

## CREDIT CARD USE AND CONTROLS POLICY, SECOND AMENDMENT

Policy Number: 16.2

Approval Date: 9/17/2025

Agenda Item: {To be added by Clerk}

Approved by Resolution: {To be added by Clerk}

### PURPOSE:

The purpose of this Policy is to set guidelines for the usage and payment of business expenditures from the Corporate Credit Cards (Cards). This Policy is not intended to override the Administrative Procurement Policies and use of the Cards shall be in accordance with these policies.

### RESPONSIBLE PARTIES:

The Financial Executive/Treasurer is responsible for ensuring uniform policies and procedures are followed for Ava's Credit Card Policy.

### SCOPE:

The Policy applies to all the Corporate Credit Cardholders of Ava Community Energy (Ava).

### CONTROLS OVER CARDS

1. Cards may be issued only to Ava executives at the Senior Vice President level and above, the Financial Operations Lead, the Controller, or other staff as necessary at the discretion of the CEO and the Treasurer.
2. At least one card controlling member will review and approve the monthly statements before the cards are paid irrespective of the account balance.
3. The use of the card shall only be used for business-related expenditures and shall not be used for personal expenses or cash withdrawals.
4. The account will have a standard monthly credit limit of \$100,000
5. A lost or stolen card must be reported as soon as it is discovered as missing.

### CARD USAGE

The proper name of the cardholder will be embossed on the card along with "Ava Community Energy". The card is valuable property which requires proper treatment by the cardholder to protect it from misuse by unauthorized parties. The cardholder is required to activate (as per instructions received with the card) and sign the card immediately upon receipt. The card may be used upon activation. When a new card is issued to the cardholder, it is the cardholder's responsibility to destroy the previous card (cut it in pieces) and discard. If the cardholder's employment is terminated for any reason, the card will be immediately cancelled upon notice of termination by the Financial Operations Lead, Controller or Treasurer.

Eligible uses of the card include, but are not limited to:

1. Refreshments and meals for outreach events and meetings
2. Conference registration
3. Travel arrangements (ex: airfare, car rental, train fare and hotels)
4. Certain marketing and social media expenses
5. Recurring payment of data or industry news subscriptions
6. Urgent office supplies and maintenance
7. Cell phone purchases and monthly cell phones service
8. Other approved expenditures

All expenses must be in accordance with the Board approved expenses established in the approved budget and within guidelines set in the Administrative Procurement Policy.

The card may not be transferred to, assigned to, or used by anyone other than the designated cardholder. Amex or Ava may, at any time, suspend or cancel the cardholder's privileges for any reason and the cardholder will surrender the credit card upon request. The cardholders should attempt to keep the use of the card to a minimum.

Employees are NOT permitted to use the card for personal expenses. Any rewards earned on card will belong to Ava and will be used to buy down the balance of the account periodically or be used to reduce cost of qualifying new purchases as permissible.

#### SAFEGUARD OF CARDS

1. The cardholder is required to ensure proper safeguard of the card by: Securely keeping the card in their possession, signing the back of the card, and destroying an expired or replaced card
2. Ensuring that only the last four digits of the card number appear on any printed document

#### EXPENSE ACCOUNTING, REPORTING, AND PAYMENT

1. The cardholder is required to obtain and submit the original invoices/receipts for all purchases. Missing receipts will require a formal review and notice process. In addition to receipts, the employee requesting use for an approved purchase shall provide prior to the transaction:
  - i. A description of the business purpose
  - ii. In the case of meals or conferences, who was in attendance
  - iii. In the case of travel, travel dates
2. Any transaction with missing documentation requires a written explanation for the missing documentation, and must include the vendor name, date, description of purchase, and reason for the missing documentation.
3. The cardholder is responsible for submitting the invoices/receipts of all transactions to

the Treasurer, Controller or Finance Operations Lead within 5 business days of incurring the transaction or receiving the invoice/receipt.

4. The Finance Operations Lead or Controller is responsible for downloading the monthly statement for all the cards, matching the invoices/receipts to the charges in the statement, ensuring the accounting of every charge in the appropriate period, and making payment by the statement due date.
5. The Finance Operations Lead or Controller will review monthly statements and documentation for completeness and process payment upon approval from direct supervisor. In the case of the Finance Operations Lead's expenses, the Treasurer or CEO will review and sign off on such expenses. In the case of an executive's expenses, the CEO will review and sign off on such expenses. In the case of the CEO's expenses, the expenses will be provided to the Chair of the Board or the Treasurer for review and approval. However, Ava will not await approval to make payment of credit card expenses.

**POLICY ENFORCEMENT:**

1. Employees are NOT permitted to use the card for personal expenses for any reason. Failure to abide by this provision could result in disciplinary actions, up to and including termination of employment.
2. Any willful intent to disregard the policy will result in revocation of the card and could result in disciplinary actions, up to and including termination of employment

# Introduction & Background

- On October 18, 2018, Ava Board approved Credit Card Use and Controls Policy to establish guidelines on use and risk management on corporate credit cards
  - This policy established two cards to be issued—one to the CEO and one to the COO/Treasurer—for eligible operating expenses that cannot be procured through invoicing, check payment, or bank transfers
  - This policy set a cap of \$20,000 total on the account
- November 16, 2022, Ava Board approved amendments to the Credit Card Use and Controls Policy
  - Additional card issued to Finance lead for recurring operational charges to ease demand on executive cards
  - Increase credit limit on account to \$60,000 per month
  - Additional controls placed on Finance card: level of authorization and executive level of review
- The effects of the amendment have helped financial, operating, and accounting functions
  - Demand on executive cards and co-mingling of accounting functions was mitigated
  - Card capacity has been sufficient for sustained growth
  - Controls and processes were improved—ticketing and approval system

# Current Usage

- Ava still retains two processes by which credit cards are used:
  - Executive Charges—Executive cardholders are allowed to use the card for business related needs with independent monthly review of charges at time of payment
  - Operational Charges—Employees can request use of the cards through a two-level authorization process with a no-touch final payment (employees never see the card numbers)
- At the time of the 2022 amendment, Ava had 54 employees with 2 executives. Today, Ava has authorization up to 105 FTE with 4 SVP or above level executives.
  - Currently over 54% of operational charges is used for recurring charges like subscriptions, data usage, and similar needs
  - Marketing costs are 34% of monthly Operational Charges on average and have doubled in the last year, particularly for social media advertising. The increase in Marketing needs is impacting capacity on the Operating card, and Marketing is increasing its social media advertising expenses.
- Demand on executive cards has remained minimal with plenty of capacity for executive needs

# Amendment Request

- Staff recommends three amendments to the policy to allow for better process and controls
  - Allow executive cards to be available for any executive role at the Senior Vice President level or higher with the approval of the CEO and Treasurer
    - All other executive card functions, controls, and processes remained unchanged
  - Allow operational cards to be available for the Finance Operations Lead, the Controller, or other necessary staff with the approval of the CEO and Treasurer
    - All other operational card functions, controls, and processes remained unchanged
  - Increase the account capacity
    - Raise capacity from \$60,000 to \$100,000 per month to allow for increasing operational demands
- These amendments will allow greater flexibility for executives to manage expenses and add necessary capacity to continue necessary marketing functions without impacting other operational needs

# Questions & Comments?