prohibited Uses and Practices

CAL-Cards may not be used to purchase:

- Medical services, medical drugs, pharmaceutical products or controlled substances (except for use by Health Services)
- Personal use items or services
- Alcoholic beverages
- Entertainment (excluding food/refreshments for official business meetings)
- Cash refunds for returned purchases (Any and all returned purchases should be credited back to the CAL-Card)
- Gifts, donations or contributions to individuals or organizations
- Firearms, ammunition, explosives or other items considered being dangerous
- Splitting an order to avoid cardholder per-transactions limit
- An item of equipment costing \$1,000 or more (including sales or use tax, shipping, etc.)
- An item of furniture costing \$1,000 or more (including sales or use tax, shipping, etc.)
- Service agreements of any type including consultants, instructors, speakers, maintenance agreements, rental of facilities agreements, rental of equipment agreements, repairs, copying/printing
- Computers and related internal components (including PCs, laptops, hard drives, power supplies, memory, etc.)
- Software or Software licenses (with prior approval from the Director Business & Contract Services, software or software licenses may be made using the CAL-Card if these are only available as on-line downloads and payment may only be made via credit card - attach copy of website with payment/invoice document)
- Personnel/labor agreements
- Lease/Purchase agreements
- Facility or building improvement services (except for use by the Facilities department)
- Postage, Federal Express
- Cash Advances
- Transferring or using cards between individuals.

D. Restrictions and Spending Controls

A number of restrictions have been developed for the CAL-Card that does not exist within a

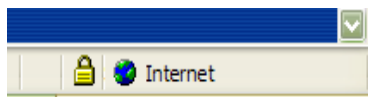
traditional credit card environment. These controls ensure that the card may be used only for specific categories of purchases and within specific dollar limits authorized by the District. Certification of all purchases is required by each Cardholder, with additional verification performed by the designated Approving Official. Additionally, the District Internal Auditor will perform periodic audits of Cardholder statements, receipts, and other documentation to assure adherence to established procedures.

A unique Visa® card with the District's logo is issued to each cardholder from the Bank. Each procurement card is assigned a total dollar limit for a monthly billing cycle and a single transaction limit. In general, the single transaction limit is \$1,000. However, the Approving Official may request a higher single transaction limit by submitting a written request to the Director, Business and Contract Services with an explanation of the significant business/operational need and approval from the divisional Vice President.

The Billing Cycle begins on the 23rd of each month and ends on the 22nd of the following month. On the first day of the new Billing Cycle the cardholder's monthly day spending limit is replenished. U.S. Bank has established an authorization process where the merchant transmits the transaction information to the bank each time the card is used. The authorization ensures that the purchase is both within the single purchase and monthly limits assigned to the individual account and that the merchant is not in a category that is restricted by the District. If the merchant category is restricted or the amount of the purchase is above the single transaction or monthly limits, the ~~credit~~ purchase will be declined.

When you place a CAL-Card order via the internet you should determine if the page is secure or not. The ability to recognize a secure web connection is extremely important as online fraud cases increase substantially from year to year. There are three general indications of a secured web page:

- 1) Check the web page URL - Over a secure connection the address displayed should begin with "https" - note the "s" at the end.
- 2) Check for the "Lock" icon - There is a de facto standard among web browsers to display a "lock" icon somewhere in the window of the web browser.



- 3) Many vendors also provide a prominent secure "site seal" on their web sites. Such seals include "Verisign" and "GeoTrust."

The Cardholder may use PAY-Pal or other 3rd party payment tools to process internet purchases as long as the receipt provides the name of the vendor.

E. Area of Responsibility

1. **US Bank Card Services:** U.S. Bank is the State of California CAL-Card contractor who will issue the CAL-Card. The CAL-Card will be mailed to the Program Coordinator. All

cardholders will receive their cards from the Program Coordinator.

2. **Office of the Vice-President Finance & Administrative Services:** Evaluates CAL-Card program.
3. **Business & Contract Services:** The District's Director, Business & Contracts Services is the CAL-Card Program Coordinator for the District, and will be responsible for the administration, training, record keeping, implementation and monitoring of the District's *CAL-Card Procedures*. Business and Contract Services will receive approved monthly CAL-Card statements and review for compliance with CAL-Card procedures before forwarding the statements to Fiscal Services/Accounts Payable for data entry and posting of expenditures. The CAL-Card Program Coordinator will also be responsible for setting the appropriate card limits and commodity restrictions; and for monitoring, supervising and evaluating the use of CAL-Cards. Issues about cards being revoked or restricted for cause will be determined by the Director, Business & Contracts Services, and his/her decision is final.
4. **Fiscal Services:** Fiscal Services is the Designated Billing Office for the CAL-Card program, Director, Fiscal Services is responsible for ensuring processing of statements and Accounts Payable performs payment to U.S. Bank. Fiscal Services/Accounts Payable pays the monthly balance due on all District CAL-Card statements, determines the applicability of California use tax on individual CAL-Card transactions, creates vouchers in the PeopleSoft Financials system for each CAL-Card statement, and posts expenditures for CAL-Card transactions
5. **Internal Auditor:** Performs periodic reviews of Cardholder statements, purchase receipts, other documents and practices to ensure adherence to program procedures. Discusses findings with Director, Business & Contract Services and Director, Fiscal Services and report findings, responses and any corrective actions to Vice President, Finance & Administrative Services.
6. **Cardholder:** the Cardholder is responsible for:
 - a. Making purchases and any returns as required.
 - b. Retaining receipts and attendant documentation for current year plus previous three years.
 - c. Reconciling monthly CAL-Card account statements and providing item descriptions and appropriate expenditure chartfield strings for CAL- Card transactions.
 - d. Forwarding completed PeopleSoft bank statement to Approving Official.
 - e. Disputing unauthorized charges with the Bank.
 - f. Submitting any changes (location, phone number, e-mail, etc.) to Approving Official.
 - g. Ensuring the security of the card at all times.
 - h. Reporting lost or stolen cards immediately to U.S. Bank Customer Relations, Approving Official, and Director Business & Contract Services.
7. **Approving Official:** The Approving Official (generally the Cardholder's supervisor) is responsible for:
 - a. Determining the departmental need for the CAL-Card
 - b. Designating a Cardholder(s).
 - c. Reviewing and understanding the District's *CAL-Card Procedures*.
 - d. Verifying that CAL-Cards issued under their authority are used in accordance with the *CAL-Card Procedures*.

- e. Verifying that appropriate funds are used for purchases.
- f. Ensuring that Cardholders maintain proper receipts/documentation for all purchases, returns, and disputed items.
- g. Performing review and approval of CAL-Card *Statements of Account* for each cardholder under his/her authority and forwarding approved statements to Business and Contract Services for review of compliance with CAL-Card procedures.
- h. Informing the Director, Business & Contract Services of any card(s) to be cancelled or replaced.
- i. Notifying the Director, Business & Contracts Services of unofficial or unauthorized charges of the CAL-Card by the cardholder.
- j. Obtaining the CAL-Card from Cardholders who change job location, separate from the District, have use privileges suspended or cancelled, and returning the card to Director, Business & Contract Services.
- k. Ensuring Cardholders maintain security of the card at all times.

F. Statement Review & Billing Process

At the close of each Billing Cycle:

1. U.S. Bank will make available to Cardholders their Statement of Account via mail. If no activity occurs for a cardholder during a particular billing cycle, no cardholder *Statement of Account* will be generated.
2. The Cardholder will review the Statement of Account; reconcile each transaction to the appropriate receipts and receiving documents; prepare a CAL-Card Payment Detail form showing itemized descriptions and expenditure accounts for each transaction; verify that there is sufficient funding in the budget pools associated with each expenditure account; indicate on the CAL-Card Payment Detail form which transactions included the payment of sales tax; and sign the Statement of Account and the CAL-Card Payment Detail form.
3. Upon completion of the review, Cardholder will forward the signed Statement of Account, CAL-Card Payment Detail form and all receipts, receiving documents, and other supporting documentation to their Approving Official. The Approving Official will review, sign and have the Cardholder forward the signed Statement of Account and CAL-Card Payment Detail form to Business & Contract Services.
4. Business & Contract Services will review the Statement of Account and CAL-Card Payment Detail forms for completeness, appropriate charges, and compliance with procedures. Upon completion of this review the Statement of Account forms will be forwarded onto Fiscal Services/Account Payable.
5. The Fiscal Services/Accounts Payable receives from the Bank a Financial Summary Billing report of all balances for all Cardholders/Approving Officials within the District. This report will be used to make payment to the Bank. Fiscal Services/Accounts Payable will process the approved statement and charge the expenditures to the designated departmental budgets as provided on the individual Statement of Accounts.
6. Charges for disputed transactions should be reported to the account string 919100-11-553100-67210-00-0000000 on the CAL-Card Payment Detail form pending resolution of

the disputed item. When the disputed charge is resolved, the resulting adjustment (credit) should be charged to the same account.

7. Charges for unauthorized use or unintentional personal use of a CAL-Card should be reported to the account string 919100-11-553100-67210-00-0000000 on the CAL-Card Payment Detail form pending repayment of the personal charge to the District. The Cardholder should send a personal check (payable to Palomar College) with the Statement of Account to Fiscal Services/Accounts. Fiscal Services/Accounts Payable will forward the check to Fiscal Services/Cashier Services to be deposited using the account string listed above.

The approved CAL-Card Statements of Account must be received by Business & Contract Services by the 10th of each month. Continued failure by the Cardholder to forward the Statement of Account to Business & Contract Services on a timely basis may result in cancellation of the CAL-Card.

G. Cardholder Application and Usage Information

1. **Obtaining a Card:** Each cardholder must complete the following three forms: CAL-Card Application, Cardholder Application, Budget Account Information. These forms provide necessary data to validate District use and to process the card application with the bank. Completion certifies the applicant has read and understands the CAL-Card Policies and Procedures and that the applicant understands his/her responsibilities. The completed forms shall be reviewed by the Director, Business & Contract Services prior to final processing and before the CAL-Card is released for use to the cardholder.
2. **Card Issuance:** The card shall be issued by U.S. Bank and sent to the Director Business & Contract Services. The Director, Business & Contract Services will verify the information on the card is correct, log in card information, and contact the new Cardholder to arrange training and a meeting. Once the Cardholder receives the card, it must be activated immediately by following the instructions on the provided post training activation insert, titled "Purchase Card Activation Steps". Cards must be kept in a secured place, preferably in possession of the Cardholder at all times, to prevent the number and expiration date to be used by anyone. If a Cardholder leaves the department, even if he/she transfers somewhere else within the District, the card must be cancelled. Issuance of a new CAL-Card resulting from a transfer/relocation within the District is not automatic; it will be issued only upon a new request.
3. **Incorrect Charges/Disputes:** If the Cardholder does not recognize a charge, or a mistake exists, the Cardholder must first try to resolve the problem with the merchant. If the merchant refuses or is unable to resolve the problem, the Cardholder should contact the bank within 60 days of the statement date to file a dispute. Cardholders should contact Business & Contract Services to obtain a "Cardholder Statement of Questioned Item" form to communicate disputed charge(s) to U.S. Bank.

If an item purchased with the card is found to be defective, the Cardholder will return the item to the vendor either for replacement or for credit. If the vendor refuses to replace or give credit for the defective item, the purchase transaction is considered in "dispute." The Cardholder is responsible for properly disputing any suspect charge. Failure to dispute such an item may result in the Cardholder reimbursing the district for expenditures that should have been disputed.

4. **Declined Transactions:** A decline of the charge will occur if: the merchant does not accept Visa® transactions, the merchant is assigned to a Merchant Category Code that has been restricted by the District, the cardholder exceeds their monthly spending limit, or the cardholder exceeds their single transaction limit. If a decline occurs, the Cardholder should first contact U.S. Bank Customer Service at (800) 344-5696 and second contact the Director, Business & Contract Services. The US Bank Fraud Unit may call to verify the security of the card when a decline occurs as a result of irregular activity.
5. **Lost/Stolen Cards:** If the card has been lost or stolen, immediately notify U.S. Bank Customer Service at (800) 344-5696 (available 24-hours, 7-days a week). The Cardholder should also notify the Approving Official and Director, Business & Contract Services on the next business day via e-mail to kjay@palomar.edu or cwick@palomar.edu. U.S. Bank Customer Service will usually request the following information from the cardholder:
 - i. the cardholder's complete name,
 - ii. the card number,
 - iii. the date the loss or theft occurred,
 - iv. Details of any purchase(s) made on the day the card was lost or stolen.

A replacement card will normally be mailed to the Business & Contract Services within five (5) business days from the time the loss or theft was reported to U.S. Bank Customer Service. A new account number will also be assigned. The cardholder must carefully review the statement following the theft/loss, since the purchases occurring immediately prior to the reported loss/theft will be billed under the new card number.

6. **Worn or Defective Cards:** If a card needs to be replaced because it is worn or defective, the cardholder must return the card to the Approving Official. The Approving Official shall forward the card to the Director, Business & Contract Services with a memo requesting replacement of the CAL-Card.
7. **Cancellation of Card:** When a cardholder leaves a position or separates from the District, the cardholder must return the card to the Approving Official. The Approving Official shall forward the card to the Director, Business & Contract Services with a memo requesting cancellation of the CAL-Card.
8. **Non-Sufficient Funds (NSF) Transactions:** Monitoring the availability of funds to pay for purchases is a direct responsibility of the Cardholder. Cardholder should review a budget account prior to attempting to process payment and make any budget changes

or transfers necessary. The Cardholder should not continue to use the CAL-Card for departmental purchases after available funding has been exhausted. Making any such NSF purchases may result in cancellation of card privileges.

H. Unofficial or Unauthorized Use by Cardholder

The Approving Official has the authority to question all purchases made by the Cardholder. The Cardholder must have a receipt and be able to explain the nature of every purchase. If there is an unofficial or unauthorized charge to the CAL-Card by the cardholder, the Approving Official is responsible for notifying the Director Business & Contract Services. Based on the seriousness of the offense, the CAL-Card may be suspended or cancelled. See section J.3. for details.

I. Training

The Director, Business & Contract Services will provide/coordinate training to Cardholders and Approving Officials on the approved use, proper documentation, and payment process for the CAL-Card.

J. Penalties for Non-Compliance of Procedures

1. **Reconciliation Process:** Failure by the Cardholder and Approving Official to complete the statement reconciliation process by the 10th of every month may result in suspension or cancellation of the Cardholder's CAL-Card privileges.
2. **Non- Sufficient Funds:** If the Cardholder fails to process Cal-Card Statement of Account reconciliation promptly or has insufficient funds, Fiscal Services/Accounts Payable will charge the related transaction(s) to the default accounting line(s) identified by the Cardholder during the application process. Non-sufficient fund transactions (unrelated to budget errors) by the Cardholder may result in the suspension or cancellation of the Cardholder's CAL-Card privileges.
3. **Personal/Prohibited/Unauthorized Use of Card:** Personal, prohibited or unauthorized use of CAL-Card by the Cardholder may result in the following penalties:
 - a. Personally liable for full amount to the District
 - b. Immediate suspension or cancellation of card privileges
 - c. Disciplinary action under applicable District administrative procedures.
4. **Use of Card by Persons other than Cardholder:** Use of CAL-Card by persons other than the Cardholder may result in the following penalties:
 - a. Cardholder personally liable for full amount to the District
 - b. Immediate suspension or cancellation of card privileges
 - c. Disciplinary action under applicable District administrative procedures.