

RESOLUTION #19-02-19-A

A RESOLUTION AMENDING THE CITY OF FERNDALE'S FINANCIAL MANAGEMENT POLICIES REGARDING CREDIT CARD USE

WHEREAS, the City of Ferndale first adopted financial management policies in 2005; and

WHEREAS, the City desires to enact financial management policies that will provide guidance on management of the City; and

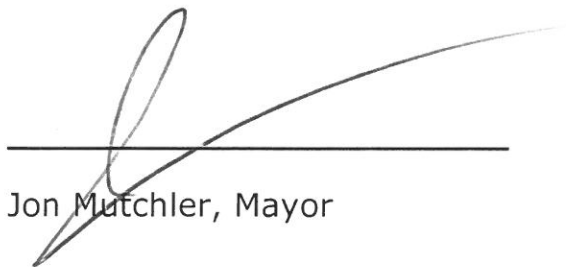
WHEREAS, the City desires to update and clarify Element #8, Credit Card Use, of the financial management policies;

NOW THEREFORE THE CITY COUNCIL OF THE CITY OF FERNDALE DO RESOLVE:


Section 1. Element #8 of the City of Ferndale's financial management policies is hereby adopted per Exhibit 1, and replaces the previously-adopted policy regarding credit card use.

PASSED by the Council of the City of Ferndale, Washington, on this 19th day of February, 2019

ATTEST:



Jon Mutchler, Mayor



Susan Duncan, CMC, City Clerk

EXHIBIT 1

Financial Management Policies *Element#8*

CREDIT CARD POLICY

GENERAL FINANCE PROVISIONS

The purpose of this policy is to establish guidelines for the City of Ferndale to provide for the issuance of charge cards to officers and employees for the purpose of covering expenses incident to authorized travel and enabling a cost-effective, convenient and streamlined method of purchasing items. Reports on cardholder activity enable the City of Ferndale to capture information necessary to better manage City of Ferndale purchasing activities.

Authority

The City of Ferndale is authorized to use credit cards as set forth in RCW 43.09.2855 for official City of Ferndale purchases and acquisitions and pursuant policies and procedures adopted by the City of Ferndale Finance Department.

Definitions

Credit Card

The Finance Director, with the approval of the City Administrator, may issue a credit card to an individual who meets the following conditions:

- a) He or she is an employee at the City of Ferndale, and
- b) Said employee agrees to be held liable to the credit card company for all charges while conducting official City of Ferndale business.

Exceptions may be made by the City Finance Director or the City Administrator. Individual credit cards may not be in the name of a contractor, contract employee, or non-permanent City of Ferndale employee.

Procedures for Obtaining Credit Cards

1. The City of Ferndale may establish a credit card in the name of a City of Ferndale employee with a financial institution provider for City of Ferndale business use only. The City of Ferndale employee must receive monthly statements from the financial institution provider. More than one card may be obtained for various accounts.
2. The Finance Department shall establish procedures and forms for implementing and monitoring a credit card purchasing program through a financial institution provider that includes, but is not limited to, the following:

- (a) A dollar limitation on the credit card;
- (b) A dollar limitation of purchasing authority assigned to the cardholder per transaction made with the credit card;
- (c) A dollar limitation of purchasing authority assigned to the cardholder for the total of all charges made during each monthly billing cycle
- (d) Merchant category blocking.

Authorized Card Use

1. Cardholders are authorized to use the card to purchase merchandise or services required as a function of their duties at the City of Ferndale. This includes the purchase of food and/or non-alcoholic beverages for business meetings and public events. Unauthorized and/or inappropriate card use is addressed in the next section of this procedure.
2. A purchase made with a credit card may be made in-store, by telephone, fax, internet or U.S. mail. A purchase order is required per established Finance Department procedure. **All purchases that are not picked up in-store should be shipped directly to City facilities, unless prior authorization for a home delivery is given by the Department Head, City Administrator, or Mayor.**
3. If a credit card is issued for the purpose of covering expenses relating to authorized travel, upon billing or no later than thirty days of the billing date, the officer or employee using a credit card issued under this section shall submit a fully itemized travel expense voucher. Any charges against the credit card not properly identified on the travel expense voucher shall be paid by the official or employee by check or salary deduction. Any air miles, rewards, or other user incentive earned from credit card use become the property of the City.
4. All expenditures are contingent upon the City Administrator's approval of the monthly statement of transactions. If an expenditure is deemed inappropriate, the assigned credit cardholder will be responsible for reimbursing the City.

Unauthorized and/or Inappropriate Card Use

1. Credit cards must never be used to purchase items for personal use or for non-City of Ferndale purposes, even if the cardholder intends to reimburse the City of Ferndale.

Unauthorized and/or inappropriate card use includes, but is not limited to:

- (a) Items for personal use.
- (b) Items for non-City of Ferndale purposes;
- (c) Cash or cash advances;
- (d) Alcoholic beverages;
- (e) Weapons of any kind or explosives (except authorized Police Department purchases)

- (f) Relocation expenses;
- (g) Personal entertainment; and
- (i) Recreation.

Accidental Use

1. In the event of accidental use of a City credit card, the cardholder will reimburse the City for the full purchase price, plus any applicable fees, within five (5) days of the accidental use, or notification by the Finance Department of the accidental use.

Disciplinary Action

1. A cardholder who makes an unauthorized purchase with the card or uses the card in an inappropriate manner will be subject to revocation of the credit card and disciplinary action including restitution to the City of Ferndale for unauthorized purchases, possible card cancellation, possible termination of employment at the City of Ferndale and criminal prosecution.
2. If any item purchased with a credit card is not acceptable, arrangements must be made for a return for credit or an exchange. A cash refund or check is prohibited unless the vendor insists that a refund must be by cash or check, then the funds must be deposited immediately with the City of Ferndale.
3. If, for any reason, disallowed charges are not repaid before the charge card billing is due and payable, the City of Ferndale shall have a prior lien against and a right to withhold any and all funds payable or to become payable to the official or employee up to an amount of the disallowed charges and interest at the same rate as charged by the company which issued the charge card. Any official or employee who has been issued a charge card by the City of Ferndale shall not use the card if any disallowed charges are outstanding and shall surrender the card upon demand of the City Finance Director or auditing officer. The City of Ferndale shall have unlimited authority to revoke use of any charge card issued under this section, and, upon such revocation order being delivered to the charge card company, shall not be liable for any costs.

Responsibility and Accountability

It is the responsibility of each individual cardholder to:

1. Safeguard the credit card and credit card account number at all times; lost or stolen credit cards must be reported immediately to the credit card agency and the City of Ferndale Finance Department;
2. Keep credit card in a secure location at all times;
3. Not allow anyone to use the credit card and/or credit card account number who is not authorized to do so;

4. Obtain and retain original itemized receipts for goods and services purchased. The purpose of the charge and the name of the individual involved must be written clearly on the receipt by the cardholder. All forms of canceled checks and copies of credit card bills do not substitute for original receipts. An employee may be allowed to file an affidavit (Attachment A) in lieu of a receipt if the original receipt is lost or a receipt is not obtained;
5. Review in a timely manner monthly statements from the financial institution provider for accuracy and ensuring all transactions posted are legitimate transactions made by the cardholder. Receipts and/or packing slips and the customer's copy of the charges must be attached to the monthly statement. The authorized user of the credit card must sign the statement that the goods have been received;
6. Submit the statement and documentation in a timely manner to the Finance Department for payment processing;
7. Surrender the credit card and corresponding support documentation to the Finance Department upon separation from the City of Ferndale;
8. Take any other steps necessary to ensure that the credit card is used only for authorized purposes.
9. Sign a Credit Card User Agreement (Attachment B) upon issuance of the credit card.

Periodic Reviews

The City of Ferndale Finance Department shall conduct periodic reviews for proper card use. Credit card records will be audited from time to time.

ATTACHMENT A
AFFIDAVIT OF LOST OR DESTROYED RECEIPT

Name: _____

Position: _____

Last four digits of Card Number: _____

I declare on oath, that the original receipts for the transaction dated _____ in the amount of _____ from _____ has been lost or destroyed. The vendor has been contacted and is not able to provide a duplicate receipt for this purchase. Please accept the detail of the transaction below in lieu of an itemized receipt for this transaction.

I understand that falsification of the itemization of this purchase constitutes an act of fraud.

ITEM(S) PURCHASED	AMOUNT

Please list each item on a separate line. Use a supplemental sheet if necessary.

Signature _____

Date _____

Finance Director Signature _____

Date _____

ATTACHMENT B

CREDIT CARD USER AGREEMENT

I, _____, as an employee of the City of Ferndale accept personal responsibility for the safeguard and proper use of the City credit card # _____ which has been assigned to me for use in performance of my job, in accordance with the terms outlined below.

Credit cards may be used for travel related business expenses (within and outside the City), and conference/class registrations incurred by the assigned individual only.

Credit cards may be used for purchasing department supplies up to \$ _____.

I have read and understand the credit card policies and procedures as set out in Resolution # _____ and the Credit Card Policy.

I understand the City Administrator will disallow my use of a City credit card for violation or misuse of the credit card and/or credit card policies and procedure and that such violation or misuse may subject me to discipline, including termination, under the City's Personnel Policies.

I understand that each time I use, or authorize the use thereof, that I am adhering to the following statement:

"I hereby certify under penalty of perjury that this is a true and correct claim for necessary expenditures incurred by me and that no payment has been received by me on account thereof."

I understand that I will be held personally liable for inappropriate charges I incur to the City credit card, and payment for any such inappropriate charges is hereby authorized to be withheld from my paycheck.

The undersigned individual has read and understands the above statements.

Employee

Date