

**City of Takoma Park**

**Credit Card Policy**

**I. Overview**

The purpose of this policy is to provide and strengthen guidance and procedures on the proper methods for purchasing goods and services with the City’s credit card. The purchasing card program is overseen by the Finance Department, but oversight for transactions is decentralized to all City departments.

The City’s credit card is designed to be used for conference and travel purposes (transportation and lodging) and specific types of incidental and emergency purchases. Regular standard purchase should always be processed via purchase order. The credit cards are issued to the Senior Leadership Team members after the authorization of the City Manager and can be used to make purchases for goods and services as outlined in the following policy.

The director or manager, who controls the City’s credit card, agrees to accept fiduciary responsibility for the protection and proper use of the credit card. The Finance Division will review the use of the credit card. Purchases must be made from vendors that the City frequently makes purchases. In case of a new vendor with recurring transactions, a contract needs to be obtained and forwarded to the Finance Department for record retention.

The cardholders are responsible for planning and management of resources to acquire goods and services at the best possible cost to meet the City’s needs in terms of value, quality, quantity, reliability, costs, vendor responsiveness and agility. The Cardholders must endeavor to base the procurement of goods and services on sound business practice, accountability, and compliance with the regulatory requirements. The City expects individuals to comport themselves in accordance with values, and to discharge their responsibilities in a manner which safeguards City’s assets.

The City may terminate the right to use the card at any time for any reason. The card must be returned to the Finance Director immediately upon demand or upon termination of employment. Loss or theft of the card must be reported, without delay, to Suntrust Bank Card Services and the Finance Department as may be required.

The City credit card must be kept in a secure location. The individual credit card holder is responsible for the security of his/her assigned credit card. The director of each department is responsible for the security of “department” cards; he or she is also responsible for the proper use of all cards assigned to his/her department.

**II. Responsibilities**

Purchases of goods must be authorized by the Department Head. He or she should ensure that credit card holder provides all purchase receipts and that goods purchased are in accordance with the City’s policies and procedures and that a receipt for each purchase is attached to the monthly credit card log. The manager or director is required to verify the purchases are used for valid business purposes and sign the credit card log upon approval.

The director or manager is responsible for the integrity and accuracy of card purchases of his/her department and for the adherence to policies and procedures and of card holder responsibilities for each individual or department card holder under his/her supervision.

Card holder (Individual who obtain the card from the director)

The cardholder is responsible for protecting the card and is accountable for all purchases made using the card number. All purchases processed against the card must be made by, or under the immediate direction of, the person to whom the card is issued.

The cardholder who is in possession of card is agreeing to adhere to the City’s credit card policies and procedures below:

* The integrity and accuracy of card purchases and statement reconciliation information.
* Providing receipts for ALL card transactions and for completing all purchase allocation information on-line for them. Each receipt must be attached to the monthly statement and must show itemization of purchases.

Cardholders who frequently do not retain acceptable receipts or who do not accurately complete the credit card log may have their card suspend or cancelled. Missing receipts for purchases greater than $25.00 will require the cardholder to submit a missing receipt affidavit (Exhibit 1).

Card holders must also:

• Review the individual credit card statement on-line or use the City-wide master credit card statement provided by the Finance Department. Then, sign the credit card log, with attached receipts, and send them to the Finance Department no later than the 1st day of the month.

• Use preferred item/price where applicable.

• Ensure items to be purchased are in budget.

• Verifying the actual receipt of goods.

• Verifying the purchase total should not include sales tax. Notify the vendor immediately to remove the sales tax from the purchase due to the tax exempt status of the City.

Finance Department

Finance Department maintains and communicates updated procedural documentation on the City’s web site or communicates policy and procedure changes to stakeholders.

• Provides clear instructions and ensures compliance with policy.

• Provides guidance and is a resource to City on procurement related matters for all goods and services.

• Manages the City credit card accounts

The City Manager Office

The City Manager and Deputy City Manager are responsible for the enforcement of the policy within their respective areas of responsibilities and authorizations for new credit cardholders or requests for credit limit increases.

Finance Director

The Finance Director is responsible for reviewing and validating the completeness of all departmental credit card receipts against the credit card log and statement on a monthly basis. He or she is also responsible to report to the City Manager immediately any use of credit card not in accordance to the credit card policy.

**III. Allowable Purchases**

Individuals must not make purchases that are not for an approved business purpose. The card is to be used for travel (transportation and lodging) and specific types of purchases. Meals are paid on a per diem basis and per diem can be requested in advance. Procurement of goods or services for personal use is strictly prohibited, including the use of the City’s tax-exempt status, etc.

The card may be used for the purchase of the following goods where other payment methods are not available:

• Travel expenses (including airfare, other transportation, lodging, fuel, and tolls)

• Conference/webinar registration fees

• Online books/publications/subscriptions

• Recruiting expenses

• Online software/licenses

• Other purchases as authorized by the Department head or the City Manager

City credit cards can also be used for other purchases (i.e. emergency supplies, and minor capital expenditures) with proper approval.

**IV. Allowable Use for Meals and Refreshments**

City funds may be used for meals, refreshments, or beverages in the following instances.

Meals may be provided at City-sponsored training sessions/workshops, city-wide or whole department team-building events/retreats that:

* Last a minimum of **four hours**; and are attended by a minimum of ten participants or are attended by an entire department. If the department has fewer than ten staff members or If attended by fewer than ten participants, the Department head determines that, based on proximity to available food service, participants cannot reasonably be expected to obtain a meal on their own.
* Permission may be granted by the City Manager or designee to provide a meal to staff engaged in training or workshops, such as annual budget or staffing workshops that require extensive staff engagement but do not otherwise meet the minimum time criteria above. Permission must be sought and granted in writing in advance of such meal purchase. The City Manager or designee could permit the following exceptions that:
  + As part of a formal meeting that consists primarily of City employees when the meals or refreshments are an integral part of the formal meeting or training and are necessary to sustain the flow of the meeting, to retain the captive audience, and to assist the participation of those employees and attendees, but only if the meeting is a City or department-wide staff meeting for all City or department employees, as applicable
  + As part of a City-sponsored event where registration fees are charged and the majority of the participants are not City employees.
  + As part of a City-sponsored meeting, conference, or workshop when the employee is required by the City to attend and the majority of the participants are not City employees.
* During an official meeting of the City Council or any official meetings of the City Council committees, taskforces, work groups, or advisory committees, provided the provision of the meals or refreshments are necessary to sustain the flow of the meeting and to assist the participation of the attendees.
* City funds may not be used to provide meals or refreshments for staff training or workshops, team building events/retreats, or business meetings that do not meet the criteria stated above. City funds may not be used to provide meals or refreshments for regularly scheduled staff meetings.
* Funds may not be used to provide meals or refreshments for meetings between staff and the City’s paid contractors when such meetings are within contractor’s scope of work for the City, unless the contractors are participating in training or workshops with staff for which staff are provided meals or refreshments under the guidelines above. City funds may not be used to provide meals or refreshments for office social events or voluntary social events (either off-site or in the office) such as celebrating holidays, birthdays, retirements, etc. City funds may not be used to purchase alcoholic beverages.
* **V. Allowable Gift Card Purchase**

The City restricts the purchase of gift cards to purposes defined by specific departmental programs for Citywide Community events. Gift card purchases outside the scope of these authorized programs are generally prohibited. Gift cards are considered equivalent to cash and petty cash funds. Therefore, strict protocols and controls must be developed and implemented.

a) Department head should maintain accountability for all gift cards purchased and distributed. The holding period for gift card before distribution should not exceed two weeks

b) Avoid mishandling, misuse, abuse, and theft of gift cards. Restrict access to gift card inventory records to authorized employees.

c) Any purchase of gift card for Citywide events must be pre-approved by the City Manager and or the designee. Gift cards may be purchased using City’s credit card

d) No City employee should receive a gift card from a City-funded program, this will have tax implications for the employee/recipient and may pose serious concerns regarding conflicts of interest. Employee incentive/bonus must be processed via payroll.

e) The value of each gift card purchased for a program must not exceed the maximum amount ($50) per card established by the department for that program.

f) No employee is allowed to use personal credit card to purchase gift card and request

for reimbursement.

h) Gift card purchases are centralized in the non-department account 0001-9000-71800 in the General Fund.

i) A surprise audit for the gift card inventory may be performed by the finance staff at any time.

* **VI. Prohibited Use**

No employee shall use the City issued credit card for non-City business or personal use. Any employee using a City issued credit card for non-City business or personal use may be subject to disciplinary action and shall be billed by the City for all such unauthorized charges. Disallowed charges, or charges not properly identified, will be paid by the employee before the credit card billing is due. The city may withhold any amounts from funds owed to the employee in default. Any employee with a demonstrated history of charge card defaults may be barred from using City credit cards by the City Manager or designee, Finance Director or Department Director.

The following are not authorized credit card purchases:

* Purchases incurred before receiving required approval
* Purchases exceeding credit card limit that would require use of personal credit card use (these purchases will not be reimbursed)
* Alcoholic beverages
* Items or services for personal use
* Cash advances
* Capital equipment
* First or business class airfare upgrades
* Expense for travel companions
* Home internet charges
* Monthly charges for personal cell phones
* Maintenance agreements
* Personal entertainment
* Conference/convention meals if already included in registration fees
* Charges made outside employee’s approval authority
* Purchases restricted by other policies and guidelines

**VII. Monthly Reporting**

Each cardholder is responsible for retaining documentation of orders and returns, and (with the aid of the Finance Department, if needed) reconciling them to the monthly statement and recording on the credit card log. The following guidelines are to be used:

Each cardholder will receive a monthly statement in the mail generally within a few days after the end of the month. The statement must be compared to your purchase receipts/packing slips to verify that orders and returns are accurately listed on the statement. Any pricing discrepancies between the credit card log (Exhibit II) and statement must be documented and resolved. Cardholders must attach all supporting documentation (packing slips, receipts, etc.) to their credit card log, sign it, and forward to the manager/director for his or her approval and signature. The signed report (with receipts attached) should be forwarded to the Finance Department no later than the 15th of the month. We encourage the earliest possible submission.

**VIII. Returns, Credits, and Disputed or Fraud Items**

If you have a problem with a purchased item or with billing resulting from the use of the card, you should first try to resolve the issue with the vendor that provided the item. In most cases, disputes can be resolved directly between the cardholder and the vendor. The cardholder must use the following guidelines when returning an item:

1. The cardholder must send the item back to the vendor in a manner agreed upon by the cardholder and the vendor. The cardholder should be diligent to inquire the vendors return policy including the details of extra return shipping charge and restocking fee before requesting return. Sound judgment should be made before the purchase to avoid unnecessary return and associated return charges and restocking fees.

2. The vendor should issue you a credit to your account for any item that has been agreed to for return. This credit will appear on the cardholder’s monthly statement.

3. Documentation of the return (such as a credit receipt) should be issued by the vendor, and kept on file by the cardholder for reconciliation to the monthly statement. Cardholders must specifically request a credit to the Card for any return that was originally charged to the card.

4. If you are unable to resolve a dispute with the vendor, contact the credit card provider Suntrust Bank. The Bank may investigate and resolve the dispute on the cardholder's behalf. The process must be done timely within 30 days of purchase.

**IX. Business Purpose**

Purchases must be for the use and benefit of the City. No personal purchases are allowed, regardless of intent to reimburse the City. Department Heads should not use City’s credit card to purchase gifts for employees. That function should be centralized in Human Resources using non-departmental budget. All monetary gifts including gift card should be processed via payroll as taxable income for the employee. Gifts for wedding or baby showers and other employee celebrations should be paid with employee contributions not City funds. Failure to comply with the policies and procedures, and guidelines for use of the card may result in disciplinary action. Unlawful use of the card should be reported to the card provider or proper legal authorities.

The City Manager may terminate the right to use the card at any time for any reason. The card must be returned to the City’s Finance Division immediately upon demand or upon termination of employment. Loss or theft of this card must be reported, without delay, to the Finance Department, and to card provider (Suntrust Bank) as may be required.

Whenever a transaction is conducted in violation of the policies and procedures stated herein, the information will be submitted to the responsible Department Head or City Manager for his/her appraisal and appropriate action.

The City of Takoma Park’s Finance Department shall conduct periodic reviews for proper credit card use. Credit card records will be audited from time to time.

Disciplinary Actions

Failure to follow this policy may result in either loss of credit card privileges or other disciplinary action. The action taken on offenses made are as follows:

* 1st time: The employee will be reminded of the policy
* 2nd time: The emloye’s card will be temporarily suspended
* 3rd time: The employee’s card will be revoked

City of Takoma Park

Purchasing Card User Agreement

I understand that I am making a financial commitment on behalf of the City of Takoma Park and will strive to obtain the best value for the City.

I understand that under **NO** circumstance will I use the purchasing card to make personal purchases, either for others or myself.

I understand that I am responsible to adhere to this policy as the card holder and/or as a staff member making purchase with the card holder credit card.

I will follow the established Purchasing Card policy. I understand that failure to do so may result in either loss of privileges or other disciplinary actions, including termination of employment.

I agree that should I willfully violate the term of this Agreement, I will reimburse the City of Takoma Park for all incurred charges and any fees related to the collections of those charges.

All receipts received when making a purchase will be maintained for monthly reconciliation.

I understand that I am restricted to specific limits when using the purchasing card for purchases and the City Manager may terminate the right to use the purchasing card due to any policy violation.

I agree that should I leave City of Takoma Park employment, I will return my purchasing card and all appropriate documentation to the Finance Department.

I will use the City of Takoma Park’s purchasing cards with the highest degree of personal and professional integrity and ethics, recognizing my responsibility to the public and the City organization.

I have received, read, understand and agree to comply with the City of Takoma Park’s Credit Card Policy.

Cardholder’s Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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

**City of Takoma Park**

**Lost Receipt Affidavit (Exhibit I)**

This is to certify that on 20

I paid the sum of $ for

Vendor’s Name

Vendor’s Address

**ITEMS COST**

**TOTAL COST**

I further certify that the ***itemized receipt*** for this payment has been lost or was not received from the vendor. This statement is given in lieu of that itemized receipt for proof of payment. ***A copy of your Credit Card Statement must accompany this Lost Receipt Affidavit.***

I certify that the attached receipts or invoices represent legitimate expenses incurred solely for the benefit of the City of Takoma Park.

Signed

Cardholder’s Name

**APPROVED FOR EXPENDITURE:**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

Director/Manager

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date

THIS LOST RECEIPT AFFIDAVIT MUST BE SUBMITTED FOR CREDIT CARD PAYMENT PROCESSING.

Credit Card Purchase Log (Exhibit II)

