

## Swipe Smart: Credit Card Control Best Practices for Independent Schools

By Michael Talt, Manager and Nina Balke, Supervisor

Independent schools continue to increase their reliance on corporate credit cards to support operational efficiency and purchasing flexibility. In our recent work with independent schools, we observed that approximately 3–5% of total operating expenses were processed through corporate credit cards, representing a meaningful portion of discretionary spending and reinforcing the need for strong oversight and accountability.

In our recent article, *Swipe Smart: Credit Card Control Risks in Independent Schools*, we highlighted several common issues identified during our reviews of school credit card activity, including missing documentation, unclear policies and insufficient oversight for key personnel. Here, we outline practical strategies schools can implement to strengthen controls, improve governance and reduce financial and reputational risk.

### Develop or Reevaluate Your Formal Credit Card Policy

A formal credit card policy is critical to defining allowable usage, establishing expectations and ensuring accountability among cardholders, while aligning with broader accounts payable and expense policies.

During our reviews, we frequently observed unclear or underdeveloped credit card policies that failed to adequately define allowable and unallowable expenses, increasing the risk of inconsistent practices and misuse.

A well-designed policy should include:

- Clear definitions of allowable expenditures, along with relevant examples that reinforce employees' fiduciary responsibility to the school
- Requirements for the timely submission of supporting documentation and business purpose to enable proper review and oversight (for example, within 15 days after month-end)
- Clearly defined consequences for policy violations, which may include reimbursement to the school, cancellation of credit card privileges, termination of employment or criminal prosecution, depending on severity
- A reminder that sales tax should not be charged, as independent schools are nonprofit organizations

### Routine Review of Credit Card Charges

Monthly reviews provide timely oversight by enabling prompt follow-up on missing information and quicker resolution of disputed charges. These reviews should not be performed on a "spot check" basis, but rather through a consistent review process across all cardholders to ensure completeness and compliance.

Key details — including approved vendors, transaction amounts, dates and documented business purpose — should be consistently reviewed to ensure alignment with the school's operations and policies.

In addition, independent schools should establish a secondary level of review for key leadership personnel,

such as the Head of School or Chief Financial Officer. Oversight by a member of governance can further strengthen accountability and internal control.

### **Automate Credit Card Administration and Controls**

Many independent schools are adopting credit card management platforms to streamline expense processes. These tools provide real-time transaction tracking, automated receipt capture, approval workflows and direct integration with accounting systems, helping improve accuracy and reduce administrative burden.

In contrast, manual processes involving spreadsheets and emailed receipts are often time-consuming and more susceptible to errors. By implementing credit card management platforms, schools can gain greater visibility into spending, enforce controls, such as spending limits and approval workflows, as well as, simplify financial reporting through general ledger integration.

While these tools can significantly improve efficiency and strengthen controls, they do not eliminate the need for human review and oversight. Clear policies, consistent monitoring and accountability remain essential to maintaining effective credit card controls and managing organizational risk.

### **Strengthening Oversight and Accountability**

Credit cards are a valuable and practical purchasing tool for independent schools, enabling timely purchasing and operational flexibility. However, those benefits must be balanced with appropriate oversight.

As highlighted in our recent reviews of independent schools, gaps in documentation, policy enforcement and oversight can reduce transparency and increase financial and reputational risk.

By combining clear policies, consistent review procedures and technological solutions, independent schools can more effectively manage credit card usage while maximizing operational efficiency and minimizing financial and reputational risk.

### **We Can Help**

PKF O'Connor Davies understands the operational demands behind independent school purchasing through corporate credit cards. Our Independent School Team works closely with independent school leadership and business offices to assess existing processes, recommend operational improvements and evaluate technology solutions.

### **Contact Us**

If you have any questions, please contact your PKF O'Connor Davies client service team or:

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