

City of Rochelle

CATEGORY: FINANCE **PAGE:** 1 of 4

TITLE: CREDIT CARD AND CHARGE ACCOUNT POLICY

EFFECTIVE: January 23, 2018

SUPERCEDES: 11/15

PURPOSE:

The purpose of this policy is to provide clear procedures under which Departments will control the use of credit cards and charge accounts with merchants assigned to and utilized by City employees for non-stock materials and services. These procedures are intended to ensure the following:

1. To ensure that the procurement with credit cards and charge accounts are accomplished in accordance with the policy and procedures established by the City.
2. To enhance productivity, significantly reduce paperwork, improve internal controls, and reduce the overall cost associated with small purchases.
3. To ensure appropriate internal controls are established within each Department procuring items with credit cards and charge accounts so that they are used only for authorized purposes.
4. To ensure that the City bears no legal liability from inappropriate use of credit cards and charge accounts.

SCOPE:

This policy is applicable to all City departments who have selected employees to use credit cards. The decision of when a credit card is issued, and to whom, will be made by the Finance Director upon recommendation of the Department Head. Each department should only have a small number of credit card holders, generally limited to purchasing coordinators identified by Department Heads.

RESPONSIBILITY:

1. Department Heads will ensure that a copy of this policy is read and followed by the appropriate employees in their department.
2. Every employee who has been authorized to have a City credit card must read and return a signed Consent Form to the Finance Director prior to receiving the card.
3. The Finance Director will maintain a record of all credit card approvals, credit card numbers, and list of any lost/stolen/destroyed credit card information as well as the authorized list of charge account users for the various on-site charge accounts.

4. The Finance Office will update the list of authorized charge account users on an annual basis. Such updated list shall be sent to each business where a City charge account exists within thirty (30) days of the beginning of each fiscal year. The Finance Office will first verify list of authorized users with the respective Department Heads. The Finance Office will send the list of authorized charge users to the respective businesses where the City maintains “house” charge accounts. Said businesses, shall sign an agreement that no persons, other than those authorized by the City, shall be given access or the ability to charge goods or services to the City.
5. Any employee that violates this policy will be subject to discipline.

USE OF CREDIT CARD/CHARGE ACCOUNT:

1. All credit cards and charge accounts will only be used for City purchases.
2. The monthly limit for each credit card is \$5,000.
3. Purchases should never be mailed to an individual’s home address.
4. Cash advances are strictly prohibited.
5. Where applicable, the City’s tax exempt status should be applied so that no taxes are included with the purchase of services or goods.
6. The authorized cardholder is responsible for obtaining and maintaining an original receipt for each purchase made. Original receipts must be submitted to the Finance Office with the related invoice for payment.
7. A suitable description of the merchandise purchased will be printed by the vendor or employee on the original receipt in order to sufficiently describe the item and explain its purpose.
8. The credit card/charge account will not be used for personal purchases of any kind. Use of the credit card/charge account for personal purchases or expenses with the intention of reimbursing the City is prohibited.
9. Credit cards/charge accounts will not be used to purchase alcoholic beverages at any time.
10. Credit cards/charge accounts will not be used for entertainment or in-room movies during hotel visits while on City business.
11. Authorized cardholders and account users are expected to obtain the best prices possible.

POLICY:

1. The credit cards are for City purchases and travel-related expenditures and should be used in accordance with City policies regarding purchasing and travel. Use of the City credit card must be pre-approved by the City Manager using the attached form.

2. The credit cards can be used for purchases in an **emergency response situation** when normal payment methods are not feasible and where the use of the cards would not otherwise be allowed.
3. Each credit card has the cardholder's name embossed on it and is the responsibility of that cardholder. A Department Head may authorize the use of his or her credit card for travel-related expenses of an employee in the Department or for purchases made by authorized buyers as defined in the Purchasing policies. **However, all responsibility for that card remains with the cardholder.**
4. Purchases made with the credit cards/charge accounts must follow the *City's Guidelines for Purchasing Materials, Supplies, Equipment and Services*.
5. Misuse of the cards would constitute a serious violation of City policy.

SECURITY:

The authorized credit cardholder is responsible for the security of his/her card. Authorized account users are responsible for the security and correct usage of the charge account. The authorized credit cardholder may allow a subordinate use of his/her credit card, if the subordinate has read and signed the credit card and charge account policy agreement and is purchasing goods or services for the City on behalf of his/her supervisor. The authorized credit cardholder will take care that security features are in place when he/she or his/her subordinate is making online purchases and that online receipt/printouts are submitted with invoices.

LOST OR STOLEN CARDS:

1. Lost and stolen cards will be immediately reported to the Finance Office so they can be cancelled.
2. The Department Head will also be notified by the authorized credit cardholder.
3. Failure to promptly notify the issuing bank of the theft or loss of the credit card could make the City responsible for any fraudulent use of the card and result in loss of privileges for the authorized credit cardholder.
4. After the card has been canceled, a new card may be issued to the authorized credit cardholder.

THE FINANCE DEPARTMENT WILL:

1. Review purchases made with the City credit card as part of the normal Accounts Payable process.
2. Review the approved the Employee Expense for Reimbursement Report form in the customary manner and ensure that the travel expenses charged to the credit card have been included as a prepaid item and have not been duplicated elsewhere on the form.

3. Ensure that reimbursements to the employee do not include travel expenses that have already been charged to the credit card.
4. Random audits will be conducted for credit card activity, charge account activity and receipt retention as well as statement review by the Finance Office.

Prepared by:

Chris Cardott
Finance Director

Date

I have read and understand the Credit Card and Charge Account Policy for the City of Rochelle and take personal responsibility for the safeguard and proper use of a City credit card or charge account authorization which has been assigned to me for the use in the performance of my job.

I understand that I will be held personally liable for any inappropriate charges I incur to the City credit card or charge account and payment for any inappropriate charges is hereby authorized to be withheld from my paycheck.

The undersigned individual has read, understands and agrees to adhere to the above statements.

Employee Printed Name: _____ Date: _____

Employee Signature: _____

Department Head Signature: _____