

TOWN OF DRYDEN CREDIT CARD POLICY

INTRODUCTION

The Town recognizes the efficiency and convenience afforded the day-to-day operation of the Town through the use of credit cards. However, credit cards shall not be used to circumvent the purchasing and procurement procedures currently in place. In order to facilitate best business practices, the following policy sets forth the procedures for making credit card purchases for the Town.

POLICY

A credit card purchase will not replace the normal purchasing procedures. It will be used in instances where it is not advantageous or cost effective to use the current voucher system (when a vendor will not accept a Purchase Order and we do not have an open account with that vendor). It may also be used for online purchases and registering for conferences, training, hotel reservation guarantees, and emergency purchases necessary to conduct Town business. Credit card privileges may be rescinded at any time at the discretion of the Town Supervisor or the Town Board if policies and/or procedures are not followed. The Bookkeeper and Town Board will audit credit card usage and the cardholders will be personally liable for any unauthorized use that occurs on their credit card.

This policy provides the guidelines under which cardholders may utilize their credit card. All cardholders should read the policy carefully. A cardholder's signature on the Town of Dryden's Cardholder Agreement indicates that the cardholder understands the intent of this process and agrees to adhere to the guidelines set forth in the policy.

~~A master list of credit cards and cardholders will be reviewed during the organizational meeting every year.~~ A master list of the credit cards and cardholders will be kept with the Town Clerk and the Bookkeeper and updated as necessary.

The Town has authorized ~~three~~ four credit cards from a credit card issuer/bank. ~~and Three of the credit cards will each have individual cardholders with a maximum credit limit of \$2,000 on each credit card and one credit card will have a maximum credit limit of \$5,000.~~ Cardholders are authorized by board resolution.

CARDHOLDER RESPONSIBILITIES

- Ensure that card is kept in ~~the vault~~ a secure location when not needed for an immediate purchase
- Ensure availability of funds
- ~~Obtain a purchase order prior to purchase other than for emergency purchases (submit requisition for PO as soon as possible after purchase has been made and provide explanation of emergency situation)~~
- Order and receive materials/services
- Ensure sales tax is not charged on purchases
- Inspect all ordered goods and services ~~to make sure no sales tax has been charged upon arrival to ensure the correct materials arrived or services were performed to satisfaction~~

- Obtain itemized transaction receipts/invoices from the vendor/merchant each time the credit card is used and sign the receipts/invoice certifying that you purchased/received goods and/or services
- Collect and save itemized sales receipts and itemized invoices
- Complete/update the purchasing log each time a purchase is made and attach all required documentation to support purchase
- Match receipts with monthly card statement
- Review monthly card statement for validity of all transactions
- Process all billing statements in a timely manner
- Ensure proper account codes are charged
- Identify disputed charges and contact merchant/vendor to resolve
- Comply with all purchasing and procurement policies and procedures

DEPARTMENT HEAD RESPONSIBILITIES

- Review monthly statement against purchasing log and receipts
- Make sure no sales tax has been charged
- Make sure no items have been back ordered and charged to the card
- Ensure availability of funds in proper account codes
- Approve monthly statement authorizing charges
- Verify appropriateness of account codes (if not sure check with Bookkeeper)
- Comply with all purchasing and procurement procedures and credit card policy

BOOKKEEPER RESPONSIBILITIES

- Monitor charges for proper account codes and fund availability
- Receive consolidated purchasing logs and supporting documentation attached to monthly statement
- Confirm that all charges are authorized by Department Head
- Authorize voucher for payment of all undisputed charges
- Monitor missing documentation and notify the ~~Town Board~~ Department Head
- Notify the Town Board of any violations or discrepancies

TOWN BOARD FINANCE COMMITTEE

- Review monthly credit card vouchers to ensure all listed above responsibilities are followed

~~TOWN BOARD AUDITING RESPONSIBILITIES~~

~~The Town Board will perform audits to ensure that the cardholders and the Department Heads are adhering to proper policies and procedures. Internal audits will include:~~

- ~~• Annual compliance audits of all departments using the credit card. Audit steps will include reviews to ascertain that:

 - Credit cards are used for authorized purchases related to Town business;
 - The Town is not being charged sales tax for goods and services received;
 - Proper documentation is maintained to support credit card transactions;
 - Verify that credit cards are kept in vault when not in use.~~

OWNERSHIP AND CANCELLATION OF CARD

The credit card remains the property of the Town of Dryden. It may not be transferred to, assigned to, or used by anyone other than the designated cardholder. The credit card issuer, the bank or the Town of Dryden may suspend or cancel cardholder privileges at any time for any reason. The credit card shall be used only by the employee or official whose name is embossed on the card or their designee. The cardholder is responsible and accountable for all transactions that occur on his/her card. The cardholder shall be held personally responsible for inappropriate charges.

Upon receipt of the credit card, the cardholder should sign their name on the back of the card or write, "See ID."

LOST OR STOLEN CREDIT CARD

- a. If a credit card is lost or stolen, the cardholder or Department Head must immediately notify the credit card issuer/bank and the Bookkeeper of the loss.
- b. The cardholder will be responsible for reporting all information necessary to reduce the liability to the Town for a lost or stolen card.
- c. Disciplinary action will be taken in the event that the credit card issuer/bank and/or the Bookkeeper are not notified.

TERMINATION OF EMPLOYMENT

When an employee or official ends his or her employment with the Town, they must turn his/her credit card in to his/her Department Head ~~who will then turn it in to~~ or the Bookkeeper so that it ~~may be destroyed~~ can be transferred to the new employee or official. ~~The Bookkeeper must then submit the destroyed credit card to the credit card issuer/bank so that they can cancel the card.~~

If the Department Head or Bookkeeper is unable to collect the credit card when the employee or official terminates employment, ~~he/she must notify~~ the Bookkeeper ~~who~~ will notify the credit card issuer/bank that the card must be cancelled immediately.

COMPLIANCE WITH POLICY, Violations and Consequences

Violations of this policy regarding the purchase of supplies or services for lawful and proper Town charges may result in one or more of the following actions: written warning, revocation of credit card privileges, disciplinary action up to and including termination and/or criminal prosecution. Any illegal or unauthorized expense or improper use of a credit card shall require payment by the employee or official that incurred the expense. Human error may be taken into consideration when investigating any violation to this agreement. The Town Board will take action as deemed appropriate, and as permitted by applicable law and/or Town of Dryden policy.

Credit Card Violations include but are not limited to:

- Exceeding credit card limit
- Failure to keep the credit card in ~~the vault~~ a secure location at times when it is not required to make an immediate purchase

- Failure to report a lost or stolen card
- Allowing unauthorized users to use credit card
- Purchase of alcoholic beverages with credit card
- Failure to submit proper documentation, itemized receipts/invoices, and purchasing log in a timely manner
- Using the credit card for purchases which solely benefit the cardholder
- Credit card transactions listed in “Prohibited Uses of Credit Card”

Prohibited Uses of Credit Card

- Purchase of items for personal use
- Use of credit card for cash advances/cash back on purchases/refunds
- Use of the credit card for any product, services or with any merchant considered to be inappropriate for Town funds
- Making inappropriate, excessive or undocumented purchases

PROCEDURES FOR MAKING AND PAYING FOR PURCHASES

When using the credit card, the cardholder will make the purchase at the best possible price utilizing local businesses whenever possible.

1. MAKING A PURCHASE

- ~~a. Submit a requisition for a purchase order to the Bookkeeper.~~
- b. Inform vendor/merchant that purchase is tax exempt.
- c. Make sure items are shipped/delivered to the Town of Dryden only or to one of the Recreation areas. Delivery to an employee or official's home address is forbidden.
- d. Ensure that the card will not be billed until order is shipped. Back ordered items should not be charged to the card.

2. DOCUMENTATION OF PURCHASE

- a. When a purchase is made, the cardholder must obtain the customer's signed copy of the charge slip in addition to the detailed invoice/receipt. The charge slip or related cash register slip/receipt must show in sufficient detail the type and number of items purchased with the unit cost along with the name of the vendor/merchant and the date of purchase.
- b. The cardholder will retain the signed charge slip and detailed invoice/receipt until they have reconciled them against the monthly statement.
- c. The purchasing log must be completed for each purchase made. The log must document the purchase date, vendor/merchant name, items purchased, purpose and the cost.
- d. If food or other items are purchased for a meeting, indicate what the meeting was for and who was at the meeting.

3. TELEPHONE/FAX ORDERS

When placing a telephone order, the cardholder must confirm the vendor will charge the credit card when the item is shipped. Ask the vendor to fax an itemized copy of the

order (including shipping costs) or invoice as soon as possible. Ensure that the vendor knows the Town is exempt from paying sales tax.

4. ONLINE PURCHASES

When placing an online order, the cardholder must confirm the vendor will charge the credit card when the item is shipped. Print a copy of the itemized order so there will be a record of the entire order including shipping cost. Ensure the vendor knows that the Town is exempt from paying sales tax.

5. MISSING DOCUMENTATION

If for some reason the cardholder does not have documentation of the transaction to send with the purchasing log, the cardholder must try to obtain a copy and if this is not possible, a description of the purchase must be attached. The description will include a description of each item, the number of items purchased, the unit cost, the date of purchase, the vendor's name and why there is no supporting documentation. Continued incidents of missing documentation shall result in the cancellation of the employee or official's credit card.

6. STATEMENT AND PAYMENT PROCEDURES

- a. The statement will be reviewed and reconciled by each cardholder or their designee who has purchases listed for that month. The cardholder must review the statement and note any errors or disputes and will be responsible for taking care of them and documenting them. All supporting documentation should be attached to the purchasing log and the log should be attached to the statement.
- b. The Department Head shall review and approve the statement. By signing the statement, the Department Head is certifying that all charges are appropriate, funds are available, and payment is authorized based on the attached receipts/invoices and purchasing log.
- c. Once all reviews are completed, a voucher is created and the statement with all supporting documentation attached is forwarded to the Bookkeeper for review.
- d. The Bookkeeper will ensure that all supporting documentation is attached and signed and that it is duly authorized for payment. Any discrepancies will be noted and discussed with the Department Head.

DISPUTES

- If items purchased with the credit card are defective, the cardholder must return the items to the vendor/merchant for replacement or credit (no cash refunds). If the service paid for with the card is faulty, the vendor must be notified and asked to correct the situation or provide a credit (no cash refunds). If the vendor refuses to replace or correct the faulty item or service, the purchase will be considered to be in dispute.
- It is essential that the timeframes and documentation requirements established by the credit card issuer be followed to protect the cardholder's rights in a dispute.
- The cardholder contacts the vendor/merchant about the transaction and supplies the necessary information to begin the resolution process; and only if a resolution can not be reached, the cardholder contacts the card issuer/bank. The bank will then place the transaction into a dispute status.

- A disputed item must be explained with a note on the cardholder's purchasing log and noted on the statement before the statement is forwarded to the Bookkeeper for payment.

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Revisions made 3/2/23 – NOT APPROVED YET