

## **ORDINANCE 1816**

### **AN ORDINANCE AUTHORIZING THE ISSUANCE OF CORPORATE CREDIT CARDS FOR USE BY CERTAIN EMPLOYEES OF THE TOWN OF MUNSTER**

**WHEREAS**, The Town of Munster is a municipal corporation that was incorporated under the laws of the State of Indiana on July 1, 1907; and

**WHEREAS**, The Town of Munster has permitted the use of a corporate credit card by certain employees since 1989; and

**WHEREAS**, It is necessary from time to time to revise the list of employees authorized to use the Town's corporate credit card; now,

**THEREFOR BE IT ORDAINED**, By the Town Council of the Town of Munster, Indiana, as follows:

1. The Town authorizes American Express to issue corporate credit cards for use by Wendy Mis, Dustin C. Anderson, Mark Heintz, and Stephen F. Scheckel, its Clerk-Treasurer, Town Manager, Director of Parks & Recreation, and Chief of Police, respectively, hereinafter as to each a "Responsible Person."
2. The Town Manager shall administer use of the credit cards.
3. The credit cards may be used for travel expenses directly related to Town business and for other proper Town business purposes, including, but not limited to, local or Internet purchases of food, beverages, materials, supplies, or services.
4. The Town agrees to pay the charges of said credit cards within twenty days of receipt of each statement from American Express, and, if necessary, to avoid the payment of late fees, in advance of the Town's approval, pursuant to IC 36-5-4-12.
5. The Responsible Person shall document all uses of the credit cards to the Clerk- Treasurer. The credit cards shall be used in accordance with this Ordinance, with Chapter I of the *Accounting and Uniform Compliance Guidelines Manual for Cities and Towns*, (commonly known as the *Accounting Manual*) and with IC 5-11-10 *et seq.* The pertinent portions of the current versions of Chapter 1 of the *Accounting and Uniform Compliance Guidelines Manual for Cities and Towns*, and IC 5-11-10 are attached to and made part of this Ordinance as Exhibit A and Exhibit B, respectively.
6. Before a claim payment is made, or, if not practicable, within thirty days after a claim payment is made, the Responsible Person shall make the Town whole for any disallowed credit card purchases on the credit card in his/her name. "Make the Town whole" means the Responsible Person will use his/her personal funds to make payments directly to American Express for any disallowed credit card purchases including late charges and/or interest which apply thereto, thereby preserving the appropriations of the Town. "Disallowed credit card purchases" means credit card purchases of a personal nature (such as, but not limited to, spousal travel expenses, or travel expenses in excess of amounts allowed under the Town's *Employee Manual*), entertainment expenses, or other expenses not documented in accordance with the *Accounting Manual* or IC 5-11-10 *et seq.*
7. The Town authorizes payment of annual fees, if any, to American Express, for the use of the credit cards.
8. Each Responsible Person shall be responsible for any uses of the credit card by subordinates of the Responsible Person.

**ORDAINED and ADOPTED** By TOWN COUNCIL OF THE TOWN OF MUNSTER, LAKE COUNTY,  
INDIANA on this the day of December 2020, by a vote of \_\_\_\_ in favor and \_\_\_\_ opposed.

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**Lee Ann Mellon**  
**Town Council President**

**ATTEST:**

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**Wendy Mis**  
**Clerk-Treasurer**

## ORDINANCE 1816

### EXHIBIT A

**Excerpts from Chapter 1 of the**  
**Accounting and Uniform Compliance Guidelines Manual for Cities and Towns**  
**of the State Board of Accounts**

#### Credit Cards

The SBOA will not take exception to the use of credit cards by a unit provided the following criteria are observed:

1. The governing body must authorize credit card use through an ordinance/resolution, which has been approved in a meeting and documented in the minutes.
2. Issuance and use must be handled by an official or employee designated by the governing body.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance/resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card must be returned to the custody of the responsible person.
5. The designated responsible official or employee must maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned.
6. Credit cards must not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing body and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment cannot be made on the basis of a statement or a credit card slip only. Procedures for payments must be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee may be the personal obligation of the responsible officer or employee.
8. If authorized, an annual fee may be paid.

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### **EXHIBIT B**

#### **Excerpts from Indiana Code**

##### **IC 5-11-10-1.6**

##### **Requirements for issuance of warrant or check by fiscal officer**

Sec. 1.6. (a) As used in this section, "governmental entity" refers to any of the following:

(1) A municipality (as defined in IC 36-1-2-11).

(5) A municipally owned utility that is subject to IC 8-1.5-3 or IC 8-1.5-4.

(b) As used in this section, "claim" means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

(1) there is a fully itemized invoice or bill for the claim;

(2) the invoice or bill is approved by the officer or person receiving the goods and services;

(3) the invoice or bill is filed with the governmental entity's fiscal officer;

(4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and

(5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim.

This subsection does not prohibit a municipality from making meal expense advances to a municipal employee who will be traveling on official municipal business if the municipal fiscal body has adopted an ordinance allowing the advance payment, specifying the maximum amount that may be paid in advance, specifying the required invoices and other documentation that must be submitted by the municipal employee, and providing for reimbursement from the wages of the municipal employee if the municipal employee does not submit the required invoices and documentation.

(d) The fiscal officer of a governmental entity shall issue checks or warrants for claims by the governmental entity that meet all of the requirements of this section. The fiscal officer does not incur personal liability for disbursements:

(1) processed in accordance with this section; and

(2) for which funds are appropriated and available.

(e) The certification provided for in subsection (c)(4) must be on a form prescribed by the state board of accounts.

**IC 5-11-10-2**

**Approval and allowance of claims; claim forms; publication of claims and allowances**

Sec. 2. (a) Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer.

(b) The state board of accounts shall prescribe a form which will permit claims from two (2) or more claimants to be listed on a single document and, when such list is signed by members of the governing body showing the claims and amounts allowed each claimant and the total claimed and allowed as listed on such document, it shall not be necessary for the members to sign each claim.

(d) The form prescribed under this section shall be prepared by or filed with the disbursing officer of the political subdivision, together with:

- (1) the supporting claims if payment is made under section 1 of this chapter; or
- (2) the supporting invoices or bills if payment is made under section 1.6 of this chapter.

All such documents shall be carefully preserved by the disbursing officer as a part of the official records of the office.

(e) Where under any law it is provided that each claim be allowed over the signatures of members of a governing body, or a claim docket or accounts payable voucher register be prepared listing claims to be considered for allowance, the form and procedure prescribed in this section shall be in lieu of the provisions of the other law.

(f) Notwithstanding this section, the publication required by IC 36-2-6-3(b) must state each claim for which a separate warrant or check is to be issued by the disbursing officer except for claims for the following:

- (1) Salaries fixed in a definite amount by ordinance or statute.
- (2) Per diem of jurors.
- (3) Salaries of officers of a court.

**IC 36-5-4-12**

**Preapproved payments of claims**

Sec. 12. (a) The legislative body of a town may adopt an ordinance allowing money to be disbursed under this section for lawful town purposes.

(b) Notwithstanding IC 5-11-10, with the prior written approval of the board having jurisdiction over allowance of the claim, a town fiscal officer may make claim payments in advance of a board allowance for the following types of expenses if the town legislative body has adopted an ordinance under subsection (a):

- (1) Property or services purchased or leased from:
  - (A) the United States government; or
  - (B) an agency or a political subdivision of the United States government.
- (2) License fees or permit fees.
- (3) Insurance premiums.
- (4) Utility payments or utility connection charges.
- (5) Federal grant programs if:
  - (A) advance funding is not prohibited; and
  - (B) the contracting party provides sufficient security for the amount advanced.
- (6) Grants of state funds authorized by statute.
- (7) Maintenance agreements or service agreements.
- (8) Lease agreements or rental agreements.
- (9) Principal and interest payments on bonds.
- (10) Payroll.
- (11) State, federal, or county taxes.
- (12) Expenses that must be paid because of emergency circumstances.
- (13) Expenses described in an ordinance.

(c) Each payment of expenses under this section must be supported by a fully itemized invoice or bill and certification by the fiscal officer.

(d) The town legislative body or the board having jurisdiction over the allowance of the claim shall review and allow the claim at the body's or board's next regular or special meeting following the preapproved payment of the expense.

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### **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?
  - o Who is responsible for late charges?
  - o Who is responsible when sufficient documentation of purchase is not provided?
  - o 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?