

Credit Card Policy

Board Approved: March 21, 2013

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Policy Number: 805

POLICY OVERVIEW

Spectrum High School and Spectrum Middle School (Spectrum) has established a credit card program that allows authorized personnel to charge school expenses. Credit cards are issued to employees who meet the appropriate requirements and can only be used by the individual named on the card or their designee. Spectrum is liable to the financial institution that issues the credit cards and pays the monthly statement directly.

Credit card transactions bring greater efficiency to the purchasing process and enable the cardholder to respond expeditiously to daily business transaction needs.

This program is NOT intended to bypass other established and appropriate purchasing and payment procedures, such as policies related to the requirement of a purchase order. The program is designed to complement these existing processes. Cardholders are responsible for adhering to all of Spectrums' policies when using their credit card.

POLICY PURPOSE

The purpose of this policy is to establish the responsibilities, controls, and authorizations for the application, issuance, and processing of Spectrum's credit card program:

- To ensure all credit card purchases are for appropriate and acceptable business expenses;
- To ensure consistent and complete operation of the reconciliation and approval process;
- To comply with Internal Revenue Service laws; and
- To ensure that non-compliance will be subject to disciplinary guidelines up to and including termination.

Cardholder – This individual (to whom Spectrum has issued the card) has their name on the face of the credit card. Individuals designated as a cardholder are required to do the following:

- Obtain required receipts for credit card transactions;
- Ensure all transactions are legitimate purchases made on behalf of Spectrum;
- Properly substantiate and record the business purpose of each transaction;
- Tape receipts to 8.5 x 11 sheet of paper and attach to printed copy of statement; and
- Submit required documentation to the Business Office by specified monthly deadline.

COMPLIANCE/NON-COMPLIANCE

Compliance

The cardholder must reconcile and submit all records (cardholder statement, receipts, preapproval forms, and any other applicable or required business documentation) to the Business Office by designated deadlines.

Non-Compliance

A cardholder that does not comply with the requirements of this or related policies and procedures will be subject to actions including: reimbursing Spectrum, suspension or termination of credit card privileges, and other disciplinary actions deemed appropriate.

PROCESS AND PROCEDURES

Lost, Stolen or Compromised Card

The cardholder is responsible for the security of the issued credit card and any purchases made to the account. If there is any reason to believe the credit card may have been lost or stolen, the credit card holder must immediately report this information to the credit card company and then inform the Business Office. It is extremely important to act promptly in the event of a lost or stolen card to avoid organization liability for fraudulent transactions.

Once the bank has been notified, the card account will be closed and a new card issued.

Replacement Card

Damaged Card – A damaged card needs to be reported to the Business Office and a replacement card will be ordered.

Expiring Card – The bank will automatically issue a new card for upcoming expiration dates. These cards are sent to the Business Office who will notify the cardholder and route the new card.

Card Suspension or Termination

Credit cards are the property of Spectrum, and as such, can be terminated at any time. Credit cards may be suspended or deactivated for the following reasons:

Employment Change – When a cardholder leaves the employment, the credit card will be deactivated and must be turned over to the Business Office. Online access for any user of the credit card program will be canceled upon their separation with Spectrum.

Administrative Violations – Nonadherence to administrative requirements may lead to disciplinary action. Examples of administrative violations include, but are not limited to the following:

- Failure to obtain and submit supporting documentation;

- Lack of timely or proper reconciliation of expenses;
- Approval of transactions that violate Spectrum policies; and
- Failure to appropriately address and resolve instances of misuse or administrative violations.

Misuse – Misuse of the credit card or non-compliance to applicable policies will result in disciplinary action. Examples of misuse include, but are not limited to the following:

- Purchase of items for personal use;
- Purchase of unauthorized supplies or services;
- Purchases requiring a purchase order (see Procurement Policy for limits and procedures); and
- Use of card or account information by anyone other than the authorized cardholder and/or their designee (without administrative authority to do so).

If a credit card program participant violates this credit card policy or other applicable policies, they may be subject to sanctions, including suspension of the program privileges, card cancellation, and other disciplinary action deemed appropriate by Spectrum. If a personal item is inadvertently charged to the Spectrum credit card, reimbursement for the item must be made to the Business Office within 3 business days, which may include reimbursement for taxes.

Credit Limit

Each credit card is assigned a credit limit based on the anticipated usage. This credit limit is replenished at the beginning of each month when the online statement is issued. Increases in the credit limit must be approved by the Executive Director.

Sales Tax Exemption

The cardholder must inform merchants of applicable sales tax exempt status prior to the purchase. Cardholders should keep a copy of the sales tax exempt certificate with them to present at the time of purchase. Personal use of these certificates is strictly prohibited.

Card Usage

The credit card can be used at any merchant accepting credit cards, except as prohibited by policy. It may be used for in-store purchases, as well as phone, fax, and mail orders and at secured internet sites.

For phone, fax, and mail orders, the cardholder is responsible for instructing the merchant to send a detailed receipt that lists items purchases, the corresponding price, any shipping and/or handling charges, and a total for the order. Note: Packing lists, statements, quotes, agreements, general credit card receipts, and estimates are NOT valid receipts, as they often do not provide prices or necessary detail.

Returns and Credits

Purchase returns and credits must be credited back to the credit card not in the form of cash back or merchant credit. Any acceptance of credit in the form of cash will be considered fraudulent activity.

Authorized Purchases and Payments

*When credit card use is necessary, cardholders are expected to use their credit card for **only** allowed expenses.* The need for the submission of expense reimbursements for out-of-pocket purchases should be limited to noncredit card merchants.

Unauthorized and Restricted Card Usage

Credit cards are restricted from making cash withdrawals.

Unauthorized Purchases – Some purchases may not be made using the credit card because they require additional oversight and control in advance of the purchase. Unauthorized purchases include, but are not limited to the following:

- Items and services requiring a purchase order;
- Personal items; and
- Vendors typically invoicing Accounts Payable directly.

Failure to comply with the above guidelines for unauthorized purchases may result in the cancellation of credit card privileges and disciplinary action, up to and including termination of employment.

Receipt Management

Original itemized receipts are required for all expenses. Receipts need to be taped to an 8.5 x 11 sheet of paper and attached to a copy of the related statement. All receipts need to be sent to the attention of “Business Office” by the 1st of each month for the previous month’s statement (i.e., statement for April receipts to be sent by May 1st, etc.)

If a cardholder loses or does not obtain a required receipt from the merchant, they must complete a No Receipt Form. This form requires details of the expense and an explanation of what happened to the receipt. The use of this form is not a substitute for original receipts. Repeated use of this form will lead to credit card suspension and monetary reimbursement due by the cardholder to Spectrum.

Disputed or Fraudulent Charges

If there is an inaccuracy on a statement, the cardholder must address the issue immediately.

If a cardholder believes the merchant has charged the account incorrectly or there is an outstanding quality of service issue, the cardholder must first contact the merchant and try to resolve the error or problem.

If the cardholder is unable to resolve the matter directly with the merchant or if contacting the merchant is not possible, then it is the responsibility of the cardholder to submit an online Dispute Form for the related charge(s) and to make sure the credit posts to their account.

The bank must receive any charge disputes within 60 days of the transaction date. While pending resolution, the bank will credit Spectrum’s account for the amount of the disputed transaction. Although the bank acts as the arbitrator in any dispute, the cardholder should never assume that a dispute would be resolved in Spectrum’s favor. If the dispute is not resolved, please notify the Business Office. An Affidavit of Commercial Card Fraud form must be completed and faxed to Spectrum’s financial



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institution and the original sent to the Business Office. Prompt reporting of any such charges will help to prevent Spectrum from being held responsible.

Fraudulent employee use of a credit card will result in immediate revocation of the card and may result in disciplinary action. Spectrum will seek restitution for any inappropriate charges.

In the event policies adopted by the School are in conflict with then applicable Minnesota law, the provisions of the law will apply.