

Approval of Procurement/Credit Card Policy

October 30, 2015

The Honorable Mayor and
Members of City Commission

This commission letter serves as a request for approval of a new procurement/credit card policy. MCL 129.243 of Act 266 of 1995 provides that a local unit of government shall not be a party to a credit card arrangement unless the governing body of the local unit has adopted by resolution a written policy that provides all of the following:

- An officer or the employee designate by the credit card policy is responsible for the local unit's credit card issuance, accounting, monitoring, and retrieval and generally for overseeing compliance with the credit card policy.
- A credit card may be used only by an officer or employee of the local unit for the purchase of goods or services for the official business of the local unit. In addition, the credit card policy may limit the specific official business for which credit cards be used.
- An officer or employee using credit cards issued by the local unit shall submit to the local unit documentation described in the credit card policy detailing the goods or services purchased, the cost of the goods or services, the date of the purchase, and the official business for which purchased.
- An officer or employee issued a credit card is responsible for its protection and custody and shall immediately notify the local unit if the credit card is lost or stolen.
- An officer or employee issued a credit card shall return the credit card upon the termination of his or her employment or service in the office with the local unit.
- A system of internal accounting controls to monitor the use of credit cards.
- Approval of credit card invoices before payment.
- The balance including interest due on an extension of credit under the credit card arrangement shall be paid for within not more than 60 days of the initial statement date.
- Disciplinary measures consistent with law for the unauthorized use of a credit card by an officer or employee of the local unit and
- Any other matters the governing body considers advisable.

It is recommended the following resolutions be approved by the city commission to approve a new procurement/credit card policy, replacing the policy adopted in 2006:

Be It Resolved the city commission hereby approves the enclosed new procurement/credit card policy.

Respectfully Submitted,
Julie Rudd
Finance Director

Approved,



Donald E. Johnson
City Manager

2 Attachments

- Proposed Procurement Card Policy
- Current Procurement Card Policy adopted in 2006



Attachment 1

City of Royal Oak City Issued Procurement / Credit Card Policy November 9, 2015

The purpose of this policy is to establish the provisions of a city issued procurement/credit card process that improves upon the efficiency of the city's purchasing process and that is in compliance with city charter and the State of Michigan's credit card transactions laws for local government.

The city's finance director and purchasing agent are responsible for the city's procurement/credit card issuance, accounting, monitoring, and general compliance of the procurement/credit card procedure and policy.

A procurement/credit card may be used only by an officer or employee of the city for the purchase of goods or services for the official business of the city of Royal Oak. The credit card may not be used to purchase any expenditures determined unlawful by the State of Michigan Treasury Department. Any city officer or employee found to intentionally use the procurement/ credit card for personal or unrelated city business will be subject to disciplinary measures and subject to reimburse the city for the unauthorized charges.

A city officer or employee using credit cards issued by the city of Royal Oak must submit to the finance department documentation (such as paid receipt) detailing the goods or services purchased, the cost of the goods or services, the date of the purchase, and the official business for which purchased.

A city officer or city employee issued a credit card is responsible for its protection and custody and shall immediately notify the city's finance director if the credit card is lost or stolen.

A city officer or employee issued a credit card shall return the credit card to the city's finance director upon the termination of his or her service, contract or employment with the city.

A system of internal accounting controls to monitor the use of credit cards will be part of the internal control documentation maintained in the finance department. The city's purchasing agent will prepare the documentation for the issuance of city officer or employee procurement/credit cards. The finance director will authorize each issuance and authorize credit limits for each cardholder. The accounts payable personnel will confirm the reconciliation of the bank reports with cardholder receipts. The cardholder, the cardholder's department head and the finance director will authorize each purchase by signing or initialing each receipt.

Credit card payments will appear on the bi-weekly claims report prior to payment. Claims reports will appear on the subsequent city commission agenda for approval.

The balance including interest due on an extension of credit under the credit card arrangement shall be paid for within not more than 60 days of the initial statement date. However, it is intended that any current balances will be paid within the required timeframe as to not incur interest costs.

Attachment 2

NOW, THEREFORE, BE IT RESOLVED, that the following policy shall govern the use of City of Royal Oak credit cards:

- (a) The Director of Finance is responsible for issuing, accounting for, monitoring, retrieving and generally overseeing compliance with the City of Royal Oak's credit card policy.
- (b) City credit cards may be used only by an officer or employee of the city for the purchase of goods or services for the official business of the City.
- (c) City officers and employees who use a city credit card shall, as soon as possible, submit the vendor's credit card slip to the Director of Finance or his/her designee. The Director of Finance may require submission of a voucher with each slip.

If no credit card slip was obtained that described the transaction, the employee shall submit a signed voucher that shows the name of vendor or entity from which goods or services were purchased, the date and the amount of the transaction, the official business that required the transaction. Such vouchers shall also include a statement explaining why a credit card slip was not obtained and it must be co-signed by the employee's supervisor.

- (d) An official or employee who is issued a credit card is responsible for its protection and custody. If a credit card is lost or stolen, the Director of Finance shall be notified immediately. The Director of Finance shall notify the entity issuing the lost or stolen credit card immediately.
- (e) An officer or employee issued a credit card shall return the credit card to Director of Finance upon termination of his or her employment or service with the City of Royal Oak.
- (f) The Director of Finance shall maintain a record of all credit cards owned by the city, along with the name of the officer or employee who has been issued the credit card, the credit limit established, the date issued, and the date returned. Each employee authorized to use a credit card must sign a copy of this policy indicating his or her agreement that the credit card has been issued, and that the employee has received, read and agreed to the terms of this policy.

Attachment 2

The Director of Finance shall review each credit card statement as soon as possible to ensure that transactions comply with this policy. Any transactions that appear on the statements that are not documented with a credit card slip or a signed voucher shall be immediately investigated. Transactions that do not appear to comply with this policy shall be reported to the City Manager.

(g) The City Commission shall not approve a payment to the entity issuing the credit cards until all transactions have been verified, including the approval of all transaction invoices if issued.

(h) Officers and employees who use a city credit card in a manner contrary to this policy shall be subject to the following disciplinary actions, as deemed appropriate by the City Manager:

*Verbal counseling

*Loss of credit card privileges

*Written reprimand

*Suspension

*Termination

*Reimbursement to the city for unauthorized expenditures

*Criminal prosecution

(j) All use of a city credit card must be in accordance with the requirements of the city charter and ordinances.