

# CITY OF OAK HARBOR

## Credit Card Procedures

### 1. Background Information

The City of Oak Harbor's Credit Card (US Bank One Card) program has been established to provide a convenient, efficient means to purchase commodities and travel from vendors and reduce costs associated with the purchasing process. The program is designed to empower employees to purchase items needed for City business and is considered an enhancement to the purchasing process and a delegation of the purchasing authority. The use of a Credit Card is a privilege that has been granted to the employees. Certain responsibilities are associated with this privilege.

The finance department is responsible for the management of the program and ensures that departments follow all state and city laws, rules, and policies relating to the credit card use. Each department is responsible for the management of its cardholder's accounts. The US Bank One Card program is a commercial credit card account and has a number of unique controls that do not exist in a traditional credit card environment. These controls ensure that the cards are used only for specific purchases and within specific monthly dollar limits. In addition, verification by each cardholder and by the Approving Manager is required before the Credit Card and invoices are submitted to Finance for payment.

### 2. Authority for these policies.

City of Oak Harbor Municipal Code 3.74.010 authorizes the Finance Director to implement a credit card system and develop guidelines and controls to ensure the proper usage of credit cards by the city employees.

State of Washington RCW.43.09.2855 authorizes local governments to use credit cards for making purchases and acquisitions.

### 3. Definitions

**Approving Manager** - The department director, who is assigned the responsibility of approving transactions and authorizing the agreement accepting the credit card and allowable use by the employee.

**Cardholder** - a City of Oak Harbor employee who is issued a Credit Card.

**Credit Card (US Bank One Card)** - a VISA credit card issued by US Bank.

**Credit Card Statement** - the individual cardholder's monthly statement that lists all transactions made during the billing period.

**Disputed Item** - a transaction appearing on the Credit Card statement that the cardholder did not authorize.

**Finance** - a department within the City of Oak Harbor

Reconciliation - the process of verifying, coding, and approving transactions for payment.

Single Purchase Limit - an authorization dollar limit that is the dollar value of the maximum amount a cardholder can use for one transaction (may contain multiple items) and is usually less than the Credit Card limit.

Transaction - a purchase or charge on the City Credit Card.

Violation - any misuse of a Credit Card whether specifically defined in these policies or not, may be considered a violation and may result in cancellation of the card.

#### 4. General Information

All Credit Cards issued will have the "City of Oak Harbor" embossed on the second line of the card as well as the City Logo on the front of the card. The first line will reflect the cardholder's name.

The Credit Card does not replace requirements to comply with existing State or local procurement laws and regulations; it is designed to be an enhancement to the purchasing and payment processes. Except as indicated in Section 8 Unauthorized or Inappropriate Credit Card Use, the Credit Card may be used to purchase products.

Approval to participate in the Credit Card Program will be authorized by the Finance Director, who will define the transaction limit (if any), the monthly maximum transaction limit, up to the maximum allowed by city ordinance, and if needed, product(s) authorized to purchase for each cardholder. The Finance Director will coordinate the acquisition and distribution of all Credit Cards.

Each time the Credit Card is used, the merchant will check via the VISA telecommunications network to verify the card's single purchase dollar limit and monthly transaction limit. When an approval code is received, it will appear on the sales draft. The Cardholder will receive a Credit Card Statement of purchases after the billing period has ended.

Questions regarding the specific use of the Credit Card should be directed to the Finance Director.

#### 5. Obtaining a New Credit Card

The Approving Manager must submit a written request to the Finance Director for a new credit card to be issued. Upon receipt of a written request, the Finance Director will determine if the credit card is needed and if so, set up a cardholder account with U.S. Bank. The Finance Director will require the employee to sign the Cardholder Agreement Form (see Attachment 1) before the new card is ordered.

#### 6. Security & Protection

It is each Cardholder's responsibility to safeguard his/her credit card and account number.

## 7. Authorized Credit Card Use

- The Credit Card is to be used only for City business transactions and must not be used for personal purchases. Failure to comply with this restriction will result in the cancellation of the cardholder's Credit Card.
- Only the authorized cardholder is authorized to use this card for approved business purchases. Failure to comply will result in the cancellation of the cardholder's Credit Card.
- Each purchase may be comprised of multiple items, but the total cannot exceed the single purchase limit assigned to the Credit Card.
- Credit Cards may be used at any vendor that accepts VISA credit cards.
- Cardholders must comply with the City's purchasing policies and procedures (Policy-OHMC Chapter 2.310 and Small Purchase Procedures) and Travel Policies when using the credit card. In order to keep purchasing centralized, only the Purchasing Coordinator is authorized to use the card for bulk materials, large equipment and certain supply purchases. All other cardholders are urged to follow the strict guidelines set by the Purchasing Policy and Procedure. If there are questions about the City's purchasing policies, please contact the Purchasing Coordinator.
  - Employees may use the Credit Card for travel, training, continuing education, dues, subscriptions, and miscellaneous supplies or small equipment purchases.
  - The majority of material, equipment, services, and supplies will be made by the Purchasing Coordinator
  - Miscellaneous supplies can be purchased if they fall outside the type of supplies the Purchasing Coordinator would purchase that can be bought in bulk and kept in Central Stores. This procedure was implemented to keep costs down for the City.
- Making a Purchase:

The card may be used to purchase goods in person at the supplier site, over the phone, over secure internet sites, or by mail. For all Credit Card purchase transactions, the cardholder must obtain a vendor's register receipt, sales draft, packing slip, and/or email receipt which includes all the following information:

- **Indication of the Credit Card number, expiration date and the Cardholder's name.**
- **Date and amount of purchase.**
- **Date purchase was received (if purchasing during the year-end deadline).**
- **Detailed list of items(s) purchased and the cost of each item.**
- **If paying for meeting or food purchase (meals provided for an event the city is arranging), there must be a business purpose and that must be identified on the receipt with the attached agenda (if applicable).**
- **Vendor's name and other identification.**

These receipts will be used to reconcile monthly Credit Card statements and will be attached to the statement. The charges must be submitted to the Approving Manager for approval and then to Finance for payment of the credit card.

Cardholders are responsible for receipt of goods and/or materials purchased with the Credit Card. Cardholder must contact the vendor directly to resolve delivery problems, discrepancies and/or damaged goods.

## 8. Unauthorized or Inappropriate Credit Card Use

### A. Unauthorized Purchases:

Cardholders must comply with the City's purchasing policies and procedures (see the Purchasing Policy and Procedures) and Travel Policy when using the Credit Card. Examples of unauthorized use include but are not limited to:

- Personal purchases of any kind;
- Cash advances through banks or ATMs;
- Cash refunds;
- Employment Agencies (temporary help)
- Meals, except as provided in the City travel policy.
- Professional Services
- Purchases that violate established City standards or contractual agreements.
- Establishing an account such as PayPal by using the Credit Card is prohibited.

### B. Inappropriate Use:

Any unusual activity from an outside source that occurs on a card must be immediately reported to the Finance Director for resolution. The City of Oak Harbor reserves the right to cancel any Credit Card at any time for violation of these policies. As this is a commercial card account, the City is liable for all transactions on the Credit Cards. Unauthorized use by a cardholder may result in cancellation of the card and/or other disciplinary action. Cardholders shall be personally responsible for any unauthorized expenditures and will be required to repay expenditures that are considered in violation of these policies within five working days or be subject to the City withholding the amount from the employee's paycheck.

***Cardholders who violate this restriction will have their card cancelled and may be subject to other disciplinary action.***

## 9. Returns and Exchanges

The cardholder is responsible for contacting the vendor if the goods, equipment or services purchased with the Credit Card are not acceptable (incorrect, damaged, defective, etc.) and for arranging a return for credit. The cardholder is responsible for ensuring that proper credit is posted for any returned items. The cardholder is required to document the original purchase receipt of the item, why it was returned, and proof of credit on the return to the credit card.

If merchandise is returned in person, the cardholder is responsible for obtaining a credit receipt from the merchant and retaining the original purchase receipt and return receipt to document the purchase and return.

- Receiving cash or checks to resolve a credit is **prohibited**.
- **No exchanges are allowed** – the item must be returned for credit and the replacement item must be purchased separately.

## 10. Dispute Process

If a cardholder disputes any charges he/she must notify the Approving Manager, Finance Manager, and contact US Bank using the phone number on the back of the card and follow the instructions given to resolve the issue.

## 11. Reconciliation Process

### A. Cardholders:

Approximately five business days after cycle date, the cardholder will receive a statement.

After the cardholder reviews the statement for accuracy, he/she will assign BARS codes to purchases, and sign and submit the statement with receipts attached to the Approving Manager for approval.

- Cardholders are responsible for submitting all receipts with their statements. If a cardholder has lost or misplaced a receipt, they are responsible for obtaining a copy of the receipt from the merchant. **The City will not pay for transactions that do not have proper receipts (receipts that include the detail of the purchase, time, date, and vendor used). The cardholder will be financially responsible for payment of all transactions that do not have proper documentation.**
- If the merchant cannot provide a duplicate receipt to take the place of receipts that have been lost, the cardholder will be required to pay for the items. If the receipt should reappear after payment has been made to U.S. Bank Access Online, the Cardholder can submit a business expense reimbursement claim.

**The Finance Department will review all instances of lost receipts and repeat occurrences may result in suspension of the Credit Card.**

### B. Approving Managers:

Each employee who is issued a Credit Card has an approving manager (Department Director) that oversees purchases made by the cardholder. All employees (including Department Heads and City Manager) will have their statement signed by their reporting supervisor. The Mayor will have the Finance Director sign off on credit card purchases made on his/her behalf.

The Approving Manager shall be responsible for the following:

- Compare supporting documents with the transaction list forwarded by the cardholder.
- Review all charges to ensure that they are allowable charges and within the cardholder's monthly limits.
- The Review and forwarding of the reconciled statement to Finance should be done by the Approving Manager, within 10 working days after receiving the statement from US Bank.

- **If payment is not received by US Bank One by the due date, late fees and penalties will be assessed. The card holder's department will be responsible for paying all late fees and penalties.**

### C. Audit Reports:

All credit card transactions may be subject to internal audits by the Finance Director for compliance with the policies and procedures outlined in this document.

## 12. Lost or Stolen Credit Cards

In the event of a lost or stolen Credit Card, immediately notify the Approving Manager, the Finance Director, and US Bank. If appropriate, the Police Department should be notified depending on the situation, e.g. robbery, burglary, etc. The following telephone number may be used to contact the appropriate persons:

US Bank - 24 Hour Customer Service – (800)-344-5696  
Patricia Soule, CPA Finance Director – 360-279-4538

## 13. Credit Card Account Maintenance

Changes to a Cardholder's name or Department/Division should be immediately reported in writing to the Finance Director.

## 14. Termination of Employment

The cardholder must turn in his/her Credit Card to the Finance Department at the termination of employment. The Finance Department will destroy the physical card and notify US Bank.

## 15. Credit Card Cancellation

Notify the Finance Director immediately when a Credit Card is to be cancelled or revoked. The returned card will be deactivated and destroyed by the Finance Director.

## 16. Frequently Asked Questions

*How can I differentiate the City of Oak Harbor Credit Card from my personal credit card?*

"The City of Oak Harbor" is imprinted on the face of each credit card. If you keep your Credit Card in your wallet, it is recommended that you keep the City Credit Card in a different compartment in your wallet from your personal credit cards so that it is not easily accessible.

*What do I do if a purchase is denied?*

Your purchase may have exceeded the cards limits or the purchase may be defined as an unauthorized purchase (see Section 8 - Unauthorized and/or Inappropriate Credit Card Use). Contact the Finance Director and/or US Bank Customer Service (on the back of the Card).

*May I use the Credit Card for personal purchases and then reimburse the City?*

No. The Credit Card can only be used for payment of products or services, which are required to perform duties at the City of Oak Harbor. It is not to be used for personal purchases of any kind.

*Will the use of the Credit Card affect my credit report?*

No. This account is for business purchases only. It must not be used for personal charges. Therefore, U.S. Bank does not report card activity to any credit bureau.

*What do I do if I have lost my original receipt?*

All attempts should be taken to contact the vendor to request a duplicate. When submitting the documentation, please note that the original was lost, thus a copy has been provided. If no copy is available and/or unsuccessful with vendor, contact US Bank to obtain a copy of the charge.

*What do I do if I did not receive any documentation for my purchase?*

The receipt proof of the business purpose of the purchase and as such the employee must be careful when using the City Card to obtain a detailed receipt listing what was purchased, a receipt only showing payment without detail of what was purchased is not acceptable. All attempts should be taken to contact the vendor to request acceptable documentation. The vendor should either be able to provide an invoice, packing slip, or a written description on their letterhead of what merchandise was purchased as well as the dollar amount of the purchase.

*What do I do if a transaction appears on my statement that I do not believe is mine.*

Contact US Bank - 24 Hour Customer Service – (800)-344-5696 and ask for the Fraud reporting department.

**Attachment – 1  
City of Oak Harbor  
Agreement to Accept the Credit Card and Allowable Use**

The U.S. Bank One Card represents our city’s trust in you. You are empowered as a responsible agent to safeguard city assets. Your signature below is verification that you have read the Credit Card Procedures and Chapter 3.74 of the OHMC regarding Credit Card Use and agree to comply with it as well as the following responsibilities.

1. I understand the card is for city-approved purchases only and I agree not to charge personal purchases.
2. Improper use of this card can be considered misappropriation of city funds. This may result in disciplinary action up to and including termination of employment.
3. If the card is lost or stolen, I will immediately notify the Finance Director and U.S. Bank by telephone. I will confirm the telephone call by e-mail to the Finance Director
4. I agree to surrender the card immediately upon separation of employment, or at the request of the Finance Director. Final paycheck may be held until all outstanding city property has been returned.
5. The card is issued in my name. I will not allow any other person to use the card. I am considered responsible for any and all charges against the card.
6. All charges will be billed directly to and paid directly by the City of Oak Harbor. The bank cannot accept any monies from me directly; therefore any personal charges billed to the credit card could be considered misappropriation of city funds.
7. If certain credit charges are disallowed as a result of audit or city policy, such charge shall be repaid to the city by the employee. Failure to do so will render the employee personally liable where the city shall have a prior lien against and a right to withhold any and all funds payable or to become payable to the employee up to the unpaid amount, plus interest and/or fees at the rate charged by the bank that issued the card. Employee shall not use the credit card if disallowed charges are outstanding.
8. I will receive a Monthly Credit Card Statement, which will report all activity during the statement period. Since I am responsible for all charges (but not for payment) on the card, I will resolve any discrepancies by either contacting the supplier or the bank.
9. The charges made against my card must be supported by detailed receipts (showing what was purchased and when), will be coded to the appropriate BARS#, and forwarded to Finance for payment by the deadline set by Accounts Payable.
10. The act of obtaining a city credit card does not indicate pre-approval of expenditures/expenses. The City Finance Director is authorized to revoke the use of any credit card issued and immediately require the surrender of the credit card.

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Finance Director Signature

\_\_\_\_\_  
Employee Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Finance Director Printed Name

\_\_\_\_\_  
Date

*Reviewed and approved by Approving Manager as evidenced below~*

*Credit Card Limit* \_\_\_\_\_

*Daily Transaction Limit* \_\_\_\_\_  
*(Completed by the Finance Director)*

\_\_\_\_\_  
Approving Manager Signature

\_\_\_\_\_  
Date