



**Title:** *Credit Card Purchases*

## **I. Introduction**

The purpose of this policy is to provide users of City of Hendersonville credit cards with a flexible and efficient way to make small purchases. It empowers the cardholder to acquire the necessary materials to conduct business and / or deliver services in a more convenient and expeditious manner. This policy is designed to promote responsible, efficient, ethical, and legal utilization of the City's credit cards.

## **II. Scope**

This administrative rule, upon approval of the City Manager, shall be applicable to all employees and departments. This procedure shall remain in effect until such time that it is altered, modified, or rescinded by the City Manager.

## **III. Employee Responsibilities**

### **A) Receiving a Credit Card**

1. Management Team members may propose personnel to be cardholders by completing the Credit Card request form. Request forms should be forwarded to the Finance Department for approval of the cardholder.
2. Upon receipt and review of the request form, the Finance Department shall notify the appropriate vendor to issue a credit card.
3. All approved cardholders shall be issued a copy of this procedure and shall be required to sign the Credit Card Request Form to indicate that the cardholder understands the procedure and the responsibilities of the cardholder.
4. Accounts Payable will maintain all records of all Credit Card requests, authorizations, card numbers, limits, cardholder transfers, and lost/stolen/destroyed card information.

### **B) Authorized Credit Card Use**

1. The Credit Card that each cardholder receives shall **ONLY** be used by the cardholder. **NO OTHER PERSON IS AUTHORIZED** to use this card. The cardholder may make transactions on behalf of others in their department /

division. However, the cardholder is responsible for all purchases charged to their card.

2. The total value of a transaction shall not exceed a cardholder's single purchase limit. Payment for a purchase **SHALL NOT** be split into multiple transactions to stay within the single purchase limit.
3. The cardholder is responsible for maintaining receipts of all card transactions and submitting these receipts to Accounts Payable for payment. Receipts are required for all purchases.
4. Credit cards may be used by department heads for travel and training purposes due to the nature and length of travel and lodging for professional activities. Cardholders should consult the City's Travel Policy for more information.

Travel Request Authorizations must still be obtained from the City Manager when travel expenditures have been frozen. Availability of the credit card does not negate this requirement.

### **C) Unauthorized Credit Card Use**

1. The card shall not be used for the following:
  - a. Personal purchases or for personal identification
  - b. A single purchase that exceeds the cardholder's single purchase limit
  - c. Cash advances
  - d. Telephone calls or monthly services
  - e. All items under contract or carried by the stock room
  - f. Alcoholic beverages
  - g. Purchase of in-room movies during the hotel / motel stay while on City business.

Any purchase that falls in the above listed categories deemed inappropriate for purpose of City business shall be reviewed by the Finance Department for final determination.

2. A cardholder who makes unauthorized purchases or carelessly uses the credit card will be liable to the City of Hendersonville for the total dollar amount of such purchases plus any administrative fees charged by the bank or card company in connection with the misuse. The cardholder may also be terminated and will be subject to legal action.
3. Cardholders are expected to obtain the best prices available. Purchase of an item at above market prices where the vendor gives the employee any form of gift, bonus, or premium whether in the form of cash or merchandise is

considered a kickback, is illegal, and can result in termination of employment and prosecution. City policy strictly forbids anything in exchange for making a purchase.

#### **D) Card Security**

It is the cardholder's responsibility to safeguard the credit card to the same degree that the cardholder safeguards his / her personal credit information. The cardholder will not allow anyone to use his / her card. A violation of this trust will result in that cardholder having their card revoked and disciplinary action taken.

#### **E) Lost or Stolen Cards**

1. If the card is lost or stolen, the cardholder must immediately notify the Finance Department so the card can be deactivated for further use.
2. Notify your department head immediately.
3. A new card will be issued to the card holder.

#### **F) Disputed Charges**

Disputed items are purchases that for various reasons need to be reconsidered for final payment. Some examples of disputed items are:

- An unauthorized transaction made on your card;
- An unrecognized transaction appearing on the statement;
- A discrepancy of the dollar amount appearing on the statement from what your receipt indicates;
- A purchased item that has not been received;
- A purchased item that was damaged when received.

If there is a disputed item, the cardholder should first contact the merchant to resolve the disputed purchase. If this cannot be resolved, the cardholder shall advise the accounts payable division.

Disputes need to be initiated within sixty (60) days of the bill date that the transaction first appeared. The earlier disputes are initiated, the quicker they will be resolved.

#### **G) Cardholder Transfer / Separation**

When a transfer between departments occurs, when the cardholder reports to their new department he / she will notify the department head of which credit cards the employee has been authorized to carry. The department head will determine which,

if any, the employee will need in their new position and notify Finance of these changes immediately.

Prior to the separation date, in cases of voluntary separation, the cardholder shall surrender the card and receipts to his / her department head. The department head shall destroy the card and send to the accounts payable division.

If the separation is involuntary, the card and receipts shall be collected at the pre-dismissal conference. The card will be destroyed and sent to accounts payable. In all cases of separation, Human Resources will notify accounts payable of the separation and the effective date.

Accounts payable will conduct a monthly audit of the City credit cardholders to ensure that only authorized employees are on the list.

#### **IV. Payment of Purchasing Card Charges**

##### **A) Supervisor Review**

Supervisors are responsible for ensuring that cardholders under their supervision understand and comply with City Credit Card purchase procedures. Supervisors must make sure that violations do not occur and suspected violations are reported promptly to Finance.

When a supervisor approves and submits a monthly purchasing card report, the supervisor is responsible for all transactions including appropriateness of the purchase.

##### **B) Department Review**

The Department Head or designee(s) shall check each transaction listed on the statement. The original sales invoice or cash register tape for all items approved for payment **MUST** be attached to the requisition, in sequence, and forwarded to accounts payable.

If the cardholder does not have documentation of a transaction listed on the monthly statement, he / she shall attach an explanation that includes a description of the items(s) purchased, date of purchase, vendor's name, and reason for lack of supporting documentation. THERE WILL BE VERY LITTLE TOLERANCE FOR UNDOCUMENTED PURCHASE EXCUSES.

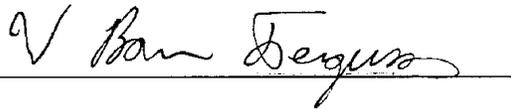
If department head or accounts payable observe a pattern of improper requisitions or lack of supporting detail the department's or employee's credit card privileges shall be revoked by the City Manager. After two incidences in a calendar year of

unjustifiable loss of documentation by the department the Department Head shall take disciplinary action under unsatisfactory job performance under the City's Personnel Policy.

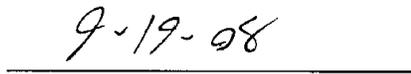
Departments should use a requisition if the amount is over \$250 and a receipt only if the amount is under \$250. In all cases the department must have the charges with proper account codes on all items.

The originating department has five working days from the date the statement is received to return all documentation to accounts payable.

This policy is being instituted by City Management in accordance with Article I Section 8. Departmental Rules and Regulations is a supplement to the Personnel Policy of the City of Hendersonville.



**W. Bowman Ferguson, City Manager**



**Date**

*City of Hendersonville*  
CARDHODLER AGREEMENT

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In connection with my employment, I am being entrusted with a City of Hendersonville credit card. Upon my acceptance of any such card, I agree to the following conditions:

1. I agree to use the City of Hendersonville credit card issued to me, or any other City of Hendersonville card which comes into my possession, only for legitimate, official purposes for and on behalf of the City of Hendersonville. UNDER NO CIRCUMSTANCES WILL I USE A CITY OF HENDERSONVILLE CREDIT CARD FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES. I further understand that the use of a City of Hendersonville credit card to procure goods or service for other than legitimate, official purposes is fraudulent use. A "legitimate, official" use of a card is defined as using said card to procure goods or services authorized and necessary and ordinary purposes in connection with the operations and activities of the City of Hendersonville. AN EMPLOYEE GUILTY OF FRAUDULENT USE MAY BE DISMISSED AND MAY BE SUBJECT TO CRIMINAL PROSECUTION.
2. I understand that the use of the credit card will be closely monitored and audited and any discrepancies will be immediately handled with the appropriate action.
3. I understand that the City of Hendersonville will pay for all authorized and legitimate charges made on this card on behalf of the City of Hendersonville as determined by the City's Finance Department.
4. I will follow established procedures for the use of the card and said procedures that have been provided, or explained, to me. I will not allow a third party to use the credit card. Any purchases made with my card will be considered made by me for which I will be accountable.
5. I will be responsible for the safe keeping of the City of Hendersonville's credit card issued to me. If this card becomes lost or stolen, I will immediately report this to my supervisor, department head, or the Finance Department.
6. I understand and agree that should I leave employment with the City of Hendersonville, it is my responsibility to return any card in my possession to the City of Hendersonville prior to my last day of employment. I further agree to return any cards in my possession to the City of Hendersonville upon request my supervisor, department head, or Finance Department.

7. I understand that my personal credit will not be affected by the use of the City of Hendersonville's card legitimate, official purposes.
8. I certify that I have received and thoroughly the Credit Card Policy.

I have read, understand and agree to the conditions above:

Signature: \_\_\_\_\_ Date: \_\_\_\_\_