

ORDINANCE NO. 2019 - 4

AN ORDINANCE AUTHORIZING THE ADOPTION OF A MUNICIPAL CREDIT CARD POLICY AS REQUIRED BY HOUSE BILL 312 AND DECLARING AN EMERGENCY

WHEREAS, HB 312 requires political subdivisions to follow procedures for the use of credit card accounts, including adopting a policy, conducting a periodic review, and in some cases providing itemized receipts to the political subdivision; and

WHEREAS, HB312 requires political subdivisions to adopt a policy before first holding a credit card account or, if a political subdivision holds a credit card account on the act's effective date, to adopt a policy within three months after that date.

WHEREAS, the attached policy is intended to comply with the mandates of Sub HB 312 enacted by the 132<sup>nd</sup> General Assembly.

NOW, THEREFORE BE IT ORDAINED, by the Council of the City of Parma Heights, County of Cuyahoga and State of Ohio:

Section 1. This Council authorizes the attached Credit Card Policy which has been recommended by the Director of Finance to bring the city into compliance with state law, which is attached hereto and incorporated herein as Exhibit "A".

Section 2. This Council finds and determines that all formal action of this Council concerning and relating to the adoption of this Ordinance were taken in an open meeting of this Council and that all deliberations of the Council and of any of its Committees comprised of a majority of the members of the Council that resulted in those formal actions were in meetings open to the public, in compliance with the law.

Section 3. This Ordinance is declared to be an emergency measure necessary for the immediate preservation of the public health, safety and welfare of said City and for the further reason it is necessary to enact a credit card policy in compliance with state law; wherefore, this ordinance shall be in full force and effect from and immediately after its passage by Council and approval by the Mayor.

PASSED: 2-11-2019

  
PRESIDENT OF COUNCIL

ATTEST: Florence A. Bohdan

2-11-2019  
APPROVED

FILED WITH  
THE MAYOR: 2-11-2019

  
MAYOR

# CITY OF PARMA HEIGHTS, OHIO CREDIT/PURCHASING CARD POLICY

## CITY OF PARMA HEIGHTS CITY-ISSUED CREDIT/PURCHASING CARD POLICY

### **A. Purpose.**

The purpose of this policy is to ensure that City issued credit cards and/or purchase cards (such as Home Depot, VISA, Mastercard, Discover) are closely monitored to provide for maximum security and to guard against misuse and/or losses for which the City may be held liable. This policy is meant to comply with the mandates of Sub HB 312 enacted by the 132<sup>nd</sup> General Assembly. City use includes cases where a purchase order is not accepted for needed services, supplies and/or materials, or are purchased from a vendor who issues a purchase card to be used in conjunction with a purchase order. The City-issued cards are NOT for personal use, and will not be permitted to be carried by personnel on a regular basis for any reason. All City credit cards shall be issued in the name of the "City of Parma Heights, Ohio"; or issued jointly in an individual City Employee name and "City of Parma Heights", as may be required by the credit card issuing agency.

### **B. General Guidelines.**

City credit cards and/or purchase cards are to be kept in the control of the Director of Finance or his/her designee, who will secure the cards in a safe, or in a locked cash box in a secure office.

The Director of Finance shall keep a master list of all employees who are permitted to use City credit cards, along with each employee's title, and a master list of cards (and the names that appear on each card, if applicable) within the department. A copy of both master lists must be on file with the Finance Department and must remain current. All City employees authorized to use a City credit card and/or purchase card must sign the Credit/Purchasing Card Policy acknowledging statement.

A log of the card name showing date, sign out time, sign in time, signature of person using the card, and valid purchase order number is to be kept by the Finance Director or designee. The Director of Finance, or designee must initial each entry on the log indicating approval of the card's use and the purchase. Anyone needing to use a card must go to the Director of Finance,

or designee holding the card and sign the card in and out on this log.

Regular purchase order policy and procedures must be followed whenever you anticipate using the card. Every purchase using any card must have a valid purchase order assigned to it before the purchase is legal. The purchase order must contain the vendor and provide descriptions, account numbers and estimated dollar amounts. No purchase shall exceed a spending limit of Five Hundred Dollars and No Cents (\$ 500.00) without the express written consent of the Director of Finance or designee. This will assure that sufficient appropriations exist to cover the anticipated charges. Once an invoice is received, simply return a copy of the P.O. along with the receipts you have accumulated, directly to the Finance Department, to complete the transaction.

### **C. Finance Director Responsibilities.**

#### **1. Determining who should receive a card.**

The Finance Director or designee should review, approve, and determine when a credit card account will be opened. Cards may be signed out to City employees only.

#### **2. Retrieving cards from employees.**

The Credit and/or Purchase Card must be returned to the Finance Director at the conclusion of the purchase; and no later than the close of business on the day the card is signed out; unless prior arrangements are made with the Finance Director or designee.

### **D. Overseeing appropriate use of the card.**

The Finance Director or designees will:

- a. Review the all credit card transaction and management reports to ensure that the cards are being used appropriately.

### **E. Ensuring documentation requirements are met.**

The Finance Director or designees will:

- a. Ensure necessary detail and documentation are provided on all transactions.
- b. Ensure that itemized receipts and card statements are retained and kept

in accordance with the City's Records Retention Schedule.

**F. Rules and Procedures for Use.**

The card is for City business expenses only. It **must not** be used for personal purchases.

The card may only be used by the City employee having signed out the card.

Itemized receipts must be obtained for all transactions.

Pyramiding - i.e., dividing one purchase into two or more, in order to stay within your transaction limit - is not allowed.

City credit/purchasing cards may not be used to receive cash advances.

Personnel using City credit/purchasing cards are responsible for resolving discrepancies and ensuring credits are received.

Personnel using City credit/purchasing cards may not receive cash back or in-store credits for any refunds or exchanges. Such amounts must be credited to the credit card account. If a supplier mistakenly issues a refund check, it must be submitted to the Budget and Finance Department within five days of receipt by the cardholder.

Cardholders should not pay Ohio sales tax. The cardholder must tell in-state suppliers the City is exempt from Ohio sales tax. A copy of the City's Tax Exempt Certificate is available if the supplier needs to see it.

If grant funds are being charged, City credit/purchasing card users are responsible for seeing that all granting agency requirements are fulfilled.

Personnel using City credit/purchasing cards may not make purchases that violate City policy restricting business transactions that may be perceived as a conflict of interest (purchases from a business in which you or a relative have a financial interest).

**G. Documentation Requirements.**

Employees should always obtain an itemized receipt for each transaction. If a cash

register tape does not have descriptions, write them on the tape. Any transaction without a properly substantiated receipt is subject to reimbursement of the City by the employee.

A receipt is defined as an invoice, cash register receipt, sales slip, or packing slip which contains an itemized list of goods purchased, with dollar amounts, and the name and location of the supplier. An employee of the supplier must sign handwritten receipts.

**A. Purchases Made in Person**

Retain the itemized receipt in addition to the credit card copy to properly substantiate the purchase.

**B. Faxed or Mailed Purchases**

Retain a copy of the order as faxed or mailed and the fax confirmation (if available) for your records.

**C. Internet Purchases**

At least one of the following types of documentation is required:

- Print out of the completed online order form;
- Print out of the online order confirmation; or
- Print out of the e-mail confirmation.

The user must immediately advise the Finance Director if a card is damaged, lost, stolen or the subject of suspected fraudulent activity.

**H. Preventing Fraud**

Personnel using City credit/purchasing cards should use basic security measures, as outlined below, to guard against fraud:

- A. DO** Keep the card in a secure location; guard the card number carefully.
- B. DO** Save receipts and statements in a secure area (they may contain your card number).
- C. DO** Keep an eye on the card during the transaction, and retrieve it as

soon as possible.

- D. **DO** Always know where the City credit/purchasing card is. If you can't find the card, assume the worst: Notify the Director of Finance so that the account can be canceled.
- E. **DO** Be aware of what you are signing: Your signature can copy through to other slips deliberately placed underneath.
- F. **DO** Audit your monthly statement closely. Make sure all charges shown are legitimate charges.
- G. **DO** Visit reputable, familiar merchants whenever possible.
- H. **DO** Report possible fraud immediately.
- I. **DO NOT** Discard credit card slips in public areas, or discard them whole. Thieves can acquire your card number from receipts, slips and statements.
- J. **DO NOT** Lend the City credit/purchasing card to anyone; including another City employee.
- K. **DO NOT** Give your card number to anyone over the phone unless you know you are dealing with a reputable vendor.

## **I. Unauthorized Purchases**

No City credit card account may **not** be used to purchase the following items:

- a. Personal items.
- b. Alcohol and entertainment.
- c. Controlled substances requiring a DEA license.
- d. Employee relocation and relocation-related expenses.
- e. Purchases that involve signing an agreement, license, or contract (e.g., leases).
- f. Long term rentals (1 year or longer).

- g. Weapons or ammunition; unless purchased by Police Department for official Police Department operations.
- h. Donations.
- i. Fuel for a privately-owned vehicle or aircraft.
- j.

**J. Inappropriate Use of Cards**

Employees using City-issued cards are responsible for safeguarding the card. If inappropriate use of the card is discovered, disciplinary action up to and including discharge from employment is possible. In the event of fraudulent use, the City may pursue legal prosecution.

Improper costs associated with prohibited purchases will be collected by requesting the employee voluntarily repay the City, by the employee voluntarily agreeing to a payroll deduction or by any legal action available to the City.

Upon the first notice of suspected credit card abuse, the Department Head should immediately advise the Director of Finance and consult with the Law Department. Budget and Finance will initiate and coordinate an investigation of the suspected credit card abuse. The employee shall be given an opportunity to respond to the allegations being investigated.

Following the interview with the employee and completion of the investigation, the Director of Finance shall issue a final written report to the Mayor, Law, Department and Human Resources Department.

**K. Employee Acknowledgment**

I have read the forgoing Credit/Purchasing Card Policy and acknowledge that I understand it and will abide by its mandates.

\_\_\_\_\_  
 Signature  
 Print Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

\_\_\_\_\_  
 Date