

Policy Title:		Corporate Credit Card	
	OFFICE OF THE CHIEF FINANCIAL OFFICER	Category	General Accounting
		Administrative Policy #	200-FIN-Corporate Credit Card
		Revision #	N/A
		Review Frequency	As Needed – no less frequently than triennially
Administrative Division	General Accounting	Reviewed By	Controller; CFO; Director; Program Administrator
BOWC Approval	11/27/18:_____	Last Reviewed/Update Date	11/27/18:_____
Implementation Date	11/27/18: <u>Rev.</u> _____	Resolution #	18-0245:_____

## 1. OBJECTIVES

- 1.1. To establish policies and procedures along with internal controls to ensure and provide an effective process for managing Detroit Water and Sewerage Department's ("DWSD") Corporate Credit Cards.

## 2. PURPOSE

- 2.1. Corporate Credit Cards can be used to charge certain expenses while on DWSD business. The expenses charged on the cards are authorized to be paid using Vouchers as defined under Section 7.5.13.3. of the Procurement Policy. This Policy provides guidance for the use of Corporate Credit Cards.
- 2.1. ~~The DWSD may need to purchase goods or services through the use of Corporate Credit Cards for one-time purchases. This policy will provide guidance for the usage and payment of goods and services using the Corporate Credit Cards. Examples of acceptable uses for the Corporate Credit Cards include the following:~~
  - a. ~~Subscriptions and Publications~~
  - b. ~~Travel and Training Expenses~~
  - c. ~~Emergency Supply Purchases~~
  - d. ~~Meeting Expenses~~
- 2.2. ~~The Corporate Credit Card Program is designed to make it more cost effective and efficient for DWSD Senior Executive Management to make small dollar purchases of goods or services from any supplier that accepts the Corporate Credit Card.~~

## 3. DEFINITIONS

"Card" means a Corporate Credit Card that is issued to an individual authorized to make purchases ~~of merchandise, travel, and non-travel related expenses~~ for DWSD business purposes.

"Cardholder" means an individual issued a Corporate Credit Card. The Cardholder is responsible for the management and safekeeping of the assigned Card ~~issued and under their jurisdiction~~, which includes the security and proper usage of the Card.

"DWSD Business" means purchase of any good or service for DWSD's operational needs.

“Program Administrator(s)” means the designee(s) approved by the Chief Financial Officer (CFO)~~Finance Professional Administrative Analyst~~. The Program Administrator’s responsibilities include the authorization, set-up, and issuing of all Corporate Credit Cards including authorizing and processing changes to Cardholder transaction limits.

“Senior Executive Management” means the Director and those individuals that report directly to the Director. These individuals include (as of the date of adoption): ~~–Chief Strategy and Process Improvement Officer, Chief Operations Officer, Chief General Counsel, Chief of Staff and Customer Service Officer, and Chief Financial Officer.~~

- ~~Director~~
- ~~Deputy Director and Chief Engineer~~
- ~~Chief Information Officer~~
- ~~Chief Operations Officer~~
- ~~General Counsel & Chief Administrative Officer~~
- ~~Chief Financial Officer~~

#### 4. SCOPE

4.1. This policy applies to all Corporate Credit Card Cardholders at DWSD.

#### 5. RESPONSIBILITIES

5.1. ~~Under the supervision of the~~ the CFO, the Program Administrator shall establish the necessary procedures to implement this Policy and shall take all necessary measures to ensure this policy is adhered to. The CFO may delegate all or some of his/her authority under this policy to the Finance Director/Deputy CFO or General Counsel~~an appropriate member of Senior Executive Management.~~

5.2. All Cardholders shall adhere to this policy along with the City of Detroit’s and DWSD’s ethics policies.

5.3. The Program Administrator’s responsibilities include the following:

- Authorization, set-up, and issuing of all Corporate Credit Cards
- Authorization and processing of changes to Cardholder transaction limits
- Receiving and distributing of ~~electronic~~ reports
- Serving as the primary contact for Cardholder questions
- Providing an electronic approval form to control and monitor Credit Card purchase
- Analyze statements against receipts and supporting documentation and report all questionable transactions to CFO
- Provide training and consulting to Cardholders as requested

#### 6. POLICY

6.1. **General Information** - This document is intended to provide policies and procedures to Cardholders in utilizing their Corporate Credit Cards, and all Cardholders should carefully



read this document. A Cardholder's signature on the Corporate Credit Card Policy Acknowledgment Form (exhibit B) indicates that the Cardholder understands the requirements ~~intent~~ of the program and agrees to adhere to this policy. In the event this policy is not followed, the Program Administrator has the authority to deactivate the Card. In addition, appropriate disciplinary action may be taken up to and including termination. The determination and administration of any disciplinary actions resulting from Corporate Credit Card abuse shall be the responsibility of the CFO and Human Resources.

## **6.2. Issuance of Corporate Credit ~~Cards~~**

- 6.2.1. DWSD issues Corporate Credit Cards to ~~all~~ Senior Executive Management. The Cardholder's name is embossed on the Card. ~~No person other than the person or department to whom the Card is issued is authorized to use~~ The card may be used by the assigned Cardholder or a person in the Cardholder's business unit with the Cardholder's prior authorization. ~~the assigned Corporate Credit Card with the Cardholder's authorization.~~ The Card is to be used for ~~official~~ DWSD business only.
- 6.2.2. Cards must be kept in a secure place. Although the Card is issued in the Cardholder's name, the Card remains the property of the Credit Card provider issuer and DWSD. Activity on the Corporate Credit Card Program is reported on DWSD's credit report.
- 6.2.3. All ~~charges~~ purchases made on DWSD Cards are billed directly to the Cardholder on a monthly summary invoice.
- 6.2.4. Each Cardholder will be required to review and verify their Credit Card transactions on a monthly basis. Please refer to the "Cardholder Recordkeeping Requirements" ~~section below~~.
- 6.2.5. The Cardholder is responsible for keeping all supporting documentation for purchases made and submitting them along with the Credit Card statement, the eExpense Report and receipts to the Program Administrator by the 5<sup>th</sup> business day of the following month. A Cardholder that does not turn in receipts and all required documentation for all purchases made on a monthly basis may be subject to disciplinary action, including deactivation of Card and up to termination. Cardholders who fail to submit full and timely documentation under this Policy will have their card privileges revoked after two failures to comply.

## **6.3. Authorized Uses**

6.3.1. The Corporate Credit Card can only be used for the following purposes:

- Travel and related expenses (conference, training or seminar registration fees, air and ground transportation, meals using per diem guidelines and hotel)
- Subscriptions
- Professional dues and membership fees
- Departmental meeting expenses (e.g., equipment and room rental fees, etc.)
- Food and beverage as per Section 6.5 below
- Legal filing fees



- License and permit fees (excluding Software Licenses)

6.3.2. When traveling for conferences, training or seminar, the Cardholder must stay in the hotel where the conference, training or seminar is held. For other stays on DWSD business, the Cardholder must obtain a government rate for hotel stay. If the hotel does not provide a government rate, this must be documented in the Travel Request. The per day hotel rate obtained must be reasonable based on where the hotel is located. Comparative hotel rates for similar hotels where the hotel is located must be provided to determine reasonableness.

6.3.3. Meal charges are allowed while traveling on DWSD business. The charges will be based on current governmental "per diem" rates for food and beverages for all Cardholders except for the Director. The Director's charges may be based on actual expenditures, provided that all receipts in original form are submitted. The Program Administrator can provide the current per diem rates for the relevant City.

6.3.4. Travel expenses outside the current governmental "per diem" rates must be justified by the Cardholder and pre-approved by the CFO.

6.3.5. If meals are included in the conference, training or seminar registration fees, such meals should be waived and no per diem reimbursement will be provided for that meal.

6.3.6. Rental car is not an authorized expense. If there is a need for a rental car while traveling on DWSD business, justification for such a need must be documented in the Travel Request Form and preapproved by the CFO and/or the Director.

6.3.7. Alcoholic beverages are not allowable expenses.

6.3.8. Travel and related expenses are allowable expenses only when the expenses are submitted in the Travel Request Memo and preapproved by the Division Head, CFO and the Director before the travel is undertaken. The business justification for the travel must be included in the Travel Request Memo. See Business Travel and Training Expense Policy for further details.

#### 6.3.6.4. Unauthorized Uses

6.3.1.6.4.1. Any charges other than those mentioned in Section 6.3.1. are not allowed to be charged on the card without the prior approval of the CFO and the Director. Under no circumstances will the following purchases be allowed: The following purchases are expressly forbidden under this program. Purchases that are for:

- Personal ~~or non-business~~ expenditures of any kind
- Cash Advances on the Card
- ~~Capitalized furniture or equipment~~
- Entertainment, gifts, or other expenditure which are prohibited by ~~policies and~~ Federal, State, or Local laws or regulations.
- Emergency purchases (such purchases must use P-Card)

6.4.2. A Cardholder that makes unacceptable or unauthorized purchases or carelessly uses the Card ~~will~~may be liable for the total dollar amount of such unauthorized



purchases plus any administrative fees charged in conjunction with the misuse. The Cardholder will also be subject to disciplinary action, up to and including termination.

## **6.5. Food and Beverages**

- 6.5.1. Generally, approval for purchase of food and beverages for DWSD departments will not be allowed. Such purchase will only be granted if it is authorized by law and is for a "Public Purpose." "Public Purpose" is synonymous with "government purpose" and is defined as serving the convenience welfare, or safety of the entire community, and not the welfare of a specific person or class of persons. Public Purpose must advance the interest and good governance of DWSD.
- 6.5.2. Purchases of food and beverages for consumption at staff meetings, parties, holiday luncheons/dinners are examples of private expenditures that serve no public purpose and will not be authorized.
- 6.5.3. However, it is recognized that, under certain circumstances, there may be a public purpose served by the purchase of food and beverages in the course of performing DWSD business. Each such expenditure must be considered on its own facts and circumstances before authorization can be given. Such authorization must be obtained from the Director and/or the CFO before a purchase is made.
- 6.5.4. All requests for authorization to purchase food and beverages must contain a statement of the public purpose to be served. For example, a day-long employee training program or special project may be planned at a time and location where it would cause an inconvenience to DWSD to dismiss employees for lunch or would be disruptive to the training or special project. The benefit to DWSD of not wasting valuable employee training or project time advances the interest of DWSD in this circumstance and serves a public purpose. Request for authorization must contain the following information:
1. Name and brief description of the program or special project
  2. Cost estimate along with G/L string to be charged
  3. Number and names of participants attending
  4. Location of event
  5. Date and time of event
- 6.5.5. Authorization request must be received by the Director and/or the CFO's office no later than five (5) business days prior to the date of the event.
- 6.5.6. The per diem rate for lunch/dinner pursuant to the current IRS guidelines will be allowed for each participant.
- 6.5.7. Funds for the purchase of food and beverages must be available in the requesting department's budget. Costs above those approved in the budget will not be reimbursed. Management and employees may agree in advance to pay for any difference between the per diem allowance and any additional costs to be incurred for authorized purchases of food and beverages.



## 6.6. Sales Tax

6.6.1. Sales tax is not a reimbursable item. Sales tax exemption forms are available with the Finance Department and should be presented when paying for all goods and services being purchased by DWSD.

## 6.4.6.7. Card Deactivation

6.4.1.6.7.1. Upon termination of employment of a Cardholder, the Corporate Credit Card must be turned into Human Resources prior to the employee's last day of work. Human Resources will then notify the Program Administrator to deactivate the Card. The Corporate Credit Card will be deactivated immediately.

6.4.2.6.7.2. A Corporate Credit Card may be deactivated at the discretion of the ~~CFO~~Chief Financial Officer. Potential cause for deactivation includes but is not limited to violation of established policies and procedures (i.e. failure to submit supporting documentation by deadline, repetitive purchases of prohibited items, making unauthorized purchases).

## 6.5.6.8. Reasonable and Necessary Accommodations

6.5.1.6.8.1. Management may take reasonable and necessary actions to accomplish the intent of this policy.

## **7. PROCEDURE**

The following procedures must be followed by the Cardholder when using the Corporate Credit Card for purchasing goods and services.

### **7.1. General Guidelines**

- 7.1.1. The Cards are issued to DWSD by the ~~Credit Card issuer provider~~ and ~~issued assigned~~ to specific Cardholders as authorized users. The Card is provided with the Cardholder's full name, Cardholder's date of birth, the Cardholder's phone extension and their Social Security number for verification purposes only. Card activity is not reported on a Cardholder's personal credit report, and, likewise, activity on the Card is not used to compute a Cardholder's credit score with reporting agencies.
- 7.1.2. The Cardholder is responsible for reviewing the monthly statements for accuracy. Any unauthorized charges shown on the statements must be reconciled by the Cardholder with the vendor and reported to the Program Administrator immediately.
- 7.1.3. All purchases must be business related and no personal use of the Card is allowed.
- 7.1.4. The Cardholder will ensure all purchases comply with all DWSD policies and procedures, including but not limited to: DWSD Business Travel and Training Expense Policy, Procurement Policy and P-Card Policy. ~~is responsible for submitting the original receipt attached to their monthly Expense Report. If the original receipt cannot be located, the transaction detail from the online account should be printed.~~
- 7.1.5. All Cardholders must complete an Expense Report form (with approved signature(s)) and submit it with the receipts and ~~Credit Card~~ Expense Report statement by the fifth (5<sup>th</sup>) business day of the following month. The ~~credit Card~~ Expense Report form must include the date of purchase, amount, and for what purpose the purchase was made. The appropriate GL string must be included on the report for all expenses.



- 7.1.6. Whether paying for orders in person, by phone, or over the internet, the Cardholder is responsible for obtaining and retaining proper documentation of all transactions, i.e., receipts, invoices, or other documentation showing the item(s) purchased and received, and the amount paid. See the "Cardholder Recordkeeping Requirements" section below for information on submitting your receipts/documentation to the Program Administrator ~~for processing~~.
- 7.1.7. Expense reports must be completed in full and returned to the Program Administrator no later than the fifth (5<sup>th</sup>)~~1st~~ business day of the following month.
- 7.1.8. The Program Administrator will review the submitted Expense Report form and appropriate supporting documentation receipt(s) when received. Any incomplete Expense Report form will be returned to the Cardholder to complete and resubmit within five (5) business days. If not resubmitted within five (5) business days, the Program Administrator will deactivate the Card and pursue steps to have the Cardholder reimburse DWSD the amounts charged on the card in addition to the disciplinary action under Section 6.5.8. above.
- 7.1.9. Any returns or credits made on purchases paid for by a Corporate Credit Card must be credited to that Cardholder's account (no cash refunds). The Cardholder should obtain and retain the appropriate documentation.

## **7.2. Reporting Lost Cards, etc.**

- 7.2.1. If your Credit Card is lost or stolen, contact the Credit Card issuer provider and notify the Program Administrator immediately.
- 7.2.2. If a Card becomes damaged and needs to be replaced, the Cardholder must notify the Program Administrator and return the damaged Card, if possible. Once the damaged Card has been returned to the Program Administrator a replacement Card will be requested from the Credit Card issuer provider.

## **7.3. Disputed Items**

- 7.3.1. If there is a discrepancy on ~~theyour~~ monthly statement, the Cardholder should contact the vendor immediately to try and resolve the matter. If successful, make a note on the monthly statement and be sure to verify the correction on the following month's statement.
- 7.3.2. If ~~you cannot resolve~~ the discrepancy cannot be resolved with the vendor, ~~contact~~ the Program Administrator must be contacted immediately.

## **7.4. Unauthorized Account Usage**

- 7.4.1. The Cardholder is responsible for keeping track of how the Card is used and for its safekeeping. Just like any Credit Card, the Cardholder should protect against fraudulent use of the Card.
- 7.4.2. If the Cardholder detects or suspects that his/her Card has been used fraudulently, he/she should contact the eCredit Card issuer provider immediately and notify the Program Administrator as soon as possible immediately.

## **7.5. Cardholder Record Keeping Requirements**

- 7.5.1. Cardholders must keep all original ~~chargesales~~ documents such as itemized (receipts, packing slips, cash register tape, credit Cards slips) and itemized invoices

from purchases made on their Corporate Credit Card. Packing slips, Cash register tapes, and credit card slips are not acceptable documents to justify a purchase. Such "Supporting Documentation" should clearly identify the payee, the amount paid, proof of payment, the transaction date incurred and include a description of the item or service purchased. These documents will be required to be submitted to the Program Administrator with the Cardholder's monthly account statement and Expense R-report form by the fifth (5<sup>th</sup>) business day of the following month (i.e. expenses for July should be submitted by the 5<sup>th</sup> business day of August).

7.5.2. The Program Administrator will review all statements, expense reports, and supporting documents~~receipts~~ and submit payment online and forward to the Accounts Payable department for recording.

7.5.3. The Program Administrator will file all ~~hard~~ copies of the statements, expense reports and supporting documents~~receipts~~ electronically. Hard copies are kept in accordance with the Record Retention Policy.

7.5.4. Refer to Exhibits:

7.5.4.1. Exhibit A for the Corporate Credit Card process flowchart.

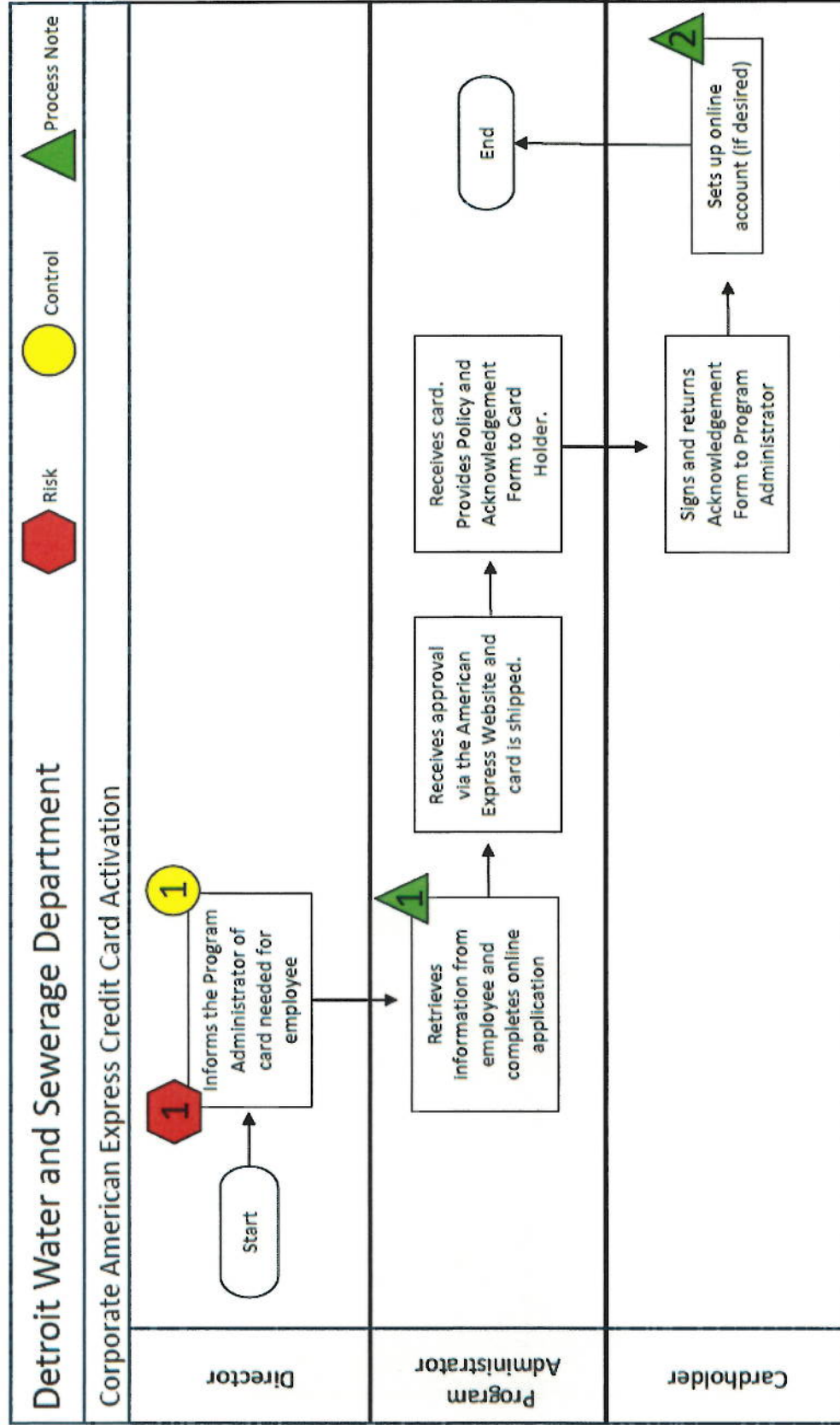
7.5.4.2. Exhibit B: Corporate Credit Card Policy Acknowledgement Form

~~7.5.3.1.~~7.5.4.3. Exhibit C: Expense Report Form



# EXHIBITS

Exhibit A: Corporate Credit Card Process Flowcharts



 Process Note

1. The employee must provide their name, phone number, birth date, social security number, and DWSD title.
2. If the cardholder would like to set up an online account instead of receiving paper statements, they may do so. The Program Administrator has access to all cardholder accounts online.

 Risk

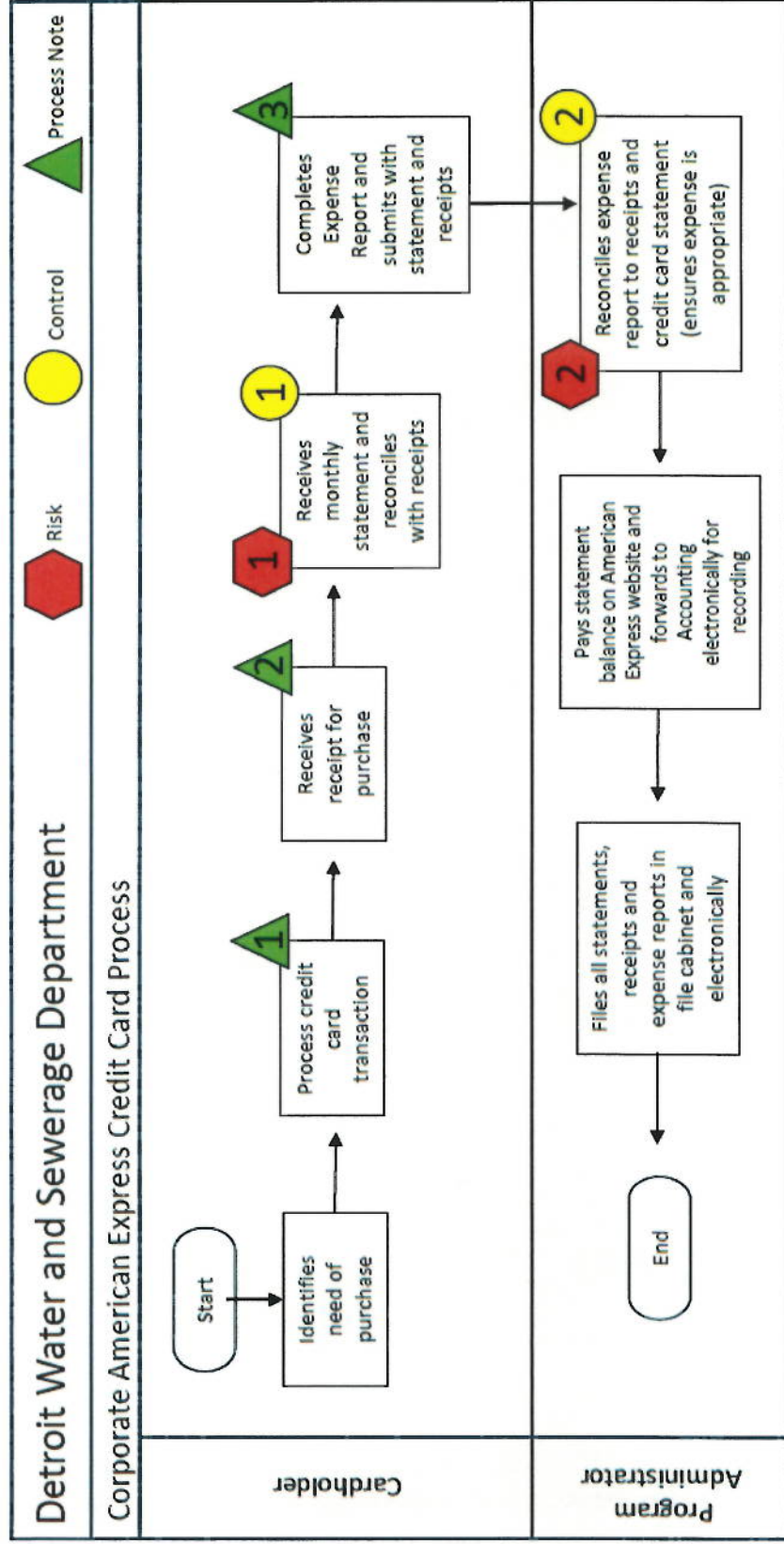
 Control

1. Risk #F.CC.1: Credit cards are issued to inappropriate employees.

1. Control #F.CC.1: The Program Administrator may not issue a card to individual unless approved by the Director.

# EXHIBITS

Exhibit A: Corporate Credit Card Process Flowcharts



Process Note

1. Credit card purchases may be made via the internet, the phone, or in person.
2. The expense report must show the date of purchase, the amount of purchase, the purpose of the purchase, and the GL strings to charge the expense. The statement, expense report, and receipts must be submitted to the Program Administrator by the 5<sup>th</sup> business day every month.

Risk

1. Risk #F.CC.2: Expenses are not reconciled with receipts and the monthly bank statement.
2. Risk # F.CC.3: Inappropriate expenses are being purchased with DWSD corporate credit cards.

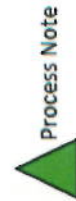
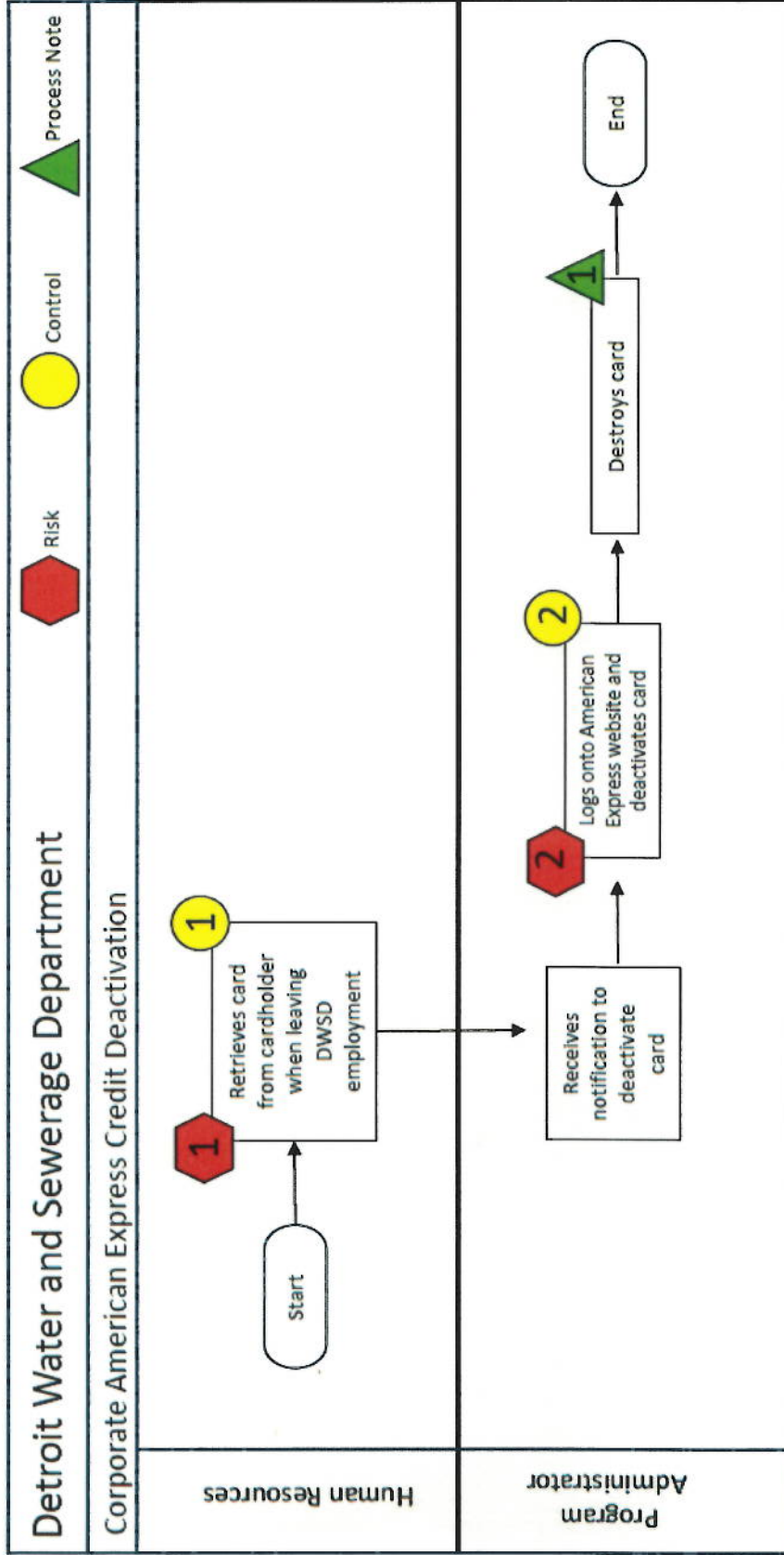
Control

1. Control # F.CC.2: The cardholder submits receipts with their expense report and reconciles to the monthly bank statement. The Program Administrator also reconciles the bank statement, receipts, and expense report.
2. Control # F.CC.3: The Program Administrator reviews all statements, receipts, and expense reports and verifies that the Purchase was appropriate for DWSD business.



# EXHIBITS

Exhibit A: Corporate Credit Card Process Flowcharts



1. HR gives the Program Administrator the credit card through interoffice mail to destroy.



1. Risk # F.CC.4: Cardholders are still able to use the credit card after they are no longer employed by DWSD.
  2. Risk #F.CC.5: Card is not deactivated after an employee is no longer employed by DWSD.
1. Control # F.CC.4: Employees are required to return the credit card to HR before they leave DWSD.
  2. Control # F.CC.5: The Program Administrator deactivates the credit card immediately upon notification of employee termination.

## EXHIBITS

### Exhibit B: Corporate Credit Card Policy Acknowledgement Form



#### **Purchasing Corporate Card Policy and Procedures Employee Acknowledgement**

I hereby acknowledge that I have received a copy of the Corporate American Express Credit Card Policy and Procedure. I have read the policy and procedure and clarified any questions regarding its provisions. I understand that as a Cardholder I am responsible for all charges incurred on the Corporate Credit Card. I agree to comply with all the requirements contained therein and understand that appropriate disciplinary action will be taken if I am found in violation of the policy and that Detroit Water & Sewerage will require restitution if the Credit Card is used improperly.

Employee name: \_\_\_\_\_

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Name of Manager: \_\_\_\_\_

Signature of Manager: \_\_\_\_\_ Date: \_\_\_\_\_

\_\_\_\_\_



## EXHIBITS

Exhibit C: American Express Expense Report Form

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