

Board Adopted: October 22, 2018 [New]

Contact Person: Executive Director of Finance and Support Services

POLICY 702.5 ESTABLISHMENT AND USE OF DISTRICT CREDIT CARDS

I. PURPOSE OF POLICY

To establish a District credit card system.

II. GENERAL STATEMENT OF POLICY

The Superintendent will establish and maintain regulations to determine and define authorized users, receipt processes, payment processes and define controls and audit process.

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REGULATION 702.5 ESTABLISHMENT AND USE OF DISTRICT CREDIT CARDS

A. Authorized Users of District credit cards

According to Minnesota law, District credit cards should only be used by those employees and officers otherwise authorized to make purchases. If the District does not authorize a District credit card purchase, the officer or employee who made the purchase becomes personally liable for the amount of the purchase. School districts have authority to make purchases using credit cards issued to the District. The statutes authorizing credit card use restrict the use of District credit cards to purchases for the District only. No personal use of the District credit card is permitted.

B. Receipt process of District credit cards

Purchases made with a District credit card must be consistent with other state law. For example, under Minnesota law, claims presented for payment must be in writing and itemized. Monthly statements received from a credit card company lack sufficient detail to comply with these statutory requirements. As a result, the officer or employee using District credit cards must retain the invoices and receipts needed to support the items charged in the bill from the credit card company. Similarly, listing only the credit card company on a claims list would merely identify the method of payment. It does not identify the vendors providing the goods and services, as required by law.

C. Payment process of District credit cards

The authority to use District credit cards does not authorize the creation of a new form of debt for the District. The statutes governing the issuance of debt by the District add a number of restrictions to the issuance of any obligation. The credit card statutes simply authorize another method of payment. Therefore, the District's Director of Finance and Student Services must adopt a policy of paying off District credit card charges on a monthly basis. Before implementing the use of District credit cards, the District shall adopt a comprehensive credit card policy that may include such areas as good management practices and internal control procedures.

D. Controls and audit process of District credit cards

The District shall adopt a comprehensive District credit card policy that shall require the following safeguards:

1. Prohibit the use of the District credit cards for personal purchases.
2. Identify the employees and officers who are authorized to make purchases on behalf of the District and are eligible to use District credit cards.
3. Identify the particular purchases that are to be made with the District credit card.

4. Set up a review process for all purchases made on the District credit card.
5. Require supporting documentation for all purchases made with the District credit card.
6. Restrict the total amount of charges that can be made on the District credit card.
7. Obtain signed written acknowledgements of the District credit card policies for all authorized District card users.

The ability of the cardholder to make the District liable for an improper or illegal purchase is an inherent risk associated with District credit cards. Compliance with statutory requirements, and the adoption of and adherence to this policy implementing further internal controls will greatly reduce the District's exposure to loss of public funds through theft or misuse of the District credit card.