

**Bainbridge Island Metropolitan Park & Recreation District  
District credit card procedures**

**OUTLINE**

|   |                        |
|---|------------------------|
| <b>RCW's pertaining to the use and management of credit cards</b> | <b>Page 1 - 2</b>      |
| <b>Overview Controls</b>  | <b>Page 3</b>          |
| <b>Responsibility of the Credit Card Coordinator</b>              | <b>Page 3 - 4</b>      |
| <b>Responsibility of the Accounts Payable Department</b>          | <b>Page 4</b>          |
| <b>Responsibility of the Credit Card User</b>                     | <b>Page 4 - 5</b>      |
| <b>Responsibility of the Finance Manager</b>                      | <b>Page 5</b>          |
| <b>Responsibility of the Division Director</b>                    | <b>Page 6</b>          |
| <b>Acceptance Agreement</b>                                       | <b>Page 7</b>          |
| <b>Attachment</b>   | <b>credit card log</b> |

A 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 District funds are used appropriately.

**Overview of 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 District has unlimited authority to revoke use of a credit card
- The District is required to audit all charges and determine that they are a valid cost of the District

**RCW 43.09.2855 describes requirements for local government use of credit cards**

“(1) Local governments, including counties, cities, towns, special purpose districts, municipal and quasi municipal corporations, and political subdivisions, are authorized to use credit cards for official government purchases and acquisitions.

(2) A local government may contract for issuance of the credit cards.

(3) The legislative body shall adopt a system for:

- a. The distribution of the credit cards;
- b. The authorization and control of the use of credit card funds;
- c. The credit limits available on the credit cards;
- d. Payment of the bills; and
- e. Any other rule necessary to implement or administer the system under this section.

(4) As used in this section, "credit card" means a card or device issued under an arrangement pursuant to which the issuer gives to a card holder the privilege of obtaining credit from the issuer.

(5) Any credit card system adopted under this section is subject to examination by the state auditor's office pursuant to chapter 43.09 RCW.

(6) Cash advances on credit cards are prohibited."

## **RCW 42.24.080**

### **Municipal corporations and political subdivisions - Claims against for contractual purposes - Auditing and payment - Forms - Authentication and certification■**

(1) All claims presented against any county, city, district or other municipal corporation or political subdivision by persons furnishing materials, rendering services, or performing labor, or for any other contractual purpose, shall be audited, before payment, by an auditing officer elected or appointed pursuant to statute or, in the absence of statute, an appropriate charter provision, ordinance or resolution of the municipal corporation or political subdivision. Such claims shall be prepared for audit and payment on a form and in the manner prescribed by the state auditor. The form shall provide for the authentication and certification by such auditing officer that the materials have been furnished, the services rendered, the labor performed as described, or that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim is a just, due and unpaid obligation against the municipal corporation or political subdivision. No claim shall be paid without such authentication and certification.

(2) Certification as to claims of officers and employees of a county, city, district or other municipal corporation or political subdivision, for services rendered, shall be made by the person charged with preparing and submitting vouchers for payment of services. He or she shall certify that the claim is just, true and unpaid, and that certification shall be part of the voucher.

### **RCW 42.24.115 describes requirements for local government use of credit cards for travel expenses**

"(1) Any municipal corporation or political subdivision may provide for the issuance of charge cards to officers and employees for the purpose of covering expenses incident to authorized travel.

(2) If a charge 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 charge card issued under this section shall submit a fully itemized travel expense voucher. Any charges against the charge card not properly identified on the travel expense voucher or not allowed following the audit required under RCW 42.24.080 shall be paid by the official or employee by check, United States currency, or salary deduction.

(3) If, for any reason, disallowed charges are not repaid before the charge card billing is due and payable, the municipal corporation or political subdivision 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 a municipal corporation or political subdivision shall not use the card if any disallowed charges are outstanding and shall surrender the card upon demand of the auditing officer. The municipal corporation or political subdivision 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."

## **DISTRICT PROCEDURES**

### **OVERVIEW AND CONTROLS**

Only those people that are authorized by the Finance Manager may use the credit card. The card is to be used for job related purchases and authorized travel.

Each person that uses the credit card must sign the credit card acceptance agreement.

Each department will have a credit card issued for their use. Each department will assign an employee (Credit Card Coordinator) to be responsible for monitoring 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 Finance Manager 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 \$2000. Any deviation must be approved by the 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 Finance Manager for information.

Certain vendors are blocked at the administrative level and charges will not be able to be made. These include liquor stores and fast-food restaurants.

### **Responsibilities of the Credit Card Coordinators (CCC) -Reconciling the transactions to the statement**

***Every use of the 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 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 8x11 page.
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 department supervisor.
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 available for review by the Finance Manager, 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 Division Director and the Finance Manager immediately.
11. Notify the Division Director and Finance Manager if inappropriate charges are made.
12. Maintain updated copies of employee credit card acceptance agreement.
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 AP by the 1st of each month.

#### Responsibilities of the Accounts Payable/Finance

1. The Accounts Payable department will forward the statements received to the CCC upon arrival.
2. All statements with the appropriate back up documentation received on the 1st will be processed on the next scheduled voucher run.
3. The Accounts Payable department will notify the CCC immediately if any receipts 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. If the receipt is emailed, the email should be attached to the receipt
  - g. 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 card. The vendor and purpose of the intended purchase should be on the credit card log.
5. The 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. Fuel should be purchased from the Fire District in all cases, except when traveling with a District vehicle or rental car. In this case prior authorization from your supervisor should be obtained to purchase fuel with the credit card.
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 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 AP or the 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 purchased with the BIMPRD credit card.

Responsibility of the Finance Manager

1. Monthly review of the overall credit card transactions to assure all purchases are appropriate and to assure that payments are being made in a timely manner.
2. Notification to the Division Director if inappropriate charges are made.
3. Administration of daily and transaction charge limits with the credit card company. Establish the credit card limits based on the Division Directors' recommendations and obtain the necessary board approval.
4. 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.
5. Communicate the procedures either written or orally.
6. Assign late fees to the appropriate department.
7. Inactivate a credit card if procedures are not being followed.
8. Keep updated on the State Auditors 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 obtain a signed statement from the employee (see attached).
3. Ensure that employees understand the procedures and their responsibilities.

---

Division Director Signature and date

---

Executive Director Signature and date

*Forward completed form to Accounting*

Bainbridge Island Metropolitan Park & Recreation District  
Credit Card Acceptance Agreement

I acknowledge that I have received and read the District Credit Card procedures and RCW 43.09.2855 and RCW 42.24.115 which describe my responsibilities and the requirements for local government's use of credit cards.

I agree to follow the procedures and safeguard the credit card when in my possession. I will notify the Finance Manager immediately if I lose the credit card or if the card is stolen. I also agree to use the credit card only for authorized purchases on behalf of the Bainbridge Island Metropolitan Park & Recreation District.

I understand that the District will audit the use of this card and investigate any discrepancies

If I misuse this card, I will repay the amount. If I do not repay the amount by the credit card due date, I hereby authorize the District to withhold from my wages, that amount necessary to reimburse the District for the misuse.

I understand the improper use of the credit card can be considered misappropriation of District funds and may result in disciplinary action, up to and including termination of employment and legal action.

EMPLOYEE NAME (printed): \_\_\_\_\_

EMPLOYEE SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

