

MEETING DATE: 11/10/21

ITEM: 6

AGENDA ITEM SUMMARY

Subject: Changes to the city credit card policy

Background Summary:

The city established a credit card policy back in 2012 per recommendation from our auditors. City staff is recommending making a few changes to this policy. First change is to increase the maximum amount to \$6,000. This doesn't mean that everyone with a card would get a \$6,000 limit, only those that we deem necessary. Second, we would like to eliminate using a city card for meals. We have had some instances where a city card was used to purchase a meal and there was alcohol included, which is not allowed. Eliminating this use would alleviate any issues with this happening again. The employee would simply apply for reimbursement without the alcohol included. And third, we would like to add "city administrator" to the people who can cancel credit card privileges for those who may not be following the rules. I've attached the current policy with the recommended changes highlighted.

CITY OF CHARLES CITY

CREDIT CARD POLICY

Established 2/6/12 Resolution 12-12
Revised 11/15/21 Resolution 132-21

SECTION 1. PURPOSE

This policy lists the procedures for issuance and usage of credit cards in the name of the City of Charles City for purchases related to the operations of city government.

SECTION 2. OBJECTIVES

Credit cards will allow the City of Charles City to:

- A. Conduct business with vendors or service providers who may not accept purchase orders or direct billing payments.
- B. Take advantage of cost-saving opportunities by being able to purchase on the Internet and through catalogs as this practice is much more prevalent than in past years.

SECTION 3. PROCEDURES

The maximum credit limit for each department shall not exceed \$6,000 unless written Justification by the Department Head is approved by the city council. Credit cards shall not carry an annual fee.

Each Department Head will be responsible for distributing City credit cards to employees as needed and will assume responsibility for those employees' expenditures as well. For recordkeeping purposes, Department Heads shall provide the city clerk's office with the number of cards issued to a department and all pertinent information for each card such as bank/company name, bank/company address, credit limit, card number, expiration date and authorized users.

Before receiving and/or using a City credit card, employees must sign a "Acknowledgement of receipt of Credit Card Policy" stating they are aware of their obligations under this program.

Any employee charging through the credit card system is responsible for arranging the sales tax exempt status of the City. Any tax charged due to failure of the employee to arrange for tax exempt status will be the responsibility of the employee.

Credit cards are to be used strictly for official City purposes. Use of the card should be limited to goods and services which cannot efficiently be purchased by methods such as purchase orders or direct billing. Allowable expenditures include but are not limited to:

1. Motel/hotel expenses and guarantee of reservations
2. City vehicle expenses
3. meals (no alcohol or liquor of any type) **WOULD LIKE TO DELETE THIS TO AVOID PROBLEMS**
4. airline reservations
5. car rental
6. registration fees
7. purchases requiring immediate payment where the City is unable to issue a check for the purchase. Purchases require prior approval for non-budgeted items.
8. departmental expenses as approved by Department Heads

Misuse of a City credit card may result in disciplinary action, including termination of employment. Prohibited charges include, but are not limited to, the following:

1. employee's personal or family member's expenses

2. cash advances
3. where payment for goods or services that are procured through competitive bid

To avoid late fees and finance charges, Department Heads are responsible for timely submission of credit card statements with original, detailed itemized receipts for each charge on the statement to the City Clerk's office. Charges not accompanied with a receipt will be the responsibility of the employee and may be withheld from the employee's wages. Repeated occurrences of untimely submission of statements and receipts may result in suspension or cancellation of card privileges as deemed necessary by the City Council, City Administrator or Department Head.

Employees who have City credit cards in their possession shall be responsible for protecting the cards from unauthorized use. Lost or stolen cards shall be immediately reported to the Department Head so the proper procedure can be followed to cancel the card. For recordkeeping purposes, Department Heads shall notify the City Clerk's office of lost or stolen cards and for assistance to cancel cards if necessary.

Prior to changing departments or ending employment with the City, credit cards should be turned into the Department Head and reported to the City Clerk's office. Individuals surrendering credit cards must complete a "Return of Credit Card" form.

Any points, cash back, rewards or other benefits earned on a City credit card account are property of the City.

SECTION 4. SUMMARY

These are overall guidelines for the issuance and usage of Charles City city credit cards. Department Heads may implement more restrictive policies and procedures, but may not adopt any that are less restrictive.

These guidelines and procedures cannot cover every possible situation that may occur in using City credit cards. Common sense and good judgment should always be used when acting as an agent for the City.