



## **BOARD OF SELECTMEN / TOWN ADMINISTRATOR**

**Issue Date: October 1, 2018**

**Type of Policy: New (X) Amendment ( )**

**Effective Date: October 1, 2018**

**Town Wide Policy**

### **DEPARTMENT CREDIT CARD USE POLICY**

#### **1. Purpose**

To establish the Policy and Procedures for the use of department credit cards by department heads or their designee. These procedures are intended to accomplish the following:

- To ensure that procurement with credit cards is accomplished pursuant to the policy and procedures established by the Board of Selectmen.
- To enhance productivity, significantly reduce paperwork, improve internal controls and reduce the overall cost associated with approved purchases as listed below.
- To ensure appropriate internal controls are established within each department procuring with credit cards so that they are used for authorized purposes only.
- To ensure that the Town bears no legal liability from inappropriate use of credit cards.

#### **2. Scope**

The Town Administrator will make all decisions regarding the issuance of individual cards and the establishment of any and all additional controls of their use. The limit on each card shall be \$2,000.00 unless otherwise directed by the Town Administrator

#### **3. Policy**

A. The Town credit card is only to be used in the following situations:

- Emergencies that are of a public safety nature.
- Online purchases that would be unfeasible or impractical to establish lines of accounting with respective retailers.
- Charges for supplies and equipment shall not exceed \$500 per item without approval from the Town Administrator.
- Conference/Training Registration.
- Off Island Town owned vehicle fuel purchases.
- Other items specifically authorized by the Town Administrator.

B. The credit card will not be used for personal purchases of any kind. Use of credit cards for personal purchases or expenses with the intention of reimbursing the Town is prohibited and will result in disciplinary action.



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- C. Meals will not be authorized, and fall under the Town policy dated June 27, 2016.
- D. Splitting of charges to avoid the \$500 transaction limit (without approval of Town Administrator) set for the credit card is prohibited.
- E. Department heads are required to authorize payment of the charge on their receipt. This includes charges made by any designated individual.
- F. No cash advances (ATM, traveler's checks, money orders, etc.) are allowed using the credit card.
- G. The credit card is not to be used to pay invoices or statements of any kind.
- H. All purchases made with credit cards shall be paid for within the grace period so that no interest charges or penalties will accrue.
- I. Any incentive program benefits derived by the use of Town credit cards will be the property of the Town. The Town Administrator will determine the use of such incentive program benefits.
- J. All cardholders shall take all measures necessary to ensure the security of the credit card and the card number. Cardholders shall not give their card or their card number to others to use on their behalf.
- K. Lack of proper documentation or authorizations will result in loss of credit card privileges and/or personal liability.
- L. Misuse of a Town credit card by an authorized employee may result in loss of the credit card and/or disciplinary action against the employee, up to and including termination of employment.
- M. The cardholder will provide all information required by the financial institution issuing the card in order to receive a Town credit card, including social security information as required by the Federal Patriot Act.
- N. When using the credit card, the Town employee must ensure that the goods or services to be purchased are budgeted and allowable expenditures. All unauthorized expenses will not be paid by the Town of Edgartown. The Town reserves the right to collect payment for unauthorized expenditures from the employee.
- O. The employee is responsible for managing any returns or exchanges and ensuring that proper credit is received for returned merchandise. The cardholder will review the next statement to ensure that the return was properly credited.
- P. The credit card is not to be used for personal purchases with the intent of reimbursement afterwards. Random audits may be conducted for credit card activity and receipt retention as well as other internal accounting controls.



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- Q. It is the responsibility of the employee to immediately notify the Town Administrator or his designee of any lost or stolen credit card.
- R. The Town of Edgartown is a municipal government exempt from sales tax. Sales tax shall not be included with the cost of any purchase. Please be sure to have a copy of the Town's tax exempt certificate with you when making a purchase (See attached). Sales tax costs cannot be paid with Town funds. The individual making the purchase may be personally responsible for payment of sales tax.

### 4. Procedure

- A. Employees who are requesting the use of any town credit card account must be granted permission by their respective department head and/or Town Administrator (See Appendix A)
- B. Employees must sign out the credit card based on department level internal controls and maintain physical possession of the card at all times. All users must follow secure practices for online credit card use as determined by the IT Director.
- C. Credit card itemized receipts must be obtained by the cardholder and turned in to the Town Accountant (either via email scanned PDF or a hard copy) within one week of purchase date. A credit card statement will accompany any receipt.
- D. It is incumbent upon each department head to submit invoices to the Accounting Department promptly so as to avoid interest fees and late charges. If receipts are submitted late causing finance charges, the responsible party may have the credit card use revoked. Any interest or late fees will be incurred by responsible department.
- E. The department head shall verify that goods and/or services purchased, with the credit card have been received by the Town prior to authorizing payment.
- F. The credit card will be reconciled monthly by the Town Administrator/Accounting Office for unauthorized charges and other discrepancies.
- G. The use of the credit card is a privilege but also requires greater vigilance and responsibility. Employees must follow all existing procedures set forth by the Town Administrator's Office and the Accounting Office for their purchases or face disciplinary measures including dismissal, repayment of unauthorized expenditures and criminal charges.
- H. Each authorized cardholder must sign an Agreement to Accept Town Credit Card prior to issuance of the credit card. Forms will be kept on file in the Town Accountant's Office.
- I. When using the Town credit card, the authorized cardholder shall:
  - Determine if the intended purchase is within the cardholder's credit card limits.



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- Inform the merchant that the purchase is tax exempt. The tax exempt number is 046-001-143. Review the receipt before leaving the store and request a credit if taxes were charged in error. (See Appendix B)
- Obtain an itemized receipt for all purchases

J. It is the cardholder's responsibility to retain the receipts and other documentation.

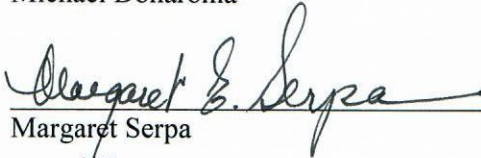
K. Upon separation of employment, cardholders shall surrender their Town credit card to the Town Administrator on or before their last day of work and prior to issuance of final compensation to the cardholder.

**5. Audits**

Random audits will be conducted for both card activity and receipt retention as well as statement review by the Finance Department. The detailed activity is also reviewed annually by the town's independent auditing firm.

\_\_\_\_\_  
Michael Donaroma

1 Oct 18  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Margaret Serpa

  
\_\_\_\_\_  
Arthur Smadbeck

BOARD OF SELECTMEN



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APPENDIX A

ADMINISTRATIVE REGULATION AGREEMENT TO ACCEPT TOWN CREDIT CARD

I, \_\_\_\_\_, hereby acknowledge receipt of a Town of Edgartown Credit Card.  
(First and Last Name)

\_\_\_\_\_  
(Last Four Digits of Credit Card)

As a Cardholder, I agree to comply with the terms and conditions of this Agreement and the provisions of the Town of Edgartown Credit Card Use Policy, as may subsequently be revised. I acknowledge receipt of the Policy and I have read and understand its terms and conditions. I understand the Town of Edgartown is liable to the financial institution for all charges made by me.

As the holder of this credit card, I agree to accept responsibility for the protection and proper use of this card as outlined in the regulations. I understand that the Town will audit the use of this credit card. I understand that I am responsible for retaining all receipts for processing to the Accounting Department and that failure to provide receipts may result in personal liability. I understand that I cannot use the credit card for personal use even if the intent is to reimburse the Town. I understand the use of the card does not circumvent the Town's Purchasing Policy.

I further understand that improper use of this credit card may result in disciplinary action, up to and including termination of employment and in accordance with applicable Collective Bargaining Agreement and/or Town Personnel Policy. I also agree to allow the Town of Edgartown to collect any amounts owed by me even if I am no longer employed by the Town.

If the Town initiates legal proceedings to recover amounts owed by me under this Agreement, I agree to pay all legal fees incurred by the Town in such proceedings. I understand the Town may terminate my rights to use this credit card at any time for any reason.

I agree to return the credit card to the Town of Edgartown immediately upon request or upon termination of employment.

\_\_\_\_\_  
Cardholder

\_\_\_\_\_  
Date

\_\_\_\_\_  
Department Head Authorization

\_\_\_\_\_  
Date

\_\_\_\_\_  
Town Administrator

\_\_\_\_\_  
Date



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**APPENDIX B**

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MASSACHUSETTS DEPARTMENT OF REVENUE

**CERTIFICATE OF EXEMPTION**



Certification is hereby made that the organization herein named is an exempt purchaser under General Laws, Chapter 64H, Sections 6(d) and (e). All purchases of tangible personal property by this organization are exempt from taxation under said chapter to the extent that such property is used in the conduct of the business of the purchaser. Any abuse or misuse of this certificate by any tax-exempt organization or any unauthorized use of this certificate by any individual constitutes a serious violation and will lead to revocation. Willful misuse of this Certificate of Exemption is subject to criminal sanctions of up to 1 year in prison and \$10,000 (\$50,000 for corporations) in fines. (See reverse side).

Town of Edgartown  
70 Main Street  
Edgartown, Ma. 02539

EXEMPTION NUMBER E 046-001-143

ISSUE DATE 01-04-89

CERTIFICATE EXPIRES ON None

Stephen W. Kidder