

City of Waukegan

Credit Card & Store Credit Policy

Effective February 20, 2018

Adopted by City of Waukegan Resolution No. 18-R-23 on February 20, 2018.

Table of Contents

POLICY STATEMENT 2

REGULATIONS..... 2

GUIDELINES 3

 A. CARD USE..... 3

 B. TRANSACTION PROCEDURE..... 3

 C. TAX EXEMPTION..... 3

 D. ITEMS THAT MAY BE PURCHASED WITH THE CREDIT CARD..... 3

 E. PERSONAL USE PROHIBITED..... 4

 F. CREDIT CARD SECURITY..... 4

INTERNAL CONTROL GUIDELINES 5

 A. BOOKKEEPER’S RESPONSIBILITIES 5

 B. CREDIT CARDHOLDER’S RESPONSIBILITIES 5

CARDHOLDER AGREEMENT WITH CITY OF WAUKEGAN 6

POLICY STATEMENT

The City of Waukegan Mayor, Treasurer, and Information Technology Director will have use of bank issued credit cards to purchase needed services and supplies. The use of credit cards will modernize and streamline the purchases by the City. Additionally, the City maintains certain store credit or invoicing accounts for in-store credit at certain stores for the purchase of small tools, supplies, et cetera. These accounts or cards, for the purposes of this policy, will be subject to the same restrictions and requirements, and shall be used consistently with any and all references to “credit card” within this policy.

REGULATIONS

City officials or employees assigned a credit card or listed on a store credit account, shall use such credit ONLY for goods or services for the official business of the city.

1. Documentation detailing the goods and services purchased must be submitted before payment can be approved.
2. The Cardholder is responsible for the protection of the credit card and will immediately notify the Finance Director and financial institution issuing the card if the card is lost or stolen.
3. If the card is used inappropriately by the Cardholder, the Cardholder will be responsible for any charges incurred, and will also be subject to discipline, up to and including termination and criminal prosecution.
4. No alcoholic beverages may be purchased on a City Credit Card.
5. All charges on the City credit card are subject to the City Purchasing Policies and Ordinances.
6. Any items purchased and/or benefits produced from the use of the credit card will be the property of the City of Waukegan.
7. Only credit cards that have no annual or monthly fee will be used.
8. Any city credit card shall be returned to the Treasurer BEFORE the Cardholder leaves the job with the City of Waukegan which permits use of the credit card.
9. Any and all other City Policies, Ordinances, or Regulations, including the City’s Travel Expense Regulations shall also continue to apply to any transaction.

GUIDELINES

A. CARD USE.

1. A bank issued credit card will only be issued to the Cardholder by the Finance Director and only to the individuals listed in this policy. No other credit cards may be obtained on behalf of the City of Waukegan. The card has an authorized maximum spending limit of \$5,000.
2. Department Heads must provide the Finance Director a list on May 1st annually of individuals to be included on store credit accounts. The Finance Director shall determine access to store accounts or cards based on individual and department needs. Purchases made via store credit must comply with the city's financial policy, purchasing policies and guidelines, and state law.
3. Use of a bank-issued credit card or store credit in no way changes such policies, instead merely providing an alternative method for making certain payments. Violations of these Credit Card Policies and or any City Purchasing Codes or Policies may result in revocation of use privileges and disciplinary action up to and including termination of employment and criminal prosecution. Anyone who has inappropriately used the credit card will be required to reimburse the City for all costs associated with such improper use.

B. TRANSACTION PROCEDURE.

All credit card transactions can be performed in person, over the internet or phone, or through the mail. When the credit card is used, the Guidelines below shall be followed:

1. The City of Waukegan corporate credit cards that the City receives, has the cardholder's name and account information included on the back of the card. It may not be transferred to, assigned to, or used by anyone other than the designated cardholder. The only exception to this is when the cardholder authorizes a subordinate to charge City expenses online, when no other means of obtaining the product or service is available or the use of the credit card is the most economical way or best business practice. Authorization by card holder is required prior to using the credit card. Support must be forwarded to the card holder immediately following the use.
2. Tell the merchant that payment will be made with the City's credit card and, if applicable, that it is a sales tax exempt purchase.
3. Retain all receipts and documentation associated with the purchase.
4. Follow city and credit card company guidelines for approval and payment of the charges in advance of using the card.

C. TAX EXEMPTION.

Any person using a card must notify the vendor or merchant that the City's transaction should be exempt from sales tax if it is for goods purchased in the State of Illinois. A letter, issued by the Illinois Department of Revenue and supplied by the City's finance department, should be presented to the vendor if it requests documentation for tax and audit purposes.

D. ITEMS THAT MAY BE PURCHASED WITH THE CREDIT CARD.

The credit card may be used for only of the following expenses:

1. Travel, Meals, Lodging, Materials, Equipment, Supplies, and Operating Expenses.
2. Professional development fees, professional organization membership fees, and training fees.
3. The credit card may not be used for personal or non-city use.

E. PERSONAL USE PROHIBITED.

The City of Waukegan credit cards or credit accounts are not a personal credit cards and remain the property of the City of Waukegan. All outstanding charges on the card are the liability of the City of Waukegan. The City of Waukegan credit card is not a personal credit card and remains the property of the City of Waukegan. All outstanding charges on the card are the liability of the City of Waukegan. Violation of this section is expressly subject to personal discipline up to and including termination of employment, repayment of any unauthorized charges, and criminal prosecution.

The City Council recognizes that errors may occur when a City Credit Card may be accidentally mistaken for a personal credit card during the ordinary course of conducting one's affairs. In the event a City of Waukegan credit card is mistakenly used for a personal purchase, the employee misusing the card shall immediately notify the Finance Director upon discovery of the error, and shall make timely repayment.

F. CREDIT CARD SECURITY.

1. **Credit Card Account Number:** The Finance Director will keep a permanent record of the card, the credit limit established, the date issued and the date returned.
2. **Use by someone other than the cardholder:** The only person entitled to use the credit card is the Cardholder whose name appears on the face of the card. If another employee of the City of Waukegan is allowed to charge on the card the cardholder acknowledges responsibility for such purchases complying with this policy.
3. **Lost or Stolen Cards:** If the credit card is lost or stolen, the Finance Director is to be immediately notified. The cardholder or Finance Director will notify the issuing agency. Any lost or stolen cards shall also be reported 1) to the Finance Director, 2) to the Credit Card Company, and 3) to the Police Department for a report to be made and held on file by the City Finance Director.
4. **Surrendering Card.** Any person leaving employment with the City of Waukegan, that has a City of Waukegan credit card, or access to a store credit account, shall surrender that card during their exit interview. The City Human Resources Director should be given the surrendered card and they will contact the Finance Director to remove that individual from authorized users.

INTERNAL CONTROL GUIDELINES

A. BOOKKEEPER'S RESPONSIBILITIES

1. Upon receipt of the credit card statement, the Finance Director or his/her designee shall be responsible for reviewing the statement for accuracy. This will include reconciling original receipts to the statement transactions.
2. The Finance Director, or their designee, will prepare the statement for payment. If necessary, checks will be issued prior to the normal approval of the bills to avoid finance charges. All charge slips must be given to the Finance Director's Designee and attached to the credit card bill when it arrives. Such Designee will verify that the expenditure and the bill are accurate. The receipt should contain information certifying the appropriate use of the card.
3. The Finance Director, or their designee, will be responsible for coordinating the waiving and/or reversing of any and all annual fees and/or finance charges.
4. The Finance Director, or their designee, must retain the approved credit card statements and accompanying receipts on file for seven years.

B. CREDIT CARDHOLDER'S RESPONSIBILITIES

The Cardholder is responsible for ensuring activity and account information is noted on the credit card statement for each line of entry. The Cardholder will sign the statement for approval of payment. The approval will attest to the appropriateness of the expenditures made by the cardholder on their city-issued card.

The Cardholder:

1. Will use the credit card in compliance with the City of Waukegan and State of Illinois Purchasing Guidelines, including all ordinances, policies, and laws applicable to purchases.
2. Retain all sales slips/register receipts. These receipts must be submitted to the Finance Director, or their designee, to reconcile against the monthly credit card statement. Guidelines for management approval and payment of charges must be followed. In the rare case where no receipt is obtained, the cardholder must initial the credit card statement next to the charge. In addition, a memorandum that the expenses were incurred in the conduct of City business must be completed and signed. If determined that there is inadequate support, the user will be required to reimburse the City from personal funds.
3. Ensure that all credit card guidelines are met.
4. Report lost or stolen cards to the Finance Director immediately.

CARDHOLDER AGREEMENT WITH CITY OF WAUKEGAN

I, _____, on this ____ day of _____, 202__, acknowledge receipt of the above credit card and store credit use policy and have read the above guidelines and policy.

I agree to abide by the terms contained in this document, and understand that violation of any of the foregoing provisions could result in loss of access to said credit card, or for more serious violations, may result in disciplinary action up to and including termination and criminal prosecution.

Signature

Printed Name and Title