

PURPOSE

To establish those procedures under which Department Heads will control the use of the Credit Card assigned to them. These procedures are intended to accomplish the following:

1. To ensure that the procurement with credit cards is accomplished in accordance with the policy and procedures established by the Board of Selectmen.
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 procuring with credit cards so that they are used only for authorized purchases.
4. To ensure that the Town bears no legal liability from inappropriate use of Credit Cards.

SCOPE

The Board of Selectmen will make all decisions regarding the issuance and use of individual bank issued or store issued cards and the establishment of any and all additional controls in their use.

APPLICABILITY

This procedure applies to all departments of the Town of Litchfield accepting a Town credit card. By accepting a Town credit card, the cardholder agrees to be bound to these rules and any future rules instituted by the Board of Selectmen, as part of the Board's responsibility to manage the financial affairs of the Town, regarding the use of credit cards.

USE OF CREDIT CARDS

The credit card is to be used for town purchases ONLY. Cash advances through bank tellers or automated teller machines are prohibited.

The credit card will not be used for personal purchases of any kind. Use of the credit card for personal purchases or expenses with the intention of reimbursing the Town is prohibited.

Each credit card is embossed with the cardholder's name and shall not be lent to any other person. Cardholders are responsible for the security of the credit card. All precautions shall be used to maintain confidentiality of the cardholders account numbers and expiration date of the credit card.

All purchases made with a credit card must adhere to purchasing requirements in the Town's purchasing policy.

When using a credit card, the cardholder must:

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 credit card limits.
3. 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.

1. Documentation – Any time a purchase is made using a 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 use privilege to be revoked.
3. Payment Procedures – Purchases listed on the credit card statement must be verified and approved by the Department Head, account numbers assigned for each transaction, and submitted to the Finance Office for payment.
4. Any missing receipt or purchasing record will need to follow instructions on line 2 above (Missing Documentation). It is the card user's responsibility to submit 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 expense lines.
5. Multiple failures to submit appropriate documentation may result in the credit card being rescinded by the Board of Selectmen.

APPROVAL

The Town Administrator, or his/her designee will review each transaction on 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. For transactions made by the Town Administrator, the Finance Manager or Board of Selectmen will review the transactions.

If for any reason, the Town Administrator questions the purchases, it is his/her 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 the policies and procedures, the cardholder must provide a credit voucher proving the items have been returned for credit or applicable repayment to the Town prior to the Town's payment of the current credit card bill (in the case of an inadvertent error by the cardholder). Resolution for the improper use of credit cards will be the responsibility of the Board of Selectmen. Disciplinary action could result for misuse of the credit card. Flagrant abuse of the credit card program could result in termination of employment.

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 is considered to be in dispute. Disputes should be reported to the Town Administrator who will file the appropriate documentation with the credit card provider. However, it is the responsibility of the Department Head to resolve these disputes.

If a merchant provides a refund in the form of a gift card for store credit, documentation of the receipt of such a card and records of all transactions associated with the card until its value is depleted must be provided to the Finance Office following the requirements for documentation outlined above. Gift card refunds will not be acceptable for transactions in excess of \$200.

The Department Head should note the item(s) disputed on the statement.

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 Town Administrator who will forward the Board of Selectmen for consideration. Cards are issued at the sole discretion of the Board of Selectmen and may be revoked or removed from the cardholder by the Board of Selectmen with or without cause. If the Board of Selectmen terminates a cardholder's account, the card must be returned to the Town Administrator or Board of Selectmen within five days.

LOST OR STOLEN CREDIT CARDS

It is the responsibility of the cardholder to immediately notify the Town Administrator and the Finance Office of a lost or stolen credit card.

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 credit card and result in loss of privileges for the cardholder.

TERMINATION OR TRANSFER

Upon termination of employment for any reason, a cardholder must relinquish their credit card at the time of separation from the Town. The Finance Office will notify the Credit Card Issuer and the cardholder's card will immediately be 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. The Board of Selectmen will review all cardholders at least every two years.

REVIEW

This policy will be reviewed annually by the Board of Selectmen. Cardholders will review and accept this policy upon issuance of a card, revisions to policy by the Board of Selectmen or at least every two years if no other events cause a policy reissue.

- Approved April 30, 2012
- Reviewed April 22, 2013
- Revised April 28, 2014
- Reviewed April 27, 2015
- Revised April 25, 2016
- Reviewed May 22, 2017
- Reviewed April 22, 2019

Recognition & Awareness Form

Acknowledgement:

My signature signifies that I have read the Town of Litchfield Credit Card Policy and that I understand my responsibilities related to the effective application of this policy.

Print Name:

Signature:

Date: _____

Manager/Supervisor/ Chairperson:

Date: _____