



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-9-25 (5)

Date: September 25, 2013
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: Credit Card Policy

Background

This resolution will have the board adopt a policy to allow for an expanded staff use of credit cards for purchases their THA work requires. Allowing this will save considerable transaction costs. State law requires a board policy to govern our use of credit cards. A board policy is also part of the assurance auditors require.

The traditional way we buy something uses a requisition, purchase order, invoice and check payment. The cost of this process is the same regardless of the dollar amount of the purchase. In other words, the process cost of a \$5 purchase is the same as that of a \$5,000 purchase. Often the process cost exceeds the value of the item being acquired (e.g., the cost to acquire a \$25 wrench may exceed \$100). A recent study completed by the Finance Department with the help of staff in other departments disclosed that in 2012 about 26% of maintenance supply invoices for the Salishan projects and 28% of maintenance supplies for all other THA projects were for purchases under \$20. This same study also revealed that the processing costs for each invoice were valued between \$80 and \$100.

Unlike many other organizations, governmental agencies and private enterprises alike, THA has not yet taken advantage of the cost savings in the form of reduced process costs that are inherent in the use of purchasing/credit cards. THA currently only uses a few credit cards, primarily for travel expenses but not for most small purchases where the greatest savings could be realized.

To take advantage of these costs savings requires an adequate system of controls in the form of policy, procedures and standardized forms. THA has begun working with US Bank, using cooperative purchasing through the Washington State master contract, to set up an online system to record and approve credit card transactions, which will result in a monthly download of accounting coding that can be uploaded into THA's accounting system to pay the monthly statements.

The Finance Department is currently developing a comprehensive procedures manual, as well as a credit card quick reference guide that will guide cardholders in the use of the credit cards and the online US Bank system. Additionally, US Bank has very detailed training videos and help files to ensure the cardholders understand how to use their system; these training videos will be mandatory for each cardholder before the card is issued. The Finance Department plans to initially roll out the credit cards to limited sites to ensure that all procedures are adequately documented and then extend the roll out to all sites and current cardholders (Heritage Bank credit cards).

State Law (RCW 43.09.2855) requires local governments that use credit cards for purchases to have the agency's legislative body adopt a system for the distribution of the credit cards, the authorization and control of the use of credit cards funds, the credit limits available on the credit cards, the payment of the bills, and any other rule necessary to implement or administer the system. This state law also prohibits any cash advances on credit cards.

The purpose of the attached policy is to establish responsibilities for implementation of credit card procedures, to ensure compliance by THA with state law identified above, and to ensure the credit card usage and administration is within the guidelines of THA's Procurement Policy (THA Policy PCI-01 Procurement).

Recommendation

Approve Resolution 2013-9-25 (5) adopting the draft policy in substantially the attached form governing the use and administration of credit cards.



TACOMA HOUSING AUTHORITY

RESOLUTION 2013-9-25 (5)

ADOPTION OF THE CREDIT CARD POLICY

Whereas, the Authority can reduce purchase transaction cost by using credit cards for purchases;

Whereas, state law (RCW 43.09.2855) allows THA to use credit cards but requires the board to adopt a policy setting up a system of control over credit card administration and usage;


Whereas, the attached draft policies governing the use and administration of credit cards would help the Authority comply with state law and save money; and

Whereas, the Authority intends to distribute and train all cardholders and their supervisors on the credit card policies and procedures.

Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington that:

The Board adopts the "Credit Card" policy in substantially the form set forth in the attached draft, allowing for changes to format and procedures, and other changes pursuant to THA Policy G-01 on the Adoption, Amendment and Promulgation of Policies

Approved: September 25, 2013


Greg Mowat, Chair



TACOMA HOUSING AUTHORITY

Policy No. F-20
Policy Credit Cards
Date August 1, 2013

1. Purpose

The purpose of this policy is to establish responsibilities for implementation of credit card procedures, which improve efficiency in the procurement process for travel and small purchases and provide appropriate controls over expenditure of public funds.

2. Sources for Policy

- ▶ RCW 43.09.2855 Local governments – Use of credit cards
- ▶ THA Policy PCI-01 Procurement

3. Scope of Policy

This policy applies to all THA directors, managers and employees issued credit cards, their supervisors as well as those tasked with administering the credit card program.

4. Who is Responsible for Implementing Policy

Who	Responsibilities
<i>Finance Director</i>	Implement and maintain a system for the distribution, authorization and control of credit cards issued to THA directors, managers and employees. Approve and set transaction and credit limits on each card. Develop Credit Card Procedures guide. Establish and implement procedures for the timely payment of credit card bills.
<i>Accounting Specialist designated as Credit Card Administrator</i>	Overall administration of the credit card program. Acts as the liaison between the credit card issuer and the credit cardholders.
<i>Department Director and Department Contact</i>	Each Department Director is responsible to designate a Department contact who will oversee, collect receipts, track purchases, monitor disputes and reconcile statements monthly for each credit card issued to and within the department.
<i>Employee/Cardholder</i>	Receive and read the Credit Card Policy and the Credit Card Procedures and sign a THA Credit Card Usage Agreement acknowledging their understanding of the policy and procedures. Follow procedures outlined in the Credit Card Procedures and use credit card only for expenses allowed under THA policies.

5. Definitions

<i>Credit Card Procedures</i>	Detailed instructions for cardholders, Department contacts and Department Directors outlining credit card procedures for travel and small purchases, and providing appropriate controls over expenditures of public funds.
<i>Credit Limit</i>	Monthly spending limit set for each individual credit card.
<i>Transaction Limit</i>	Maximum individual purchase amount set for each individual credit card.

6. Forms Associated with this Policy

<i>THA Form F-20(01)</i>	Credit Cardholder Application
<i>THA Form F-20(02)</i>	Credit Card Usage Agreement

7. Policy

7.1 Application and Issuance

THA credit cards may be directly issued to those regular full-time THA officials and employees who, in the opinion of their Department Director and the Finance Director, have job responsibilities that could be more easily facilitated by the use of a credit card and the credit card use would benefit THA.

The application and approval of such credit card issuances are completed using the Credit Cardholder Application form, which includes the identification and approval of credit and transaction limits. Department Directors may request pre-approval of credit and transaction limits for new cardholders from the Finance Director to expedite the application process. The Finance Director will ensure that the approved limits are in compliance with the bid limits specified in THA's procurement policy and approved purchasing levels.

Once the new credit card is received, each cardholder will be required to sign a THA Credit Card Usage Agreement acknowledging that they have read and understand this policy and the THA Credit Card Procedures, and that they understand that violations of the policy and procedures will subject them to possible disciplinary actions and payroll deductions. Before issuance of the credit card, the applicant will also be required to complete online training to familiarize the cardholder with the credit card company's website, the online coding of expenses, and the monthly reconciliation process. Once this process is completed, the THA credit card can be issued to the cardholder.

7.2 Authorized Card Use

THA credit cards shall only be used for purposes of incurring ordinary, reasonable and usual expenses to properly maintain and continue Housing Authority operations including authorized training and travel expenses and the purchase of supplies, services and equipment. Use of the credit card does not

relieve the cardholder from adhering to the Housing Authority's Procurement Policy and procedures.

No obligation shall be incurred, nor shall such obligation be deemed a valid obligation of the Housing Authority, unless such obligation is for matter or matters otherwise properly provided for in the budget of the Housing Authority or its component units. Should a non-budgeted credit card purchase become necessary, the Department Director requires the Finance Director's written approval in advance of the purchase.

A purchase made with a credit card may be made in-store, by telephone, fax, internet or U.S. mail. Use of purchase orders is required as specified in the THA Procurement Policy. When a credit card is used for the purpose of covering authorized travel expenses, these credit card expenses are required to be included in a fully itemized travel expense voucher in accordance with the THA Travel Policy.

7.3 Unauthorized Card Use

Any unauthorized charges incurred by an authorized cardholder may be deducted from any payment otherwise due to the cardholder. Unauthorized charges include, but are not limited to the following:

- a) Personal items and services
- b) Capital equipment (tangible equipment with a life expectancy of over 1 year valued over \$5,000)
- c) Cash advances, money orders, travelers checks, and gift cards
- d) Alcoholic beverages
- e) Entertainment and recreation
- f) Bars, taverns, night clubs, and lounges
- g) Jewelry, watches, clocks, and silverware stores
- h) Furriers and fur shops
- i) Rental or lease of space
- j) Contract services