



# POLICY AND PROCEDURE MEMO

NO. 3.001  
DATE: 7-24-13 Approved  
11-13-13 Revised

SUBJECT: CREDIT CARD POLICY

*D. W. Fitch*  
CITY MANAGER

## I. STATEMENT:

The purpose of this policy and procedure is to establish guidelines for the use of City credit cards by department heads or their designee. These procedures are intended to accomplish the following:

- To ensure that the procurement with credit cards is accomplished pursuant to the policy and procedures established by the City of Rochester
- To enhance productivity, prevent interest charges and late fees, reduce paperwork, and reduce the overall cost associated with approved purchases as listed below
- To ensure appropriate internal controls are established within each department procuring with credit cards so that they are used for authorized purposes only.
- To ensure that the City bears no legal liability from inappropriate use of credit cards.

## II. DEFINITIONS

- A. Cardholder – An authorized employee issued a City credit card
- B. Credit Card – A card issued by a financial institution giving the authorized user the ability to charge purchases and pay for them at a later date.
- C. Grace Period – the period of time from the date of purchase of goods until payment is due.

## III. SCOPE

The City Finance Director will make all decisions regarding the issuance of individual cards and the establishment of any and all additional controls for their use.

## IV. POLICY

- A. All requirements of the Purchasing Policy apply to the use of credit cards when making such purchases and processing related payments. If a vendor accepts City purchase orders, then this is the preferred method of order processing. If a vendor will not accept a City purchase order, then the use of



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a City credit card is appropriate, provided a purchase order has been approved in advance of the use of the card.

- B. City credit cards may be used for the following purchases
- Fuel, materials, supplies and equipment
  - Travel, meals, registration, and /or training expenses
  - Other items specifically authorized by the Finance Director
- C. The credit card will not be used for personal purchases of any kind. Use of credit cards for personal purchases or expenses with the intention of reimbursing the City is prohibited.
- D. Splitting of charges to avoid following the City's purchasing policy is prohibited.
- E. Meal receipts must include details of items purchased. There will be no charge allowed for alcohol or entertainment.
- F. Department heads are required to authorize payment of the charges on their receipt and identify the budget account numbers that will be charged. This includes charges made by any designated individual.
- G. No cash advances (ATM, traveler's checks, money orders, etc) are allowed using the credit card.
- H. If the City has established an account with a vendor (i.e.; Home Depot, Lowes, Walmart, etc), then the City credit card should not be used. The credit card is not to be used to pay invoices or statements of any kind.
- I. All purchases made with a City credit card shall be paid for within the grace period so that no interest charges or penalties will accrue.
- J. Lack of proper documentation or authorization may result in loss of credit card privileges and /or personal liability.

Cardholders should take all measures necessary to ensure the security of the credit card and the card number



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- K. Misuse of a City credit card by an authorized employee may result in loss of the credit card and/or disciplinary action against the employee, up to and including termination of employment.

## V. PROCEDURE

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will verify the budget account number(s) designated for the transactions and will adjust when necessary.

- I. It is the cardholder's responsibility to submit the receipts and other documentation within the time frame stated above. If the information is not submitted in a timely manner, the department that has not submitted the information will be responsible for the interest and/or late charges.
- J. If a credit card is lost or stolen or possible fraudulent charges were made, it shall be reported to the Accounts Payable Department immediately.
  - 1. The cardholder will be responsible for contacting the credit card company within 24 hours after card has been lost or stolen or once fraudulent charges have been discovered.
  - 2. The cardholder will be responsible for canceling the credit card with the credit card company. Once this has been done, the cardholder must notify Accounts Payable that this has been completed.
- K. Upon separation of employment, cardholders shall surrender the City credit card to the Finance Department on or before their last day of work and prior to issuance of final compensation to the cardholder.

### VI. AUDITS

Random audits will be conducted for card activity, receipt retention and purchase orders, as well as statement review by the Finance Department. The City's independent auditing firm will also review City credit card activity annually

### VII. AGREEMENT:

Agreement to Accept a City Credit Card is included in Appendix

- END OF PROCEDURE -



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*D. W. F. [Signature]*

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## APPENDIX I

### AGREEMENT TO ACCEPT CITY CREDIT CARD

I hereby acknowledge receipt of a City of Rochester Credit Card number \_\_\_\_\_,

As a Cardholder, I agree to comply with the terms and conditions of this Agreement and the applicable provisions of the City of Rochester Credit Card Policy, as may subsequently be revised. I acknowledge receipt of the Policy and I have read and understand its terms and conditions. I understand the City of Rochester is liable to the financial institution for all charges made by me.

As the holder of this credit card, I agree to accept responsibility for the protection and proper use of this card as outlined in the regulations. I understand that the City will audit the use of this credit card. I understand that I am responsible for retaining all receipts for processing to the Finance Department and failure to provide receipts may result in personal liability. I understand that I CANNOT use the credit card for personal use even if the intent is to reimburse the City. I understand that the use of the City credit card does not circumvent the City's Purchasing Policy.

I further understand that improper use of this credit card may result in disciplinary action, up to and including termination of employment and in accordance with applicable Collective Bargaining Agreement and/or City Personnel Policy. I also agree to allow the City of Rochester to collect any amounts owed by me to be deducted from my paycheck. If the City initiates legal proceedings to recover amounts owed by me under this City Agreement, I agree to pay all legal fees incurred by the City in such proceedings.

I understand the City may terminate my rights to use this credit card at any time for any reason.

I agree to return the credit card to the City of Rochester immediately upon request or upon termination of employment.

Cardholder \_\_\_\_\_ Date \_\_\_\_\_

Dept. Head Authorization \_\_\_\_\_ Date \_\_\_\_\_  
(Only needed if cardholder is designee)

Director of Finance \_\_\_\_\_ Date \_\_\_\_\_