

SECTION 21. PURCHASING CARD POLICY

I. Purpose

The purpose of the Purchasing Card Program is to provide the District with an efficient and controllable method of making small dollar commodity purchases. This Purchasing Card Policy is not intended to replace, but rather supplement, existing Purchasing and other District Policies.

II. Usage

A. The Purchasing Card will be used for the following:

1. Travel related purchases in compliance with the Districts Travel Policy.
2. Business related purchases:
 - A. From a vendor who accepts credit cards and the goods and/or services purchased are not covered under a District purchase order.
 - B. All other purchases are to be made using the standard Purchasing Policy.
 - C. Purchases made on the card will be for District business only. The card is not a personal line of credit. When in doubt as to whether a purchase is allowable under District Policy, the Cardholder shall contact the Program Administrator, their Supervisor, or the General Manager before making the purchase.

III. Duties and Responsibilities

A. Cardholder

1. The Employee who is issued a card is called a "Cardholder". The Purchasing Card has transaction limits for the maximum monthly transaction total and the type of merchant where the card may be used.
2. The Cardholder must use *only* his or her assigned card, however, the Department Director or designee can authorize persons other than the Cardholder to use a District Purchasing Card not assigned to them for non-routine use to avoid issuing large quantities of District Purchasing Cards for occasional users. The Department Director is held accountable for such use and is charged with the responsibility to ensure that those uses are in compliance with District Policies.
3. Each Cardholder shall use the card only for authorized purchases. A hardcopy receipt must be obtained from the vendor each time the card is

used. Online and telephone charges must also be documented by a receipt. The Cardholder must request the vendor fax, mail, or email a receipt if one is not immediately available.

4. The Cardholder is responsible for immediately notifying their Supervisor, the Director of Administration, and the General Manager if the card is lost or stolen.
5. Each Cardholder must acknowledge receipt of the Purchasing Card, understand the rules of usage, and sign the User Agreement. Failure to abide by this Purchasing Card Policy may result in disciplinary action, including, but not limited to, termination of employment. The Cardholder will be required to reimburse the District for any unauthorized transactions.
6. Each month, the Cardholder or designated person from each Department, will receive a monthly statement for each person that has been issued a District Purchasing Card. They will collect the receipts for the charges appearing on the statement. A Payment Authorization will be filled out, signed by the supervisor, and forwarded to the Director of Administration.
7. Upon resignation or termination of employment of a Cardholder, the supervising department head shall notify the Director of Administration immediately, and the card shall be surrendered immediately.

B. Director of Administration

1. Manages the Purchasing Card Program. The Director of Administration is the District's point of control for the Purchasing Card Program and is the point of contact for any Cardholder questions or problems. The Director of Administration has approval power over card transactions, but each Department Supervisor shall verify all information about the transaction and monitor usage of each card.
2. The Director of Administration is knowledgeable on all the procedures in the Purchasing Card Policy. The Director of Administration is charged with implementing the Policy and advising the General Manager of problems that may prompt a need to revise the Policy.

C. Departmental Responsibility

The Department Director is responsible for designating Cardholders. The Department Director ensures that purchases are authorized and within District Policies. At the end of each month, the Department Director shall collect the card statements and receipts from all Cardholders within his or her department, sign off approval of each, and forward the approved statements to the Director of Administration. Statements should be turned in promptly five (5) days after receipt of the statement. In addition, activity reports are available for additional review by the Department Director if so requested.

IV. Sale Tax

As a tax-exempt Government agency, the District does not pay sales tax. Cardholders will be provided a copy of the District's Tax Exemption Certificate. Cardholders are then responsible for insuring that the merchant does not include sales tax in any transactions. If sales tax is included, the Cardholder may be responsible for reimbursing the sales tax amount to the District.

V. Returns

Each Cardholder is responsible for coordinating returns with the vendor and making sure a proper credit slip is obtained. Credit shall be issued to the Cardholder account. Cash refunds are not allowed.

VI. Restrictions and Exemptions

A. Employees may *not* use the card for the following:

1. Any purchase of items for personal use.
2. Cash refunds or advances.
3. Any purchase of goods and/or services at a merchant type not considered prudent or of good judgment.
4. Any transaction amount greater than the Cardholder's transaction limit.
5. Alcohol or liquor of any kind. Patronization of bars, drinking establishments, and package liquor stores should not be paid for with the
6. Purchasing Card.
7. Separate, sequential, and component purchases, or any transaction made with intent to circumvent District Purchasing Policy or State law.

8. Any other purchase specifically excluded in the District's Purchasing and Travel Policy.

B. Documentation

Supporting documentation e.g. Purchasing Card charge slips, vendor invoices, receipts of goods and services must accompany each transaction.

C. Personal Use Restrictions

When the card is used to pay personal expenses the employee shall be responsible to reimburse the District for all personal expenses and may be subject to disciplinary action including, but not limited to, immediate termination and reimbursement from final pay.

VII. Obtaining a Purchasing Card

A. Steps:

1. Department Director requests a Purchasing Card for their employee(s) from the Director of Administration.
2. The Director of Administration will request that a Purchasing Card be issued from the District's contracted Credit Card Merchant upon approval by the General Manager.
3. Upon receipt of the card, the Cardholder signs the Cardholder Agreement in the presence of the Department Director, and the Director of Administration issues the card to the new Cardholder.
4. The new Cardholder receives copies of:
 - a. Cardholder Agreement.
 - b. Purchasing Card Policy.
 - c. Sales Tax Exemption Certificate.

VIII. Revocation of the Purchasing Card

- A. The Purchasing Card is subject to revocation at any time at the discretion of the Department Director or General Manager. The Director of Administration may also recommend to the General Manager and Department Director that the card be revoked upon indication of any violation of the Purchasing Card Policy and Procedures. When a card is revoked, cancellation of the card takes effect immediately.

1. Director of Administration along with the General Manager and Department Directors' approval is further authorized to permanently or temporarily suspend use of the Purchasing Card if unauthorized use is discovered.
2. If the Cardholder's purchasing limit is exceeded, Cardholder must utilize the standard Purchase Order Procedure or the Department Director may petition the Director of Administration to temporarily increase the Cardholder's transaction limits.

IX. Summary

As a Government Agency, the District is expected to be able to demonstrate to the public that it has spent their tax dollars wisely. All participants in the Purchasing Card Program are responsible for ensuring purchases made with the card are in accordance with the terms and conditions of this and all other current or future Policies and Procedures of the District.

Therefore, the Cardholder must make sure he or she has adequate documentation, including a clear explanation of the purpose of all purchases.

Employees who do not have a Purchasing Card may obtain travel advances or be reimbursed for travel. Refer to the District's Travel Policy for more details.

PURCHASING CARD AGREEMENT

An Agreement entered into by and between Denton County Fresh Water Supply District 1-A (the "District") and _____ (hereinafter the "Employee" or "Cardholder")

Participating Employee Acknowledgement of Responsibilities

As a condition of participation in the District's Purchasing Card Program, you assume full responsibility pertaining to the use, operation, and administration of the program for the card. The use and responsibilities include, but are not limited to, the following:

The District Purchasing Card shall be used for business expenditures only. The Purchasing Card may only be used under the terms and conditions established for the Purchasing Card Program and this Agreement. The District Purchasing Card may not be used for personal purposes.

The card must only be used by the person assigned the card unless authorized by the Department Director or General Manager. The Department Director is held accountable for such use and is charged with the responsibility to ensure that District policies are complied with.

The Purchasing Card will be issued in the name of the Employee. By accepting the card, the Employee assumes responsibility for the security and use of the card and will be responsible for all charges made with the card, with the exception of purchases being directed by the Department Director or General Manager, referred to above and in the Purchasing Card Program Policy.

The District Purchasing Card must be maintained with the highest level of security. If the card is lost or stolen, or if the Cardholder suspects the card or the account number to have been compromised, the Cardholder agrees to immediately notify their Supervisor, the Director of Administration, and the General Manager.

All charges will be billed and after approval or verification, paid directly by the District. The Cardholder will receive a statement on a monthly basis listing all activity associated with the card. This activity will include purchases and credits made during the reporting period. While the Cardholder will not be responsible for making payments, the Cardholder will be responsible for the verification and reconciliation of all account activity and transmittal to the Director of Administration for payment.

Cardholder accounts shall be subject to periodic internal control reviews and audits. By accepting the card, the Cardholder agrees to comply with such review and audits. The Cardholder may be asked to produce the card to validate its existence. The Cardholder must produce receipts to verify appropriate use and turn them in with each statement within (5) five days of receipt of such statement.

The parameters and procedures related to the Purchasing Card Program may be amended at any time. The District will promptly notify all Cardholders of these changes and amendments. The Cardholder agrees to and will be responsible for the execution of any program amendments.



The Cardholder agrees to surrender and cease use of their card upon administrative leave, termination of employment whether for retirement, voluntary separation, resignation or dismissal and/or upon demand.

Misuse or fraudulent use of the card will result in disciplinary action and may be grounds for dismissal and will be considered gross misconduct connected with employment.

By signing below, I acknowledge that I have read and agree to the terms and conditions of this document and the Purchasing Card Program Policy. I certify that as a participating Cardholder of the District Purchasing Card Program, I understand and assume the responsibilities listed above.

Employee Signature

Title

Name (Please Print)

Date



Program Administrator

Title

Name (Please Print)

Date

