

# BAINBRIDGE ISLAND METRO PARK & RECREATION DISTRICT

## Credit Card Procedure

Administrative Division — Accounting Department

### **Purpose**

This procedure outlines the use and management of credit cards. A Park District credit card can make it possible to obtain many goods faster and easier. However, the use of a credit card creates some administrative and control issues so therefore certain procedures must be followed to ensure that the Park District funds are used appropriately.

### **Scope**

This procedure applies to employees who use, process, or manage Park District credit cards.

### **Definitions**

None

### **Procedure**

#### **RCWs Pertaining to Credit Card Use by Government Entities**

RCW 43.09.285, 42.24.080 and 42.24.115:

- Cash advances are prohibited.
- Employees must be held financially responsible for unauthorized purchases (unauthorized purchases also include purchases without proper documentation).
- The Park District has unlimited authority to revoke use of a credit card.
- The Park District is required to audit all charges and determine that they are valid cost of the Park District.

RCW 43.09.285

- Describes requirements for local government use of credit cards.

RCW 42.24.080

- Municipal corporations and political subdivisions
- Claims against for contractual purposes.

- Auditing and payment
- Forms
- Authentication and certification

RCW 42.24.115

- Describes requirements for local government use of credit cards for travel expenses.

### **Overview and Controls**

Only those employees that are authorized by the Administrative Division Director may use the credit card. The credit card is to be used for job related purchases and authorized travel.

Each employee that uses the credit card must read these procedures and take any training currently in use by the Park District in order to use a credit card.

Each department will have a credit card issued for their use. Each department will assign an employee (Credit Card Coordinator) to be responsible to monitor the card usage, gather receipts, reconcile, and turn the receipts and statement into Accounts Payable by the due date.

Statements are generated on or about the 25<sup>th</sup> of each month. The Credit Card Coordinator (CCC) can go online and print a statement or wait for the paper copy to come in the mail. The CCC will receive a username and password from the Administrative Division Director for online access.

All statements must be submitted to Accounts Payable with all the backup documentation and receipts by the 1st of each month. This is critical so late payments can be avoided. If statements are turned in late, the card will be deactivated until the statement is received. If the statement has receipts that are not appropriate the card will be deactivated until the proper receipt is received or payment is made by the employee that did not provide the appropriate receipt.

Each credit card has daily limits and single transaction limits. Generally, the daily limit and per transaction limit is \$5,000. Any deviation must be approved by the Administrative Division Director. Temporary changes can be made for special purchases. Each credit card has different overall limits based on the needs of each department. Contact the Administrative Division Director for information.

Certain vendors are blocked at the administrative level and charges will not be able to be made. This includes fast-food restaurants.

### **Responsibilities of the Credit Card Coordinators (CCC)**

*Every use of the credit card must have a corresponding itemized receipt. If the receipt is lost, the purchaser should contact the merchant immediately to obtain one.*

1. Each receipt should be signed by the purchaser, so it is verified that the purchase was for valid Park District business. A short description of the purchase should be added e.g.: supplies to repair picnic tables.
2. Tape small or odd size receipts to an 8.5" x 11" piece of paper.

3. Print the statement from the website or use the paper copy mailed to you.
4. Stamp the receipts in a location that does not obscure the receipt information.
5. Have the receipt coded and approved by the Division Director.
6. A binder will be maintained for each credit card and will include a sign-in/out sheet, copies of the monthly statements and copies of all receipts and be available for review by the Administrative Division Director, Division Director, or State Auditor.
7. Make a copy of the receipt and statement for your binder.
8. If there is a missing receipt, contact the purchaser immediately. (You should be able to determine who did not turn the receipt in by reviewing the credit card check-out log)
9. If you believe the charge is fraudulent, immediately dispute the charge on the credit card website. Print a copy of the dispute and attach it to the statement and keep a copy in your binder.
10. If you are unable to obtain an appropriate receipt from an employee, notify the employee's Division Director and the Administrative Division Director immediately.
11. Notify the Division Director and Administrative Division Director if inappropriate charges are made.
12. Periodically check to see if all users have taken the appropriate training.
13. Manage the credit card binder in an organized manner.
14. Ensure that the credit card is appropriately secured when not in use by an employee.
15. Turn in all receipts received and the monthly statement to Accounts Payable by the 1st of each month.

#### **Responsibilities of Accounting Department**

1. The Accounting Department will forward the statements received to the CCC upon arrival.
2. All statements with the appropriate back-up documentation received on the 1st of the month will be processed on the next scheduled voucher run.
3. The Accounting Department will notify the CCC immediately if any receipt or documentation is unacceptable or if additional information is needed.

#### **Responsibilities of Employees Using the Credit Card**

1. Every use of the credit card purchase must have an itemized receipt. The receipt should meet the following requirements:
  - a. Have a description of items purchased.
  - b. Amount of purchase
  - c. Sales tax paid
  - d. Indication of the form of payment (e.g., credit card)
  - e. Must be original (fax copies are unacceptable)
  - f. Signed by the employee.
2. If the receipt is lost the employee should immediately contact the vendor for a replacement.

3. Receipts should be turned in immediately and left with the CCC when returning the credit card to the binder.
4. The employee should sign the credit card log when taking the credit card. The vendor and purpose of the intended purchase should be on the credit card log.
5. The credit card should never be taken home overnight unless specifically authorized by the Division Director (e.g., travel for business related purposes).
6. Meals and utilities should never be paid for with a credit card.
7. Auto fuel should never be purchased for a personal vehicle. When driving a Park District vehicle, fuel should be obtained from the Fire District unless one is traveling outside the region. When traveling outside the region with a Park District vehicle or rental car fuel can be purchased when needed with a Park District credit card. It is never appropriate to purchase fuel for a personal vehicle with Park District funds. Employees will turn in an expense report and receive reimbursement for mileage when using a personal vehicle for Park District purposes.
8. If it is possible to obtain an invoice and pay through the normal voucher system, the credit card should not be used (the voucher system is preferred because it is easier to track which vendors the Park District is utilizing).
9. If the purchase is a mail or phone purchase and the receipt is not immediately received, note that on the credit card log, and then forward the receipt to the CCC with an explanation as soon as the receipt is received.
10. For subscription payments, turn in the original subscription form or renewal form.
11. For travel expenses always attach some indication of why the travel took place (e.g., proof of attendance at a seminar).
12. Internet orders should only be placed with reputable merchants who provide a secure ordering site.
13. If additional documentation is requested by the Accounting Department or Kitsap County, the employee will follow up immediately.
14. The policies and procedures regarding food and travel purchases apply to the credit card and all the appropriate documentation should be attached.
  - a. Food purchases: Food purchases on the credit card are only allowed for classes, volunteer work parties, and certain meetings and events. A sign-in sheet, roster, or public invitation should be attached to the receipt.
  - b. Meals at restaurants should never be purchases with a Park District credit card.

#### **Responsibility of the Administration Division Director**

1. Monthly review of the overall credit card transactions to ensure all purchases are appropriate and to ensure that payments are being made timely.
2. Notification to the Division Director if inappropriate charges are made.
3. Obtain payment from the employee either by check or through payroll deduction if an inappropriate charge is made or the proper documentation is not received within 30 days of the credit card charge.
4. Communicate the procedures either in writing or orally.

5. Assign late fees to the appropriate department.
6. Inactivate a credit card if procedures are not being followed.
7. Keep updated on the State Auditor's requirements and recommendations regarding credit card usage as well as all applicable laws.

#### **Responsibilities of the Division Director**

1. If notified that employees are not following the procedures the Division Director will discuss the problems with the employee in a timely manner.
2. Determine who in their department may use the credit card and ensure the employee completes the appropriate training.
3. Ensure that employees understand the procedures and their responsibilities.