
Alameda-Contra Costa Transit District

Administrative Regulation No. 342A: AC Transit Purchase Card System and Cardholder Responsibilities

Issuing Officer: General Manager
Date of Adoption: 10/1999
Most Recent Amendment: 5/15/2015
See Also: 215A, 155, 465

Subject Category: Section 300, Finance
Subsection: Financial Matters
Control Department(s): Finance

I. PURPOSE

The AC Transit purchase card system provides a means for using credit cards for small purchases for approved District employees. Purchase Cards are not to be issued to any member of the Board of Directors.

This Administrative Regulation contains specific procedures for use by purchasing personnel as well as a wide range of individuals who participate in the purchase card program.

The District has awarded a contract for statewide commercial credit card services to US Bank ("Bank") for the State of California's Cal Card purchase card. The contract is intended to provide District-wide commercial purchase cards and associated services to authorized employees for paying for purchases made for official District purposes.

These procedures are designed to supplement Board Policy No. 465, and shall be distributed to the cardholder at the time the card is issued. In the event these procedures conflict with any instructions provided by the Bank, these procedures take precedent.

ALL PURCHASES THAT WILL BE PAID FOR USING THE CARD SHALL COMPLY WITH AC TRANSIT BOARD POLICY No. 465, FTA REGULATIONS (IF APPLICABLE) AND THIS ADMINISTRATIVE REGULATION UNLESS OTHERWISE APPROVED IN WRITING BY THE GENERAL MANAGER.

II. DEFINITIONS

"Approving Official" means the person who reviews and approves the cardholder's monthly statement of purchases.

"Bank" means the organization that will maintain all accounts as required by the District contract.

"Cardholder" means the District employee to whom a card is issued. The card bears the cardholder's name and may only be used by this individual for authorized District purchases.

"Single Purchase Limit" is a limitation on the procurement authority delegated to the cardholder by the Chief Financial Officer or his/her designee.

“Single purchase” using the card may include multiple items. However, no single purchase may exceed the authorized single purchase limit established for each cardholder.

“Monthly Cardholder Limit” is a budgetary limit assigned by the Approving Official and may be modified if necessary with the approval of the Chief Financial Officer or his/her designee. The Approving Official shall coordinate with the Chief Financial Officer or his/her designee when determining a monthly limit and should reflect spending history as well as budgetary trends.

“Verbal purchase” means a purchase where an order is placed or a purchase is made through verbal agreement, which is made in person, by telephone or electronically by providing the card for imprint by the merchant or the card number to the merchant.

“Purchase Card” or **“Card”** means the State of California Cal Card purchase card.

“Small Purchase” means a purchase not to exceed \$2,500 per transaction for goods and services or a single item purchase not to exceed \$2,500 for capital items or equipment.

“Sponsoring Department” means the organization reporting directly to an Executive Staff member, which requests purchase cards for its staff.

“Statement of Account” is a monthly listing of all payments authorized for purchase and credits made by the cardholder and billed by the merchant

“Political Function” shall include any activity that is held for the purpose of supporting or opposing, or raising money to support or oppose any candidate, ballot measure, or political party.

III. REGULATION

A. Purchase Limitations/Restrictions:

1. The purchase card may be used to pay for small purchases of supplies or services using verbal solicitation procedures as long as the purchaser determines that the price is fair and reasonable. The card should not be used to purchase items stocked in storerooms or the Central Maintenance Facility warehouse.
2. Single Limit Purchases are applied by the cardholder and are based on established dollar thresholds.
3. Single Purchases are made for efficiency purposes and may include multiple items.
4. Monthly Cardholder Limits are established by the Approving Official, and are necessary in order for financial controls to be maintained.
5. The purchase card can also be used to pay for supplies or services that are acquired through a purchase order or an individual order under a requirements contract where the contract specifically allows such payment method.

6. Without exception, the purchase card may only be used to pay for authorized District purchases, and shall not be used for purchase of personal items or services.
7. Under no circumstances, will the purchase card be used for cash advances.
8. The following types of purchases are available for purchase card purchases within AC Transit:
 - a. Cardholders are authorized to use the AC Transit purchase card to make small purchases of goods and services up to \$2,500 per transaction.
 - b. Splitting transactions in order to come under the \$2,500 threshold is a violation in policy.
 - c. Designated department representatives who travel on District business may be issued a Purchase card to pay for authorized travel expenses only.
 - d. Designated representatives of the Facilities Maintenance Department may be issued a purchase card to pay for parts and labor for emergency repairs to facilities and installed equipment up to \$2,500 per transaction.
9. The purchase card shall not be used for any federal purchases without the specific written approval of the Chief Financial Officer or his/her designee.
10. The purchase card may be used for emergency purposes, when it is determined by the General Manager to be in the best interest of the District.
11. Due to the nature of a transaction, the District's General Manager may approve one-time, unique, irregular, abnormality, purchases. Advanced approval from the General Manager is required.

B. Establishing a Purchase Card Account

1. The Bank will provide the Chief Financial Officer or his/her designee with all the necessary application forms (cardholder, approving official, disputes, destruction notice, etc.).
2. Upon approval of the executive staff member who approved a card request, the Sponsoring Department will request that the Chief Financial Officer or his/her designee issue purchase card(s) to named District employee(s). The Department's request will include classes of purchases desired, budget account codes and monthly and individual dollar purchasing limitations. The Department Manager, Executive Staff member, and Chief Financial Officer must approve the request.
3. The cardholder(s) and Approving Official will complete forms indicating they understand the terms of purchase card use and will agree to abide by these procedures. The cards are issued for a one-year period and will be subject to review by the Chief Financial Officer or his/her designee each year prior to renewal.

4. Upon approval of the credit card application, the cardholder shall be provided a copy of the current version of Administrative Regulation No. 342A.
5. Prior to receipt of the card, the cardholder must complete formal Purchase Card Training.
 - a. Mandatory training will be offered on a quarterly basis. Any employee who is approaching his/her two-year anniversary of being a cardholder shall take mandatory refresher training and every two years thereafter. Failure to attend the training will result in revocation or cancellation of the purchase card. At the discretion of the Chief Financial Officer or her/his designee, cards may be reinstated once evidence is provided of such training.

C. Purchase Card Dollar Limits

1. Use of the purchase card by a cardholder is subject to a single purchase limit and a monthly cardholder limit. The purpose of these dollar limits is as follows:
 - a. "Single Purchase Limit" is a limitation on the procurement authority delegated to the cardholder by the Chief Financial Officer or his/her designee. This limit shall not be exceeded unless a revised written delegation of authority is issued by the Chief Financial Officer.
 - b. "Single purchase" using the card may include multiple items. However, no single purchase may exceed the authorized single purchase limit established for each cardholder.
 - c. "Monthly Cardholder Limit" is a budgetary limit assigned by the Approving Official and may be modified if necessary with the approval of the Chief Financial Officer or his/her designee. The Approving Official shall coordinate with the Chief Financial Officer or his/her designee when determining a monthly limit and should reflect spending history as well as budgetary trends.

D. Authorized Use

1. **Only that Cardholder, with the exception of the District Secretary's Office, may use the unique purchase card that the cardholder receives.** The responsibility to ensure all charges associated with the assigned purchase card are in accordance with this administrative regulation is the sole responsibility of the cardholder. The card is specially designed showing the District logo imprinted upon it to avoid being mistaken for a personal credit card.
2. When issuing this card to an employee, merchant the Chief Financial Officer or his/her will establish codes designee and will be incorporated into the card. Under normal circumstances, merchants are required to obtain authorization from the Bank for purchases over \$50.00. However, many merchants now use electronic authorization methods allowing them to obtain authorization for all purchases regardless of amount.

3. When a merchant seeks authorization for a purchase, the Bank's authorization system will electronically check each individual cardholder's single purchase and monthly limits, the monthly Department limit, and the type of merchant where the cardholder is making the purchase before authorization for the transaction will be granted.
4. Use of the card must meet the following conditions:
 - a. The total of a single purchase to be paid for using the card may be comprised of multiple items and shall not exceed the authorized single purchase limit. Purchases will be denied if the authorized single purchase limit is exceeded. Payment for purchases may not be split in order to stay within the single purchase limit as defined in Board Policy No. 465.
 - b. All items purchased over the counter to be paid for using the card must be immediately available. No back ordering, whereby items are charged for in advance, is allowed as well as deposits for special orders. All items purchased by a telephone order that will not be confirmed with a written order and will be paid for using the purchase card should generally be delivered by the merchant within the 30-day billing cycle.
 - c. All items purchased during one telephone transaction that will not be confirmed by a written order should generally be delivered in a single delivery. Vendors should not charge purchase cards for goods until they are shipped.
 - d. The purchase card may not be used to purchase property items which the District would ordinarily consider to be "equipment" (i.e., capital equipment) or "fixed assets".

E. Unauthorized Use

1. Unless written approval is provided in advance for emergency use by the Chief Financial Officer or his/her designee, or the General Manager, the card must not be used for the following:
 - a. Cash advances
 - b. Rental or lease of motor vehicles (except when on authorized travel)
 - c. Rental or lease of land or buildings
 - d. Purchase of meals, beverages including alcohol, or other subsistence costs **even while on travel** per Administrative Regulation No. 251A.
 - e. Purchase of fuel or oil for non-revenue District vehicles or personal vehicles
 - f. Telephone calls
 - g. Personal Use
 - h. Alcohol
 - i. Entertainment
 - j. Political functions or religious organizations
 - k. Employment of independent contractors

The only exception to these restrictions is the purchase of food and refreshments by or with the approval of direct reports to the Board of Directors including the General Manager, General Counsel (for jury trials only) and District Secretary's Office (for Board meetings).

2. Violations of Card Use:
 - a. Misuse of the purchase card for the first violation will result in an email reminder to the cardholder of the proper uses of the card
 - b. Misuse of the purchase card for the second violation will result in a mandatory retraining for both Cardholder and Approving Official
 - c. Misuse of the purchase card for the third violation will result in the permanent revocation of P-Card privileges, and may result in disciplinary action
 - d. For blatant/intentional offenses, the first (1st) egregious violation may be subject to immediate termination of card privileges and/or termination of employment

F. Acquisition Procedures for Use When Paying With the Purchase Card

1. When making purchases that will be paid for using the purchase card, all applicable acquisition regulations apply. Regardless of whether the open market purchase is made using verbal procedures the cardholder shall:
 - a. Ensure that funds are available to pay for the items being purchased within the department's budget.
 - b. Be aware of the District's commitment to Disadvantaged Business Enterprise (DBE) firms.
 - c. Solicit competition for purchases or rotate purchases among vendors.
2. It is against District policy to pay any type of a "surcharge" to a merchant, offsetting the bank discount. Likewise, users shall not agree to a merchant's request to revise the price above what the general public pays for an item in order to make up for the bank's discount.
3. Users should also be aware that proper functioning of this program rests upon timely payments to the Bank. Disputes should be handled through the merchant and/or US Bank's Access online website. Adjustment of purchases of defective materials from merchants is the responsibility of the cardholder, not the Procurement Department.
4. Informal procedures may be used to acquire supplies or services that can be described in sufficient detail so that the parties to the agreement have a clear understanding of what is being acquired. When placing a telephone order to be paid using the purchase card, the cardholder will:
 - a. Confirm receipt of merchandise/supplies when reconciling the monthly credit card statement.
 - b. Instruct the merchant to include the cardholder name with the shipping documents or packing slip.
5. Use of written solicitations are recommended to be used when obtaining a verbal quotation is not considered economical or practical or when special specifications or warranties are required because items or services cannot be easily explained.

6. Purchases may be accomplished without securing competition if the cardholder (functioning as the contracting officer) considers the prices to be fair and reasonable. The District's pricing objective is to obtain the same price that the general public would pay for the item if they were buying such an item in similar circumstances and quantities.
7. If the item is not a broadly distributed commercial product, then the District's pricing objective is to achieve the same terms as that of the merchant's most favored customer if possible.
8. Cardholders shall use "best efforts" to ensure purchases are distributed equitably among qualified merchants by means of merchant rotation. If practical, other than the previous merchant should be solicited when placing repeat orders.
9. Cardholders are not required to document their purchases under \$2,500 with respect to competition. However, cardholders must be able to attest to the fair and reasonable price for goods and services.
10. A U.S. Bank summary shall be used to document purchase card purchases and the original charge slips and register receipts must be kept. This documentation must be held until the monthly billing statement is received and then attached to the printed Summary Activity Report when it is submitted to the Accounts Payable Manager for processing.
11. The log for credit cards held by Board Officers shall be approved by the Board President.

G. Documentation, Reconciliation and Payment Procedures

1. When using a purchase card, whether online, or over the counter or by telephone, a document must be retained as proof of purchase. These documents will later be used to verify the purchases shown on the cardholder monthly statement.
 - a. For purchases made over the counter, the cardholder will obtain a customer copy of the charge slip and register receipt, which will become the accountable documents.
 - b. When making purchases by telephone, the cardholder must provide an invoice associated with the order.
2. The Bank will provide and distribute one monthly statement within five working days after the end of the 30-day billing cycle.
 - a. The Cardholder will receive a statement showing all purchases, credits and other data on transactions the cardholder has made in the 30-day billing cycle.
 - b. The Chief Financial Officer or his/her designee will receive a summary statement showing all purchases, credits and other data for transactions on each cardholder's account that has been made in the 30-day billing cycle.

3. It is important that the cardholder check each purchase on his or her monthly statement to verify accuracy. At the end of each monthly billing cycle, the cardholder must reconcile the information on his/her statement in the US Bank Access online website. The cardholder must:
 - a. Fill in the purpose/description for the purchase along with the correct accounting code.
 - b. Approve the transaction by forwarding the approved transaction lines to the appropriate approval manager for review.
 - c. Print out an account summary and forward printed activity summary with receipts attached, to the Accounts Payable Manager or her/his designee.
4. If an item has been returned and a credit voucher received, the cardholder will verify that the credit is accurately reflected on the statement. If purchased items and credits are not on the next monthly statement, the transaction documentation will be retained by the cardholder until the purchase or credit appears on the statement.
5. If for some reason the cardholder does not have documentation of the transaction to send with the statement, he/she must attach an explanation that includes a description of the item, date of purchases, merchant's name and why there is no supporting documentation.
6. The cardholder must sign the printed account activity summary and along with receipts attached, forward to the Accounts Payable Manager within ten business days from statement date. If the cardholder cannot review the statement at the time that it is received, the Approving Official is responsible for reviewing and certifying the cardholder's statement. The Approving Official will go over the cardholder's statement with the cardholder upon his/her return.
7. The Approving Official is responsible for the following:
 - a. Certifying and approving his/her department's monthly credit card statements in the US Bank Access online website program.
 - b. If any purchased items have not been received or accepted by the time the statement is received, the items should be disputed using the procedures in Section XII, in order to prevent payment delays. It is critical that this information be supplied in order to avoid late payment penalties.

H. Billing Errors and Disputes

If a cardholder receives a statement that lists a transaction for merchandise that has not been received, the cardholder must first attempt to resolve the issue with the Merchant or US Bank for erroneous charges or fraud. This will mean that the bill gets paid in full, disputed charge and the merchant credit will clear in the following billing cycle. In those instances where these procedures are not effective, Sponsoring Departments will notify the Chief Financial Officer or his/her designee and file the disputed charge on the US Bank website. The Bank will credit the transaction until the dispute is resolved. In addition, a copy of the form must be attached to the cardholder's monthly statement and sent to the Accounts Payable Manager. If items purchased

with the card are found to be defective, the cardholder has the responsibility to obtain replacement of the item as soon as possible using the same procedures in Section XII above.

I. Contact with the Bank

The Bank should be contacted only to report a LOST OR STOLEN card using the telephone numbers given below in Section XIV. All other questions should be directed to either the Chief Financial Officer or his/her designee or the Accounts Payable Manager.

J. Lost or Stolen Cards

1. If the card is lost or stolen, it is important that the cardholder immediately notify the Purchase Card Program Administrator, and US Bank, at the following number:

1-800-344-5696 Customer Service, 24 hours a day, 7 days a week

2. The cardholder must also notify the Approving Official of the lost or stolen card within one workday after discovering the card missing.
3. A card that is subsequently found by the cardholder after being reported lost or stolen will be cut in half and given to the Purchase Card Program Administrator.

K. Card Security

It is the cardholder's responsibility to safeguard the purchase card and account number at all times. The cardholder must not allow anyone to use his/her card or account number. A violation of this trust may result with the card being withdrawn from the cardholder with the possibility of subsequent disciplinary action.

L. Separation of Cardholder

Upon separation of a cardholder from employment with the District, the cardholder must surrender the card to his/her Approving Official. The Approving Official must deliver the card to the Chief Financial Officer or his/her designee for termination and destruction of the card.

M. Transfer of Cardholder to Another Approving Official

If a cardholder is transferred to another Department or Division, his or her card must be returned to the Approving Official. The new Department's Approving Manager must determine if the employee will require a credit card and will need to follow Section VII (set-up procedures) for a new credit card to be issued.

N. Unauthorized Purchases or Careless Use of Purchase Card

1. A cardholder who makes unauthorized purchases shall be liable to AC Transit for the total dollar amount of unauthorized purchases made in connection with the misuse or negligence. In addition, the cardholder may be subjected to disciplinary action for unauthorized for unauthorized use up to and including termination and/or criminal prosecution.
2. AC Transit will be liable for the use of purchase cards by authorized users (cardholders). This liability must, in turn, be accepted by the cardholder for any non-business transactions that do not conform to the terms of this policy before a purchase card is issued.

IV. ATTACHMENTS

- CAL Card Do's and Don'ts
- Cardholder Agreement

Approved by:



Michael A. Hursh, General Manager
Alameda-Contra Costa Transit District



CAL CARD

Do's	Don't use for . . .
<p><i>Do use for:</i></p> <ul style="list-style-type: none"> ▪ Routine, low dollar, low risk purchases such as supplies for maintenance, repair or operations ▪ Travel expenses, i.e., airline tickets, hotels ▪ Buyers in the Purchasing Department who may have increased dollar thresholds in order to expedite the purchase of items that would otherwise require a purchase order. <p><i>At the end of the cycle – 22nd of each month</i></p> <ul style="list-style-type: none"> ▪ Print your online bill and attach all itemized receipts and other required documentation and forward to your billing officer as soon as possible. 	<ul style="list-style-type: none"> ▪ Alcohol-including corkage fees or alcohol services ▪ Food during offsite travel ▪ Traffic tickets ▪ Cash advances, wire transfers, or money orders ▪ Financial institutions/manual cash, auto cash ▪ Fixed assets ▪ Items not directly related to department services ▪ Whole or partial modular workstation(s) - (excluding repair parts) ▪ Personal expenses ▪ Professional services requiring a contract ▪ Radio communication equipment ▪ Securities, insurance ▪ Splitting of purchases to circumvent transaction limits ▪ Sponsorships, contributions or donations ▪ Telephones or telephone services ▪ Extended warranties/Maintenance Agreements ▪ Employment of independent contractors ▪ Political functions or religious organizations ▪ Lease of land or buildings ▪ Work performed on AC Transit owned or leased property (use short form contract instead)
Restricted Cal Card Purchases . . .	
<ul style="list-style-type: none"> ▪ Computer Hardware & Software – only with advance approval from IT, or other authorized department or District management, this includes anything that could connect to a system, e.g. printers, scanners. <ul style="list-style-type: none"> ○ Items that do not need prior IT approval are: peripheral equipment (e.g. keyboard, mouse, flash drive, microphone, speakers). ▪ Fuel – Fuel purchases are prohibited for non-revenue and personal vehicles. ▪ Meals/food – Food not covered under the AC Transit's related Travel and Meal Reimbursement Policies. ▪ Gift cards – Only with prior approval from the General Manager. 	

Please keep in mind that records regarding purchases made using an AC Transit Cal Card (P Card) are considered public records. All such purchases must be within the guidelines of District policies.



**AGREEMENT REGARDING THE AUTHORIZED USE
OF THE
AC TRANSIT CORPORATE PURCHASE CARD**

I. Corporate Purchase Card Use:

Execution of this Authorization Agreement, effective April 1, 2018, is a condition precedent to authorized use by the Undersigned of the AC Transit Corporate Purchase Card.

AC Transit has entered into a contract with US Bank to include the District in its Corporate Purchase Credit Card Program. The contract permits authorized AC Transit employees to be issued and to use the Card for District business-related purchases only. Purchases made for personal use are strictly prohibited. Unauthorized use of the Card will subject the user to discipline, up to and including discharge.

Invoices documenting purchases will be issued to District employees using the Corporate Credit Card to transact official District business. Card users shall reconcile monthly statements within ten (10) business days of receipt and shall forward the reconciled statement with backup to the Manager responsible for approval (the "Approving Official").

I have read and considered the above and agree that if I am issued an AC Transit Corporate Purchase Card, I will use the Card for official purchases made of behalf of the District only. I understand that purchases for personal use, using the Card, are strictly prohibited, and will result in discipline, up to and including discharge. In addition, I have read Administrative Regulation 342A. I understand the Regulation and I will comply with its provisions. I further authorize the District to deduct from my pay the amount of any unauthorized purchase if a determination is made by the District that the purchase was unauthorized.

Dated: _____

(District Employee Signature)

(Printed Employee Name)