

# Staff Policies Manual



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<b>Title:</b>	<b>Credit Card Policy</b>	
<b>Policy #:</b>	408	
<b>Sponsored by:</b>	Finance	
<b>Approved by:</b>	City Manager	
<b>Date:</b>	Issued: <u>8/5/2012</u>	Amended: <u>4/22/2019</u>

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## Purpose

It is the policy of the City of San Mateo ("City") to provide employees with credit cards as an alternative method of payment for goods and services. The credit card represents the City's trust in a responsible employee to safeguard and protect the City's assets. Cardholders assume the responsibility of the protection and proper use of the City issued card at all times. This policy provides guidelines on requesting a card and the responsibilities associated with card use.

## Policy

1. The City may make credit cards available to designated staff to make purchases or payments in order to facilitate the operations of the City department.
2. The Finance Department will issue cards to employees as requested by the employee's Department Head.
3. Employees will not use City-issued credit cards for personal expenses even if the intent is to reimburse the City later. Charging personal expenses on the credit card is a misuse of City funds and doing so may result in disciplinary action.
4. Purchases made with City-issued credit cards must be made in compliance with the City's Purchasing Policy.
5. Purchases should not be "split" to circumvent credit card transaction limits. Split purchases are when the vendor is asked to split a single purchase into two separate transactions by a single employee credit, or by multiple employee credit cards.

## Scope

This policy applies to all City staff that possess a City-issued credit card, unless a department policy addresses the same subject. If there is a conflict between the requirements of this policy or the procedures implementing the policy and the department's policy, the more restrictive shall apply, unless compliance with the more restrictive requirement would conflict with state law.

## Definitions

1. Credit Card Limit Adjustment Request Form: This document is completed and submitted when the purchasing limit of an employee's credit card needs to be adjusted.
2. Certification of Receipt of Credit Card: This document is sent to the new credit cardholder, along with the credit card and a copy of this Credit Card Policy.
3. Credit Card Request Form: This document is to request that a new credit card be issued to one of the department's employees.
4. Program Administrator: The City's Purchasing Coordinator serves as the Program Administrator for all of the City's credit cards.
5. Receipt Verification Form: This form is completed and submitted with the credit card statement to the authorized approver when receipts are missing or if the receipts do not include an itemized list of items purchased.

## Responsibility

1. Finance Department
  - A. Administer the City's credit card program. This includes issuing payments to the credit card company.
  - B. Maintain a log of all new credit card requests, credit limit adjustment requests, activations, and deactivations. Cardholders are encouraged to contact the Program Administrator whenever they have any questions.
2. Department Heads
  - A. Authorize requests for new credit cards to be issued or for adjustments to existing credit card purchasing limits.
  - B. Ensure that employees of their respective departments who make credit card transactions are aware of this Credit Card Policy and the Purchasing Policy.
3. Supervisors
  - A. Retrieve credit cards, receipts, packing slips, and the monthly statement prior to employees leaving the City and return them to the Program Administrator.
4. Cardholders
  - A. Utilize the credit card in compliance with this policy, including the related processes and procedures. Cardholders are responsible for the purchases made on their City-issued credit cards.

- B. Do not permit others to use the card, except when a duty has been delegated to office staff (e.g., to make City business travel and hotel arrangements).
- C. Reconcile the receipts and packing slips to the monthly credit card statement within prescribed timelines.
- D. Secure credits from suppliers when items are returned or billing errors are found.
- E. Resolve disputes and any fraudulent charges on the monthly statement.
- F. Notify the bank, your Department Head, and the Program Administrator immediately if the credit card is lost or stolen.

## Procedures

### 1. Credit Card Authorization

- A. Department Heads may request cards for employees they have authorized to make purchases. This request is made by submitting a completed "Credit Card Request" form to the Program Administrator via email.
- B. The activated card, a copy of the Credit Card Policy, and a "Certification of Receipt of Credit Card" form will be sent to the new credit cardholder. The employee is to sign/date this form, which acknowledges s/he has received his/her credit card and a copy of the policy.
- C. Requests for adjusted credit limits can be made by the Department Head by submitting the "Credit Card Limit Adjustment" form to the Program Administrator, authorizing an increase or decrease to the card.

### 2. Use of the Card

- A. Cards should not be used to make payments against Purchase Orders for professional services.
- B. Departments may impose additional restrictions on the use of the cards.
- C. Cards can be presented to any merchant who accepts VISA cards
- D. The cardholder should check the billing for accuracy and obtain a sales slip describing the items purchased. This must be an itemized receipt and not a summary receipt.
- E. The cardholder should place the receipt documents and packing slips from all transactions in a secure place to reconcile with the monthly statement.
- F. When orders are placed by telephone, fax, or mail suppliers will include the VISA charge slip and additional paper work with the detail of the order. These documents should then be treated in the manner described above for purchases.

G. All purchases are required to be shipped to a City address and never to the personal address of the employee placing the order

### 3. Statement Procedure

- A. Cardholders (or designated staff) must reconcile the receipts to these statements for all purchases they make. The cardholder should sign his/her name approving the statement. For missing receipts or summary receipts (receipts without a list of itemized purchases), the Receipt Verification Form should also be completed and submitted to the authorized approver.
- B. Authorized approvers shall:
  1. Ensure that statements with activity are forwarded to them in a timely manner.
  2. Review the statements and receipts to ensure that the charges/purchases are in order.
  3. Approve these transactions in the financial system (Eden).
- C. To ensure City credit card statements from U.S. Bank are paid in a timely manner, all statements and related receipts should be entered into Eden, attached to the invoice record, approved for payment, and forwarded to Accounts Payable (A/P) by the 15th of each month.

For example, on the April 2016 statement dated around the 22nd of April (all monthly statements have a cutoff date by U.S. Bank around the 22nd), the statement and attached receipts should be physically in A/P and in the Eden A/P approval queue ready for payment processing by May 15, 2016.

### 4. Returns, Credits, Disputes, and Fraudulent Charges

#### A. Returns and Credits

1. The cardholder (or the designated departmental staff person) should keep track of all returns and billing disputes and note when credits are received. All credits for returned items and billing errors must be applied against the purchasing card originally used. Since the credit may not appear on the same statement as the charge, it is up to the cardholder to ensure that credits are received within a reasonable timeframe. Action should be initiated as promptly as possible, as there is a 60-day limit on the period in which the bank will address billing issues.
2. Credits will be processed along with charges. The cardholder (or the designated departmental staff person) should make sure they are coded to the same account as the original charge.

#### B. Disputes/Fraudulent Charges

1. The cardholder must attempt to resolve the dispute with the merchant. If the dispute remains unresolved, US Bank Customer Service should be contacted at 1-800-344-5696. For fraudulent charges, the cardholder must call US Bank as soon as possible. The Program Administrator should also be made aware of fraudulent charges.
2. The cardholder will be required to provide the following information:
  - a. Name of merchant and the transaction date.
  - b. Cardholder name and account number.
  - c. Dollar amount of disputed fraud charge.
  - d. The US Bank Customer Service will initiate the dispute with the merchant and provide a Case Identification Number for tracking purposes. They will also send the Statement of Fraud forms to the cardholder to fill out and return regarding the charges in question. Charge(s) will be reversed on the following month's statement, and a confirmation letter will be sent advising of the credit to the account.
3. The cardholder shall:
  - a. Note the disputed item on monthly statement.
  - b. Write the Case Identification Number and the date the employee called the customer service on the monthly statement.
  - c. Deduct the dollar amount of the disputed item from the monthly statement, and omit the charge on the invoice entry in Eden.

5. Lost or Stolen Cards

If any cardholder should lose or have his/her credit card stolen, notify the bank immediately by calling 1-800-344-5696. The Department Head or manager should also be notified. The authorized approver must be notified within one working day after discovery and the authorized approver should immediately notify the Program Administrator. This prompt action is important as it will limit the City's liability for misuse of the card.

6. Transfer of Employees

If cardholder is transferred to another department or a job within the department that does not require the card, the card should be cut in half by the authorized approver and forwarded to the Program Administrator so that the card can be invalidated in the Bank's records. If the employee needs a card in the new department, a new card can be requested by that department.

## 7. Terminating/Resigning Employees

The Department Head/Division Manager should collect the credit card, receipts, and monthly statement when an employee is terminated or resigns. The card should be forwarded to Purchasing immediately upon receiving for cancellation.

## 8. Disciplinary Actions

Failure to follow this policy may result in either the loss of credit card privileges or other disciplinary action. The action taken for offenses made are as follows:

- 1st time – The employee will be reminded of the policy.
- 2nd time – The employee's card will be temporarily suspended.
- 3rd time – The employee's card will be revoked

## Policy History

1. The Credit Cards policy and procedures were originally issued on August 5, 2012 with no assigned policy number.
2. The policy was revised in 2012.
3. It was renamed the Credit Card Policy, reformatted, renumbered as Policy 408, updated and approved on November 9, 2016.
4. It was amended to add policy statement #5 in November 2018.
5. This policy was revised in April 2019.

## Related Policies

1. Policy 402 – Purchasing Policy
2. Policy 410 – Travel Policy

## Contact for this Policy

Purchasing Coordinator

## Approval

This policy was updated on April 22, 2019 and approved by:

DREW CORBETT  
CITY MANAGER