Credit Card Use and Operations Spending Policy
Effective April 8, 2025

Purpose

To establish a policy for the use of credit cards, spending, and the procurement of authorized supplies by City employees. This policy provides guidance, procedures, and regulations for officers or employees with the authority and responsibility for purchasing and safeguarding a City-issued credit card and for procuring necessary supplies.

1. Guidelines

A. Credit Card Use

The City is authorized to enter into a credit card account relationship with a bank offering a nationally recognized credit card. Credit cards are issued to employees to facilitate purchases online, secure travel arrangements, and acquire goods when a charge account is unavailable. All credit card transactions must follow the same documentation and approval processes to ensure accountability and transparency.

B. Non-Credit Card Payments

Employees may also make purchases using personal funds and request reimbursement. Such payments must comply with the same approval and documentation requirements as credit card transactions. Reimbursements will only be processed after City Council review and approval.

2. Procedures

A. Authorization

The City Administrator and Deputy City Administrator may each obtain a credit card as provided under Minnesota Statutes 471.382. An officer or employee who makes or directs a purchase by credit card that is not approved by the City Council or does not adhere to the spending policy outlined in Section 3 is personally liable for the amount of the purchase. A purchase by credit card must otherwise comply with all statutes, rules, or City policy applicable to City purchases.

B. Responsibility and Accountability

All cardholders must safeguard the credit card and credit card number at all times. Cardholders must keep the credit card in a secure location. Cardholders may not allow unauthorized individuals to use the credit card or its account number. Personal purchases are strictly prohibited. The cardholder may be personally liable for any unapproved purchases. Lost or stolen credit cards must be reported immediately to the credit card agency and the City Administrator.

C. Process for Card Use

State law requires that claims presented to the City for payment must be in writing and itemized. Cardholders must obtain and retain original itemized receipts or invoices for all credit card purchases. The original documentation, along with the monthly statement, must be submitted promptly to the City Treasurer for payment processing. All credit card purchases must be approved by the City Administrator. Cardholders must review and process the monthly statement immediately upon receipt for approval and account coding. The entire account balance must be paid promptly each month, unless there are disputed charges, to avoid interest charges and late fees. The cardholder is responsible for disputing any incorrect charges and must notify the credit card agency, City Administrator, and City Council as soon as a dispute is discovered. Unless the City Council grants an exception, employees are responsible for all interest and fees charged to the account.

D. Process for Non-Credit Card Reimbursements

Employees requesting reimbursement for an approved purchase must submit an itemized receipt, proof of payment, and a detailed explanation of the expense. Reimbursement requests will be reviewed at the next regularly scheduled City Council meeting. If a purchase is deemed inappropriate, the responsible employee is personally liable for repayment. Reimbursements will not be processed until approval is granted.

E. Credit Card Use Acknowledgment

When a credit card is issued to a City employee, they must complete the acknowledgment form (Attachment A) to verify that they have read and understand the policy and accept the associated responsibilities. The City Administrator is authorized to receive a credit card with an individual credit limit of $3,000. The Deputy City Administrator is authorized to receive a credit card with an individual credit limit of $1,000.

F. Card Surrender

Any cardholder who violates the policy may have their credit card access revoked. The City Administrator shall monitor credit card use and act promptly to stop any misuse or abuse. The cardholder must surrender the credit card and all related documentation upon separation from the City of Birchwood.

3. Spending Policy for Authorized Supplies

A. Monthly Authorization

The City Administrator may authorize up to $1,000 per month for necessary office, operational, or trails and parks maintenance supplies. This authorization applies to both credit card purchases and other forms of payment.

B. Pre-Purchase Authorization

•**Definition:** Approval granted **before** a purchase is made.

•**Requirement:** The City Council must approve specific purchases in advance when they exceed the **$1,000 Monthly Authorization.**

•**Process:**

•The City Administrator (or authorized employee) submits a request to the City Council outlining the purpose, estimated cost, and necessity of the purchase.

•The City Council reviews and either approves or denies the request.

•If approved, the purchase can proceed within the authorized spending limit.

C. Post-Purchase Approval

•**Definition:** Review of purchases **after** they have been made.

•**Requirement:** All purchases, regardless of pre-authorization, must be reviewed by the City Council at the next regularly scheduled meeting.

•**Process:**

•The City Administrator submits an itemized report detailing all purchases, including receipts, vendor names, and descriptions of goods/services.

•The City Council reviews the expenditures for compliance with policy.

•If a purchase is deemed inappropriate, the responsible employee is personally liable for repayment.

D. Purpose of Supplies

Supplies purchased under this authorization must be for legitimate City business and directly related to the efficient operation of City services, including parks maintenance. Personal purchases are strictly prohibited.

E. Documentation

Detailed records of all supply purchases must be maintained, including dates, amounts, descriptions of items, and vendor information.

F. Rewards

Employees are not entitled to personal use of rewards earned from City-related purchases; all rewards must benefit the City. Employees may either reduce the amount of reimbursement they request by the value of the rewards, return the rewards to the City, or allow the City to retain the rewards.

G. Reimbursements

No spending shall be reimbursed to an employee until it has been claimed and approved by the City Council. Employees are encouraged to time their credit card use and adjust the credit card's payment due date to coincide with the claims approval process.

Attachment A: Credit Card Holder Acknowledgment

Acknowledgment of Credit Card Use and Operations Spending Policy

I hereby acknowledge that I have received and read the Credit Card Use and Operations Spending Policy and that any purchase made or directed by me using a City-issued credit card must comply with all applicable statutes, rules, and City policies governing City purchases. I understand that if I make or direct a purchase that is not approved by the City Council or does not adhere to the spending policy, I will be personally liable for the amount of the purchase.

By signing this acknowledgment, I affirm my commitment to the Credit Card Use and Operations Spending Policy and accept the responsibilities outlined therein.

Signature: ______________________

Printed Name: ___________________

Title: ___________________________

Date: ___________________________