

San Diego Community College District



Procurement Cards

**CAL-Card Program
State of California Purchasing Card**

TABLE OF CONTENTS

CREDIT CARD APPLICATION & AUTHORIZATION	2
<i>APPROVING OFFICIAL</i>	<i>2</i>
<i>PURCHASE LIMITS.....</i>	<i>2</i>
<i>FILLING OUT THE FORM.....</i>	<i>2</i>
<i>DECISIONS TO BE MADE</i>	<i>2</i>
<i>CARDHOLDER TRAINING</i>	<i>3</i>
PROPER USAGE OF THE CAL-CARD	4
<i>AUTHORIZED USES.....</i>	<i>4</i>
<i>PROHIBITED USES.....</i>	<i>4</i>
RECORDING PURCHASE TRANSACTIONS.....	5
<i>CREDIT CARD RECEIPTS</i>	<i>5</i>
<i>TAXES.....</i>	<i>5</i>
<i>PURCHASE LOG</i>	<i>5</i>
<i>RECONCILIATION REPORT</i>	<i>6</i>
<i>LATE REPORTS</i>	<i>6</i>
MONTHLY STATEMENTS.....	7
<i>CARDHOLDER STATEMENT OF ACCOUNT.....</i>	<i>7</i>
<i>APPROVING OFFICIAL REPORT</i>	<i>7</i>
<i>INAPPROPRIATE PURCHASES</i>	<i>7</i>
DISPUTES.....	8
<i>RESOLVED DISPUTES</i>	<i>8</i>
<i>VALID DISPUTE REASONS</i>	<i>8</i>
REPORTING LOST/STOLEN CREDIT CARD	12
REPLACING BANK CARDS	13
<i>REPLACING A CARDHOLDER</i>	<i>13</i>
<i>REPLACEMENT OF WORN OUT CARD/DEFECTIVE CARDS</i>	<i>13</i>
DEPARTURE OF EMPLOYEE	14
AGENCY/PROGRAM ADMINISTRATOR.....	15
APPENDIX A.....	16
APPENDIX B.....	17
APPENDIX C.....	18
APPENDIX D.....	19
APPENDIX E.....	20
APPENDIX F	21
APPENDIX G	22

CREDIT CARD APPLICATION & AUTHORIZATION

The credit card is issued to an individual. It should be issued to the employee(s) that conduct the ordering within a site/department/program. The only person authorized to use a card is the person whose name is on the card.

U.S. Bank will have no individual cardholder information other than the cardholder's work address. No credit records, social security numbers, etc., are maintained.

Approving Official

There is always an Approving Official for any cardholder. If an Approving Official becomes a cardholder, another District employee must be his Approving Official. This insures that another party reviews all purchases. Each site will recommend Approving Officials (whether by dean, department, or program).

The Approving Official's office limit is based on the monthly limits established for each card under their control. For instance, an Approving Official wants 10 employees to each have a card with a \$1,000 per month limit. The Approving Official's Limit is then \$10,000.

Purchase Limits

Since the San Diego Community College District, not the individual, will pay for the purchases, U.S. Bank has added additional authorization controls to our accounts. When a merchant seeks authorization for a purchase from the bank, the system will check each individual cardholder's single purchase limit, the cardholder's 30-day limit, the Approving Official's limit, and the type of merchant where the cardholder is making a purchase before the transaction is authorized.

Filling Out the Form

The Approving Official will fill out a CAL-Card Application (Appendix B) for each employee that will be recommended for a credit card. The Approving Official will indicate transaction and monthly limits within District guidelines. The application must be filled out and signed by all approvers. The credit card, if approved by Purchasing and Contracts Services, will be issued and delivered to Purchasing and Contract Services.

Decisions to Be Made

There are several decisions that must be made within the District standards (See Business Services Manual, Section 8500) for every cardholder. These are made at the time the credit card is requested by the Approving Official.

1. ***Single transaction limit*** - The maximum limit for any single cardholder purchase. The District standard is \$200/transaction.

2. **Monthly transaction limit** - The maximum limit for all accumulated purchases for the billing cycle.
3. **Merchant Category Codes** (Appendix A)- This code limits the cardholder to buying from merchants that conform to the category codes assigned to their account. These are determined by Purchasing and Contract Services with the information that the Approving Official supplies regarding the use of the card. The Approving Official needs to determine merchant category codes for each credit card request.
4. **Default GL Account and Object Code** - This is the District GL Account and Object Code that the statement will be paid from. The approved reconciliation report from the Approving Official, if received on time, will be used as the final indication of GL Accounts and Object Codes that should be used.

Cardholder Training

When the card is received in Purchasing, the cardholder will be contacted by e-mail with a copy to the Approving Official. A mandatory class in the responsible usage of the card must be attended before the card is released. This training will also detail the records that will need to be maintained. The cardholder will be given the Cardholder Agreement (Appendix C) at this training to review and sign before the card is released.

PROPER USAGE OF THE CAL-CARD

Authorized Uses

The credit card should only be used for the purchase of administrative and instructional supplies that would be legitimately purchased within the 4000 object codes (See the Budget and Accounting Manual). The card MAY NOT be used to purchase minor equipment under \$200.

The card can also be used for minor services within the 5000 object codes. Any services would have to fall under the District transaction limit of \$200.

Prohibited Uses

Prohibited Purchases include:

- Minor Equipment <\$200
- Capital Outlay/Equipment >\$200
- Alcoholic Beverages
- Restaurant Meals
- Travel Expenses

Prohibited Practices:

- Cash Advances
- Cash Refunds - Requesting a cash refund for a credit card purchase
- Splitting Transactions - Asking the merchant to put charges exceeding \$200 on multiple charge slips.
- Personal Purchases - Using the card to make a purchase of merchandise for personal use.
- Using or allowing another individual use of the credit card - The credit card is to be used only by the person named on the card.

Misuse or fraudulent use of the credit card may result in suspension of credit card privileges, disciplinary procedures, termination of employment, and/or criminal prosecution.

RECORDING PURCHASE TRANSACTIONS

The CAL-Card VISA card should only be used by the cardholder for approved purchases. Purchases can be made in person, via telephone, or via the Internet.

Credit Card Receipts

When you place your order, request a detailed receipt from the vendor. Should you lose a receipt or a vendor not include one with a purchase, you will need to make one on District letterhead and sign to verify that the information is correct. The following information should be on all receipts.

- Date of Purchase
- Name of Vendor
- Address of Vendor
- Description of Items
- Price of Items
- Taxes Paid

Taxes

Remember that all purchases of goods are taxed. If you are ordering from an out of state vendor that does not collect California tax, the District is still legally obligated to pay Use Tax to the State of California. If you are ordering from another city in California, and the goods will be delivered to the District in San Diego, we pay the tax rate for San Diego, not the tax rate of the city where the item is being shipped from.

Purchase Log

The cardholder is responsible for keeping a detailed description of every use of the credit card. As soon as you have completed a purchase, or as soon as you return to your office, record that purchase on the Purchase Log (Appendix E). You will need to record the following information:

- Date of Purchase
- Vendor Name
- Item Description
- Method of Purchase (in person, phone, Internet)
- Amount of Goods
- Taxes
- Date Item Received
- GL Account/Object Code

At the end of the billing cycle, the Purchase Log is signed off and forwarded to the Approving Official with the receipts. When forwarding the receipts, arrange them in the same order as they occur on the statement. If they are smaller than 8 ½" x 11", tape to a full sheet of paper. The Cardholder should make copies of the log sheet and all receipts and keep in these documents in their files for two years.

Reconciliation Report

Once each month, you will need to reconcile the Cardholder's Statement of Account (Appendix D) with the Purchase Log. After you reconcile everything, you will need to complete the Reconciliation Report (Appendix F). This report will be used by Accounts Payable to determine the GL Account/Object Codes to be used for payment, and to determine what Use Tax needs to be paid.

The Purchase Log, receipts for all purchases on the Purchase Log, and the Reconciliation Report are forwarded to the Approving Official for review. The Approving Official reviews and approves both reports and forwards them with the receipts to Accounts Payable. Both of these reports will be retained and audited by District Business Services.

Late Reports

If the cardholder or the Approving Official do not get the Purchase Log, receipts, and the Reconciliation Report to Accounts Payable within the time requested, the charges for that cardholder will be automatically paid from the default GL Account/Object Code to avoid finance charges. The cardholder will then be responsible to initiate any journal transfers to redistribute charges to the correct GL Account/Object Code.

If the Cardholder or Approving Official miss the payment deadlines repeatedly, the CAL-Card Credit Card may be revoked.

MONTHLY STATEMENTS

Cardholder Statement of Account

At the end of a billing cycle, U.S. Bank will send each cardholder the Cardholder Statement of Account (Appendix D) that shows all transactions they made during the billing cycle. The cardholder is required to review and attest to the accuracy of the statement and forward it along with their Purchase Log and receipts to the Approving Official within five (5) working days of receipt. If there are no transactions during the billing cycle, no statement will be sent.

Approving Official Report

At the same time, U.S. Bank will forward to the Approving Official the Approving Official Report, a comprehensive statement of the individual cardholders under their jurisdiction. The Approving Official will be responsible to ensure that they receive the Purchase Logs from their cardholders within the time allocated. The Approving Official will then review the cardholder's statement, purchase log, and receipts for accuracy, completeness and appropriateness of the purchases. The Approving Official will then sign off on the log sheet and forward the packet to Accounts Payable for payment within the designated time period. Failure to forward the statement to the Approving Official or Accounts Payable within the designated time period may result in suspension of credit card privileges. Statements not received from the Approving Official within the designated time period will be paid on time from the default GL Account and Object Code disclosed on that cardholder's application. The Approving Official will then be responsible for initiating journal vouchers within a month for any transfer of funds. If there are no transactions during the billing cycle, no report will be sent.

Inappropriate Purchases

After payment, the monthly statements will be audited by the District Internal Auditor for conformance to District Procedures on Purchasing Policies. If there are inappropriate purchases made by the cardholder, the Approving Official is responsible for reprimanding the employee. Continued inappropriate use will result in suspension of credit card privileges and possible disciplinary action. Any misrepresentation or misappropriation resulting from misuse of a card may also result in a financial adjustment to a cardholder's pay and/or criminal charges being filed.

DISPUTES

If there is an error in cardholder billing or if a problem with merchandise or services arises, it is the cardholder's responsibility to resolve the matter with the merchant. When a resolution between the cardholder and the merchant can not be reached, the cardholder needs to dispute the charge using the appropriate form.

The Cardholder Statement of Questioned Item (Appendix G) should be filled out and submitted to U.S. Bank **within 60 days** from receipt of the Cardholder Statement of Account on which the questioned charge first appeared. In many cases, it will also be necessary for the cardholder to submit supporting documentation, such as a copy of a postal receipt, credit voucher, or letter to merchant and corresponding reply. Timely attention to a disputed item is essential to ensure that VISA chargeback rights do not expire.

Cardholder Statement of Questioned Item forms should be directed to:

U.S. Bank Government Services
P.O. Box 6344
Fargo, North Dakota 58125-6344
Fax: (866) 299-9625 or (701) 461-3463

After a chargeback is processed, a credit will appear on the Cardholder Statement of Account. Since cardholder balances are brought to zero after each month's Statement is generated, the credit will be listed on a subsequent cardholder Statement and included in that month's cardholder balance.

The Cardholder Statement of Questioned Item form should also be used to request a copy of a specific receipt. This can be useful when a cardholder has lost his/her copy of the receipt, or if a particular charge is not recognized by the cardholder.

Resolved Disputes

When a dispute is resolved, the cardholder will receive a notice from U.S. Bank Card Services providing details of the dispute resolution. Cardholders also receive a monthly Disputed Transaction Status Report to acknowledge and update pending disputes. The cardholder must complete a Notice of Invoice Adjustment form, which directs U.S. Bank to apply the credit to the correct invoice.

Valid Dispute Reasons

The various chargeback reasons, which you will use most often, are described below. These reasons correlate with those found on the Cardholder's Statement of Questioned Item form. If you have any questions regarding the appropriate chargeback reason to use, please contact the U.S. Bank Customer Service Staff at (888) 994-6722.

1. *Unauthorized Mail/Phone Order*

This reason should be used for telephone or mail order transactions. If a sales slip is signed or imprinted with the cardholder's card, this reason does not apply.

2. *Duplicate Processing*

This reason is used when a transaction has been multiple billed to an account. The amounts must be the same. The cardholder should provide the transaction details of the original billing, such as dollar amounts, transaction date, etc. A copy of the monthly bank statement on which the billings occur and a copy of the original sales slip should be forwarded with the Cardholder's Statement of Questioned Item form.

3. *Merchandise or Service Not Received*

This reason is used when the goods were paid by other means. The cardholder should attempt to resolve the dispute with the vendor. The cardholder should detail this attempt and provide the date of expected delivery of service or merchandise. If the goods or services were paid by another means, a copy of the payment (copy of front and back of a check, other payment document) should be provided and a copy of the Statement of Account should be forwarded with the Cardholder's Statement of Questioned Item form.

In the event merchandise was canceled, full details should be provided such as why the transaction was canceled and date of cancellation.

4. *Merchandise Returned*

In the event merchandise was returned and a credit has not yet posted, the cardholder should describe the reason for returning the merchandise and the date the item was returned. A copy of the reference number on the monthly statement, postal, UPS or other official receipt proving the merchandise was returned should be forwarded with the Cardholder's Statement of Questioned Item form.

5. *Credit Not Received*

This reason may be used when the cardholder has received a credit voucher or written refund acknowledgment from the vendor, but the credit has not posted to the cardholder's account within 30 days from the date on the voucher or acknowledgment. The cardholder acknowledges participation in the transaction but the goods were returned or the service was canceled.

The cardholder should state the amount of credit they are expecting and provide a copy of the Statement and credit voucher or acknowledgment letter and forward these with the Cardholder's Statement of Questioned Item form.

6. *Alteration of Amount*

This reason is used when the cardholder participated in the transaction and indicates that the amount was altered without permission. The cardholder must acknowledge the amount before alteration and a copy of the cardholder's copy of draft must be provided to support this reason. The amount of the credit would be the difference between the amount before alteration and after alteration. The sales draft copy should be forwarded with a copy of the Cardholder's Statement of Questioned Item form.

7. *Inadequate Description Or Unrecognized Charge*

In the event the cardholder does not recognize the transaction description, they should request that U.S. Bank supply a copy of the sales draft due to inadequate description or unrecognized charge. This should be requested only after reviewing their supporting documentation and ensuring a merchant (vendor) description or location error has not occurred.

Upon receipt of the request for copy, U.S. Bank will order a copy of the sales slip which is generally received within 30 days.

In the event the vendor's processing bank cannot provide the copy within Visa allotted time frames, the cardholder's account will be credited until such time as a valid draft is received. If U.S. Bank provides the copy and the cardholder determines that a valid dispute exists, a new Cardholder's Statement of Questioned Item form should be sent to U.S. Bank immediately.

8. *Copy Request*

This reason should be used when the cardholder recognizes the charge, but requires a copy of the sales draft for their records. The cardholder should be encouraged to keep all other supporting documentation, such as catalog information, magazine ad, shipping documents, etc. as evidence of their purchase. The copy of the applicable sales draft should be forwarded with the Cardholder's Statement of Questioned Item form.

9. *Services Not Received*

This reason is used if the transaction has been billed to the cardholder's account, however, either: (1) the supplier is unable to provide the service, or (2) payment for the transaction was made by means other than the CAL-Card. In the first situation, full details should be provided, such as why the transaction was canceled by the supplier and the date of cancellation. The cardholder should first try to resolve the dispute directly with the supplier.

The second situation describes a purchase which was initially secured by the CAL-Card, but was actually paid by another means (cash, check, or another purchasing card). In this type of dispute, the initial charge on the CAL-Card was still processed by the supplier. Again, the cardholder should attempt to resolve the dispute with the supplier. If

unsuccessful, the cardholder should include a copy of the applicable documentation (copy of front and back of a check or other payment document) to verify payment has already been made to the supplier, and forward it with the dispute form to U.S. Bank.

10. *Not As Described*

This reason is used when the cardholder claims goods or services were not received as described. The written document of what was to be delivered must be different than what was actually delivered. It is important that the sales draft be specific of what was purchased. For example, this reason could not be used when the cardholder was expecting a Sony tape recorder, model LXX210 and when he/she got back to the office they determined that a Sony model B640 was in the box and the sales draft simply said "tape recorder."

In a telephone order situation, the verbal description is considered the "document characterization." The cardholder must explain in his or her letter how the verbal description was different from what was actually received.

An attempt must be made to return the goods and must be stated in the cardholder complaint. If merchandise was returned, proof of such return should be forwarded with the Cardholder's Statement of Questioned Item form to U.S. Bank.

11. *None of the Above*

In the event the reasons discussed here and identified on the Cardholder's Statement of Questioned Item form do not fit the cardholder's dispute circumstances, the cardholder should submit a Cardholder's Statement of Questioned Item form with the transaction detail and a detailed letter of the circumstances of the dispute. Reference should be made to any contact with the vendor, names, telephone numbers, etc. that would be helpful in our research.

For all disputes submitted for consideration, a cardholder signature is required.

REPORTING LOST/STOLEN CREDIT CARD

The Cardholder has the responsibility for the proper use and custody of the CAL-Card. If it is lost or stolen, the cardholder must immediately report the loss or theft of the card to U.S. Bank. In addition, they must notify their Approving Official and Purchasing & Contract Services in writing within one (1) working day after discovery of the lost/stolen card.

1. The Cardholder must report the lost credit card to U.S. Bank immediately by calling:

1-800-227-6736

Outside the U.S. call 701-461-2020 (collect)

These numbers are answered 24 hours per day, 7 days a week. You will need to provide the following information

- a) Cardholder's complete name
- b) Account number
- c) Circumstances surrounding the lost of the card
- d) Any purchase(s) made on the day the card was lost or stolen
- e) Details of last purchase amount and location
- f) Personal information:
 - Date of birth
 - Mother's maiden name
 - Social Security number

2. Cardholder will immediately contact the Approving Official.

Repeated loss of the CAL-card may result in revocation of credit card privileges to the card user and/or the Approving Official.

REPLACING BANK CARDS

There will be instances where replacement of bank cards will be needed or a new card issued. It will be the Approving Official's responsibility to initiate this process. Follow the instructions below which apply:

Replacing a Cardholder

When a cardholder leaves the Site/Department/Program/District, a letter signed by the Approving Official should be sent in an envelope marked "Confidential" along with the cardholder's bank card to:

Purchasing & Contract Services
Attn: Purchasing Supervisor
District Office

The letter should include the name of the new cardholder. DO NOT FOLD, SPINDLE, OR MUTILATE BANK CARDS. When the new card is received, Purchasing and Contract Services will schedule the new employee for training.

Replacement of Worn Out Card/Defective Cards

If a bank card needs to be replaced because it is worn out or defective, a letter signed by the Approving Official requesting a replacement should be sent in an envelope marked "Confidential" along with the worn out bank card to:

Purchasing & Contract Services
Attn: Purchasing Supervisor
District Office

DO NOT FOLD, SPINDLE, OR MUTILATE BANK CARDS.

DEPARTURE OF EMPLOYEE

Credit cards are issued to individual employees. If an employee leaves the District or the jurisdiction of the Approving Official, the card must be returned to the Approving Official and returned to Purchasing and Contract Services. Periodically, the Approving Official will receive a printout of additions, deletions, and changes made to the cardholder files.

When a cardholder leaves the Site/Department/Program/District, a letter signed by the Approving Official should be send in an envelope marked “Confidential” along with the cardholder's bank card to:

Purchasing & Contract Services
Attn: Purchasing Supervisor
District Office

A credit card cannot be transferred to another employee.

Agency/Program Administrator

Maria Briney, Senior Procurement Specialist
Purchasing & Contract Services
Phone: (619) 388-6797
mbriney@sdccd.edu