

RESOLUTION NO. 96-05

A Resolution adding a chapter to the Mason County Code regarding the use of vendor specific and charge cards.

WHEREAS, RCW 42.24.115 authorizes counties to provide for the issuance and use of charge cards to employees for the purpose of covering expenses incident to authorized travel; and

WHEREAS, RCW 43.09.2855 authorizes counties to use charge cards for official government purchases and acquisitions; and

WHEREAS, the Mason County Board of Commissioners believe that the use of credit cards can improve cash management, reduce costs, and increase efficiency when used appropriately; and

WHEREAS, it is necessary to provide proper controls over the distribution, authorization, and administration for the use of credit cards for transacting County business;

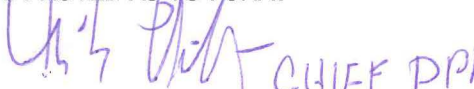
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF MASON COUNTY COMMISSIONERS to adopt the Mason County Credit Card Policy and Procedures as set forth in Attachments A and B.

Dated this 11th day of October, 2005.

ATTEST:

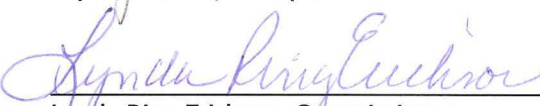

Rebecca S. Rogers, Clerk of the Board

APPROVED AS TO FORM:


Deputy Prosecuting Attorney

BOARD OF COUNTY COMMISSIONERS
MASON COUNTY, WASHINGTON


Jayni L. Kamin, Chairperson


Lynda Ring Erickson, Commissioner


Tim Sheldon, Commissioner

C: All Departments

Credit Card Policy

References: RCW 42.24.115
RCW 43.09.2855

Purposes:

To comply with State Laws on the use of credit cards for travel, purchases and acquisitions.

To provide opportunities for cost savings available only with the use of credit cards.

To provide an economical business practice that will increase efficiency.

Policy

1. Use of Credit Cards

The County authorizes offices/departments to use credit cards for official authorized government purchases or acquisitions and government approved travel.

All purchases made with these cards must be in compliance with the County's purchasing, contracting, vendor list and other applicable policies.

Credit cards will be assigned in the name of the office or department, and not in the name of an individual.

Before an office/department obtains a credit card with any type of fee, approval must be obtained from the County Commissioners.

2. Inventory

The Commissioners Office will maintain a central inventory of the County credit cards.

Each Elected Official or Department Head is responsible for the distribution, retrieval, and tracking of each card issued within their office or department.

3. Liability

The individual office or department is responsible for the liability incurred by the use of their credit cards. Payment is due immediately upon receipt of monthly statement. Balances on all cards must be paid within thirty days of the billing date.

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4. Spending Limits

Each Elected Official or Department Head will establish spending limits, and/or pre-authorization for credit cards issued in their office or department. Such limits will be consistent with office or department spending levels established by the Board of County Commissioners in the annual budget process. The Elected Official or Department Head is responsible for communicating the limit to each user.

5. Unauthorized uses

Personal charges on all credit cards are prohibited.

Cash advances on all credit cards are prohibited.

If an official or employee who is authorized on behalf of the office or department has charges that are disallowed and are not repaid prior to the credit card billing date, the office or department shall have a prior lien on the employee's wages, including final pay.

Failure to repay disallowed charges shall result in a penalty of ten percent per annum from the date of default until repaid. The interest will be computed as simple interest on the outstanding balance. This penalty is payable to the County and is in addition to interest and penalty charges imposed by the credit card company.

RCW 43.09.2855**Local governments -- Use of credit cards.**

(1) Local governments, including counties, cities, towns, special purpose districts, municipal and quasi-municipal corporations, and political subdivisions, are authorized to use credit cards for official government purchases and acquisitions.

(2) A local government may contract for issuance of the credit cards.

(3) The legislative body shall adopt a system for:

(a) The distribution of the credit cards;

(b) The authorization and control of the use of credit card funds;

(c) The credit limits available on the credit cards;

(d) Payment of the bills; and

(e) Any other rule necessary to implement or administer the system under this section.

(4) As used in this section, "credit card" means a card or device issued under an arrangement pursuant to which the issuer gives to a card holder the privilege of obtaining credit from the issuer.

(5) Any credit card system adopted under this section is subject to examination by the state auditor's office pursuant to chapter 43.09 RCW.

(6) Cash advances on credit cards are prohibited.

[1995 c 30 § 2. Formerly RCW 39.58.180.]

NOTES:

Findings -- 1995 c 30: "The legislature finds that (1) the use of credit cards is a customary and economical business practice to improve cash management, reduce costs, and increase efficiency; and (2) local governments should consider and use credit cards when appropriate." [1995 c 30 § 1.]

RCW 42.24.115**Municipal corporations and political subdivisions -- Charge cards for officers' and employees' travel expenses.**

(1) Any municipal corporation or political subdivision may provide for the issuance of charge cards to officers and employees for the purpose of covering expenses incident to authorized travel.

(2) If a charge card is issued for the purpose of covering expenses relating to authorized travel, upon billing or no later than thirty days of the billing date, the officer or employee using a charge card issued under this section shall submit a fully itemized travel expense voucher. Any charges against the charge card not properly identified on the travel expense voucher or not allowed following the audit required under RCW 42.24.080 shall be paid by the official or employee by check, United States currency, or salary deduction.

(3) If, for any reason, disallowed charges are not repaid before the charge card billing is due and payable, the municipal corporation or political subdivision shall have a prior lien against and a right to withhold any and all funds payable or to become payable to the official or employee up to an amount of the disallowed charges and interest at the same rate as charged by the company which issued the charge card. Any official or employee who has been issued a charge card by a municipal corporation or political subdivision shall not use the card if any disallowed charges are outstanding and shall surrender the card upon demand of the auditing officer. The municipal corporation or political subdivision shall have unlimited authority to revoke use of any charge card issued under this section, and, upon such revocation order being delivered to the charge card company, shall not be liable for any costs.

[1995 c 30 § 3; 1984 c 203 § 5.]

NOTES:

Findings -- 1995 c 30: See note following RCW 43.09.2855.

Severability -- 1984 c 203: See note following RCW 35.43.140.

Credit Cards

Definitions:

Credit Cards (Bank Cards): Mason County uses the credit card offered through the State of Washington contract. Departments may not use other bankcards.

Mason County may use the Travel Management Program offered through the State of Washington for reduced fare airline tickets. This Central Travel Account (CTA) is a cardless system.

Charge Cards/Account Cards: Cards issued through specific vendors showing an established account. Not a credit card. No special permission is needed for these cards, except if a fee is charged. Charge cards with fees require permission from the Board of County Commissioners. For example, Costco charges a fee for their cards, and they can only be used at Costco stores.

Credit Card System Administrator: An individual within the Commissioners' Office is responsible for providing training, advice, direction, consultation and assistance to Approving Managers and Card Custodians.

Approving Manager: The Elected Official, Department Head or designee responsible for designating card custodians and setting purchasing card limits. They will advise custodians of applicable limits and ensure that proper card usage, security, controls, timely bank statement reconciliation and approval, reception of transaction documentation and other related responsibilities are followed.

Card Custodian: A Regular Employee, as defined in the Mason County Personnel Policy, within each office or department is responsible for card security and use. Custodians may designate employees within their office or department to use the credit card to purchase specific items or use a credit card for travel purposes.

The Board of County Commissioners has approved vendor specific credit cards with no fees for use in all offices and departments.

I. Charge or Vendor Specific Cards:

1. Elected Official or Department Heads make arrangements with individual vendors for charge or vendor specific cards.
2. If a fee is charged for the card, prior permission must be obtained from the Board of Commissioners. Please contact the Commissioners' office.
3. Keep all cards and account numbers safe.

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4. Report inventory of all charge and/or vendor specific cards to the Board of Commissioners' annually. A form, provided by the Commissioners' Office, will be submitted annually by each department, listing the inventory of all charge and/or vendor credit cards.

II. Credit Cards (Bank Cards)

1. Contact credit card system administrator

Contact the Credit Card System Administrator in the Commissioners' Office. That person will help your office/department complete the Implementation Form and Letter of Request. The Administrator will establish an account through the Procurement Card contact through the State of Washington.

2. Designate a credit card custodian

To designate a new credit card custodian the Approving Manager completes form "**Credit Card Custodian**" and sends it to the Credit Card System Administrator in Commissioners' Office.

Custodians are responsible to:

- a. Pick up the credit cards from the Credit Card System Administrator in the Commissioners' Office.
- b. Keep all the credit cards safe and locked when not assigned to an employee.
- c. Maintain a log of credit cards checked out, to whom, date, purpose, date returned, sales slip returned, etc.

3. Decide which type of credit card

Use the form "**Credit Cards Order**" to determine the type of credit card you need. The following are available:

- a. Procurement Credit Card: Used for purchases for County business only. Purchases must be in compliance with all applicable purchasing policies and dollar thresholds. Not all departments will receive an individual or office procurement card. Issuance will be based on volume of purchasing. The Commissioners will have general procurement cards that can be used by any department. Please contact the Commissioners' Office to check out a card.
- b. Travel Credit Card: Used for travel related expenditures, except airfare. The card is embossed with the Department's name. Not all departments will receive a

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travel card. Issuance will be based on volume of travel. The Commissioners' will have general travel cards that can be used by any department. Please contact the Commissioners Office to check out a card.

- c. Airfare purchases can be made through the Central Travel Account, see page four item III.

5. Using the Credit Card

- a. The credit cards must be kept safe and secure at all times. When not in use by an individual, it is required that all credit cards be stored in a locked drawer or safe, with limited access.
- b. When needed for use, the custodian completes the information on the log and has the employee sign the log. If the custodian is the one to use the card, have another employee initial the log.
- c. The Approving Manager must set the boundaries for credit card use and must communicate this to the employee before they use the credit card. (Prohibited: airfare, cash advances, and personal items.) Proof of communication may be done by a signature on a use agreement, etc.
- d. The card user must obtain and return all charge slips regardless what is purchased, to the custodian or departmental accountant.
- e. An itemized receipt must be obtained for all purchases when possible.
- f. To raise or lower a spending limit on a credit card, complete the Credit Card Limits: Increase/Decrease form and send it to the Credit Card System Administrator in the Commissioners' Office.

6. Credit Card Billing Statements

- a. The Credit Card Administrator will receive a master bill of all credit card accounts, for review and audit purposes only.
- b. The Credit Card Custodian in each department will receive a detailed bill each month for the cards they are responsible for.
- c. It is the Credit Card Custodian or departmental accountant's responsibility for submitting payment in the proper amount of time each month.

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- d. For each purchase made by a charge card, a signed supplier sales receipt/charge slip that clearly describes the items purchased, price, and any applicable tax should be retained by the custodian and attached to the log during the reconciliation process.

III. Central Travel Account

1. Contact Credit Card System Administrator

Contact the Credit Card System Administrator in the Commissioners' Office. That person will provide your office/department with an account number for airfare purchases. This is a cardless system.

2. Using the Central Travel Account (CTA) cardless system

- a. The Central Travel Account (CTA) will be used for airline travel. If you do not have your account number call the Credit Card System Administrator in the Commissioners' Office.
- b. This is a cardless system. The custodian will keep the account number safe and secure. When needed for use, the custodian completes the information on the log, the name of the employee traveling, date and destination.
- c. The Central Travel Account (CTA) is a Travel Management Program with the State of Washington. To view the Washington State contract go to www.ga.wa.gov/pca/contract/12103c.doc . You will find a list of travel agents and airlines within the Washington State Contract.
- d. The Internet or alternative travel arrangements may be used to purchase the airfare ticket. You must first go through the state contract and document that the alternative travel arrangements are below the cost of the state contract. The state contract has guarantees if an airline ticket needs to be refunded or exchanged. The use of the Internet has no guarantees. Refunds or exchanges may not be allowed for airfare tickets purchased outside of the state contract. Please keep this in mind when making your travel decisions. You will need to include the expiration date on your CTA account while purchasing airfare outside of the state contract. If you do not have your expiration date, please contact the Credit Card System Administrator in the Commissioners' Office.
- e. An itemized receipt will be kept by the credit card custodian or departmental accountant and paid within 30 days.