

## CREDIT CARD POLICY AND PROCEDURES

Board of Governors for Higher Education  
State of Rhode Island

Adopted: 04/24/00 (BG)

Legal Citation:

Amended:

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### **Policy:**

This policy is developed to ensure that all credit cards issued under agreements with the Office of Higher Education (OHE) and the three state institutions for higher education, the University of Rhode Island (URI), Rhode Island College (RIC), and the Community College of Rhode Island (CCRI):

- serve a legitimate business purpose, e.g., reduced administrative costs
- are used for authorized business purposes only, consistent with State, OHE, and institution policies and guidelines
- minimize liability to the State for unauthorized charges
- are adequately monitored by management for compliance

### **Applicability:**

The Credit Card Policy and the detailed procedures described below apply to the OHE and the three state institutions for higher education, URI, RIC, and CCRI, and:

- are minimum levels of management control
- may be expanded or increased by individual institutions to meet local requirements
- are not intended to conflict with or supersede any applicable RI statute, regulation, or policy concerning business credit cards, procurement, or authorized reimbursement of business expenses. Any such potential conflict shall be brought to the attention of the Associate Commissioner for Finance and Management for resolution.

### **Effective Date:**

This policy and related procedures are effective as of April 24, 2000.

**Procedures:*****Credit Card Agreements***

All agreements between the OHE and the three state institutions for higher education and financial organizations to supply credit cards for business purposes bearing the OHE or the institutions' names shall:

- be justified by the OHE or institution in a separate document, i.e., the business purpose, costs, benefits, and management controls shall be identified, and the justification signed by the Commissioner or institution president
- be contracted for in accordance with applicable State, OHE, and institution purchasing policies and guidelines
- limit State liability for unauthorized charges to the maximum possible extent
- provide for reasonable access to detailed credit card documentation from the credit card provider upon request
- be signed by the Commissioner or Associate Commissioner for Finance and Management or the institution President or Vice President for Finance.

Copies of the agreement and justification memo and any subsequent modifications or successor agreements will be sent to the Associate Commissioner for Finance and Management or the institution President or Vice President for Finance and maintained on file.

**Distribution of Credit Cards**

The Commissioner and the institution Presidents will ensure that state credit cards bearing their institutional name are issued only to personnel with a frequent need to expend appropriate sums on activities directly associated with the institution's business. It should be demonstrated that failure to issue such credit cards would hamper the institution's business and/or impose additional expense.

All employees receiving a business credit card will read and sign an agreement listing the conditions of use, including management's right to cancel the card at any time and require its return, and agree to comply with the agreement's provision on penalty of disciplinary action. Annually, the issuing organization will require all cardholders to reread and resign the agreement.

The Associate Commissioner for Finance and Management or the institution Vice President for Finance will keep a current list of all personnel issued credit cards and their uses.

**Use of Credit Cards**

Credit cards will only be used for authorized expenditures directly associated with the business of the OHE or institution. Personal use of the credit cards is prohibited except in unusual circumstances. In the rare cases where intermingling of personal and business charges on the credit card is unavoidable, e.g., meals exceeding per diem limitations being charged to hotel bills, the circumstances will be noted on the individual's travel reimbursement form and reviewed in the course of normal approval and processing. Under no circumstances will personal charges be submitted or approved for reimbursement.

OHE or institution credit cards will not be used for related third-party business, e.g., alumni, foundation or athletic supporter groups.

All questions on the appropriate use of credit cards should be referred to the Associate Commissioner for Finance and Management.

**Accounting**

Employees using OHE or institution credit cards, who are billed directly and subsequently reimbursed through normal channels, will, upon request by the Commissioner or Associate Commissioner for Finance and Management or the institution President or Vice President for Finance, provide credit card billing information and supporting documentation for credit card expenditures.

Employees billed directly are personally responsible for administering their cards and prompt payment to avoid payment of interest and penalties. Such interest and penalties are not reimbursable and the liability for payment rests with the employee.

For credit cards billed directly to the OHE or institution, the Associate Commissioner for Finance and Management or the Controller will review and approve all credit card statements prior to payment.

**Management Oversight:**

Accounting for credit cards and settlement of credit card billings will be made part of employee separation checklists at the OHE and all institutions.

Quarterly, the Director of Internal Audit for the OHE, and the Controllers for the individual institutions, will review the list of cardholders to determine whether individual cards are still required and that cards have been used appropriately. This review should include an appropriate sampling of charges from both direct-billed employees and credit card statements paid by the OHE or institution.