STAFF REPORT

MEETING DATE:	**June 15, 2026**
SUBJECT:	**Review Draft Purchase Card (P Card) Policy and Provide Feedback and Direction to Staff**
AGENDA ITEM:	**9**
STAFF CONTACT:	**Sean Tiedgen, Executive Director**

STAFF RECOMMENDATION:

It is recommended that the Fiscal and Policy Committee review the draft Purchase Card (P-Card) policy and provide feedback and direction to staff.

DISCUSSION:

The Fiscal & Policy Committee (Committee) previously approved staff looking into participating in a P-Card program that would help reduce the administrative burden of purchasing certain goods and services and for approved staff training or project-related expenses. This is a common program among government agencies.

California's CAL-Card and Five Star's Purchase Card programs were reviewed, and the Committee approved the executive director to apply for the ability to use purchasing cards through Five Star Bank, explore use of the card, and develop draft policies in coordination with the Chief Fiscal Officer (CFO) to be presented for Committee review and approval. Benefits of the P-Card program include setting up an efficient and immediate payment method with supply vendors, lower transaction costs, receiving rebate revenue from issuing provider, and convenience for staff to make payment on approved purchases or training and travel.

The executive director and CFO tested out the use of P-Cards including the mechanics of setting and adjusting limits, preparing, reviewing, and reconciling statements, submitting documentation, testing staff roles and responsibilities, and other elements of the system. Additionally, staff reviewed several existing P-Card policies to determine applicable elements for SRTA's size of agency as well as Government Finance Officers Association (GFOA) best practices and has prepared a set of draft policies for Committee review.

FISCAL IMPACT:

There is no net fiscal impact to SRTA by having P-Cards through Five Star. P-Cards are not "credit cards". SRTA is required to pay off all balances in full each month, so no interest is accrued. There are no annual fees for card issuance. SRTA would benefit from utilizing purchase cards as Five Star provides 1% in cash back for all purchases made with the cards annually, which is directly deposited into SRTA's bank account at Five Star. Minimal staff time is anticipated in managing the new system once in place. Funding for purchases vary and will be determined at the time the expense is approved.

____

Sean Tiedgen, AICP, Executive Director

Attachment: Draft Purchasing Card (P-Card) Policy

SRTA Purchasing Card (P-Card) Program Policy (DRAFT)

1. Purchasing Card (P-Card) Program Overview
    a. Program Benefits
        i. The P-Card program's purpose is to streamline low-dollar, routine purchases while maintaining strong internal controls.
        ii. The P-Card program does not replace or override SRTA procurement policies, competitive bidding requirements, or contract approval thresholds
    b. Definitions
        i. Cardholder - A SRTA employee or authorized Board Member who has been issued a Purchasing Card (P-Card) in their name and is responsible for all transactions made using that card. The Cardholder is accountable for ensuring that all purchases are authorized, comply with SRTA policies and applicable laws, are supported by required documentation, and are used solely for legitimate business purposes.
        ii. Approving Official/Supervisor - The individual designated to review and approve a Cardholder's P-Card transactions and monthly reconciliation. The Approving Official is responsible for verifying that purchases are appropriate, supported by adequate documentation, within budget, and in compliance with SRTA policies and procedures.
        iii. Program Administrator - The Finance Department staff assigned to manage the day-to-day administration of the P-Card program. Responsibilities include issuing and canceling cards, setting and adjusting spending limits, monitoring transactions, ensuring compliance with policy requirements, coordinating training, and supporting audits and reporting functions.
        iv. Purchasing Card (P-Card) - A payment card issued to an authorized Cardholder for the purpose of making approved, low-dollar, business-related purchases on behalf of SRTA or for the purposes of approved business related travel and training. The P-Card streamlines procurement processes but does not replace or override established procurement policies, competitive bidding requirements, or contract approval thresholds.
        v. Statement Cycle - The recurring monthly period established by the issuing bank during which P-Card transactions are recorded and reported. At the end of each cycle, a statement is generated summarizing all transactions, which must be reconciled and approved in accordance with SRTA policy.
        vi. Business Purpose - A clear and specific explanation of how a purchase supports SRTA's operations, programs, or objectives. The Business Purpose must demonstrate a legitimate public use of funds and be sufficiently detailed to allow an independent reviewer to understand the necessity and appropriateness of the expenditure.
    c. Roles and Responsibilities
        i. Program Administration:
            1. SRTA Board of Directors
                a. Reviews and approves P-Card Program policies and procedures
            2. Executive Director
                a. Reviews changes to existing laws and regulations and provides recommendations to SRTA Board of Directors for revisions to policy as needed.
                b. Approves/denies issuance of P-Cards

c. Reviews monthly statements
d. Enforces compliance with P-Card program policies, including disciplinary measures, consistent with SRTA policies.

3. Finance Department
   a. Issue cards
   b. Set/adjust limits
   c. Monitor transactions
   d. Review and approve supervisor-approved reconciliations
   e. Conduct internal audits
   f. Provides reconciled monthly reports to executive director for final approval for payment.
4. Chief Fiscal Officer
   a. Oversight and enforcement of Finance Department responsibilities
   b. Policy interpretation and compliance in consultation with executive director
   c. Budget alignment
   d. Reconciliation and approval of executive director's expense report

ii. Approving Supervisor:
1. Executive director reviews for:
   a. Business purpose
   b. Policy compliance
   c. Exception approval
   d. Reconciliation and approval of chief fiscal officer's expense report
   e. If there is no approving supervisor to review a user's transactions, Executive Director will approve/deny routine transactions within threshold limits, and submit reconciliations to the Finance Department for a second review.
2. Approving Supervisor reviews for:
   a. Approve/deny routine transactions within threshold limits
   b. Review and approve reconciliations to submit to the Finance Department

iii. Cardholder:
1. Use card only for pre-approved and authorized purchases
2. Maintain and submit receipts
3. Submit reconciliation on time
4. Report fraud or loss of card immediately

iv. Issuing Bank:
1. Fraud monitoring
2. Transaction processing
3. Reporting tools

2. General Policies
   a. Eligible Employees and Card Issuance

i. Participation in the P-Card Program is voluntary. By accepting use of a P-card, the employee agrees to comply with SRTA's policies and all applicable federal and state laws. Employees acknowledge use of the P-Card is a privilege that may be revoked at any time.

ii. All full-time employees may be eligible for the use of P-Cards. Generally, employees may become first eligible to receive a P-Card after initially completing six months of employment upon approval by the executive director. Exceptions may be approved by the executive director. Upon hire, the Executive Director is eligible for issuance and use of a P-Card.
iii. Regular part-time employees may be eligible for use of P-Cards in accordance with the same terms as full-time employees.
iv. Temporary, part-time employees, including interns, are not eligible.
v. Non-SRTA employees, including consultants, are not eligible.
vi. Only the individual named on the applicable card may use a P-Card. No other SRTA employee or person may use another employee's P-Card. An employee's family member or any other person may not use an employee's P-Card.
vii. Should Board members be eligible?

b. Ethical Use of Public Funds
  i. All purchases must serve a legitimate public purpose.
  ii. Cardholders are stewards of public funds.

c. Applicable Laws
  i. All P-Card use must comply with applicable federal, state, and local laws, regulations, and SRTA policies governing the use of public funds. Failure to comply with applicable laws may result in revocation of P-Card privileges, disciplinary action including and up to termination of employment, and potential civil or criminal penalties. Cardholders and approving officials are responsible for ensuring that all transactions adhere to the following:
    1. California Public Records Act - P-Card records, including statements, receipts, and supporting documentation, are considered public records and must be retained, maintained, and disclosed in accordance with applicable requirements. Cardholders must ensure that all documentation is complete, accurate, and suitable for public review.
    2. Conflict of interest laws (e.g., Political Reform Act) - All P-Card transactions must comply with conflict-of-interest laws and regulations. Cardholders and approving officials shall not use a P-Card for purchases that result in personal financial gain or that create the appearance of impropriety. Purchases from businesses in which the cardholder or their immediate family has a financial interest are prohibited unless expressly authorized in accordance with applicable laws and disclosure requirements.
    3. SRTA Procurement Policies - All purchases made using a P-Card must comply with SRTA's financial, accounting, and procurement policies, including competitive bidding requirements, contract approval thresholds, and vendor selection procedures. The use of a P-Card does not exempt any purchase from required procurement processes or approvals.
    4. Other Applicable Laws and Regulations - P-Card use must comply with all other applicable laws and regulations, including but not limited to local ordinances, grant or funding requirements, and tax regulations governing public agency expenditures.

d. Retention of Records

i. P-Card transactions are subject to an annual audit for compliance with terms and conditions of the program. To comply with California Public Records Act (Gov. Code Section 6520 et. seq.), SRTA must retain P-Card statements for the current fiscal year plus five years (Gov. Code Section 26907). Audits may include a combination of full reviews, random sampling, and targeted reviews based on identified risk factors such as split transactions, repeated missing receipts, and declined transactions.

ii. All records must be electronically stored and filed in a manner easily retrieved with all supporting documentation attached. The Chief Fiscal Officer is responsible for retaining all supporting documents for purchases made with a P-Card.

iii. The Chief Fiscal Officer will coordinate with the executive assistant during yearly evaluation of retention records to determine which records to maintain.

e. Program Updates and Changes

i. The SRTA Purchasing Card (P-Card) Program may be modified from time to time to improve operational efficiency, strengthen internal controls, or ensure compliance with applicable laws, regulations, and SRTA policies. Administrative updates shall not modify spending limits, eligibility criteria, or approval authorities. The executive director, in coordination with the Finance Department, is authorized to implement and communicate administrative updates to the program, including but not limited to:

- Adjustments to procedures and workflows
- Changes to forms, documentation requirements, and submission processes
- Clarifications to existing policy provisions

1. Updates to approved vendors, systems, or reconciliation methods

Any material changes to this policy shall require formal approval by the Fiscal & Policy Committee, including but not limited to changes in:

- Spending limits
- Eligible or prohibited purchase categories
- Cardholder eligibility criteria
- Internal control requirements

ii. All updates and changes will be communicated to affected cardholders and approving officials in a timely manner. Cardholders are responsible for complying with the most current version of the policy and any associated procedures.

f. Discipline for Improper Use of Purchase Card

i. Improper use of a Purchasing Card (P-Card), including but not limited to unauthorized purchases, failure to comply with documentation or reconciliation requirements, or violation of applicable laws or SRTA policies, may result in disciplinary action. Disciplinary actions will generally follow a progressive approach in accordance with SRTA's disciplinary procedures; however, SRTA reserves the right to accelerate or modify disciplinary measures based on the severity, frequency, or nature of the violation.

1. First Violation - The cardholder may receive a written warning and be required to complete additional training prior to continued use of the P-Card including review of the P-Card policy.
2. Second Violation - The cardholder's P-Card privileges may be temporarily suspended for a period determined by the Chief Fiscal Officer and/or Executive

Director or terminated. Reinstatement may be contingent upon completion of retraining and demonstrated compliance including understanding of the policy and what appropriate uses are.

3. Third Violation - The cardholder's P-Card privileges may be terminated or permanently revoked at the Executive Director's discretion. Additional disciplinary action may be taken in accordance with SRTA personnel policies, up to and including termination of employment.

ii. Severe violations, including but not limited to fraudulent activity, intentional misuse, gross negligence, or violations of law, may result in immediate revocation of P-Card privileges and may be referred for further administrative, civil, or criminal action, as appropriate.

iii. Cardholders may be personally liable for the amount of any non-approved purchases.

3. Uses and Purchases

a. Purchase Thresholds:

i. Purchases must follow the approval thresholds outlined below. Purchases under $200 do not require pre-approval but must be within an approved budget and comply with this policy.

1. Under $200: no pre-approval required (within approved budget and eligibility)
2. $2000–$1,000: supervisor approval via email
3. Over $1,000: higher-level approval by the executive director or their designee via email, or through the travel reimbursement process.
4. Travel - permitted only after an approved Travel Authorization and must align with approved expense categories and limits.

ii. Monthly P-Card thresholds will be set at the following maximum limits, unless otherwise approved by the Executive Director, such as when travel, attendance at training or conferences, or other approved activities are anticipated:

1. Executive Management (e.g., Executive Director) - $500
2. Management Employees - $300
3. Non-management employees - $200

b. Allowable Uses – The following is an example list of permitted purchases, subject to the appropriate transaction approval thresholds:

i. Advertising, in any media, for the recruitment of personnel or for project outreach, surveys, and workshops.

ii. Office supplies, including goods/services and consumables for agency operations that are not covered by a contract.

iii. Small equipment under $1,000, not related to IT

iv. Registration fees for trainings and conferences

v. Membership Fees and Certification Dues

vi. Educational or training course materials

vii. Facility rental and facility-related expenses

viii. Fuel charges for rented vehicles required for official SRTA business

ix. Pre-approved travel expenses including expenses such as those incurred for vehicle rental and lodging in accordance with SRTA's travel policies. Cards may be used to book lodging so that it is reserved for employee's approved travel and for payment after completion of said travel. All bookings must include the ability to receive reimbursement if cancelled. Any bookings that do not allow for reimbursement if canceled must be booked separately by employee and will be compensated back to the employee via the travel reimbursement process.

x. Ground transportation related to official SRTA business including train, taxi, or transit network company (e.g., Uber, Lyft)

xi. Emergency purchases during an emergency as defined by the California Government Code Section 8550 et seq.

c. Prohibited Uses/Purchases

i. Purchases of a personal nature are strictly prohibited - Personal use of a P-Card is strictly prohibited. Cardholders may not use the P-Card for any personal purchase, even with the intent to reimburse SRTA. Unauthorized use may result in suspension or revocation of P-Card privileges and disciplinary action in accordance with SRTA policies, including and up to termination of employment. Certain violations may also be subject to applicable civil or criminal penalties.

ii. The following is a list of examples of additional prohibited purchases, but no purchase is eligible without prior approval from the executive director or their designee:

- Cash advances
- Cash cards such as stored pre-paid cards, VISA gift cards, cards with MCC Codes, or similar products. Gift cards for specific retail stores are allowable with pre-approval.
- Donations or gifts such as those given to a charity, an entity, or a political contribution
- Travel (without approved Travel Reimbursement Form)
- Airfare. Airfare for approved travel will be compensated through the travel reimbursement process.
- Entertainment (including in-room movies)
- Alcoholic beverages
- Tobacco products
- Weapons
- FasTrak toll tags or transponders for employees' personal vehicle
- Fuel for personal vehicles. Fuel for personal vehicles on SRTA business will be compensated through mileage reimbursement.
- Equipment rentals
- Fixed asset computers
- Fixed asset equipment
- Hazardous materials and/or the removal of hazardous materials
- Chemicals
- Capital equipment with a unit cost of $5,000 or more
- IT/software require prior review approval from the IT liaison or Finance Department to ensure compatibility, security, and licensing compliance.
- Services requiring contracts

d. Emergency Purchases

i. Emergency purchases are defined as those necessary to prevent disruption of operations, protect public safety, or meet urgent compliance requirements.
ii. The cardholder must notify the Executive Director or Chief Fiscal Officer within 24 hours and submit written justification with supporting documentation for retroactive approval.

4. Procedures
   a. Obtaining a Purchase Card
      i. Employees requesting a Purchasing Card (P-Card) shall follow the process below:
         1. The employee submits a P-Card request to the Finance Department, including justification for the card and anticipated uses.
         2. The Finance Department reviews the request for completeness, appropriateness, and alignment with operational needs and budget.
         3. The request is then submitted for review by the employee's supervisor (if applicable) and the Executive Director or their designee.
         4. Upon approval, the Finance Department coordinates issuance of the P-Card with the issuing bank and establishes applicable spending limits.
   b. Required Training
      i. All prospective Cardholders shall complete training prior to receiving and using a P-Card.
         - The Finance Department will provide training on P-Card policies and procedures, allowable and prohibited purchases, documentation requirements, and reconciliation processes.
         - Cardholders must acknowledge, in writing, that they have received and read the P-Card policy, understand the P-Card policy, and agree to comply with its requirements.
         - Refresher training may be required periodically or in response to policy updates or identified compliance issues.
   c. Receipt of a Purchase Card
      i. P-Cards shall be issued and activated in accordance with the following procedures:
         - The Cardholder must sign a Cardholder Agreement with the bank issuing the P-Card prior to receiving the P-Card, acknowledging responsibility for its use and safeguarding.
         - The Finance Department will issue the P-Card directly to the Cardholder and review key responsibilities, including security, allowable use, and reporting requirements.
         - The Cardholder must activate the P-Card in accordance with the issuing bank's instructions.
         - The Cardholder is responsible for safeguarding the P-Card at all times and may not allow any other individual to use the card.
   d. Cardholder Responsibilities
      i. Reconciliation and Review
         1. Each transaction must be for a clear business purpose with supporting documentation describing how the purchase supports SRTA operations.
         2. Before the 10th of each month, each cardholder will submit the previous month's statement with matching receipts for all purchases to the Finance Department for

review. Failure to submit required documentation by the deadline may result in suspension of P-Card privileges.

3. The Finance Department will reconcile cardholder statements with the provided receipts and submit to the executive director for approval. The executive director's monthly reconciliation will be reconciled by the Finance Department and approved by the Chief Fiscal Officer.
4. Required Receipt Elements
    a. Vendor Name
    b. Date
    c. Itemized Detail
    d. Gratuity added, if applicable
    e. Total Amount Charged
    f. Applicable Work Elements and Funding Sources
5. Missing or Lost Receipts
    a. In the event a required receipt is missing or lost, a lost receipt declaration must be submitted by the cardholder to the Finance Department that captures the date of the expense, the amount, the vendor name, the business purpose, and the reason the original receipt is unavailable as soon as possible. In the event an employee is unable to get a receipt, a photo that clearly illustrates the completed transaction (e.g., parking meter reading, posted prices paid for an item/event) can be taken and provided as evidence in support of the transaction with the declaration.
    b. The Finance Department will review the declaration for the required elements, and the executive director will review it for reconciliation approval.
    c. Excessive or repeated use of Lost Receipt Declarations may be considered non-compliance with this policy.

ii. Card Storage:

- Cardholders shall maintain physical control of their P-Cards and store them in a secure location (e.g., locked drawer, wallet, or other secure storage) when not in use. P-Cards must not be left unattended or accessible to unauthorized individuals.
- P-Card information shall not be stored by vendors, online websites, in browsers, on cell phones, photocopied, or scanned and saved on a computer.
    a. If required for business purposes, only approved, secure vendors may be used.

iii. Identifying and Reporting Fraudulent Activity

1. Suspected fraudulent activity shall be reported as soon as possible by the cardholder to the executive director or chief fiscal officer. Notification can be in person, or via phone, text, or email.
2. Cardholders will work with the finance department to notify the bank by calling the phone number on the back of the card or through the bank's customer service line.
3. A written report to document the circumstances may be necessary.

iv. Increasing or Decreasing Dollar Limits on a Purchase Card

1. If an employee anticipates purchases to exceed the set limit for their card, they can request a temporary increase to their card via email for approval by the executive director or their designee.
2. The finance department will make the necessary temporary card limit increase. When approved activities are completed the finance department will notify the employee when their limit is reduced back to the applicable normal threshold limit.

v. Reporting Lost or Stolen Cards

1. Lost or Stolen Cards shall be reported as soon as possible to the executive director or chief fiscal officer in person or via phone, text or email to be deactivated, and initiate a replacement if necessary.
2. Cardholders must submit documentation on the circumstances surrounding the loss of the card to the finance department.

e. Collecting Funds Owed for Misuse

i. Any unauthorized or improper charges must be reimbursed to SRTA within 10 days, or in accordance with SRTA's policies, whichever is sooner. Failure to do so may result in payroll deduction, where permitted by law.

f. Disputed/Questioned Items

i. Cardholders must attempt to resolve disputes directly with the vendor prior to initiating a formal dispute with the bank. Disputes must be reported within the timeframe required by the issuing bank (generally within 30-60 days of the transaction date).

g. Purchase Card Cancellations

i. P-Cards must be surrendered immediately upon termination of employment, when a card holder's role changes and the terms of their employment make them no longer eligible to possess a P-card.

ii. Before a cardholder goes on extended leave that is planned to have a duration of two weeks or longer their card will be temporarily turned off. On return employees will have their P-Card turned back on. For planned leave longer than 60 days, employees will surrender their card to the Chief Fiscal Officer, which will be stored in a locked and secure safe, and will be returned to them when they return to the office.

iii. All required support documents for purchases made prior to the P-Card's surrender must be submitted for final reconciliation prior to the surrender or as soon as possible after surrender is required.

5. Internal Controls

a. Revocation

i. Repeated policy violations, including excessive use of lost receipt declarations or late submissions, may result in revocation of P-Card privileges.

b. Segregation of Duties

i. To the extent practicable, the same individual shall not be responsible for initiating, approving, and reconciling the same transaction. The Finance Department shall provide independent review of all P-Card activity.

c. Transaction Limits - Per-transaction limits apply to all cardholders unless explicitly modified by the Chief Fiscal Officer or Executive Director for operational necessity.

i. Individual Card Limits

            1. Default: $1,000 per transaction, $3,000 monthly limit
        ii. Elevated Cards (For roles that handle more purchasing (e.g., executive director, executive assistant))
            1. Default: $1,000 per transaction, $5,000 monthly
        iii. Program Cap
            1. Total exposure across all cards: $10,000 maximum at any time
        iv. Splitting Purchases
            1. Splitting transactions to circumvent transaction threshold limits or other requirement (including, but not limited to, statutory or codified purchasing or procurement requirements) is strictly prohibited.
    d. Emergency/Exceptions
        i. Emergency and exception purchases are subject to post-transaction review and must be documented in accordance with Section 3(c).
    e. Reporting
        i. Reports to Fiscal & Policy Committee and SRTA Board of Directors
            1. The Finance Department shall provide periodic summary reports to the Fiscal & Policy Committee and/or Board of Directors that may include:
                a. Total P-Card expenditures by period
                b. Expenditures by department or program
                c. Policy violations or compliance issues
                d. Audit findings or exception activity
        ii. Exception reports
            1. The Finance Department shall generate exception reports to identify transactions that deviate from established policy or expected usage patterns. Exceptions may include, but are not limited to:
                a. Transactions without required documentation
                b. Transactions exceeding approved limits
                c. Split transactions intended to circumvent limits
                d. Purchases requiring additional review or clarification
                e. Repeated late or incomplete submissions
            2. Exception reports shall be reviewed by the Chief Fiscal Officer and escalated to the Executive Director as necessary for corrective action.
        iii. Lost Receipt Declaration Tracking
            1. The Finance Department shall maintain a log of all Lost Receipt Declarations submitted by Cardholders, including:
                a. Cardholder name
                b. Date and amount of transaction
                c. Vendor name
                d. Business purpose
                e. Reason for missing receipt
                f. Approval status

2. This log shall be reviewed periodically to identify patterns of excessive or repeated use. Excessive reliance on Lost Receipt Declarations may result in corrective action, including retraining or suspension or termination of P-Card privileges.

iv. P-Card Program Administration Actions

1. The Finance Department shall maintain comprehensive, electronic records of all P-Card activity and program administration actions, including but not limited to:
    a. Transaction histories and statement records
    b. Approval and reconciliation records
    c. Changes to cardholder limits or status
    d. Exception and violation tracking
    e. Card issuance, suspension, and cancellation activity