

<p><b>Subject:</b> Resolution #721 – Adopting a Policy for Use of City Credit Cards</p>	<p><b>Dept. Origin:</b> Clerk’s Office</p> <p><b>Prepared by:</b> Jennifer Robertson, City Attorney’s Office</p> <p><b>For Agenda of:</b> December 15, 2020</p> <p><b>Exhibits:</b> Resolution #721</p>
<p><b>Proposed Council Action:</b></p> <p>Adopt Resolution #721</p>	<p style="text-align: right;">Initial &amp; Date</p> <p><b>Concurred by Mayor:</b> _____</p> <p><b>Approved by City Planner:</b> _____</p> <p><b>Approved as to form by City Atty:</b> <u>JSR 12-9-20</u></p> <p><b>Approved by Finance Director:</b> _____</p> <p><b>Approved by Department Head:</b> _____</p>

**INFORMATION / BACKGROUND**

State law permits local government to use credit cards for official governmental purchases and acquisitions.<sup>1</sup> The City recently started using credit cards for its Department Heads. In order to comply with RCW 43.09.2855, the City needs to adopt a policy on credit card use.

The City Council is ultimately responsible for establishing the credit card program and adequate internal controls, although oversight of the program’s daily operations and procedures is typically delegated to an administrative office, in this case the City Clerk with oversight by the Mayor. RCW 43.09.2855 requires that the legislative body adopt a system for:

- Distribution of the credit cards;
- Authorization and control of the use of credit card funds;
- Credit limits for the cards;
- Payment of bills; and
- Any other rule necessary to implement or administer the credit card system.

**1. Authorized Expenses.**

Credit cards are generally used for small and incidental purchases as an alternative to petty cash funds. The use of credit cards makes these expenses easier to track. The cards may also be used for purchasing merchandise or services required as a function of the employee’s duties at the City of Ruston which may include the purchase of food and/or non-alcoholic beverages for business meetings and public events.

---

<sup>1</sup> RCW 43.09.2855.

The cards may not be used for any of the following expenses:

- Items for personal use
- Items for non-City of Ruston purposes
- Cash or cash advances
- Alcoholic beverages
- Weapons of any kind or explosives (except authorized Police Department purchases);
- Relocation expenses
- Tuition reimbursement for college or graduate school tuition
- Computer hardware or software purchase without prior written approval from the Mayor
- Office furniture purchases without prior written approval of the Mayor
- Personal entertainment
- Recreation

The following spending limits are set by the Policy:

- The dollar limitation shall be \$1,500 per transaction
- The credit card shall have a \$10,000 credit limit
- A dollar limitation of purchasing authority assigned to the cardholder for the total of all charges made during each monthly billing cycle shall be \$5,000

## **2. Authorized Users.**

The Policy only allows employees who are department heads to have City credit cards.

## **3. Documentation, payment, and internal controls.**

The policy prohibits the use as listed above in Section 1 and addresses accidental use. Furthermore, the policy contains disciplinary action for unauthorized use of the card, including possible termination of employment and criminal prosecution. These provisions are found on pages 2, 3, and 4 of the Policy.

The Policy also requires employees to maintain receipts, view the statements to verify accuracy, submit documentation to the City in a timely manner, keep the credit card safe, etc. The employee must sign a credit card user agreement which is Attachment B to the Policy.

The policy attached to Resolution No. 721 complies with State law requirements for employee credit card usage.

## **FISCAL CONSIDERATION**

Adoption of this policy allows certain City employees to use City credit cards. There are safeguards in place in the policy to prevent inappropriate use or fraud.

**RECOMMENDATION / MOTION**

Adopt Resolution No. 721.

MOTION: I move to approve Resolution No. 721 establishing financial management policies regarding City employee credit card use.

**RESOLUTION NO. 721**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RUSTON, REGARDING FINANCIAL MANAGEMENT, ESTABLISHING FINANCIAL MANAGEMENT POLICIES REGARDING CREDIT CARD USE.**

---

WHEREAS, RCW 43.09.2855 permits local government to use credit cards for official governmental purchases and acquisitions; and

WHEREAS, the City has recently starting using credit cards for its department heads and desires to enact financial management policies that will provide guidance on management of the City; **NOW, THEREFORE,**

**THE CITY COUNCIL OF THE CITY OF RUSTON HEREBY RESOLVES**

**AS FOLLOWS:**

**Section 1. Adoption of Credit Card Policy.** The City Council hereby adopted the attached credit card policy for use of credit cards by City employees.

PASSED by the City Council of the City of Ruston, signed by the Mayor and attested by the City Clerk in authentication of such passage on this 15th day of December, 2020.

\_\_\_\_\_  
Bruce Hopkins, Mayor

ATTEST:

\_\_\_\_\_  
Judy Grams, City Clerk

FILED WITH THE CITY CLERK: \_\_\_\_\_  
PASSED BY THE CITY COUNCIL: \_\_\_\_\_  
PUBLISHED: \_\_\_\_\_  
RESOLUTION NO: 721

# **Financial Management Policies on Credit Card Usage by City Employees**

## **City of Ruston**

Adopted December 15, 2020 – Resolution No.721

### **GENERAL FINANCE PROVISIONS**

The purpose of this policy is to establish guidelines for the City of Ruston to provide for the issuance of charge cards to officers and employees for the purpose of covering expenses incident to authorized travel and enabling a cost-effective, convenient and streamlined method of purchasing items. Reports on cardholder activity enable the City of Ruston to capture information necessary to better manage City of Ruston purchasing activities.

### **Authority**

The City of Ruston is authorized to use credit cards as set forth in RCW 43.09.2855 for official City of Ruston purchases and acquisitions and pursuant policies and procedures adopted by the City Council.

### **Credit Card**

The City Clerk, with the approval of the Mayor, may issue a credit card to an individual who meets the following conditions:

- a) He or she is an employee at the City of Ruston, and
- b) He or she is a Department Director, and
- c) Said employee agrees to be held liable to the credit card company for all charges while conducting official City of Ruston business.

Exceptions may be made by the Mayor. Individual credit cards may not be in the name of a contractor, contract employee, or non-permanent City of Ruston employee.

### **Procedure for Obtaining Credit Cards**

1. The City of Ruston may establish a credit card in the name of a City of Ruston employee with a financial institution provider for City of Ruston business use only. The City of Ruston employee must receive monthly statements from the financial institution provider. More than one card may be obtained for various accounts.

2. The following limitations shall apply:

- (a) The dollar limitation shall be \$1,500 per transaction;
- (b) The credit card shall have a \$10,000 credit limit;
- (c) A dollar limitation of purchasing authority assigned to the cardholder for the total of all charges made during each monthly billing cycle shall be \$5,000

### **Authorized Card Use**

1. Cardholders are authorized to use the card to purchase merchandise, equipment or services required as a function of their duties at the City of Ruston. This includes the purchase of food and/or non-alcoholic beverages for business meetings and public events. Unauthorized and/or inappropriate card use is addressed in the next section of this procedure.

2. A purchase made with a credit card may be made in store, by telephone, fax, internet or U.S. mail. A purchase order is required per established Finance Department procedure. **All purchases that are not picked up in-store should be shipped directly to City facilities, unless prior authorization for a home delivery is given by the Mayor.**

3. If a credit card is issued for the purpose of covering expenses relating to authorized travel, upon billing or no later than thirty days of the billing date, the officer or employee using a credit card issued under this section shall submit a fully itemized travel expense voucher. Any charges against the credit card not properly identified on the travel expense voucher shall be paid by the official or employee by check or salary deduction. Any air miles, rewards, or other user incentive earned from credit card use become the property of the City.

4. All expenditures are contingent upon the Mayor's approval of the monthly statement of transactions. If an expenditure is deemed inappropriate, the assigned credit cardholder will be responsible for reimbursing the City.

### **Unauthorized and/or Inappropriate Card Use**

Credit cards must never be used to purchase items for personal use or for non-City of Ruston purposes, even if the card holder intends to reimburse the City of Ruston.

Unauthorized and/or inappropriate card use includes, but is not limited to:

- (a) Items for personal use.
- (b) Items for non-City of Ruston purposes;
- (c) Cash or cash advances;
- (d) Alcoholic beverages;
- (e) Weapons of any kind or explosives (except authorized Police Department purchases);

- (f) Relocation expenses;
- (g) Tuition reimbursement for college or graduate school tuition;
- (h) Computer hardware or software purchase without prior written approval from the Mayor;
- (i) Office furniture purchases without prior written approval of the Mayor;
- (j) Personal entertainment; and
- (i) Recreation.

**Accidental Use**

1. In the event of accidental use of a City credit card, the cardholder will reimburse the City for the **full** purchase price, plus any applicable fees, within five (5) days of the accidental use, or notification by the City Clerk of the accidental use.

**Disciplinary Action**

1. A card holder who makes an unauthorized purchase with the card or uses the card in an inappropriate manner will be subject to revocation of the credit card and disciplinary action including restitution to the City of Ruston for unauthorized purchases, possible card cancellation, possible termination of employment at the City of Ruston and criminal prosecution.

2. If any item purchased with a credit card is not acceptable, arrangements must be made for a return for credit or an exchange. A cash refund or check is prohibited unless the vendor insists that a refund must be by cash or check, then the funds must be deposited immediately with the City of Ruston.

3. If, for any reason disallowed charges are not repaid before the charge card billing is due and payable, the City of Ruston shall have a prior lien against and a right to withhold any and all funds payable or to become payable to the official or employee up to an amount of the disallowed charges and interest at the same rate as charged by the company which issued the charge card. Any official or employee who has been issued a charge card by the City of Ruston shall not use the card if any disallowed charges are outstanding and shall surrender the card upon demand of the City Clerk or auditing officer. The City of Ruston shall have unlimited authority to revoke use of any charge card issued under this section, and, upon such revocation order being delivered to the charge card company, shall not be liable for any costs.

**Responsibility and Accountability**

It is the responsibility of each individual cardholder to:

1. Safeguard the credit card and credit card account number at all times; lost or stolen credit cards must be reported immediately to the credit card agency and the City of Ruston Clerk's Office;

2. Keep credit card in a secure location at all times;
3. Not allow anyone to use the credit card and/or credit card account number who is not authorized to do so;
4. Obtain and retain original itemized receipts for goods and services purchased. The purpose of the charge and the name of the individual involved must be written clearly on the receipt by the cardholder. All forms of canceled checks and copies of credit card bills do not substitute for original receipts. An employee may be allowed to file an affidavit (Attachment A) in lieu of a receipt if the original receipt is lost or a receipt is not obtained;
5. Review in a timely manner monthly statements from the financial institution provider for accuracy and ensuring all transactions posted are legitimate transactions made by the card holder. Receipts and/or packing slips and the customer's copy of the charges must be attached to the monthly statement. The authorized user of the credit card must sign the statement that the goods have been received;
6. Submit the statement and documentation in a timely manner to the Clerk's Office for payment processing;
7. Surrender the credit card and corresponding support documentation to the City Clerk upon separation from the City of Ruston;
8. Take any other steps necessary to ensure that the credit card is used only for authorized purposes.
9. Sign a Credit Card User Agreement (Attachment B) upon issuance of the credit card.

**Periodic Reviews**

The City of Ruston Clerk's Office shall conduct periodic reviews for proper card use. Credit card records will be audited from time to time.



**ATTACHMENT A**

**AFFIDAVIT OF LOST OR DESTROYED RECEIPT**

Name: \_\_\_\_\_

Position: \_\_\_\_\_

Last four digits of Card Number: \_\_\_\_\_

I declare on oath, that the original receipts for the transaction dated \_\_\_\_\_ in the amount of \_\_\_\_\_ from \_\_\_\_\_ has been lost or destroyed. The vendor has been contacted and is not able to provide a duplicate receipt for this purchase. Please accept the detail of the transaction below in lieu of an itemized receipt for this transaction.

I understand that falsification of the itemization of this purchase constitutes an act of fraud.

ITEM(S) PURCHASED	AMOUNT

Please list each item on a separate line. Use a supplemental sheet if necessary.

Signature: \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

City Clerk's Signature \_\_\_\_\_

**ATTACHMENT B**

**CREDIT CARD USER AGREEMENT**

I, \_\_\_\_\_, as an employee of the City of Ruston accept personal responsibility for the safeguard and proper use of the City credit card# \_\_\_\_\_ which has been assigned to me for use in performance of my job, in accordance with the terms outlined below.

Credit cards may be used for travel related business expenses (within and outside the City), and conference/class registrations incurred by the assigned individual only, unless approved in advance by the City Clerk.

Credit cards may be used for purchasing department supplies up to \$1,500.00.

I understand that no personal use of the credit card and no cash advances are allowed.

I have read and understand the credit card policies and procedures as set out in Resolution # \_\_\_\_\_ and the Ruston Credit Card Policy.

I understand the Mayor will disallow my use of a City credit card for violation or misuse of the credit card and/or credit card policies and procedure and that such violation or misuse may subject me to discipline, including termination, under the City's Personnel Policies.

I understand that each time I use, or authorize the use thereof, that I am adhering to the following statement:

"I hereby certify under penalty of perjury that this is a true and correct claim for necessary expenditures incurred by me and that no payment has been received by me on account thereof."

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

The undersigned individual has read and understands the above statements.

\_\_\_\_\_  
Employee

\_\_\_\_\_  
Date signed