## SECTION 8 - PURCHASING CARD (CREDIT CARD) CONTROLS

*(Applies to all funding streams and all staff issued purchasing authority)*

### 8.1 Purpose

This section establishes internal controls governing the issuance, use, reconciliation, and oversight of purchasing cards (credit cards) to ensure:

- Compliance with 2 CFR §200.303 (Internal Controls)
- Compliance with 2 CFR §§200.403–200.405 (Allowable Costs)
- Compliance with 2 CFR §§200.317–327 (Procurement Standards)
- Proper segregation of duties
- Prevention of fraud, waste, and abuse
- Audit-ready documentation

Purchasing cards are considered a procurement and payment mechanism and are subject to all applicable cost principles and procurement rules.

### 8.2 Authorization and Issuance

#### 8.2.1 Cardholder Eligibility

Purchasing cards may only be issued to:

- Executive Director (if necessary)
- Finance Manager (if necessary)
- Other staff as approved by Executive Director

Cards shall not be issued to temporary staff or contractors.

#### 8.2.2 Approval Process for Issuance

To issue a card:

1. Executive Director provides written authorization.

2. Spending limits are defined.
3. Cardholder signs Purchasing Card Acknowledgment Agreement.
4. Cardholder receives training on:
    - Allowability
    - Documentation standards
    - Prohibited uses
    - Reconciliation process

**8.2.3 Spending Limits**

Each card shall have:

- Single transaction limit
- Monthly spending cap

Spending limits must reflect operational need and risk level.

Spending limits shall be reviewed annually.

**8.3 Allowable Uses**

Purchasing cards may only be used for:

- Approved business-related expenses
- Allowable costs under 2 CFR Subpart E
- Purchases within approved budget
- Goods/services directly supporting grant activities

Examples may include:

- Office supplies
- Registration fees
- Travel expenses (if authorized)
- Small equipment (below capitalization threshold)
- Training-related supplies

### 8.4 Prohibited Uses

Purchasing cards may not be used for:

- Personal purchases
- Alcohol
- Entertainment
- Gift cards (unless specifically authorized under Incentives Policy)
- Cash advances
- Capital equipment over threshold without procurement process
- Split transactions to avoid procurement thresholds
- Unbudgeted expenses
- Meals not compliant with travel policy

Improper use may result in:

- Repayment
- Revocation of card
- Disciplinary action
- Referral for investigation if necessary

### 8.5 Pre-Approval Requirements

Prior to purchase:

- Cardholder must obtain supervisor approval.
- Program-related purchases must receive Program Manager confirmation (if programmatic).
- Purchases exceeding micro-purchase threshold must comply with Procurement Section (Section 10).

Pre-approval must be documented via:

- Email authorization
- Approved purchase request form
- Electronic workflow system

### 8.6 Documentation Requirements

Each transaction must include:

- Original itemized receipt
- Business purpose statement
- Funding source
- Budget category
- Pre-approval documentation
- Allocation methodology (if split across grants)

Credit card statement alone is insufficient documentation.

Missing documentation may result in disallowed cost.

### 8.7 Monthly Reconciliation Process

#### 8.7.1 Cardholder Responsibility

Within 5 business days of statement availability:

- Cardholder reconciles each transaction.
- Attaches required documentation.
- Codes to proper funding source.
- Signs reconciliation certification.

#### 8.7.2 Finance Technician Review

Finance Technician:

- Reviews documentation completeness.
- Verifies coding accuracy.
- Confirms funding stream.
- Flags questionable transactions.

#### 8.7.3 Finance Manager Review

Finance Manager:

- Reviews allowability.
- Verifies budget availability.
- Confirms procurement compliance.
- Approves for payment.

### 8.7.4 Fiscal Agent Processing

Fiscal Agent:

- Issues payment to credit card provider.
- Records expenditure in general ledger.
- Includes in monthly financial report.

## 8.8 Segregation of Duties

The following controls must exist:

- Cardholder may not approve their own reconciliation.
- Cardholder may not process payment.
- Finance Manager may not reconcile their own card.
- Fiscal Agent may not authorize card purchases.
- Executive Director must review any card issued to Finance Manager.

## 8.9 Random Spot Checks

Quarterly:

- Executive Director shall conduct random transaction review.
- At least 5% of transactions sampled.
- Findings documented.

If misuse is detected:

- Expanded review required.
- Possible suspension of card privileges.

### 8.10 Lost or Stolen Cards

If card is lost or stolen:

1. Cardholder must notify issuing bank immediately.
2. Cardholder must notify Finance Manager.
3. Written incident report required.
4. Fraud investigation initiated if necessary.

### 8.11 Card Cancellation

Cards must be canceled immediately upon:

- Employee termination
- Change in job duties
- Misuse
- Extended leave (if appropriate)

Cancellation must be documented.

### 8.12 Annual Review

Annually:

- Finance Manager reviews:
    - Cardholder list
    - Spending limits
    - Transaction trends
- Executive Director approves continued issuance.

### 8.13 Internal Control Statement

Purchasing card controls ensure:

Pre-approval → Documentation → Reconciliation → Fiscal review → Payment execution → Oversight review

No single individual controls the entire transaction cycle.