

CLEVELAND PUBLIC LIBRARY

Finance Committee

January 15, 2019

RESOLUTION AUTHORIZING THE LIBRARY'S CREDIT CARD POLICY

WHEREAS, On June 27, 2018, the General Assembly passed House Bill 312 amendments to regulate the usage of credit and debit cards with an effective date of November 2, 2018. The credit card requirements apply to all political subdivisions, except colleges and universities and counties. The debit card requirements apply to all political subdivisions, except law enforcement. The Cleveland Public Library Board of Trustees must adopt a written policy for the use of credit card accounts no later than February 2, 2019; and

WHEREAS, House Bill 312 enacts baseline controls and procedures regarding credit cards for all government entities throughout the State of Ohio, eliminates the use of debit cards by most government entities, and promotes enforcement of credit card policies and procedures; and

WHEREAS, House Bill 312 establishes two separate internal control models for credit card usage by political subdivisions: the Custody and Control Model and the Compliance Officer Model; and

WHEREAS, The Financial Services department recommends adopting the Custody and Control Model as this model is a system in which the Fiscal Officer maintains physical control over all credit cards of the entity and may use a system requiring the cards to be "signed out" by authorized, designated users. The Compliance Officer Model is a system in which the Fiscal Officer does not maintain physical control of the credit cards and in this instance, a compliance officer must be appointed; now therefore be it

RESOLVED, That the Cleveland Public Library Board of Trustees hereby adopts the following credit card usage policy, the Custody and Control Model, which meets the credit card policy requirements of House Bill 312, to become effective January 17, 2019:

Cleveland Public Library
Credit Card Usage Policy—Custody and Control Model

1. Purpose

The purpose of the policy is to address the use of credit cards in the course of Library business, in accordance with the requirements set forth in Ohio Revised Code §9.21 (*Policies Regarding Political Subdivisions that Hold Credit Card Accounts*) and §9.22 (*Use of Debit Card Accounts*).

This policy applies to all “presentation instruments,” including any card, check, or account number which can be used to purchase goods or services, including online purchasing accounts.

2. Definition of “credit card account”

“Credit card account” means any of the following:

- a) Bank-issued credit card account,
- b) Store-issued credit card account,
- c) Financial institution-issued credit card account,
- d) Financial depository-issued credit card account,
- e) Affinity credit card account, or
- f) Any other credit account allowing the holder to purchase goods or services on credit or to transact with the account, and
- g) Any debit or gift card account related to the receipt of grant monies.

“Credit card account” does not include:

1. Procurement card account,
2. Gasoline card account,
3. Telephone credit card account, and
4. Any other card account where merchant category codes are in place as a system of control for use of the card account.

The Cleveland Public Library will not hold or utilize a debit card account, unless the debit card account is related to the receipt of grant monies. Debit cards include, but are not limited to, single-use cash gift cards and prepaid gift cards. Possession or use of a debit card account by the Library is a violation of Ohio Revised Code §2913.21 (*Misuse of Credit Cards*).

3. Maximum credit limits

Credit cards will be established in the name of the Cleveland Public Library with a maximum credit limit of \$10,000. The Library maintains a corporate purchasing account with Amazon with a maximum credit limit of \$19,000.

4. Officers or positions authorized to use a credit card account

Only those Library employees in the following positions are authorized to use a credit card account for Library business purposes:

- a) Fiscal Officer,

- b) Deputy Fiscal Officer,
- c) Assistant Director of Technical Services,
- d) Accounting Supervisor,
- e) Procurement and Contract Coordinator, and
- f) Accounting Specialist (for online purchases made on a Library account)

A credit card may not be used by anyone other than the individual to whom it is signed out.

5. Responsibility and Use Procedures

Prior to initial use of a credit card, each authorized Library employee must agree to and sign the “Credit Card Responsibility and Use Procedures.”

6. Types of expenses for which a credit card may be used

Library credit cards may only be used for those types of expenses that serve a valid proper public purpose, are for the benefit of the Library and its community, and are properly authorized and encumbered.

Such expenses include but are not limited to:

- a) Acquisition of materials for the Library’s collection,
- b) Online purchases, and procurements from vendors that do not accept purchase orders,
- c) Travel expenses for Library employees traveling on authorized Library business (e.g., booking a flight or hotel), and
- d) Purchases made online using the Library’s corporate purchasing account with Amazon.

The credit card user is liable to reimburse the Library in the amount of any unauthorized purchases or expenditures.

7. Custody and control of credit cards

Credit cards will be kept in the office of the Fiscal Officer and may be signed out by authorized Library personnel (as defined in this policy) from time to time as necessary. The credit card should be promptly returned to the office of the Fiscal Officer once the purchases for which it was signed out have been made.

8. Submission of itemized receipts

For each purchase made using a credit card, an itemized receipt indicating the amount paid, the vendor, and the goods/services purchased must be submitted to the Fiscal Officer promptly following the purchase.

The credit card user is liable to reimburse the Library for any amount for which the user does not provide itemized receipts. This reimbursement shall occur within thirty days of the date the charges are incurred on the credit card.

9. Credit card acquisition, issuance, reissuance, and cancellation

The Fiscal Officer will be responsible for the following:

- a) Working with appropriate financial institutions that issue credit cards to determine the best type of credit card accounts for the Library,
- b) Working with the issuing financial institution to determine the dates when credit cards expire and the reissuance of replacement cards,
- c) Determining, when necessary, the need to cancel a credit card account and any adjustment to credit limits on the credit cards, and
- d) Notifying the issuing financial institution of a lost or stolen credit card.

10. Process for reporting lost or stolen credit cards

Any credit card user who suspects loss, theft, or possible unauthorized use of a credit card must notify the Fiscal Officer immediately.

11. Misuse of a credit card account

The use of a credit card account for expenses beyond those authorized by the Board of Trustees in this policy constitutes misuse. Misuse includes but is not limited to:

- a) Use of the card for personal gain,
- b) Use of the card for a non-proper public purpose,
- c) Use without prior permission or authorization, and
- d) Failure to adhere to the guidelines set forth in this policy.

An officer or employee of the Library who knowingly misuses a credit card account held by the Library violates Ohio Revised Code §2913.21 (*Misuse of Credit Cards*). Any Library personnel engaging in misuse of a credit card will be responsible for reimbursing the Library for all unauthorized expenditures and may be subject to disciplinary action up to and including termination of employment.

12. Prompt payment of credit card bills

All monthly credit card statements and other correspondence associated with credit card accounts will be sent to the Cleveland Public Library. Payment of monthly statements will be made in a timely fashion so that finance charges and late payment fees are not incurred.

13. Reporting to the Board of Trustees

The Fiscal Officer, or her designee, annually shall file a report with the Board of Trustees detailing all rewards received based on the use of the Library's credit card account.

14. Effective date of policy

The effective date of this policy is January 17, 2019.

Credit Card Responsibility and Use Procedures—Custody and Control Model

A credit card account has been established to meet the needs of your department for incidental purchases. Upon receipt of proper documentation and itemized receipts, credit card expenditures will be paid through the Fiscal Officer's office.

*****A credit card does not replace requisitions and purchase orders.**

Conditions of Use: Expenses may be incurred with the credit card only if all of the following conditions are met:

1. Expenditures must be within the guidelines of the particular activity of your department and budget. The expenditure may only be made after a valid purchase order has been issued. The credit card is not to be used for any personal expenses.
2. Expenditures must be less than your credit limit of \$_____. There are no exceptions.
3. Proper documentation to support the expenditure must be sent to the Fiscal Officer prior to receipt of the monthly statement. Proper documentation includes:
 - a) Itemized paid receipt indicating the amount paid, the vendor, and an itemized description of the purchase,
 - b) In the case of books, subscriptions or similar types of orders, a copy of the order form or document, and the packing slip or other receiving document, and
 - c) A hardcopy print-out for any items ordered online.

Examples of documentation not allowed include:

- a) Non-itemized cash register receipts, and
 - b) Handwritten requests for reimbursement without receipts or other verification.
4. The Library is exempt from sales tax, and all reasonable efforts should be made to ensure that sales tax is not charged by vendors in connection with purchases made via credit card. A tax exemption certificate is available in the Fiscal Officer's office. In some cases, if you merely mention to the vendor that the purchase is tax exempt, no sales tax will be charged.

Safekeeping: You are responsible for the safekeeping of the credit card. You shall not

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permit anyone else to use the credit card or disclose to anyone (other than the vendor/merchant in connection with a purchase) the card account number, CVV, or other pertinent account information. You shall promptly return the credit card to the office of the Fiscal Officer once the purchases for which it was signed out have been made.

Unauthorized Use: If you become aware of any unauthorized or fraudulent use of the credit card, or if the credit card is lost or stolen, you must notify the Fiscal Officer immediately.

No Right to Credit Card: The credit card is issued to you on a temporary basis, and remains the sole property of the financial institution from which it was issued. The right to use the credit card may be revoked at any time without notice by the issuing financial institution or by the Library's Fiscal Officer.

Personal Responsibility: You are personally responsible for any unauthorized credit card expenditures and expenditures made in violation of applicable Library policy.

Policy: In addition to the terms set out herein, use of the credit card is subject to the Library's Credit Card Policy.

I have read and fully understand and accept my personal responsibilities and liabilities with respect to the credit card issued to me, including the terms set out in the Library's Credit Card Policy. I further acknowledge that any misuse of the credit card may result in disciplinary action up to and including termination of employment.

Cardholder Signature: _____ Date: _____

Witness: _____ Date: _____