

**ORDINANCE NO: 2019 - 0-04**

**AN ORDINANCE ADOPTING A NEW CREDIT/PURCHASING CARD POLICY FOR THE CITY OF MENTOR ON THE LAKE AND DECLARING AN EMERGENCY.**

**WHEREAS**, Governor John Kasich signed Sub. H.B. 312 into law on August 2, 2018 establishing new safeguards for credit card use for Ohio's local governments;

**WHEREAS**, Sub. H.B. 312 became effective November 2, 2018, and provides for the City, through its Council, to adopt a credit card policy that addresses: the officers or positions authorized to use a credit card account; the expenses for which a credit card account may be used; the procedures for the acquisition, use and management of a credit card account; the procedures for submitting itemized receipts; the procedure for credit card issuance, reissuance, cancellation, and for reporting lost or stolen credit cards; the maximum credit limits; and, the actions or omissions that qualify as misuse of a credit card account;

**WHEREAS**, even though the City of Mentor on the Lake has home rule authority to deviate from the provisions of H.B. 312 and the City previously administratively adopted a credit/purchasing card policy, this Council finds it to be in the best interest of the City to adopt a credit card policy to govern the use of the City's credit card accounts in conformity with Sub.H.B. 312.

**NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF MENTOR ON THE LAKE, STATE OF OHIO, THAT:**

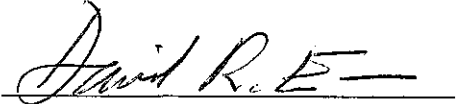
Section 1: This Council adopts the "City of Mentor on the Lake Credit/Purchasing Card Policy", a copy of which is attached hereto as Exhibit "A" and incorporated herein by reference.

Section 2: The actions of this Council concerning and relating to the passage of this Ordinance were adopted in an open meeting of this Council and all deliberations of this Council and of any of its committees that resulted in such formal action were in meetings held in compliance with all legal requirements.

Section 3: This Ordinance is declared to be an emergency measure, necessary for the immediate preservation of the public peace, health and welfare of the residents of the City and for the further reason that the safeguards provided for in the Policy should be placed in effect as soon as possible; wherefore, this Ordinance shall take effect and be in full force immediately upon its passage and approval by the Mayor.

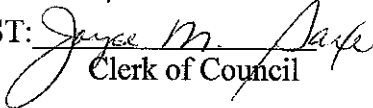
**WHEREFORE**, this Ordinance shall be in full force and effect immediately upon its passage by Council and approval by the Mayor.

  
DESIREA THOMPSON  
PRESIDENT OF COUNCIL

  
DAVID R. EVA  
MAYOR

Dated: 3/12/19

ADOPTED: March 12, 2019

ATTEST:   
Clerk of Council

## **EXHIBIT A**

### **City of Mentor on the Lake**

#### **Credit Card Policy**

Credit cards are purchasing tools, which offer an alternative to the existing City of Mentor on the Lake purchasing process. They provide an extremely efficient and effective method of purchasing and paying for goods and services.

This policy describes the procedures for the appropriate use of City credit cards. By signing the credit card agreement form (attached hereto as Appendix 1), the employee promises to comply with program policies, rules and regulations. A credit card will be issued to an employee upon approval by the City's Administrative Director ("Administrative Director") and after the employee executes a signed credit card agreement form. The employee executing the credit card agreement shall be known as the "Cardholder" as defined herein.

All City credit cards shall be issued in the name of the "City of Mentor on the Lake" and may also include the name of an employee. A City credit card that also bears an employee's name on the face of it is to be utilized only by that employee Cardholder. The authorized Cardholder of a City credit card is the person that is responsible for tracking and reporting monthly purchases to the Administrative Department. The authorized Cardholder that handles a credit card is responsible for the appropriate use of City funds. The credit card is the property of the City of Mentor on the Lake and may be rescinded at any time. The credit card is only to be used for the types of purchase outlined in this policy.

Each "Custodian" (as defined herein) shall keep a current record of transactions and receipts to protect himself/herself and the City. These records are important internal controls elements of the electronic purchasing process and essential to the success of the credit card program.

Authorized Cardholders under this policy are the Mayor and Administrative Director. The credit card issued to the Administrative Director shall be for the use of all City departments for which individual cards have not been issued and shall be kept by the Administrative Director who shall serve as the "Custodian" (as defined herein) of that credit card.

#### **PROCEDURE**

Credit cards simplify the purchasing and disbursement process by facilitating point-of-demand procurement. Purchasing authority is delegated to the authorized Cardholder enabling him or her to place an order directly with the supplier.

When the supplier requests a purchase authorization, the Master Card system validates the transaction against pre-set limits established by the City.

All transactions are approved or declined (instantaneously) based on the following credit card authorization criteria:

- Number of transactions allowed per day
- Number of transactions allowed per month
- Single purchase limit
- Spending limit per month
- Approved merchant commodity code

The authorization process occurs through an electronic system that supports the credit card processing services under the City of Mentor on the Lake agreement with the card provider. In addition, the Department of Administrative will have the capability to view transactions daily and create reports to effectively monitor the use of the credit cards.

### **Purchasing Guidelines**

The credit card program will not circumvent the City's purchasing rules and procedures. The Credit cards will not be used in place of a Purchase Order. As such, regular purchase order policy and procedures must be followed for all credit card purchases.

Each Cardholder and card Custodian is responsible for the security of the card he/she is issued and for the purchases made with it. Consequences for card misuse are severe and penalties may include loss of job.

The regulations for the usage of credit cards are as follows:

- It is the responsibility of each Custodian to have control over all purchases made by his/her department or division using the credit card.
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- The Custodian will provide access to the credit card for approved purchases upon receipt of a completed Purchase Requisition.
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- The Custodian must submit all requests for credit card deletions, additions, or changes in writing to the Administrative Director.
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- The authorized Cardholder of the credit card is the person that is responsible for tracking and reporting monthly purchases to the Department of Administrative.
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- The card Custodian shall maintain a list of authorized users. The card Custodian is responsible for ensuring that purchases made with credit cards are within budgeted appropriations.
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- The President of Council will serve as the card Custodian for credit cards issued in the name of councilmembers.

### **Restrictions on Credit Card Use**

Credit cards cannot be used for the following: cash advances, traveler's checks, personal services, capital equipment (equipment purchases exceeding \$ 5,000.00), purchases of alcoholic beverages, tobacco purchases, and any other purchase that is not for a public purpose of the City of Mentor on the Lake.

Credit cards cannot be used for the following transaction types listed below unless the Administrative Director has specifically approved the inclusion as an approved merchant commodity code on a specific credit card: airline tickets, automobiles and vehicle rentals, registration fees for educational programs (conferences, seminars, forums, and continuing education), and hotels.

If you have any questions regarding a restricted commodity, please contact the Administrative Director.

Each credit card has been assigned an individual credit limit based on the Custodian's and the Administrative Director's approval. (See Appendix 2 attached hereto) No single credit card purchase shall exceed the credit limit without prior written authorization of the Administrative Director. If that limit becomes too low to accommodate monthly requirements, the Cardholder may request an increase through the Custodian to the Administrative Director. The department or division should allow two days to process any limit changes to a credit card.

Certain merchants are blocked from the program and purchases through them will be declined. If the Cardholder feels that his/her purchase has been mistakenly declined, the Cardholder should contact the Administrative Director to address the issue.

### **PLACING AN ORDER**

When placing an order, the Cardholder should be able to provide the vendor the following credit card information:

- Identify himself/herself as a City of Mentor on the Lake Cardholder employee;
- Indicate that the purchase will be made using a credit card;
- Supply the provider card name;

- Provide the individual card number;
- Give the expiration date of the card;
- Provide the complete delivery address;
- Any other information necessary to make the purchase; and
- Never allow a vendor to maintain the credit card information for its files.

#### **ORDER VERIFICATION PROCEDURES**

Upon receipt of an order, the documentation received from the vendor (typically a sales receipt or packing slip) shall be kept for later reconciliation. Each month the card Custodian will receive a statement from the card provider showing all purchases made. It is the responsibility of the card Custodian to verify each purchase.

The card Custodian is responsible for ensuring receipt of goods and services. Items should be returned directly to the vendor by whichever means the vendor requires. The card Custodian is responsible for seeing that the proper credit is posted for any returned items.

#### **Proof of Purchase Documentation and Reconciliation**

With the authority to purchase specific goods and services comes the responsibility to maintain adequate documentation at the source of the transaction. Whenever a packing slip or sales receipt is received by the Cardholder making the purchase, the sales receipt should be forwarded to the Custodian of the card as proof that the transaction occurred. The Custodian should retain this documentation until the monthly statement from the card provider is received. Any transaction without a properly substantiated receipt is subject to reimbursement of the City by the Cardholder that made the purchase.

After receiving the statement from the card provider, the card Custodian will need to verify all purchases made and create a purchasing log allocating the account(s) that will be used in order to pay for the items purchased. The original documentation along with the correlating purchasing log will then be sent to the Department of Administrative for approval and processing.

All documentation must support the legitimate business purpose of all transactions made with the credit card. In addition to sales receipts and packing slips, the following are examples of supporting documentation: copies of order forms or applications, services reports when service is provided by a vendor, and cash register receipts.

#### **Discrepancies and Dispute Procedures**

The Cardholder that makes the purchase is responsible for following up with a vendor for any erroneous charges, disputed items, or returns. Disputed charges can result from failure to receive goods or services, fraud or misuse, altered charges, defective merchandise, incorrect amounts, duplicate charges, credits not processed, etc. The Cardholder who made the purchase should contact the vendor first to resolve any outstanding issues.

In the event that the Cardholder who made the purchase is unsuccessful with resolving disputes with the vendor, he/she will need to notify the card Custodian to obtain help in resolving the issue. The card Custodian will then need to contact the card provider to report the dispute. The card provider will decide what form the card Custodian will need to file in order to resolve the dispute. Any contact made with a vendor, as well as its response, should be attached to the form, especially noting the date that the exchange of information occurred. The card provider also requires a date when merchandise is returned and/or services are cancelled. Once the form is completed it shall be returned to the card provider.

Please Note: By law, vendors are not permitted to bill a credit card for purchases until the items have been shipped.

#### **Payment**

The City of Mentor on the Lake is responsible for payment of authorized and appropriate credit card transactions. The credit card will not affect the Cardholder's personal credit in any way.

#### **Lost or Stolen Cards**

In the event that the credit card is lost or stolen, it is the responsibility of the Cardholder to report the event to the card Custodian. It is then the responsibility of the card Custodian to report the card lost or stolen by phone directly to the card issuer and also to the Administrative Director by phone or e-mail at the time of the occurrence. It is important to report all lost or stolen cards immediately since the City of Mentor on the Lake will be responsible for all transactions made until the card is reported lost or stolen.

A Cardholder's quick response will reduce the risk of fraud. A replacement card may be issued to the card Custodian within 10 business days.

#### **Sales Tax**

The City of Mentor on the Lake is tax exempt. Cardholders 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. When traveling outside of the State of Ohio, hotel charges, food charges and fuel charges will most likely be taxed since tax exemption applies only to sales within the State of Ohio.

#### **Canceling Credit Cards**

In order to cancel a credit card, the Custodian must cut the card in half and submit a written request to cancel the card to the Department of Administrative. The cut card is to be forwarded to the Administrative Director.

To ensure the continued success of the credit card program, periodic audits will be performed. The purpose of the audits will be to ensure that the Cardholders utilizing the program are adhering to authorized policies and procedures.

Additionally, the Assistant Administrative Director shall be the City's compliance officer for purposes of this policy and, in such capacity, shall report to Council on a quarterly basis, the number of cards and accounts issued, the number of active cards and accounts issued, the cards' and accounts' expiration dates, and the cards' and accounts' credit limits.

### **Conclusion**

City credit cards must be used responsibly. Each employee should be aware that improper use might result in disciplinary action, up to and including termination and criminal prosecution. Even though the department or division maintains purchasing logs, the original receipts must be forwarded to the Department of Administrative. The card may be randomly audited to track purchasing and record keeping activity.

### **Definition**

**"Cardholder":** The "Cardholder" is an employee or officer of the City of Mentor on the Lake or a councilmember who has been authorized by the Administrative Director to have his or her individual name on a credit card.

**"Custodian":** The "Custodian" is a person with a supervisory position in the City of Mentor on the Lake. Custodians include the Administrative Director, the Police Chief, the Fire Chief, the Service Director and the Mayor. The Custodian is responsible for ensuring expenditures are within appropriations for all Cardholders within their respective departments and divisions. The President of Council is the Custodian of Cardholders within City Council.



**APPENDIX 1**

City of Mentor on the Lake  
CREDIT CARD AGREEMENT

I, \_\_\_\_\_, agree to the following regarding my use of the Credit Card  
(print/type name of CARDHOLDER)

Program:

1. I understand that I am being entrusted with a powerful and valuable tool and will be making financial commitments on behalf of the City of Mentor on the Lake and will strive to obtain the best value for the City of Mentor on the Lake.
2. I understand that under no circumstances will I use the Credit Card to make personal purchases, either for myself or for others. Willful intent to use the Credit Card for personal gain will result in disciplinary action, up to and including termination of employment, and possibly criminal prosecution.
3. I will follow the established procedures for using the Credit Card. Failure to do so may result in either revocation of my use privileges or other disciplinary actions, up to and including termination of employment. Additionally, I will follow the City of Richmond Height's Credit Card Policy.
4. I have been given a copy of the Credit Card Policy and understand the requirements for using the Credit Card Program.
5. I agree that should I violate the terms of this Agreement and use the Credit Card for personal use or gain, I will reimburse the City of Mentor on the Lake for all incurred charges and any fees related to the collection of those charges.

\_\_\_\_\_  
Employee Name (Print)

\_\_\_\_\_  
Employee Signature and Date

\_\_\_\_\_  
CUSTODIAN'S Signature and Date

\_\_\_\_\_  
Administrative Director's Signature and Date

Distribute executed copies to:

Cardholder

Custodian

Original to: Administrative Director

**APPENDIX 2**

**List of Credit Card Accounts and Limits**

<b>CREDIT CARD ACCOUNT</b>	<b>ACCOUNT LIMIT</b>