

## **RESOLUTION NO. 536**

### **A RESOLUTION OF THE CITY OF GIG HARBOR, WASHINGTON, RELATING TO PURCHASING AND CREDIT CARDS, ADOPTING A SYSTEM FOR THE ISSUANCE, USE AND CONTROL OF PURCHASING AND CREDIT CARDS BY CITY OFFICIALS, OFFICERS AND EMPLOYEES, AND DIRECTING THE FINANCE DEPARTMENT TO IMPLEMENT SUCH SYSTEM.**

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WHEREAS, local governments are authorized to allow officials and employees to use credit cards when appropriate, as long as a system is adopted for credit card distribution, authorization and control of credit card funds, setting limits on credit cards and payment of bills (RCW 43.09.2855); and

WHEREAS, the City Council finds the use of credit cards to be an appropriate and useful means of making payment for a variety of types of purchases, including emergency purchases, purchases of small items, one-time purchases from vendors and to pay for travel expenses; and

WHEREAS, the City Council finds that the use of credit cards is a customary and economical business practice to improve cash management, reduce costs, and increase efficiency;

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GIG HARBOR, WASHINGTON, AS FOLLOWS:

#### **Section 1. Definitions.**

A. "Approving Director" means the department head or, in the case of the Finance Department, the Finance Director, who designates Cardholders and recommends Credit/Purchasing Card limits within his/her department.

B. "Cardholder" means the officer/official or employee issued a Credit/Purchasing Card. The Cardholder will sign an Agreement for the Credit/Purchasing Card, and will be financially responsible for all charges made on the Credit/Purchasing Card account. The Cardholder is responsible for the proper use and safety of the Credit/Purchasing Card after it is issued.

C. "Credit Card" means a card or device issued under an arrangement between the issuer and the cardholder allowing the cardholder the privilege of obtaining credit from the issuer. The Credit Card may only be used when making purchases on behalf of the City.

D. "Dispute" means a disagreement between the Cardholder and the Credit/Purchasing Card vendor or merchant regarding items appearing on the Cardholder's monthly statement.

E. "Purchasing Card" means a credit card established on behalf of a Cardholder. The Purchasing Card may only be used when making purchases on behalf of the City.

F. "Purchasing/Credit Card Administrator" means the Purchasing Coordinator (or a designee) in the Finance Department as appointed by the Finance Director. The Administrator will work with the Purchasing/Credit Card vendor to establish the program requirements, provide the primary contact for the City and monitor employee compliance. The Administrator shall be responsible for providing training and assistance to Cardholders and Approving Directors. The Administrator reports to the Finance Director.

**Section 2. Procedures.** The City Council hereby adopts the following system for the issuance, use and control of Purchase/Credit Cards by City officials, officers and employees.

A. Implementation. The Finance Director (or his/her designee) shall implement this system for the distribution, credit limits, payment of bills, authorization and control of cards, relating to the use of credit and purchasing cards by City officials, officers and employees.

B. Eligibility. All regular-status City employees and City officers/officials are eligible to receive a Purchasing/Credit card if authorized by their Approving Director and the Finance Director. Purchasing/Credit cards may be checked out by the Finance Department to those City officials/officers and employees who are authorized to obtain a card because their job responsibilities would be facilitated by the use of a Purchasing/Credit Card and such use would benefit the City. The act of obtaining a City Purchasing/Credit Card does not indicate pre-approval of expenses.

C. Establishment of Card Limits. The Finance Department shall set a credit limit on the Purchasing/Credit Card not to exceed \$5,000. No single purchase on the Purchasing/Credit Card shall exceed \$1,000 without prior approval of the City Administrator or the Finance Director.

D. **Official/Officer and Employee Responsibility**

1. Cardholders are accountable and responsible for the expenses charged on the card in their name.

2. Purchasing /Credit Cards are to be used for City business only and not personal use. An Agreement between the Cardholder and the City must be executed before the Card will be issued.

3. Purchasing/Credit Cards will not be used for personal expenses, cash advances, or tuition, the latter of which may be reimbursed through the City's Tuition Reimbursement Program. It may not be used as a substitute for professional service agreements, public works contracts and/or human services contracts.

4. The use of the Purchasing/Credit Card does not relieve the Cardholder from complying with other City and departmental policies and procedures. The Card is not intended to replace effective procurement planning which can result in quantity discounts, reduced number of trips and more efficient use of City resources.

5. The only person entitled to use the Purchasing/Credit Card is the person whose name appears on the face of the card. Cards should be treated with extreme care in the same manner as a personal credit card. The Cardholder will be responsible to report a lost or stolen card immediately to the Purchasing Card Administrator.

6. The Cardholder must retain all receipts and reconcile their Purchasing/Credit Card statement within the timelines set by the Purchasing Card Administrator. The statement must be reconciled and submitted to the Purchasing Card Administrator along with all receipts and a complete description of each product/service that was purchased if the information is not already on the receipt.

7. Merchandise returns and billing errors are the Cardholder's responsibility. The Cardholder is responsible for resolving all disputes directly with the Purchasing Card Vendor or the merchant. All charges must be paid on invoicing.

8. If the Cardholder will be absent from the City for an extended period of time (ie., vacation), the Cardholder is responsible for assigning and training an employee within his/her department to handle the account reconciliation responsibilities and meet established deadlines.

9. If the Card is used for the purpose of covering, authorized travel expenses, the Cardholder shall submit a fully itemized travel expense voucher within 15 days of returning from such travel. Any charges against the Purchasing/Credit Card not properly identified on the travel expense voucher or not allowed following an audit (as required by RCW 42.24.080) shall be paid by the Cardholder by check, U.S. currency or salary deduction.

E. City Procedure.

1. If, for any reason, disallowed charges are not repaid by the Cardholder before the statement is due, the City shall retain a prior lien against and a right to withhold any and all funds payable to the Cardholder up to the amount of the disallowed charges and interest at the same rate as charged by the Purchasing/Credit Card.

2. Finance charges will not be paid by the City. If the statement and receipts are not submitted to the Purchasing Card Administrator by the due date, the Purchasing/Credit Card limit will be set to zero until the information is received. Also, the City may revoke the Purchasing/Credit Card under subsection F herein.

3. Cardholders shall not use the Card if any disallowed charges are outstanding and shall surrender the Card upon demand of the Finance Director.

F. Card Revocation. The City shall have unlimited authority to revoke the use of any Purchasing/Credit Card, and upon delivery of a revocation order to the Purchasing/Credit Card company, shall not be liable for any costs. A Purchasing/Credit Card may be revoked by the Purchasing Card Administrator under any of the following circumstances:

1. If the Card is used in a manner inconsistent with City policy or this Resolution;
2. If the Cardholder transfers to another department;
3. If the Cardholder resigns or is otherwise terminated from the City;
4. If the monthly Purchasing/Credit Card is not properly reconciled or received by the Purchasing Administrator according to the established schedule;
5. If finance charges are incurred as a result of an officer/official or employee's failure to comply with Section D herein; or
6. If the card is lost or stolen.

**Section 2. Effective Date.** This resolution shall be effective immediately upon passage by the Gig Harbor City Council.

PASSED by the City Council of the City of Gig Harbor this \_\_\_\_\_ day of \_\_\_\_\_, 1999.

APPROVED:

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MAYOR, GRETCHEN WILBERT

ATTEST/AUTHENTICATED:

BY. \_\_\_\_\_  
CITY CLERK, MOLLY TOWSLEE

FILED WITH THE CITY CLERK: 7/7/99  
PASSED BY THE CITY COUNCIL: 7/12/99