



6.

Credit Card Policies and Procedures
KTCA-16-07

EXHIBIT "A"

KAYENTA TOWNSHIP

CREDIT CARD

POLICIES AND PROCEDURES

Date

April 09, 2007

PURPOSE

The purpose of this document is to establish those policies under which the Kayenta Township (Township) shall control the use of a credit card that will be utilized for restricted purchases related to making travel arrangements for Kayenta Township employees and Commissioners and purchases of internet domain names on behalf of the Township. These policies are intended to accomplish the following:

- To ensure that the procurements are accomplished in accordance with the Township's purchasing policy and other policies established by the Township.
- To ensure that appropriate internal controls are established so that they are only used for authorized purposes.
- To ensure that the Township bears no legal liability from inappropriate use of the credit card.
- To facilitate arrangements for travel such as hotels and registrations for training and education while conducting Township business, and for the payment of internet domain names. All travel must still comply with Township travel policy.
- To provide an alternative purchasing mechanism for travel and internet domain name purchases when traditional payment/procurement methods are not feasible.

Applicability:

These procedures shall govern the use of the Township Credit Card:

- ◆ Credit Card shall be utilized only by designated individuals within the Financial Department to make travel arrangements for Township employees and Commissioners or to make payments for internet domain names on behalf of the Township.
- ◆ The Township Financial Department will complete the required application forms for a credit card only at the expressed written permission of the Kayenta Township Commission.
- ◆ Any use of the credit card must meet any/all applicable requirements as set forth by the Township.
- ◆ The credit card will be used only when travel and internet domain names are for the official business of the Township. No personal use of the credit card will be allowed.
- ◆ The use of the credit card may be used only if a vendor will not accept a Purchase order or offer billing terms.

PARTIES INVOLVED

Card Issuer - Services include issuing Card to Kayenta Township, providing electronic transaction authorizations, and billing the Township for all purchases made on the card.

Kayenta Township- Arranges with the card issuer to have Credit Card issued to the Township and agrees to accept liability for the use of the cards.

Credit Card Administrator – Designated by the Township Commission and may be the Financial Department Manager who must also approve requests for use of the Credit Card.

Designated Card Users – A Financial Department employee designated by the Credit Card Administrator to be responsible for reviewing transactions to make sure the transactions are legitimate and authorized expenses and are classified appropriately.

Vendor - The merchant from whom a purchase is being made.

CREDIT CARD PROGRAM OVERVIEW

- Credit Card will be utilized only for making travel arrangements for Township employees and Commissioners and for purchasing internet domain names.
- The Kayenta Township's name must be embossed on the card.
- Credit Card will not be in individual employees' names and not be transferable between individuals employees.
- The use of the card will not include "checking out" the credit card. Instead card will be maintained at a central location and utilized mostly for "over the phone" arrangements. Point of sale transactions will be discouraged.
- The regular purchasing policies and procedures apply where requests for travel or internet domain purchases are made to the Financial Department with proper approval.
- The Credit Card must be used for legitimate Township business purposes only. The Township Card may not be used for entertainment and cash. Misuse of the card will subject employees and Commissioners to disciplinary action in accordance with Township Policies and Procedures relating to disciplinary action and termination for cause.

FINANCIAL DEPARTMENT RESPONSIBILITIES

The Kayenta Township Commission must designate a Credit Card Administrator who may be the Financial Department Manager who will be responsible for the administration and use of the credit card on behalf of the Kayenta Township. The Credit Card Administrator will in turn designate employees within the Financial Department for authorized use of the credit card. Responsibilities include:

- Ensure the Credit is used for legitimate Township business purposes only.
- Maintain the Credit Card in a secure location at all times.
- Not allow other individuals who are not designated nor authorized to use the Credit Card.
- Adhere to the purchase limits, travel policy and restrictions of the Credit Card and ensure the total transaction amount of any single transaction does not exceed \$2,500.00.
- Obtain and reconcile all sales slips, register receipts, and/or Credit Card slips statements and provide same to Accounting for reconciliation, approval and allocation of transactions
- Retain all charge slips and receipts for audit by internal and external auditors.
- Attempt to resolve disputes or billing errors directly with the vendor and notify Card Issuer if the dispute or billing error is not satisfactorily resolved.
- Ensure that an appropriate credit for the reported disputed item or billing error appears on a subsequent statement.
- Not accept cash in lieu of a credit to the Credit Card account.
- Immediately report a lost or stolen card.
- Make sure Credit Card authorizations codes are changed upon terminating employment of designated card users.

- Request to cancel Card (e.g. terminated employees, transferring departments, loss of purchasing card privileges) as approved by Credit Card Administrator or Township Commission.

DESIGNATED FINANCIAL DEPARTMENT EMPLOYEES

Criteria to be designated and authorized as a card user:

- Must be an employee of the Township, work within the Financial Department, and be designated by the Credit Card Administrator.
- Employee's use of the card must be approved by the Credit Card Administrator.
- Each employee authorized to use the card must sign a Cardholder Agreement.

CARD USER LIABILITY

The Credit Card is a corporate charge card and it is the designated user's responsibility to ensure that the card is used within stated guidelines of the Credit Card Policies and Procedures as well as other pertinent Township Policies and Procedures relating to the expenditure of Township funds. Failure to comply with program guidelines may result in permanent revocation for use of the card, notification of the situation to management, and further disciplinary measures that may include termination.

CARD USER TERMINATION

The Credit Card Administrator is required to close an account if a designated card user: (a) transfers to a different department, (b) terminates employment or (c) for any of the following reasons which will also subject card user to disciplinary action in accordance with Township Policies and Procedures relating to disciplinary action and termination for cause:

- The Credit Card is used for personal or unauthorized purposes.
- The Credit Card is used to purchase alcoholic beverages or any substance, material, or service which violates policy, law or regulation pertaining to the Township.
- The card user allows the card to be used by another individual.
- The card user splits a purchase to circumvent the limitations of the Credit Card.
- The card user fails to provide Accounting with required receipts.
- The card user fails to provide, when requested, information about any specific purchase.
- The cardholder does not adhere to all of the Credit Card policies and procedures.

LOST, MISPLACED OR STOLEN CREDIT CARDS

Card users are required to immediately report a lost or stolen Credit Card to the Card Issuer. The Card user must also immediately notify the Credit Card Administrator about the lost or stolen card at the first opportunity during normal business hours.

SPENDING CONTROLS

The Credit Card is to be used only for the purposes of making travel arrangements for Township employees and Commissioners, and for purchase of internet domain names on behalf of the Township. Township spending parameters for the Credit Card issued is set up to \$2,500.00 maximum (all taxes and shipping included) per transaction. Other controls include number of transactions per cycle and number of transactions per day to be determined by the Credit Card Administrator. The Township, through the Credit Card Administrator and with approval by the Township Commission, may adjust limits as determined by demonstrated need.

ERRONEOUS DECLINES

Should the Credit Card be erroneously declined by a vendor, the Card user should immediately contact the Credit Card Administrator for assistance. If purchase is being made outside of normal Township business hours, the employee must find an alternate payment method or terminate the purchase and contact the Credit Card Administrator during normal hours.

EMERGENCY TRANSACTIONS

Credit card will not be used for emergency situations unless "emergency situations" are specifically defined by policy and incorporated into the credit card policy and procedures. For any transaction which does not meet the spending controls assigned to the card, the card user must contact the Credit Card Administrator for assistance.

CREDITS

Vendors will issue all credits to the Credit Card account for any item they have agreed to accept for return. This credit will appear on a subsequent statement. **Under no circumstances should cash be accepted in lieu of a credit to the Credit Card account.**

SECURITY AND STORAGE

Credit Card - Employees should always treat the Credit Card with at least the same level of care as one does their own personal credit cards. The card should be maintained in a secure location and the card account number should be carefully guarded. The only person entitled to use the card is the person designated as an authorized user of the card. The card may not be lent to another person for any reason.

Program Documentation - The Financial Department will hold all vendor receipts/packing slips/charge slips for seven years as required. All other documentation concerning the Credit Card program will be maintained by the Financial Department. This documentation includes, but is not limited to, applications, Cardholder Agreements, billing statements, reconciliation of accounting statements, and copies of transmittals and correspondence with card issuer.

PURCHASING CARD SET UP

All contact with the Credit Card Issuer for Credit Card set up, maintenance and closure (except for reporting lost or stolen cards) will be handled by the Credit Card Administrator.

Card Set Up

- Credit Card Administrator completes a Credit Card application and submits for approval.
- Credit Card Administrator delegates transaction authority to the card users.
- Upon receipt of the credit card, the Credit Card Administrator will conduct a training session with the designated card users prior to authorizing use of the card.
- Card users sign Cardholder Agreement signifying agreement with the terms of the Credit Card program.

Travel

- The Credit Card Program has been made to allow for certain travel related expenses only. These travel related expenses are defined as follows:
 - Arrangements for lodging.
 - Arrangments for conference room rentals and related fees such as refreshments.
 - Airlines and car rentals.
 - Registration Fees for Training.
- Credit card purchases for travel related expenses such as individual meals, fuel purchases, incidental expenses, etc., and expenses which require substantiation with receipts, are not allowed.
- All travel shall be subject to Township travel policies and procedures. All travel shall be approved in advance by the appropriate official regardless of funding source. Travel forms will still be filled out for all travel and all travel policies shall apply. All travel receipts must be attached to the travel form.

Internet Domain Names

The risks involved in using the Credit Card over the Internet are similar to the risks involved when using the Credit Card in person. In either case, the card user is trusting a supplier with the

credit card information. Whether the transaction is made in person or over the Internet, the Credit Card information could be retained by a supplier for a period of time for personal use. Card users shall exercise caution when determining who shall be trusted with the Credit Card information. It is recommended Card users purchase Internet Domain Names on the Internet with reputable companies only.

In addition to the traditional risks involved with Internet purchases, there is one extra caution Card users shall exercise when purchasing over the Internet. When card users make payments for Internet Domain Names on the Internet, the information exchanged between the card user and the supplier is transmitted through the networks of possibly dozens of different sites. For this reason, it is important to encrypt (scramble) the data exchanged so that only the supplier can decrypt (decode) the information. To accomplish this, assure the supplier is running a "Secure" server for purchases. Such servers use a technology called Secure Sockets Layer, or SSL, to encrypt the data between the supplier's site and the Cardholder's site. Only the supplier can decrypt the message at the other end; the information is meaningless to the sites in between.

Typically when making an on-line purchase, Card user shall be sent to a "Secure" server prior to entering information including, Credit Card number and expiration date. A dialog box informs the Card user that they are switching to a "Secure" mode.

Note** If the Card user does not encounter the above step, consider calling the supplier instead of making an on-line purchase.

It is very important for the Card user to know when they are switched to a secure mode, be certain the dialog box indicates the Card user will continue to receive warnings when switching to secure servers in the future. Read the dialog carefully since Netscape Navigator and Internet Explorer handle the check box differently.

In addition to the dialog box, the web browser should have a visual aid, indicating a secure/non-secure mode. Most web browsers will have a lock which is open for non-secure documents and is closed (locked) for secure documents. There is one additional indicator for a secure/non-secure mode on a web page. Most URL (Universal Resource Locator) addresses start with "http".

Attachment 1

**KAYENTA TOWNSHIP
CARD USER AGREEMENT**

In return for the purchasing authority delegated to me and in consideration of my responsibility to properly steward public resources, I agree to undertake the following responsibilities:

- To comply with the terms and conditions of this Agreement and the Credit Card Policies and Procedures (Guide) and as such Guide may be subsequently revised and all references made thereto. I acknowledge the Guide and affirm that I have read and understand its terms and conditions. I understand that the Township shall be liable for all Credit Card transactions. I shall ensure reconciled Credit Card transaction documentation in accordance with the policies and procedures cited within the Guide.
- To protect and safeguard the Credit Card in accordance with the Guide. To promptly report any lost or stolen Credit Card, and prior to leaving or terminating Township employment, return the Credit Card to the designated Credit Card Administrator.
- To purchase ethically, fairly, and without conflict of interest; to seek the best value in my use of the Credit Card. I understand that my use of the Purchasing Card shall be audited.
- When using any Public funds, to purchase only goods and services that serve the public purpose and determine that the price is fair and reasonable by comparing alternative sources, and to avoid firms or individuals who respond that they are prohibited from contracting with the Federal/State/County Government.

I further understand that my improper use of the Credit Card may result in disciplinary action against me and possible termination. Should I fail to use this Credit Card properly, I authorize the Kayenta Township to deduct from my salary or from any other amounts payable to me, an amount equal to the total of the improper purchases. I also agree to allow Kayenta Township to collect any amounts owed by me even if I am no longer employed by the Township. If Kayenta Township initiates legal proceedings to recover amounts owed by me under this Agreement, I agree to pay legal fees incurred by the Township in such proceedings.

I understand that the Kayenta Township may terminate my privilege to use the Credit Card at any time for any reason in accordance with the guide. I shall return the Credit Card to the County immediately upon request or termination of employment.

I hereby acknowledge receipt of mandatory Credit Card Policies and Procedures.

Cardholder:

Credit Card Administrator:

Signature

Date

Signature

Date

Print Name

Print Name

Attachment 1

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- To protect and safeguard the Credit Card in accordance with the Guide. To promptly report any lost or stolen Credit Card, and prior to leaving or terminating Township employment, return the Credit Card to the designated Credit Card Administrator.
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Cardholder:

Credit Card Administrator:

Signature

Date

Signature

Date

Print Name

Print Name

RESOLUTION OF THE KAYENTA TOWNSHIP COMMISSION**Approving the Kayenta Township Credit Card for Purchases Restricted to Travel and Internet Domain Names on Behalf of the Township; and Enacting the Kayenta Township Credit Card Policies and Procedures.****WHEREAS:**

1. The Kayenta Township Commission ("Commission") has the authority and responsibility to govern for the welfare of the Kayenta Township ("Township") and its residents, including the enactment of such ordinances, rules and regulations as it deems in the best interest of the Township; and
2. The Kayenta Township is empowered to adopt rules and regulations, both substantive and procedural, such as may be necessary to the proper and efficient administration of Township operations; and
3. The Township has found that standard payment/procurement methods are not always feasible when making travel arrangements for Kayenta Township staff and Commissioners, and for making payments on internet domain names on behalf of the Kayenta Township. A credit card, restricted to purchases of certain travel related expenses and internet domain names on behalf of the Township, is being proposed as an alternative purchasing mechanism and which will be guided by the attached Credit Card Policies and Procedures (Exhibit A).

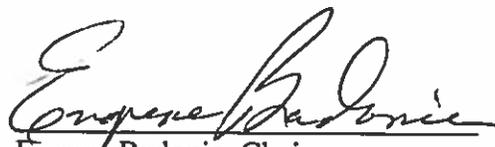
NOW THEREFORE BE IT HEREBY RESOLVED THAT:

1. The Kayenta Township Commission hereby approves the Kayenta Township Credit Card for purchases restricted to Travel related expenses and payments on internet domain names on behalf of the Township. The Kayenta Township Commission also enacts the Credit Card Policies and Procedures (Exhibit A) to guide the use of the Kayenta Township Credit Card.
2. The Township Commission further designates the Financial Manager as the Credit Card Administrator and authorizes the credit card set up as outlined in the attached Credit Card Policies and Procedures.

CERTIFICATION

I hereby certify that the foregoing resolution was considered by the Kayenta Township Commission at a duly called regular monthly meeting at Kayenta, Navajo Nation (Arizona), at which a quorum was present, and that the same was passed by a vote of 4 in favor, 0 opposed and 0 abstained this 09th day of April, 2007.

Motion: Alyce Mae Yazzie
Second: Jimmie Austin II


Eugene Badonie, Chairperson