



CREDIT CARD POLICY TOWN OF NEW DURHAM

PREAMBLE

The primary advantages of establishing a Credit Card Program are the various ways that the Town and the Departments utilizing the program can establish limits and restrictions on individual purchases. These features allow the Town to tailor the program to fit its needs and to extend Credit responsibility to more individuals while maintaining or increasing accountability. Prompt payment to vendors enhances the Town's relationships with suppliers. In addition, the increased ability to track small purchase activity with vendors can allow the Town to negotiate discounts.

The success of the Town of New Durham's Credit Card Program relies on the cooperation and professionalism of all personnel associated with this initiative. The Cardholder is the most important participant and is the key element in making this program successful.

PURPOSE

To establish those procedures under which departments will control the use of Credit Cards assigned to and utilized by Town employees for Credit non-stock materials and services. These procedures are intended to accomplish the following:

1. To ensure that the procurement with Credit Cards is accomplished in accordance with the policy and procedures established by the Finance Office.
2. To enhance productivity, significantly reduce paperwork, improve controls, and reduce the overall cost associated with small purchases.
3. To ensure appropriate internal controls are established within each department procuring with Credit Cards so that they are used only for authorized purposes.
4. To ensure that the Town bears no legal liability from inappropriate use of Credit Cards.

SCOPE

The Town Administrator will make decisions regarding the issuing of individual cards and the establishment of any and all additional controls for their use.

APPLICABILITY

This procedure applies to all departments of the Town of New Durham.

USE OF CREDIT CARD

THE CREDIT CARD IS TO BE USED FOR TOWN PURCHASES ONLY. CASH ADVANCES THROUGH BANK TELLERS OR AUTOMATED TELLER MACHINES ARE PROHIBITED:

The Credit Card will not be used for personal purchases of any kind. Use of the Credit Card for personal purchases or expenses with the intention of reimbursing the Town is prohibited.

Each Credit Card is embossed with the Cardholder's name and shall not be lent to any other person. Cardholders are responsible for the security of their cards and to ensure that the Finance Office has custody of the card at all times. All precautions shall be used to maintain confidentiality of the Cardholder's account number and expiration date of the Credit Card.

A single purchase may comprise multiple items. Unless previously approved the total amount of each single purchase may not exceed the limit of \$2, 500.00 or a lesser amount as established by the Town Administrator. Payments for purchases are not to be split in order to stay within the single purchase limit.

When using the Credit Card, the Cardholder should:

1. Ensure that the goods or services to be purchased are budgeted and allowable.
2. Determine if the intended purchase is within the Cardholder's Credit Card limits.
3. Tell the supplier/merchant that the purchase will be made using the Credit Card issued by Credit Card Issuer through the Town of New Durham.
4. Inform the merchant that the purchase is tax exempt. The tax exempt number is 02-6000596. Review the receipt before leaving the store and request a credit if taxes were charged in error.
5. The Cardholder is responsible for managing any returns or exchanges and ensuring that proper credit is received for returned merchandise. The Cardholder should contact the vendor to obtain instructions for return and review the next card statement to ensure that the return was properly credited.

DOCUMENTATION, RECONCILIATION, AND PAYMENT PROCEDURES

It is important to the success of the Credit Card Program that Cardholders adhere to the following procedures. Failure to keep adequate receipts or frequent abuse of these provisions will result in cancellation of the Cardholder's Credit Card.

1. **Documentation** - Any time a purchase is made using the Credit Card, the Cardholder is to obtain a customer copy of the charge slip, which will become the accountable document. All carbons, if any, should be destroyed. When a charge slip is not obtainable e.g. telephone or e-mail orders, a confirmation slip should be sought by, in the case of the telephone, asking the vendor for the same by fax or in the case of e-mail, printing the confirmation slip which is available through many of the on-line vendors. In the absence of all of the above, a written memo by the Department Head will be required which states where the order was placed, what the order was, date of order, order number and amount.
2. **Missing Documentation** - If the Cardholder does not have a receipt or documentation to submit with the statement, a reconciliation statement that includes a description of the item, date of purchase, merchant's name, and an explanation for the missing support documents must be submitted with the Cardholder's statement. Frequent instances of missing documentation may cause a Cardholder's Credit Card use privilege to be revoked.
3. **Payment & Invoice Procedures** - Purchases made by employees will be paid by the Finance Department once the Cardholder certification and approving official verification has been completed and account numbers assigned for each transaction.
4. Payments will be made by Invoice, each time the credit card is used an invoice or purchasing record must be submitted with a check request to the Finance department. All Credit Card Statements will be received by the Finance Department for reconciliation; any department may request a copy of the statement for their own records. Any missing invoice or purchasing record will need to follow instructions on line 2 above (Missing Documentation). It is the card users responsibility to submit the check request in a timely manner, if the check request are not

submitted in a timely manner, the department who is using the card will be responsible for interest or late charges added for that item purchased from their departments expense lines.

APPROVAL

The designated approving official for each department, because of their knowledge of the job responsibilities of the Cardholders, will review each transaction on the statement. At a minimum, the items, vendor and account number will be reviewed to determine if the purchase was made for Official Use and in accordance with policies and procedures.

If for any reason the approving official questions the purchases, it is their responsibility to resolve the issue with the Cardholder. If it cannot be determined that the purchase was necessary, for Official Use, and in accordance with policies and procedures, the Cardholder must provide a Credit Voucher proving the items have been returned for credit. Resolution for improper use of the Credit Card will be the responsibility of the approving official and the department director. Disciplinary action for misuse will also be the department's responsibility. Flagrant abuse of the Credit Card Program could result in termination. Should it be evident that an unauthorized purchase was knowingly made, the Town Administrator will bring said action to the Board of Selectmen who shall determine what course of discipline should be taken.

If items purchased with the Credit Card are found defective or the repair or services faulty, the Cardholder has the responsibility to return the items to the merchant for replacement or credit. CASH REFUNDS WILL NOT BE PERMITTED. If the merchant refuses to replace or correct the faulty item, the purchase of this item will be considered to be in dispute.

In addition to noting the disputed item on the statement, the "Cardholder Dispute Form" and any support documents must be attached to the statement. Finance will notify the Cardholder and Department Director of the action taken on disputed items.

It is essential that the time frames and documentation requirements established by Credit Card Issuer be followed to protect the Cardholder's rights in dispute. Dispute policies and procedures issued by Credit Card Issuer will be provided at the time the Credit Cards are issued to Cardholders.

REQUEST FOR INITIAL, ADDITIONAL, OR CHANGES TO CREDIT CARD

All requests for new Cardholders or changes to current Cardholders will be done by submitting a "Request for Credit Card" memorandum. The form will be processed through the Finance Office.

All requests for Credit Cards must be approved by the Town Administrator. The designated representative's name must be provided to the Finance Office and kept current.

When the Finance Office receives the Credit Card from the Credit Card Issuer, the Cardholder will be required to personally sign for their Credit Card.

LOST OR STOLEN CREDIT CARDS

It is the responsibility of the Cardholder to immediately notify the Finance Office of a lost or stolen Credit Card.

Failure to promptly notify the issuing bank of the theft or loss of the Credit Card could make the Town responsible for any fraudulent use of the card and result in loss of privileges for the Cardholder.

TERMINATION OR TRANSFER

Upon termination of employment for any reason, a Cardholder must relinquish their Credit Card at the time of separation from the Town. The Department Director will notify the Finance Office of the

