ORDINANCE 1791

EXHIBIT C

Excerpts from *Best Practices* of the State Board of Accounts

CREDIT CARD PURCHASES

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the criteria outlined in the compliance manuals are observed.

The following is information that you may want to consider when implementing a credit card policy.

Authorization

- How many cards are needed?
- What restrictions do we want placed on the cards?
    - o Credit Limits
    - o Deactivate ability to make cash advances and possibly restrict type of vendors.
- Does our ordinance specify the purposes for which the card can be used?
    - o Travel
    - o Online Purchasing
    - o Emergency/Small purchases
    - o Automatic payments
- Have we included in the ordinance/resolution prohibitions against uses such as personal expenses or purchases above a threshold amount?

Controls

- In the design of our log/accounting system, have we included the following?
    - o Determination that there is sufficient appropriation for the purchase and the proper fund to be posted
    - o Permitted use
    - o Signing out and signing in the actual card
    - o Certification that goods/services were received
    - o Sufficient documentation to support the purchase
    - o Name and title of person using the card
    - o Time frame for returning the card

Risk

- What happens when the ordinance/resolution is not followed? What consequences will be enforced?
    - Who is responsible for late charges?
    - Who is responsible when sufficient documentation of purchase is not provided?
    - How will we collect if personal expenses are purchased with credit card?
- What are procedures when employees with access to the credit card leave employment or a card is lost or stolen?

Reconciliation and Records

- Who will be responsible to match receipts to charges on the credit card statement?
- Who will analyze the use of the card against the ordinance/resolution?
- How do we ensure that appropriate segregation of duties exists? For example, does the same person who reconciles have ability to control and maintain the credit card account?
- Do we want periodic review of accounts by management and/or governing board?