Town of Union Vale
Credit Card Use Policy & Procedures

March 2018
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Town of Union Vale Credit Card Policy and Procedures

1) Purpose

To establish the Policy and Procedures for the use of Town credit cards by department heads. These procedures are intended to provide convenience for one-time purchases that may be sold at a less expensive price or offered on a credit card basis only. The policy and process described in this document are designed to minimize inappropriate or wasteful spending, reduce the chances of fraud and ensure the bill paying process is completed on a timely basis with complete documentation.

- These procedures are intended to ensure that procurement with credit cards is accomplished pursuant to the policy and procedures established by the Town Board
- To improve efficiency, significantly reduce paperwork, improve internal controls and reduce the overall cost associated with approved purchases
- To ensure appropriate internal controls are established within each department procuring with credit cards so that they are used for authorized purposes only
- To ensure that the Town bears no legal liability from inappropriate use of credit cards

2) Scope

The Town Board will authorize the issuance of a credit card by one of the Town's approved banks and approve the policies and procedures for credit card use. The Town Supervisor will make decisions regarding the issuance of individual cards and may establish additional controls for their use, consistent with the overall policies established by the Town Board. The maximum limit on cards shall be reviewed and updated by the Town

Board at the Organization Meeting. Requested changes to card limits must be approved at Town Board meetings and will be no more than $2,000.00 per card.

3) Policy

A. The Town credit card is only to be used in the following situations:
   - In emergencies that are of a public safety nature
   - If a purchase order cannot be issued or cannot be paid through the normal accounts payable warrant process
   - Conference/Training Registration
   - Centralized ordering of supplies through the Town Clerk's Office
   - With pre-approval by the Town Supervisor

B. The credit card will not be used for personal purchases of any kind. Use of credit cards for personal purchases or expenses with the intention of reimbursing the Town is prohibited and will result in disciplinary action.

C. Department heads are required to authorize payment of the charge on their receipt. This includes charges made by any designated individual. Authorization is given by signing the receipt before it is submitted for payment.

D. Proper documentation is required for all purchases including "emergencies". Documentation for "emergencies" should clearly justify the need.

E. Credit Card receipts must be received in the Town Clerk's or Finance Office within one week (preferably the same week) in which the charge was incurred.

F. No cash advances (ATM, traveler's checks, money orders, etc.) or cash back from purchases are allowed using the credit card.

G. All purchases made with credit cards shall be paid for within the same billing cycle so that no interest charges or penalties are incurred.

H. Any incentive program benefits derived by the use of Town credit cards will be the property of the town.

I. All cardholders shall take all measures necessary to ensure the security of the credit card and the card number. Cardholders shall not give their card or their card number to others to use on their behalf.

J. Reoccurring (monthly or annually) charges for services are not permitted on any card except the Town Clerk's and not without prior authorization.

K. Lack of proper documentation or authorizations for purchases will result in loss of credit card privileges and/or personal liability.

L. Misuse of a Town credit card by an authorized employee may result in loss of the credit card and/or disciplinary action against the employee, up *to* and including termination of employment.

M. The cardholder will provide all information required by the financial institution issuing the card in order to receive a Town credit card, including social security information as required by the Federal Patriot Act.

N. Even with pre-approval by the Town Supervisor, only budgeted and allowable expenditures can be purchased using a credit card. Unbudgeted or unauthorized expenses will not be paid by the Town of Union Vale. The Town reserves the right *to* collect payment for unauthorized expenditures from the employee.

O. The employee is responsible for managing any returns or exchanges and ensuring that proper credit is received for returned merchandise. The cardholder will submit the credit receipt to the Town Clerk's or Finance Office and will review the next statement to ensure that the return was properly credited.

P. It is the responsibility of the employee to immediately notify the Finance Office or Town Supervisor of any lost or stolen credit card.

Q. The Town of Union Vale is a municipal government exempt from sales tax. Sales tax shall not be included with the cost of any purchase. Please be sure to have a copy of the Town's tax exempt certificate with

you when making a purchase (See Appendix A). Sales tax costs cannot be paid with Town funds. The individual making the purchase may be personally responsible for payment of sales tax.

4) Procedure

A. The use of the credit card is a privilege but also requires greater vigilance and responsibility. Employees must follow all current procedures set forth by the Town Supervisor and Finance Office (*note: procedures can be updated in response to new situations*). Ignorance of an updated policy is no excuse for improper credit card use.
B. Employees who need to use the credit card account must request permission from the Town Supervisor to be placed on the official list of authorized users.
C. Each authorized cardholder must sign an Agreement to accept the Town credit card prior to issuance of the credit card. Forms will be kept on file in the Finance Office.
D. Employees must sign out the credit card for use (See Appendix B) and maintain physical possession of the card at all times.
E. When not in use, credit cards will be returned to the Town Clerk's office and stored in a locked desk drawer.
F. All users must follow secure practices for online credit card use as determined by the IT Policy (as it develops).
G. The Town of Union Vale will be billed monthly on one statement, which will go to the Finance Director or designee. Itemized receipts must be obtained by the cardholder and turned in to the Finance Director (either a scanned pdf via email or a hard copy) within one week of purchase date. It is incumbent upon each department head to submit invoices to the Finance Office promptly so as to avoid interest fees and late charges. If receipts are submitted late causing finance charges, the responsible party may have the use of the credit card revoked.

H. The Finance Director or designee shall verify that goods and/or services purchased with the credit card have been received by the Town prior to submitting the voucher requesting Town Board signatures authorizing payment. This confirmation will be evidenced by a signature on the statement.

I. The credit card will be reconciled monthly by the Finance Director and reviewed by the Town Supervisor for unauthorized charges and other discrepancies.

J. When using the Town credit card, the authorized cardholder shall:

- **Determine if the intended purchase is within the cardholder's credit card limit.**
- **Inform the merchant that the purchase** is **tax exempt. The tax exempt number is <u>146000635</u>. Review the receipt before leaving the store and request a credit if taxes were charged in error. (See Appendix A)**
- **Obtain an itemized receipt for all purchases**

K. It is the cardholder's responsibility to retain the receipts and other documentation.

L. Credit card bills will not be attached to a voucher for payment without itemized receipts or documentation.

M. Credit card bills cannot be paid without an authorized voucher.

N. Credit card bills cannot be paid by automatic deduction from Town bank accounts.

O. Credit card bills cannot be paid under the "blanket payment" authority given by the Town Board for other payments such as utilities.

P. Lack of proper documentation or authorizations for purchases will result in loss of credit card privileges and/or personal liability.

Q. Upon separation of employment, cardholders shall surrender the Town credit card to their department head or Town Supervisor on or before their last day of work and prior to the issuance of their final

paycheck.

5) Audits

Periodic analysis of credit card activity and a review of card holder responsibilites will be conducted. Detailed activity and monthly statements will also be reviewed annually during the mandatory audit process conducted by the Town Board or the town's independent auditing firm.

6) Authority

These policies are adopted by the Town Board of the Town of Union Vale on _____, 2018.

Appendix A
CERTIFICATE OF EXEMPTION

APPENDIX B

ADMINISTRATIVE REGULATION AGREEMENT TO ACCEPT TOWN CREDIT CARD

I, _____, hereby acknowledge receipt of a Town of Union Vale
(First and Last Name)
Credit Card , number_____
(Last Four Digits of Credit Card)

As a Cardholder, I agree to comply with the terms and conditions of this Agreement and the provisions of the Town of Union Vale Credit Card Use Policy, as may subsequently be revised. I acknowledge receipt of the Policy and I have read and understand its terms and conditions. I understand the Town of Union Vale is liable to the financial institution for all charges made by me.

As the holder of this credit card, I agree to accept responsibility for the protection and proper use of this card as outlined in the regulations. I understand that the Town will audit the use of this credit card. I understand that I am responsible for retaining all receipts for processing to the Finance Department and that failure to provide receipts may result in personal liability. I understand that I cannot use the credit card for personal use even if the intent is to reimburse the Town. I understand the use of the card does not circumvent the Town's Purchasing Policy.

I further understand that improper use of this credit card may result in disciplinary action, up to and including termination of employment in accordance with applicable town personnel policies. I also agree to allow the Town of Union Vale to collect any amounts owed by me even if I am no longer employed by the Town. I understand that fraudulent use of this credit card means I may be subject to prosecution.

If the Town initiates legal proceedings to recover amounts owed by me under this Agreement, I agree to pay all legal fees incurred by the Town in such proceedings.

I understand the Town may terminate my rights to use this credit card at any time for any reason. I agree to return the credit card to the Town of Union Vale immediately upon request or upon termination of employment

_____ _____
Cardholder / Employee Date

_____ _____
Authorizer / Town Supervisor Date