



CITY OF SAN RAFAEL CREDIT AND PROCUREMENT CARD POLICY

Policy No.	
Subject:	Credit and Procurement Card Policy
Issue Date:	September 4, 2012
Approved by:	Nancy Mackle, City Manager
Prepared By:	Mark Moses, Interim Finance Director

PURPOSE

The purpose of this policy is to establish equitable and consistent standards in the use of credit and procurement cards used on behalf of the City of San Rafael. It is intended as a guide for all employees of the City for the use of credit and procurement cards. For the purposes of this policy, credit cards refer to general charge cards that include but are not limited to: MasterCard, Visa Cards, Discover Cards, American Express Cards, Diners Club, Cal Cards, etc. For the purposes of this policy, procurement cards refer to charge cards for specific vendors or group of vendors such as: Home Depot cards, oil company cards, specific store cards, etc. In this policy, wherever credit cards are mentioned, the intent is to cover both credit cards and procurement cards unless otherwise noted.

As a matter of policy, the City of San Rafael does not issue credit and procurement cards to elected or appointed officials, unless the official has administrative responsibilities (e.g., City Clerk). However, the City Manager may approve the use of a City credit card for transportation, lodging and conference registration for elected/appointed officials.

RESPONSIBILITY

The City Manager and Department Directors shall be responsible for enforcing this policy including its applicability to elected/appointed officials. The City Manager or his/her designee may issue supplemental procedures and memoranda that detail specific directions that clarify this policy. However, such procedures and directives must be consistent and not conflict with the general provisions of this policy. This policy shall supersede any other provisions regarding credit cards that may be in place in other City policies including any expense, travel and reimbursement policies. Such other policies should be updated to be consistent with this policy.

POLICY

It is the policy of the City of San Rafael to ensure that City resources are being used in an efficient manner in keeping with community standards. The policy is intended to ensure that:

1. The account balances for any credit card account will be paid off in full within the prescribed billing period and that no unpaid balance will ever be carried over to another monthly billing cycle. Credit card accounts shall not be used to incur any debt on behalf of the City, but merely provide a convenience for making immediate payment for goods and services used by the City.
2. The credit cards are used in compliance with the City's purchasing ordinance and other established procurement limits.
3. Appropriate controls are in place to safeguard the credit cards.
4. Credit cards are only used for authorized purposes and by authorized individuals.
5. The City will not incur any legal liability for the inappropriate use of the credit cards.

INTRODUCTION

It is the intent of this policy that credit cards only be used for City business. Personal use of the cards is explicitly prohibited. Card users are expected to exercise good and judicious judgment in the use and care of City credit cards.

Use of the credit cards must be documented with the details of the specific item procured with the date, place and business purpose of the expense.

AUTHORIZED USES

Credit cards may be used when such usage provides for the most efficient or practical manner in which to obtain and pay for a service or good that will be used in the course of City business.

Credit cards should not be used with vendors that have standing arrangements with the City for monthly billing. Each department will distribute a list of vendors to their employees where credit cards are not to be used to avoid over-billing of goods and services.

Criteria to be considered in determining whether the use of the credit card is appropriate are as follows:

1. There is insufficient time to issue a check for the purchase of goods or services related to an operational purpose, event or disaster.
2. The cost of the item (e.g., items under \$100) makes it inefficient to pay by invoice/check.
3. There is insufficient petty cash.
4. The exact purchase amount of goods or services is not known until the purchase is actually made and it is impractical for the vendor to bill the City.
5. The use of the credit card will avoid additional charges or result in savings to the City.
6. Training classes, travel and conference arrangements on City business.
7. The good or service can only be acquired through use of a credit card.

Use of City credit cards for purchases made over the internet requires the same substantiation as other purchases (e.g., detailed receipt and sufficient information to establish the City business purchase of the good or service).

USING CITY CREDIT CARDS

All City employees authorized to use a City credit card must first read and sign the acknowledgement receipt form that asserts that they have read the City's credit card policy and that they will abide by its guidelines.

Credit cards can be assigned to employees with written permission from the City Manager or his/her designee. Copies of such authorization will be kept by the City's Finance Director. Employees holding a dedicated City credit card will keep such card under his/her physical control or stored in a secure place when not being used.

Unless prior approval is granted by the City Manager, all credit cards should be issued to an individual employee or authorized agent of the City. If it is necessary to maintain cards that are not issued to an individual, the department must assign a credit card custodian to control and track the use of each credit card. All such credit cards will be kept under lock and key at all times by each credit card custodian when the cards are not in use. Unassigned credit cards must be returned to the credit card custodian within the next business day after use by an individual. It is preferable that the cards be returned at the end of the business day whenever possible. Holding of the cards in excess of the next business day timeframe is only permitted with approval from the respective department director. In no case should such time frames exceed more than five business days without approval from the City Manager.

City employees will safeguard the care and use of City credit cards in order to minimize any exposure to unauthorized use of the card. City employees must show their employee identification to the credit card custodian upon checking out a City credit card. City employees must have their City identification cards on their person whenever using a City credit card.

Upon the activation of the City's emergency operations center, the use of all City credit cards will be under the use and direction of the designated chief official over the disaster incident. All credit card custodians are to report the status and whereabouts of each City credit card to the designated chief official. The chief disaster official will designate one credit card custodian to monitor and track credit card activity for the disaster incident. Whenever possible, disaster officials will attempt to adhere to the existing credit policy as much as possible. The disaster credit card custodian will summarize all credit card activity for the disaster incident within five business days from the conclusion of the incident. Any deviations from the credit card policy will be summarized in writing by the credit card custodian for review and comment by the City Manager or designee.

PROHIBITED USES OF CITY CREDIT CARDS

In addition to the restriction against personal or non-City use of the cards, City credit cards cannot be used for the following items without City Manager approval, unless in the course of providing services during a declared disaster or emergency:

1. Cash Advances (including gift cards)
2. Liquor or alcohol (except in the case of pre-approved, City-sponsored events)
3. Rental or lease of land or buildings
4. Prescription medicines or other controlled substances

In no instances should vendors be asked to split orders in order to circumvent the single purchase limit of a credit card.

REPORTING REQUIREMENTS

For each credit card purchase, a copy of the credit card slip should be affixed to an 8 1/2" x 11" sheet of paper, and properly dated, titled and marked with a description of the procurement. One sheet can be used for more than one receipt. The date, amount, and vendor name need to be clearly transcribed onto the affixed sheet since many credit receipts fade or smear over time. Attached to the sheet will be any additional documentation, detailed receipt, receiving slips, confirmation letters, etc. that may be relevant for documenting the City business purpose of the procurement. If no credit card slips are provided by the vendor, other written documentation such as a confirmation or email from the vendor may be substituted for the credit card slip. However, the date, amount and vendor name need to be clearly transcribed onto the written documentation. If a credit card slip has been misplaced, the cardholder must indicate this on the statement and initial the purchase.

All departments are responsible for ensuring that all transactions are properly accounted for, coded and submitted to the Finance Department for timely payment. A Credit Card Statement is issued to each Reporting Department and a Credit Card Memo Statement is issued to each cardholder. Each credit card custodian will review his/her Credit Card Memo Statement for accuracy and tie such activity to the respective credit card statement. The original credit card documentation will be attached to the corresponding Memo Statement, reviewed and approved by each department director or his/her designee.

The summary by credit card charges by employee will be sent to each employee's supervisor or other authorized reviewer for review and approval. The employee summaries will be returned to the credit card custodian and kept on file by the department for three years. The department directors' respective summaries will be sent to the City Manager or designee for review and approval and returned to the respective credit card custodian. The department directors will be responsible for assuring that all employee summaries are returned and approved.

The approved Credit Card Statements, approved Credit Card Memo Statements and documentation will be submitted to the Finance Department for payment.

ISSUING OF CITY CREDIT CARDS

The Finance Department will be responsible for maintaining an updated list of employees authorized to use the credit cards and designated individuals authorized to make travel arrangements. The Finance Director will be responsible for issuing, monitoring and controlling the credit cards and for enforcing the policy city-wide.

The City's Finance Director, in consultation with the City Manager, will set reasonable credit limits for each credit card for each department. In no case, shall the credit limit for any credit card account exceed \$20,000 (the City Manager's authorized procurement limit). Whenever possible, the City Manager will set a reasonable individual purchase limit for each credit card. Whenever possible, the credit cards should be further restricted by merchant category or UBC code.

To facilitate tracking and accountability, each department will be issued their own credit cards with separate card numbers. Each department will maintain a list of credit cards and authorized users and reviewers for their department and will be responsible for retrieving any credit card from separating employees. Each department will obtain an acknowledgement receipt sheet from each employee authorized to use the department's credit cards. Copies of these acknowledgement receipt sheets will be kept by the department and copies forwarded to the Finance Department. Original acknowledgement receipt sheets will be sent to the Human Resources Department to be part of the employee's personnel file.

HANDLING OF DISPUTED CHARGES

Department Directors will be responsible for resolving any disputed charges and reporting the loss of any credit card for the employees within their respective departments. Department Directors will be held accountable for any unauthorized purchase or any unsubstantiated charge made by their respective staff with City credit cards.

If items purchased with the credit card are found to be defective or the repair or service faulty, the department that purchased the items is responsible for returning the item(s) to the merchant for replacement or for obtaining a credit on the purchase. Departmental staff members shall notify their Department Director and the card custodian in writing of such returns or disputes (emails will suffice).

If a merchant refuses to replace or correct the faulty item, then the purchase of this item will be considered to be in "dispute". It is the department's responsibility to resolve disputed matters with the respective vendor. Department Directors are responsible to see that their employees correct disputed items. It is the responsibility of the City's authorized representatives to resolve disputed issues with the bank.

LOST OR STOLEN CREDIT CARDS

Any employee who becomes aware that a credit card has been lost or stolen shall immediately notify his/her Department Director within 24 hours of discovery of the missing card. Immediately upon being notified by an employee that a city credit card has been lost or stolen, the responsible Department Director or designee will contact the credit card company by telephone. For this reason, each department should have access to the credit card company's customer service telephone number and the credit card account numbers used by its employees.

The Department Director will notify his/her department's credit card custodian and the Finance Director before the end of the next city business day of any lost or stolen card. The Finance Department will follow up with the credit card company within the next three business days regarding the deactivation of the lost/stolen card and any unauthorized account activity.

The Department Director or designee of the affected department will submit a written report of any lost or stolen credit card incident to the Finance Director within five (5) business days of the incident.

COMPLIANCE WITH OTHER LAWS

All city employees should keep in mind that some City procurement may be subject to reporting under the Political Reform Act and other laws. All City procurement documentation is public record and subject to disclosure under the Public Records Act.

VIOLATION OF THIS POLICY

Use of public resources or falsifying documentation in violation of this policy may result in any or all of the following:

- 1) Loss of card privileges
- 2) Demand for restitution to the City
- 3) Disciplinary action
- 4) Criminal prosecution for misuse of public resources

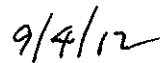
It is the City's intent to fully investigate any suspected acts of fraud, misappropriation, or other similar irregularity in violation of this policy. An objective and impartial investigation will be conducted regardless of the position, title, and term of employment or relationship with the City of any party who might be or become involved in or becomes the subject of such investigation.

Failure by an official or employee to follow this policy may result in disciplinary action, up to and including termination of employment.

APPROVED BY:



Nancy Mackle, City Manager



Date

ADDENDA

1. Inventory of Credit and Procurement Cards
2. List of authorized individuals for use of the cards
3. Acknowledgement of Receipt of Credit/Procurement Card and Policy
4. Lost or Stolen Credit Card Report
5. Guidelines for Meal Reimbursement

5. Guidelines for Meal Reimbursement

City policy allows business meals when:

- There is a bona fide and substantial City business purpose
- The participants are actively engaged in City business during the meal
- Appropriate and permissible funding sources are available
- The purpose and amount of the expense demonstrate good judgment
- The expense is properly documented (who, what, when, where, why)
- The expense has been appropriately approved in accordance with the requirements of the policy

Documentation of business meals must include:

- Receipts for all transactions (note: a credit card charge copy is not a receipt)
- The date of the expense and name and location of the meal
- The business purpose
- The names of the participants and their titles or other information establishing their business relationship with the individual incurring the expense

Guidelines

The following guidelines are provided to help staff determine what is reasonable within the broad range of events and situations that occurs in the conduct of City business:

Reasonableness Test

City policy does not define specific dollar guidelines for what constitutes a ***reasonable*** meal expense, because the reasonableness of an expense depends upon many relevant factors including the business purpose of the event and its attendees.

“Reasonable” means the amount that normally would be spent in that specific situation. The amount will vary depending upon circumstances: lavish or extravagant meals will not be paid for by the City. Expenses for meals may be subject to additional approvals. Department directors are encouraged to establish a review process for extraordinary or questionable expenses.

In the course of spending City funds, consider these questions to ensure that resources are being used appropriately and that we are being good stewards of the funds entrusted to us:

- Is the expenditure in line with the guidance provided in this document?
 - o If not, is there a good explanation as to why the expenditure is appropriate?
 - o Has it been adequately documented?
- Could the amount spent be comfortably defended under public scrutiny?
 - o Would you be free from worry if the expense was selected for audit?
 - o Would you be comfortable reading about it in the newspaper?
 - o Would you be comfortable explaining to a taxpayer that you used his/her money this way?