



Town of Marblehead Credit Card Policy

Use of Town Issued Credit Cards Scope:

To establish sound financial controls and practices relating to the use of any credit card issued by the Town of Marblehead only to authorized employees. Credit cards issued by the Town are to be used in conjunction with the current purchasing policies of the Town and/or the Commonwealth of Massachusetts as well as the guidelines outlined in the policy below.

Purpose:

This policy is intended to establish those procedures under which Department Heads will control the use of Credit cards assigned to them for appropriate purchases, and are intended to accomplish the following:

1. To ensure that the procurement with a Credit card is accomplished in accordance with the policy and procedures established by the Select Board.
2. To enhance productivity, significantly reduce paperwork, improve controls, and reduce the overall cost associated with small purchases.
3. To ensure appropriate internal controls are established within each department that are issued Cards so that they are used only for authorized purposes.
4. To ensure that the Town bears no legal liability from inappropriate use of Credit cards.

Acceptable Uses, Limits and Procedures:

This policy shall apply to all departments of the Town of Marblehead.

Credit cards shall be used solely for official business of the Town of Marblehead and shall not be used for personal or private business purchases. Credit cards shall be issued only to individuals who have appropriate purchasing authority. Authorized use of the Credit card shall be limited to the person whose name appears on the face of the card (Cardholder). The Cardholder must be a Town Department Head who is specifically authorized by the Finance Director to be issued and use a Credit card. Credit cards shall not be loaned or used by other individuals or employees and are the sole responsibility of the Cardholder. All precautions shall be used to maintain confidentiality of the Cardholders account number and expiration date of the Credit card. The Finance Office shall have one Town wide credit card that a department may request to use with approval by the CFO.

Intentional misuse or fraudulent abuse of any Credit card may result in disciplinary action, up to and including termination, referral to the State Ethics Commission, and/or criminal sanctions. In addition, the Cardholder shall promptly reimburse the Town for any purchases deemed unacceptable or in violation of existing Town or State purchasing policies.

The Finance Director will make all decisions regarding the issuing of individual cards and the establishment of all additional controls for their use. Purchasing limits will be set by the Finance Director.

When using the Credit card, the Cardholder should:

1. Ensure that the goods or services to be purchased are budgeted and allowable.
2. Determine if the intended purchase is within the Cardholder's purchase limits.
3. Tell the supplier/merchant that the purchase will be made using the Credit card issued by the Town of Marblehead.
4. Inform the merchant that the purchase is MA sales tax exempt. The Town's tax-exempt number is embossed on the face of the Credit card. The Cardholder shall review the receipt before leaving the store and request a credit if taxes were charged in error.
5. The Cardholder is responsible for managing any returns or exchanges and ensuring that proper credit is received for returned merchandise. The Cardholder should contact the vendor to obtain instructions for return and review the next card statement to ensure that the return was properly credited.

Documentation, Reconciliation and Payment Procedures:

It is important to the success of the Credit card Program that Cardholders adhere to the following procedures. Failure to keep adequate receipts or frequent abuse of these provisions will result in cancellation of the Cardholder's Credit card and a notification to the Town Administrator.

1. Documentation -Any time a purchase is made using the Credit card, the Cardholder is to obtain a customer copy of the charge slip, which will become the accountable document.
2. Missing Documentation - If the Cardholder does not have a receipt or documentation to submit with the statement, a reconciliation statement that includes a description of the item, date of purchase, merchant's name, and an explanation for the missing support documents must be submitted with the Cardholder's statement. Frequent instances of missing documentation will cause a Cardholder's Credit card privilege to be revoked.
3. Payment Procedures - Purchases made and listed on the Credit card Statement must be reviewed, verified and approved by Department Heads and will then be reviewed by the Town Accountant or Finance Director. Expense account numbers will be assigned for each transaction and submitted to the Finance Office for payment through the normal payable process.
4. Any missing receipt or purchasing record will need to follow instructions on line 2 above (Missing Documentation). It is the Cardholders responsibility to submit all receipts in a timely manner. If not done promptly the department who is using the card will be responsible for interest or late charges added to their statement from their department's expense lines.

Approval:

The Department Head will review each transaction in the statement. At a minimum, the items, vendor and account number will be reviewed to determine if the purchase was made for official use and in accordance with policies and procedures.

If for any reason the Department Head or approving official questions the purchases, it is their responsibility to resolve the issue with the Cardholder. If it cannot be determined that the purchase was necessary, for official use, and in accordance with policies and procedures, the Cardholder must provide a Purchase Voucher proving the items have been returned for credit. Resolution for improper use of the Credit card will be the responsibility of the Department Head and the Finance Director.

If items purchased with the Credit card are found defective or the repair or services faulty, the Cardholder has the responsibility to return the items to the merchant for replacement or credit. **CASH REFUNDS WILL NOT BE PERMITTED.** If the merchant refuses to replace or correct the faulty item, the purchase of this item will be considered to be in dispute. The Department Head should note the item(s) disputed on the statement with proper documentation. It is the responsibility of Department Heads to resolve these disputes.

It is essential that the time frames and documentation requirements established by the Credit card Issuer be followed to protect the Cardholder's rights in dispute. Dispute policies and procedures issued by the Credit card Issuer will be provided at the time the Credit cards are issued to Cardholders.

Request for Initial, Additional or Changes to Credit cards:

All requests for new Cardholders or changes to current Cardholders will be done by submitting a request to the Finance Director. All requests for Credit cards must be approved by the Finance Director. When the Finance Office receives the Credit card from the Credit card Issuer, the Cardholder will be required to personally sign for their Credit card.

Liability:

Cardholders are responsible for the repayment of improper charges and have personal liability for the misuse or unauthorized use of the Card. The Cardholder must report the loss or theft of the Card to the Finance Department and issuing Bank immediately upon discovery. Failure to promptly notify the issuing bank of the theft or loss of the Credit card could make the Town responsible for any fraudulent use of the card and result in loss of privileges for the Cardholder and possible disciplinary action.

All Cards shall be returned to the Finance Department immediately upon request or termination of employment. Upon termination of employment for any reason the Department Head will notify the Finance Office of the termination. The Finance Office will notify the Credit card Issuer and the Cardholder's card will be immediately deactivated. A cardholder who fraudulently uses the Credit card after separation from the Town will be subject to legal action.

Audits:

Random audits may be conducted for both Credit card activity and receipt retention as well as statement review by the Finance Office.

Employee Acknowledgement:

I hereby certify that I understand and agree to abide by the Town's policy regarding the use of Town issued credit cards, a copy of which I have received, and which has been explained to me. I understand that I CAN NOT use the Credit card for personal use even if the intent is to reimburse the Town. I agree that any personal purchases (i.e., transactions for the benefit of anyone or anything other than the Town) made in violation of this policy will subject me disciplinary action including possible termination and reporting to the State Ethics Commission. I further agree that if I make any non-personal transactions in violation of the policy in question, i.e., incur financial liability on the Town's part that is not within the scope of my duties or my authorization to make business-related purchases, I am financially responsible for any such expenses and agree to reimburse the Town. I understand the Town may terminate my rights to use this Credit card at any time for any reason. I agree to return the Credit card to the Town of Marblehead immediately upon request or upon termination of employment.

I have read and understand the Credit card Policy for the Town of Marblehead.

Employee Name

Date

