



CalCard Program Procedures

Purchasing Services, Business Services Department

General Information. The CalCard program is designed to allow District employees to make authorized purchases of items that cannot go through the District's customary Purchasing Process through the use of a US Bank Visa credit card. Its purpose is to provide an alternative way to obtain only those items that are not available via the regular Purchasing process. The CalCard 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.

CalCards are issued to those full-time permanent District employees having a business need for such. When determining and justifying who has significant business/operations need for the CalCard, the Director of Business Services will consider the following criteria:

- (a) The ability to satisfy the purchasing needs of several employees within the same department.
- (b) The projected dollar volume of CalCard purchases.
- (c) The projected frequency of CalCard usage.
- (d) The issuance of the CalCard should be solely based on necessity of need, not based on the convenience of the employee or department.
- (e) The number of existing cards in the department/area.

CalCards 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, for following District purchasing guidelines, and ensuring that sufficient funding is available to pay for purchases at all times. District purchasing guidelines are available on the Business Services website.

- 1) **Authorized Uses.** The District allows for the use of the CalCard in the procurement of only those *low value* supply/material items that **cannot go through the normal Purchasing process**.

Cards are not to be used for convenience or in lieu of following the District's purchasing procedures using established vendors. Cardholders must follow all District guidelines for purchasing when using the CalCard. Authorized uses include the following:

- (a) One time and periodic purchases up to the Cardholder's single transaction limit for purchases *that cannot go through the normal Purchasing process* where a PO is used.
- (b) Food/refreshments for official District functions or for business meetings (if the department's budget and leadership allows for this).
- (c) Travel expenses such as airfare, ground transportation, lodging, conference fees, and meals.
- (d) Other uses not listed with prior authorization by the Director of Business Services or the Vice President of Finance and Administrative Services.

- 2) **Prohibited Uses and Practices.** CalCards may not be used to purchase the following:

- (a) Office Supplies: All office supplies must be ordered via **Office Depot** using the online ordering website with the use of an open PO. Exceptions may be made for non-substitutable items that are not available through Office Depot. Exceptions must be preapproved by the Director of Business Services or the Vice President of Finance and Administrative Services.
- (b) Amazon purchases are **not allowed** with the District CalCard. Amazon purchases must be made on the department's Amazon account, with the use of an open PO.
- (c) Medical services: Medications/drugs, pharmaceutical products, or controlled substances.
- (d) Personal use items or services.
- (e) Alcoholic beverages.
- (f) Entertainment, excluding food/refreshments for official business meetings.
- (g) Cash refunds for returned purchases. Any and all returned purchases should be credited back to the CalCard.

- (h) Gifts, donations or contributions of any kind to individuals or organizations (no “rounding up” for charity!).
 - (i) Firearms, ammunition, explosives or other items considered dangerous.
 - (j) Orders split into smaller purchases to avoid cardholder per-transactions limit.
 - (k) Equipment in any amount.
 - (l) Furniture in any amount.
 - (m) Deliveries to any address other than a campus/center address (**NO** residential deliveries are allowed!).
 - (n) Service agreements including consultants, instructors, speakers, maintenance agreements, rental of facilities agreements, rental of equipment, repairs, copying/printing.
 - (o) Computers and related internal components, including PCs, laptops, hard drives, power supplies, memory, etc.
 - (p) Software or Software licenses. **Note:** Upon **prior written approval** from the Director of Business Services and the Director of Information Systems, software or software licenses may be made or renewed using the CalCard if a credit card is the only method of payment available. This activity must be preapproved.
 - (q) Personnel/labor agreements.
 - (r) Lease/Purchase agreements of any kind.
 - (s) Facility or building improvement services.
 - (t) Postage, Federal Express, UPS.
 - (u) Cash Advances.
 - (v) Transferring or using cards between individuals.
- 3) **Restrictions and Spending Controls:** A number of restrictions have been developed for the CalCard that do 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 each purchase is required by the Cardholder, with additional verification performed by the designated Approving Official. Additionally, the District Internal Auditor, the Director of Business Services, and/or the Purchasing Supervisor 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 US Bank. Each card is assigned a total dollar limit for a monthly billing cycle and a single transaction limit. The single transaction limit is \$1,000, and monthly card limit is \$5,000. However, the Approving Official may request a higher single transaction limit by submitting a written request via e-mail to the Director of Business Services with an explanation of the significant business/operational need for the approval.
- 4) **Billing Cycle:** 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 spending limit is replenished. US 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.
- 5) **Online Orders:** When a Cardholder places an online order using the CalCard, careful attention should be paid as to whether 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 several general indications of a secured web page:

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



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

- 6) **Third-Party Payment Tools:** The Cardholder may use PayPal or other third-party payment tools to process internet purchases **as long as they are secure, and the receipt provides the name of the vendor being paid** as opposed to only the third-party payment provider name.

7) **Area of Responsibility**

- (a) US Bank Card Services is the State of California CalCard contractor who will issue the CalCard. The CalCard will be mailed to the District's Program Coordinator. All cardholders will receive their cards from the Program Coordinator, after training occurs.
- (b) The Office of the Vice-President of Finance and Administrative Services evaluates CalCard program.
- (c) The Director of Business Services or their designee is the CalCard Program Coordinator for the District, and will be responsible for the administration, training, record keeping, implementation and monitoring of the District's CalCard Procedures.
- (d) The CalCard Program Coordinator or designee will receive approved monthly CalCard statements and review for compliance with procedures before forwarding the statements to Accounts Payable for data entry and posting of expenditures. The CalCard Program Coordinator will also be responsible for setting the appropriate card limits and commodity restrictions; and for monitoring, supervising, and evaluating the use of CalCards. Issues about cards being revoked or restricted for cause will be determined by the Director of Business Services, and their decision is final.
- (e) Fiscal Services/Accounts Payable is the Designated Billing Office for the CalCard program, the Director of Fiscal Services or their designee is responsible for ensuring processing of statements and Accounts Payable performs payment to US Bank. Accounts Payable pays the monthly balance due on all District CalCard statements, determines the applicability of California use tax on individual CalCard transactions, creates vouchers in the PeopleSoft Financials system for each CalCard statement, and posts expenditures for CalCard transactions
- (f) **Internal Auditor and/or CalCard Program Coordinator:** Performs periodic reviews of Cardholder statements, purchase receipts, other documents and practices to ensure adherence to program procedures. The Internal Auditor or CalCard Program Coordinator/designee discusses findings with the Director of Business Services and the Director of Fiscal Services and reports findings, responses, and any corrective actions to the Vice President of Finance and Administrative Services.
- (g) **Cardholder:** The Cardholder is responsible for:
1. Making purchases and any returns as required.
 2. Retaining all receipts and documentation for current year plus previous three years.
 3. Reconciling monthly CalCard account statements and providing item descriptions and appropriate expenditure chart-field strings for CalCard transactions in a timely manner.
 4. Forwarding completed bank statements and backup electronically to Approving Official and Business Services.
 5. Disputing unauthorized charges with US Bank immediately.
 6. Submitting any changes (location, phone number, e-mail, etc.) to Approving Official.
 7. Always ensuring the security of the card.

8. Reporting lost or stolen cards immediately to US Bank Customer Relations, Approving Official, and the Director of Business Services.

(h) **Approving Official:** The Approving Official (usually the Cardholder's supervisor) is responsible for:

1. Determining the departmental need for the CalCard.
2. Designating a Cardholder.
3. Reviewing and understanding the District's Purchasing and CalCard Procedures.
4. Verifying that CalCards issued under their authority are used in accordance with procedures.
5. Verifying that appropriate funds are used for purchases.
6. Ensuring that Cardholders maintain proper receipts/documentation for all purchases, returns, and disputed items.
7. Performing review and approval of CalCard Statements of Account for each cardholder under their authority and forwarding approved statements to Business and Contract Services for review of compliance with the CalCard procedures.
8. Informing the Director of Business Services of any card(s) to be cancelled or replaced.
9. Notifying the Director of Business Services of unauthorized charges of the CalCard by the cardholder.
10. Obtaining the CalCard from Cardholders who change job location, separate from the District, have use privileges suspended or cancelled, and returning those cards to the Director of Business Services.
11. Ensuring Cardholders maintain the security of the card at all times.

8) **Statement Review and Billing Process:** At the close of each Billing Cycle:

- (a) US 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. Cardholders can verify charges online using their US Bank login.
- (b) The Cardholder will review the Statement of Account; reconcile each transaction to the appropriate receipts and receiving documents; prepare a CalCard 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 CalCard Payment Detail form which transactions included the payment of sales tax; and sign the CalCard Payment Detail form.
- (c) Upon completion of the review, the Cardholder will forward the Statement of Account, signed CalCard 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, receipts, and CalCard Payment Detail form to Business Services.
- (d) The Cardholder's department shall keep on file the CalCard Preauthorization Forms as a reference for the charges on the card and budget code assigned to each charge. There is no need to turn the Preauthorization forms in with your completed/signed Payment Detail Form, statement, and receipts. ***It is highly recommended that departments complete the preauthorization form for each charge when making purchases so that they may easily complete the reconciliation at the end of each statement period.***
- (e) Business Services will review the Statement of Account, receipts, and CalCard Payment Detail forms for completeness, appropriate charges, and compliance with procedures. Upon completion of this review, the documents will be forwarded to Account Payable.
- (f) Accounts Payable receives from the Bank a Financial Summary Billing report of all balances for all Cardholders within the District. This report will be used to make payment to the Bank. Accounts Payable

will process the approved statement and charge the expenditures to the designated departmental budgets as provided on the individual Statement of Accounts.

- (g) Charges for disputed transactions should be reported to the account string 919100-11-553100-67210-00-0000000 on the CalCard 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.
- (h) Charges for unauthorized use or unintentional personal use of a CalCard should be reported to the account string 919100-11-553100-67210-00-0000000 on the CalCard Payment Detail form pending repayment of the personal charge to the District. The Cardholder must send a personal check for these unauthorized purchases, payable to Palomar College, ***within five business days*** of the statement close date along with a copy of the Statement of Account to Accounts Payable. Accounts Payable will forward the check to Cashier Services to be deposited using the account string listed above.
- (i) The approved documentation must be received by Business Services by the 10th of each month. **Continued failure by the Cardholder to forward the Statement of Account to Business Services in a timely manner will result in cancellation or suspension of the CalCard.**

9) Cardholder Application and Usage Information:

- (a) **Obtaining a Card:** Each cardholder must complete and obtain signatures on the CalCard Application. This form provides necessary data to validate District use and to process the card application with the bank. Completion certifies the applicant has read and understands the CalCard Policies and Procedures and that the applicant understands his/her responsibilities related to its use. The completed forms shall be reviewed by the Director of Business Services or their designee prior to final processing and before the CalCard is released for use to the cardholder.
- (b) **Card Issuance:** The card shall be issued by US Bank and sent to the Director of Business Services or their designee. The Director of Business Services or designee will verify the information on the card is correct, record card information, and contact the new Cardholder to arrange training.
- (c) **Activation:** Once the Cardholder receives the card, it must be activated immediately by following the instructions on the card. Cards must be kept in a secured place at all times to prevent the number and expiration date to be used by anyone not authorized to do so. If a Cardholder leaves the department or transfers within the District, the card must be cancelled. Issuance of a new CalCard resulting from a transfer/relocation within the District is not automatic; it will be issued only upon a new request, based on need in the department.
- (d) **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 US Bank within 60 days of the statement date (or sooner) to file a dispute. 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.*
- (e) **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 US Bank Customer Service at (800) 344-5696 and then contact the Director of Business Services or their designee for assistance. The US Bank Fraud Unit may call to verify the security of the card when a decline occurs as a result of irregular activity.
- (f) **Lost/Stolen Cards:** If the card has been lost or stolen, immediately notify US Bank Customer Service at (800) 344-5696 (available 24-hours, 7-days a week). The Cardholder should also notify their Approving Official and the District's CalCard Program Coordinator by the next business day via e-mail. US Bank Customer Service will usually request the following information from the cardholder:

- i. Cardholder's complete name.
 - ii. Card number.
 - iii. Date the loss or theft occurred.
 - iv. Details of any purchase(s) made on the day the card was lost or stolen.
- (g) **Replacement Cards:** A replacement card will normally be mailed to Business Services within five (5) business days from the time the loss or theft was reported to US 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.
- (h) **Worn or Defective Cards:** If a card needs to be replaced because it is worn or defective, the Cardholder must return the card to Business Services with an e-mail or note requesting replacement of the card.
- (i) **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 of Business Services with a note requesting cancellation of the card.
- (j) **Non-Sufficient Funds (NSF) Transactions:** Monitoring the availability of funds to pay for purchases is a direct responsibility of the Cardholder. Cardholders should review a budget account prior to attempting to process payment and make any budget changes or transfers necessary **before purchases are made**. The Cardholder should not continue to use the CalCard for departmental purchases after available funding has been exhausted. **Making any such NSF purchases may result in cancellation of card privileges.**
- 10) **Prohibited or Unauthorized Use by Cardholder:** The Approving Official and the Director of Business Services 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 a prohibited or unauthorized charge made by the cardholder, the Approving Official is responsible for notifying the Director of Business Services. Based on the seriousness of the offense, the CalCard may be suspended or cancelled.
- 11) **Training:** The Director of Business Services or their designee will provide training to Cardholders and Approving Officials on the approved use, proper documentation, and payment process for the CalCard.
- 12) **Penalties for Non-Compliance of Procedures:**
- (a) **Reconciliation Process:** Failure by the Cardholder and Approving Official to complete the statement reconciliation process by the **10th of each month** may result in suspension or cancellation of the Cardholder's CalCard privileges.
 - (b) **Non-Sufficient Funds:** If the Cardholder fails to process CalCard Statement of Account reconciliation promptly or has insufficient funds, 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 CalCard privileges.**
 - (c) **Personal/Prohibited/Unauthorized Use of Card:** Personal, prohibited or unauthorized use of CalCard by the Cardholder, or the use of the CalCard by persons other than the Cardholder, may result in the following penalties:
 - i. Cardholder held personally liable for full amount of the charge to the District
 - ii. Immediate suspension or cancellation of card privileges
 - iii. Disciplinary action under applicable District administrative procedures.