



RESOLUTION No. 23-524

OF THE BOARD OF SUPERVISORS OF THE COUNTY OF NEVADA

RESOLUTION TO AMEND THE NEVADA COUNTY CREDIT CARD POLICY & PROCEDURES

WHEREAS, the Board of Supervisors approved Resolution 01-110 establishing the Nevada County Commercial Credit Card Policy; and

WHEREAS, the Board updated the policy with changes to create more efficiencies and consistency with purchasing policy in Resolution 12-334; and

WHEREAS, the Board updated the policy to remain aligned with purchasing policies in Resolution 19-385; and

WHEREAS, this program has been successful and creates efficiency in providing services to citizens and successfully creates operating efficiencies for all departments for the past twenty-two years; and

WHEREAS, the Auditor-Controller has reviewed the policy and procedures and recommends combining them into one comprehensive document and adding certain revisions to further enhance the efficiency, effectiveness, and accountability for the program.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Board of Supervisors adopts the amended Nevada County Credit Card Policy & Procedures in Exhibit A.

PASSED AND ADOPTED by the Board of Supervisors of the County of Nevada at a regular meeting of said Board, held on the 24th day of October, 2023, by the following vote of said Board:

Ayes: Supervisors Heidi Hall, Edward C. Scofield, Lisa Swarhout, Susan Hoek and Hardy Bullock.

Noes: None.

Absent: None.

Abstain: None.

ATTEST:

JULIE PATTERSON HUNTER
Clerk of the Board of Supervisors

By: 


Edward C. Scofield, Chair



NEVADA COUNTY

CALIFORNIA

OFFICE OF THE AUDITOR- CONTROLLER

NEVADA COUNTY CREDIT CARD POLICY & PROCEDURES

EFFECTIVE OCTOBER 24, 2023

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A. PURPOSE

The County of Nevada acknowledges the necessity and efficacy of County Credit Cards as an efficient and cost-effective method for making small dollar purchases of goods or services as required during the normal course of County business or when traveling for approved business purposes. County Credit Cards are a purchasing tool to be utilized in lieu of, direct pay vouchers, travel cash advances or emergency purchase orders.

This policy and associated procedures establish the guidelines for authorization and appropriate use of a County Credit Card for all County employees and officials. Following this policy and the procedures will insure proper use and control of the cards for the acquisition of approved goods, services and travel by County of Nevada employees and officers.

The program is administered by the Auditor-Controller's office (ACO). Each department head is responsible for administering the Nevada County Credit Card Policy and Procedures within their department. County department heads are accountable to the Board of Supervisors and the public for the funds and assets entrusted to them.

The Auditor-Controller's office will conduct regular reviews and department audits of all County Credit Card purchases. The ACO will request any additional information, approval, and backup necessary to validate the business purpose of the purchase. If a business purpose is not found for a specific purchase the cardholder will be required to reimburse the County of Nevada for that expense.

B. POLICY

County issued credit cards are authorized for the purpose of conducting County business. Authorization to use the card is restricted to the cardholder only and may not be delegated. The card is strictly for official County use and may not be used for personal purchases or under circumstances that would create a conflict of interest.

With Department Head approval, a County Credit Card will be issued to an employee for the purchase of goods, services, and approved travel on behalf of the County in accordance with all applicable policies and procedures. A County issued credit card is not intended to circumvent established procurement practices and related county policies.

Everyone who is issued a County Credit Card is responsible for following the Nevada County Credit Card Policy and Procedures. County employees shall exercise prudent judgment and show proper discretion for accountable and economical use of public funds. These guidelines have been established by the Auditor-Controller's office to maintain internal control and timely payment of charges. Cardholders who do not follow the requirements may have their privilege suspended and/or revoked. Employees who violate Nevada County policies may be subject to disciplinary action, up to and including termination. Any unauthorized or inappropriate use of County Credit Cards should be reported to the ACO immediately by contacting:

- AP.Auditor@nevadacountyca.gov
- Auditor.Controller@nevadacountyca.gov
- by calling (530) 265-1244

C. ETHICS

Nevada County Employees hold a public trust, and their conduct must meet the highest ethical standards. Intentional misuse of a County Credit Card may constitute dishonesty, theft, or mishandling of public funds. If the card is used in a manner which is inconsistent with this policy, repayment for these charges may be required and must be coordinated immediately upon notification.

The County Credit Card must not be used for purchases when the cardholder has a personal interest or knowledge that would create a conflict of interest such as buying from a relative or close friend.

D. GENERAL PROVISIONS

The Purchasing Agent has delegated authority to departments for small purchases up to the limit(s) established in the County Purchasing Policy and the County Accounts Payable Disbursement Policy & Procedures. Any single transaction greater than the limits as established in the Purchasing Policy, excluding travel related expenses, shall require Purchasing Agent approval in writing prior to the purchase.

Upon approval from the ACO and Purchasing Agent, cards may be issued for specialized purchasing programs to streamline or improve processing. Specific procedures will apply and must be approved by the ACO.

It is the department head or designee's responsibility to ensure unauthorized purchases are not made with a County Credit Card. The ACO will audit each of the department's transactions periodically for compliance with County policy and procedures. Audit results including department and type of finding may be published on the ACO County webpage for public transparency and accountability.

- 1) Commercial Credit Cards are for official use only; no personal charges are authorized.
- 2) All purchases must conform to the County Purchasing Policy, Disbursement Policy, Cash Management Guidelines, and the Administrative Code.
- 3) Travel expenses must conform to the Travel Reimbursement and Expense Policy outlined in P-7 of the Nevada County Personnel Code. The County is required to comply with IRS Publication 5137 Fringe Benefit Guide in determining the appropriate tax treatment for the reimbursement of travel related expenses. The County will also conform to the requirements of an IRS Accountable Plan and refer to the U.S. General Services Administration (GSA) federal guidelines.
- 4) All charges require sufficient funds in a department's budget.
- 5) Commercial Credit Cards will be issued to individuals, but travel and program cards may be issued in the name of a department or program. Cards will not be issued to temporary employees. County Credit Cards will also generally not be issued to employees within their first 30 days of employment to allow an employee an opportunity to learn County policies and procedures.
- 6) Detailed receipts and/or invoices, including business purpose, clear dates of service or when goods were received are required for all County Credit Card purchases.
- 7) The Lost or Missing Receipt Affidavit must be completed for missing or

unobtainable receipts. The Affidavit must be completed in full and signed by cardholder, custodian, and employee's department head.

E. TYPES OF CARDS

- 1) Commercial Credit Card
 - Used to purchase supplies, services, and travel expenses, preferably excluding meals.
- 2) Travel cards
 - Used only for travel expenses by those individuals who are not assigned a Commercial Credit Card.
- 3) Program cards
 - Used to purchase program services for clients such as housing, food, medical supplies, and other necessary program items. Program cards are for program expenses only. They are not to be used for other business purposes such as office supply purchases, etc.

F. COUNTY CREDIT CARD ROLES AND RESPONSIBILITIES

Each cardholder will sign an Application, Responsibility, and Acknowledgement Agreement (Application Agreement) regarding proper purchasing procedures. This signed agreement is forwarded to the ACO, with a copy retained on file at the department. This agreement must be signed when a card is first issued, when an expired card is replaced with a new card, when a card is lost and replaced, and when a card is replaced due to fraudulent activity. All county credit card users should be aware that County Credit Card use is a privilege that can be revoked for neglecting to follow Nevada County Credit Card Policy and Procedures or at the County's discretion.

1) Department Responsibilities

- a) Establish written procedures to ensure proper internal controls within the department. Management controls shall include an internal control process where all purchases made with a County Credit Card receive appropriate review and approval. Departments may employ a more restrictive policy regarding the use of credit cards within their department. Department procedures must be on file with the ACO.
- b) Designate a county credit card custodian by submitting a Credit Card Custodian Designation Form to the ACO office. If the custodian is also a cardholder, a second review of their transactions is required by someone in a supervisory or management role equal to or above the custodian's job position. The county credit card custodian's responsibilities are detailed in the next section.
- c) Submit the Application Agreement to the department head or authorized designee to the ACO. Upon receipt, the ACO will issue a County Credit Card to a department employee.
- d) Ensure that the county credit card custodian fulfills the duty to secure the County Credit Card from any employee that is no longer authorized to make purchases, and to timely notify the ACO.

- e) A Department Head or their designee may request the ACO modify an assigned Cardholder's specific dollar amounts including both the single purchase limits and the 30-day credit limit. Modification requests may be temporary or permanent in nature. Use the Change or Cancel Existing Credit Card form to notify the ACO of these changes.

Single purchase limits shall not exceed the amount designated in the Purchasing Policy for small purchases (currently \$4,000¹) without both the Auditor-Controller and Purchasing Agent approval. 30-day credit card limits shall not exceed \$5,000² without Auditor-Controller approval.

- f) Document storage in SharePoint will meet ACO document retention guidelines. If a department's grantor or partner agency requires additional documentation, it is the department's responsibility to retain that specific documentation for the required amount of time.

2) Custodian Responsibilities

- a) Monitor and oversee a department's County Credit Card Program to ensure that internal controls are in place to prevent misuse.
- b) Ensure proper completion and submission of applications. This includes maintaining a filing system to manage cardholder agreements and other credit card maintenance forms as follows:
- Application Responsibility and Acknowledgement Agreement – to establish a new cardholder.
 - Change or Cancel Existing Credit Card Form – to change a limit or cancel a card.
 - Activation-Deactivation Overnight Travel Department card – to activate a Travel card for an employee.
 - Credit Card Custodian Designation Form – for a Department Head to designate a credit card custodian for their department.
- c) Be the liaison between the department's cardholders and the ACO office. For example, only the County Credit Card Custodian is allowed to pick up a new credit card from the ACO.
- d) Disseminate updated County Credit Card information to cardholders.
- e) Notify the ACO immediately upon discovering any unauthorized or fraudulent use of any County Credit Card.
- f) Review all charges upon receiving receipts from cardholders to verify accuracy. Each custodian will access their department credit card statements via CentreSuite. The cycle, which is subject to change, runs from the 11th to the 10th with payments due by the 24th of each month.
- g) Conduct periodic reviews of transactions and notify the department head and ACO of any inappropriate activity discovered. Report any observed

¹ In accordance with the Purchasing Policy, department heads or designees are authorized to make individual purchases of products and services with a total cost less than \$4,000, including tax, installation, and freight through direct purchase.

² To limit fraud exposure, the Auditor-Controller will consider monthly credit limits above \$5,000 on a case-by-case basis.

noncompliance with travel card and program card procedures to the ACO.

- h) Track airline travel vouchers or credits issued to employees for cancelled air travel in order for the vouchers or credits are available for future county business.
- i) Following Cash Management Guidelines, request reimbursements from cardholders for any unauthorized charges or in excess of allowed amounts within 10 business days of discovery and submit for deposit upon receipt.
- j) Accrue sales and use tax for appropriate transactions on the AP Batch. Use tax must be calculated on the “ship to” address of the invoice, not the “bill to” address. If it must be accrued at a later time by journal, please use account 5522-00000-041- 0000/462000. Always include a copy of the invoice in the credit card batch to validate the calculations.
- k) Each custodian must submit an AP reconciliation batch payable timely with Department Head or Designee approval to meet our commitment to timely payment within 14 days from the statement cycle date. The AP Batch number format to use is BA(2 Letter Dept)(2-digit month, 2-digit year). The specific vendor to use will always be on “Hold” status until time to process payment. This batch should include a reconciliation page that balances to the amount of the AP batch and include any invoices that require use tax. The batch should be scanned into SharePoint with all applicable back up. See instructions on the ACO Accounts Payable InfoNet Site.
- l) An AP credit card collection batch is also required by the end of each month. This batch should include the AP reconciliation batch with the reconciliation page with all signed and approved cardholder statements and actual detailed itemized coded receipts for all purchases. Failure to submit the collection batch within 60 days of the end of the statement cycle may result in the suspension of that department’s credit cards. See instructions on the ACO Accounts Payable InfoNet Site.
- m) To the best of their ability, the custodian should obtain the County Commercial Credit Card and receipts from a terminating employee and any other employee that is no longer authorized to make purchases. The card must be delivered to the ACO who will destroy the surrendered cards. Use the Change or Cancel Existing Credit Card form to notify the ACO of any change in status of a cardholder due to transfer or termination. At the end of a cardholder’s employment, a complete audit and reconciliation must be completed on the departing cardholder’s account.
- n) When an employee is unable to sign their Commercial Credit Card bank statement the department head should review all charges and sign in their place.

3) Cardholder Responsibilities

- a) Upon receipt of the new County Credit Card, the cardholder will follow the activation instructions with the card. They will activate the card and establish a personal PIN number. This number is not tracked by the ACO and should be kept confidential by the cardholder. Various purchases with the County Credit Card will require this PIN number.

- b) It is the cardholder's responsibility to review and sign their County Credit Card bank statement immediately upon receipt. This includes verifying all transactions and locating the appropriate documentation for all transactions. The cardholder must submit their statement and supporting documentation to their department custodian by the 13th of each month. Cardholder will notify the County Credit Card custodian and the ACO of any discrepancies or fraudulent transactions. If a cardholder is not available to sign their bank statement, the department head should review and sign in their place.
- c) Cardholders are responsible for keeping and maintaining the receipts, purchase orders, packing slips and other documentation supporting and authorizing their charges. Invoices and packing slips must be stamped or marked to indicate the date that the goods were received. All charges must be supported by a detailed itemized receipt and appropriate supporting documentation. A detailed receipt is a list of each individual item purchased including meals. Summary receipts are not sufficient. Group meals for business meetings or events must have a detailed itemized receipt with an agenda or event flyer and include a list of all attendees. Documentation must be submitted to the department custodian by the 13th of the month.
- d) If a cardholder is tardy in providing all the necessary documentation for their purchases to the department's County Credit Card custodian, their credit card privileges may be suspended.
- e) Cardholder statements must be reviewed and approved by a County employee other than the cardholder and custodian. Usually, the "Approver" will be in a supervisory or management role equal to or above the cardholder's job position. A subordinate department authorized signor may review and approve the statement of the CEO or an Agency Director. The approved statement and all transactions and supporting documents must be provided to the department custodian in time for the custodian to prepare a complete AP credit card collection batch.
- f) Documentation must be given to the custodian with sufficient information to allow the custodian to properly account for the transaction.
- g) Cardholders must sign the Application Agreement in order to be issued a County Credit Card.
- h) Each cardholder is responsible for the security of the assigned County Credit Card. Loss of the card or suspected fraudulent activity should immediately be reported as lost, stolen, or suspected fraud to the Department County Credit Card Custodian and the Auditor-Controller to minimize the risk of loss to the County.
- i) Each cardholder must stay within the credit limit that has been established on their account. Per transaction limits will not exceed the amount designated in the Purchasing Policy for small purchases (currently \$4,000³) without approval of the Auditor-Controller and the Purchasing Agent. The Card's 30-day credit

³In accordance with Purchasing Policy, department heads or designees are authorized to make individual purchases of products and services with a total cost less than \$4,000, including tax, installation, and freight through direct purchase.

limit will not exceed \$5,000⁴ without the Auditor-Controller's approval.

- j) Hotel stays require each cardholder to review the hotel receipt and validate all charges before checking out of the hotel. Gratuity and personal charges are to be removed from the bill. Those not removed will be deducted from any reimbursements owed the traveler, or the traveler is responsible for repayment to the County within 10 business days of travel. **A detailed itemized final checkout hotel payment receipt must be included with the travel claim. The receipt should clearly identify the county credit card used for payment including displaying the last 4 digits of the card.**
- k) Each credit card has an expiration date. The cards will expire on the last day of the month indicated on the card. The ACO will notify the County Credit Card custodian when the replacement card is received. The custodian will collect and submit the expiring card to the ACO for destruction. The replacement card must be activated by the cardholder following the instructions provided with the replacement card. The replacement card will be active immediately upon completing the activation process. Each cardholder will be required to review the policy and procedures and re-sign the Application Agreement upon receipt of new card.

G. COMMERCIAL CREDIT CARD USES, POLICIES, & PROCEDURES

1) Purchases of Services & Supplies

The use of a Commercial Credit Card may be the most appropriate, cost-effective method for some purchases. The County Commercial Card may be used to purchase merchandise and over the counter services (OTC) up to the card's authorized limit including tax and shipping if they are within the Purchasing Policy limits and are not required to be established as a contract. Departments must assure that they are making the most economical purchase that meets their needs as well as the requirements of other interrelated departments.

- a) Invoices must be less than the amount designated in the Purchasing Policy for small purchases (currently \$4,000⁵) including tax, shipping delivery and handling or, if over the small purchase threshold, have prior written approval from the Purchasing Agent. The written approval must accompany the detailed receipt.
- b) Use of the Commercial Credit Card for other than "Official County Business" or for prohibited items/services, as identified in applicable policy or procedures is prohibited. Such use may result in termination of card privileges.
- c) All purchases on the Commercial Credit Card are subject to audit at any time. The Commercial Credit Card is a tool to improve County operations and may be removed from any Cardholder that does not comply with all applicable County policies and procedures.
- d) Lost or stolen cards must be reported to the custodian and ACO immediately.

⁴ To limit fraud exposure, the Auditor-Controller will consider monthly credit limits above \$5,000 on a case-by-case basis.

⁵ In accordance with Purchasing Policy, department heads or designees are authorized to make individual purchases of products and services with a total cost less than \$4,000, including tax, installation, and freight through direct purchase.

During non-business hours, contact the financial institution at 1-888-449-2273 and notify the custodian and ACO the next business day.

- e) Out of the ordinary purchases (not usual or common and whose business purpose would not be obvious to the public), must be approved by the department head and shall not exceed the amount approved in the Disbursement Policy for other authorized direct pays of out-of-pocket expenses (currently \$200 per transaction)⁶. Program cards should be used for program related expenses. An explanation of the business purpose and the written approval must accompany the detailed receipt. Following are possible examples:

- Breakroom toaster
- “Art supplies”
- Clothing

Out of the ordinary purchases (not usual or common and whose business purpose would not be obvious to the public) that exceed the above threshold must follow the County purchasing guidelines and procedures, the disbursement policy and administrative code. An explanation of the business purpose and appropriate approvals must accompany the detailed receipt. Additional approvals and documentation including proof of shopping and price comparisons may be required.

- f) The purchase of computers, electronics, communications, printers, software, and other peripherals require prior written approval from the Information and General Service’s department. The written approval must accompany the detailed receipt.
- g) Internet purchases should be made on secured sites, and County Credit Card information must not be stored on a merchant’s website, for example Uber, eBay, PayPal, etc.
- h) For Amazon purchases, use the County’s Amazon business account.
- i) All purchases must be shipped to a County of Nevada facility. If it is necessary to ship to a non-County facility, prior written approval and explanation must be obtained from the department head and approval must accompany the detailed receipt.
- j) Where possible, obtain competitive quotes in accordance with purchasing guidelines and include with receipts.
- k) Identify yourself as a representative of Nevada County to receive government discounts for Nevada County.
- l) Appropriate purchases can include, but are not limited to:
- Publications
 - Subscriptions
 - Office supplies
 - Household supplies
 - Maintenance supplies

⁶ In accordance with the Disbursement Policy, Department Heads may preapprove out of pocket expenses not to exceed \$200 per transaction.

- Purchases through the internet
- Hotel reservations for business travel
- Conference registrations
- Over-the-counter professional services (OTC)
- Computer equipment & related peripherals (with prior approval from IGS)

2) Travel Expenses

In accordance with Personnel Administrative Guidelines P-7 on Travel Reimbursement and Expense Policy “County officers, employees, and volunteers traveling on properly authorized county business may be reimbursed for travel, meals, lodging, and incidental expenses pursuant to these procedures **County travelers shall exercise prudent judgment and show proper discretion for accountable and economical use of public funds.** County Department Heads are accountable to the CEO and the public for the funds and assets entrusted to them.”

The County is required to follow IRS regulations, in particular IRS publication 5137 Fringe Benefit Guide, for determining the correct tax treatment and reporting for the reimbursement of employee travel expenses. Reimbursements received by employees who travel for business purposes outside the area of their tax home⁷ and meet accountable plan rules are generally excluded from wages. The accountable plan requires that expenses have a business connection, adequate and prompt documentation, and a timely return of excess reimbursements. While most travel reimbursements are not considered taxable wages, there are some circumstances where the IRS considers the reimbursement to be taxable. Taxable travel expenses **should not** be purchased on a County Credit Card. The following table describes types of circumstances where reimbursements are non-taxable vs taxable wages.

Type of Reimbursement	Taxability and W-2 Reporting	Submit To	Use Form
<p>Actual expense reimbursement</p> <ul style="list-style-type: none"> • Airfare, lodging, meals⁸, parking, transportation & incidentals • Fully documented with detailed receipts on a travel claim form • Lodging⁹, meals & incidentals are not to exceed GSA per diem rates 	<p>Non-taxable, not on W-2</p>	<p>A/P</p>	<p>Overnight or One Day Travel Claim form</p>

⁷ IRS Publication 5137 defines the employee’s tax home as the general vicinity of their principal place of business. The tax home includes the entire metropolitan area. The IRS doesn’t define metropolitan area, however there are several state and federal definitions that cite a mileage radius of not greater than 50 miles. If an employee has more than one regular place of business, the tax home is the employee’s main place of business. The main place of business is generally determined by the time worked, business activity, and income earned in each location.

⁸ According to IRS Publication 5137, meals away from tax home but not overnight are taxable wages to the employee.

⁹ In accordance with the Travel Reimbursement and Expense Policy of the Nevada County personnel code, when lodging is in connection with a conference, lodging expenses must not exceed the group rate published by the conference sponsor for the meeting in question. When a group rate is not available, the traveler should use GSA limits as a guide. Because it is not always possible to find lodging within GSA limits or to find lodging within GSA limits would require additional transportation costs, the ACO will allow a variance to the GSA published lodging rate. Lodging taxes are not included in the GSA per diem rate.

<p>Mileage reimbursement for business use of personal vehicle</p> <ul style="list-style-type: none"> • Tax home requirement does not apply • Business use does not include commuting • Fully documented with date, destination, purpose, and mileage • Reimbursed at IRS federal rate 	Non-taxable, not on W-2	A/P	Mileage Reimbursement form
<p>Per Diem reimbursement for meals & incidentals (with overnight stay)</p> <ul style="list-style-type: none"> • Use GSA Per Diem Rates • No receipts required • Document date and business purpose with event agenda or flyer 	Non-taxable, not on W-2	A/P	Overnight Travel Claim form
<p>Meal Reimbursement for 1-day business travel (without an overnight stay)</p> <ul style="list-style-type: none"> • Taxable even if away from tax home • Reimbursement not to exceed GSA per diem rates 	Taxable, on W-2	A/P submits to P/R	One day Travel Claim form
<p>Overnight lodging (not away from tax home)</p> <ul style="list-style-type: none"> • Taxable • Reimbursement¹⁰ not to exceed GSA per diem rates. 	Taxable, on W-2	A/P submits to P/R	Overnight Travel Claim form
<p>Unsubstantiated expenses more than \$15</p>	Taxable, on W-2	A/P submits to P/R	AP Batch

- a) Departments may request Travel Cards for general use of those individuals who are not assigned a Commercial Credit Card.
- b) To the extent possible, all authorized non-taxable employee travel expenses should be charged to a county credit card except for meals.
- c) To avoid the administrative burden of tracking receipts and potentially repaying the County for overcharges, the use of GSA Per Diem meal allowance is **strongly encouraged**. Meal allowances will be provided using the GSA federal per diem rates. GSA per diem is a daily allowance to pay for meals and incidental expenses while traveling on business. Expenses reimbursed using the per diem allowance do not require receipts. Check the GSA.gov website for the per diem rates for the traveler's destination. For both the day travel begins and the day travel ends, the per diem meal allowance will be 75% of the daily allowance. Meals charged to a county credit card must meet accountable plan requirements, and any charges exceeding GSA per diem rates must be repaid to the County. All such expenses must comply with the Travel Reimbursement and Expense Policy of the County Personnel Code.
- d) In accordance with the County Travel Reimbursement and Expense Policy,

¹⁰ In accordance with the Travel Reimbursement and Expense Policy of the Nevada County personnel code, when lodging is in connection with a conference, lodging expenses must not exceed the group rate published by the conference sponsor for the meeting in question. When a group rate is not available, the traveler should use GSA limits as a guide. Because it is not always possible to find lodging within GSA limits or to find lodging within GSA limits would require additional transportation costs, the ACO will allow a variance to the GSA published lodging rate. Lodging taxes are not included in the GSA per diem rate.

miscellaneous expenses when traveling overnight on county business including ferry and bridge tolls, taxi fares, registration fees, and parking may be included on a county credit card. Other miscellaneous expenses may be charged on a county credit card with itemized receipts and approval of a department head as long as the expenses are excludable from wages according to IRS guidelines. All credit card charges require an itemized receipt including charges less than \$15.

- e) When occasional group meals are purchased with a County Commercial Credit Card (i.e., group meals, trainings, conferences), a detailed itemized receipt is required. The cardholder must provide the date, time, place, amount, a list of attendees, and business purpose of expenses including an agenda or flyer. When an employee is not traveling on County business, meals are only non-taxable if they are for the convenience of the County. Per Treasury Regulation Section 1.119-1(a)(2), meals provided to improve general morale or goodwill, or to attract prospective employees are taxable and therefore **should not** be purchased on a County Credit Card. The per person cost of the meal must be reasonable and should not be more than 20% of the GSA per diem rate per person. For example, three employees purchase and eat lunch on premises at the request of their supervisor to monitor a quickly developing situation in the County. GSA per diem for lunch is \$20. The receipt should not exceed \$72 ($\$20 + 20\% \times 3$).
- f) **Meals for one-day travel are not allowed on the County Commercial Credit Card.** Meals for one-day travel will be reimbursed at the federal GSA rate and paid through payroll. By law, this reimbursement is subject to payroll taxes. Any County Commercial Credit Card charges for one-day travel meals must be reimbursed to the County. One day travel meals will not be reimbursed within tax home limits.
- g) Overnight lodging (away from the employee's tax home) should be paid for with either the county credit card or county travel card. An itemized hotel bill is required as backup documentation for the credit card purchase. This bill must reflect the last four digits of the card that finalized the payment. The room reservation must be for the single occupancy room rate.

Do not use a county credit card for overnight lodging within an employee's tax home. Those charges are subject to payroll taxes and can only be reimbursed through payroll. This expense must be preapproved by the employee's department head.

- h) All personal charges on hotel bills will be the financial responsibility of the cardholder. It is recommended that the employee designate a personal credit card for these types of charges at check-in. Examples of personal charges are:
- Personal phone calls
 - Room service
 - In room movies
 - Minibar charges, including bottled water for sale in the hotel room.
 - Alcoholic beverages
 - Travel upgrades
 - All non-County Business expenses

Personal charges that appear on the hotel bill charged to a County Commercial Credit Card must be reimbursed to the County. Reimbursement will be deducted

from any reimbursement owed to the employee. If no reimbursement is due to the employee, the employee must bring the reimbursement in the form of cash or a check to the departmental County Credit Card custodian. The custodian must deposit the cardholder's payment within 10 business days of completion of travel. A copy of the deposit and (transaction history) permit shall be kept in the department's commercial card file and should be included in the backup for the credit card batches.

- i) Purchasing fuel on a County Commercial or Travel Credit Card for use in a rental car is allowed. If fuel is purchased for a county owned vehicle or equipment, approval from Fleet is required and will need to be submitted with the detailed receipt. The vehicle ID, mileage, number of gallons, and price per gallon needs to be noted and submitted with the detailed receipt to Fleet@nevadacountyca.gov for approval and coding. The receipt must list the number of gallons and the price per gallon, a receipt with just a prepaid amount is not permissible.
- j) The use of a personal vehicle for county business travel can be reimbursed using the IRS federal mileage rate. The mileage reimbursement rate covers a wide range of vehicle expenses: gas, oil, tires, maintenance, insurance, depreciation, taxes, registration, and license fees. **It is not permitted to use the County Commercial Credit Card to put fuel in your personal vehicle.** The mileage reimbursement rate covers the cost of fuel. Commuting expenses (transportation between employee's residence and tax home) are not reimbursable.

H. TRAVEL CARD USES, POLICIES, & PROCEDURES

Travel Cards are issued to Departments, not individuals. Departments may request to activate travel cards for periodic use by their employees by submitting the approved "Overnight Travel Card Activation" form to the ACO. These cards are for travel related expenses only. These cards only have the Department and County name on them. It is recommended that hotels be contacted to verify that they will accept these cards in advance of travel. The traveler should show their County ID when using a County Travel Card. Department overnight travel cards are to be managed by the Credit Card Custodian and kept in a secure location when not in use.

- 1) Prior to use, each employee must sign the Overnight Travel Card Activation form acknowledging that they will comply with the Nevada County Credit Card Policy and Procedures.
- 2) Sign in and out sheets for these travel cards are to be maintained by the Custodian as a historical audit trail of who had possession and used the card(s). These sign in sheets are to be kept for 5 fiscal years plus the current fiscal year with all receipts.
- 3) An employee using an activated travel card must follow Cardholder Responsibilities outlined above and the above Travel Expense section of Commercial Credit Card Uses, Policies, & Procedures will apply.

I. PROGRAM CARDS USES, POLICIES, & PROCEDURES

Program credit cards are County Commercial Credit Cards that are designated for specific programs that have government and/or grant funding that permits the direct purchase of products and/or services for eligible clients. These credit cards are for program related expenses only. The same controls, safeguards, roles, responsibilities, and

procedures described for the standard County Commercial Credit Card apply to Program Credit Cards.

- 1) Specific departments may request a Program Card designated for program specific expenditures. Program expenditures must be charged on Program Credit Cards and those activities should be kept separate from Commercial Credit Card activities. Receipts must include sufficient detail to properly identify and account for the expenditure including but not limited to expenditure date, business purpose, vendor, and those served. Program Cards should not circumvent purchasing policies or procedures.
- 2) Sign in and out sheets for these program cards are to be maintained by the Custodian as a historical audit trail of who had possession and used the card(s). These sign in sheets are to be kept for 5 fiscal years plus the current fiscal year with all receipts.
- 3) An employee using a program card must follow the Cardholder Responsibilities above.

J. PRE-PAID CARDS USES, POLICIES & PROCEDURES

Pre-paid cards, also referred to as gift cards, are comparable to cash and must be safeguarded. Refer to the ACO Cash Management Guidelines when purchasing pre-paid cards with a county issued credit card. Sample forms and more details are included with these guidelines. Pre-paid cards are used by programs to provide cash to clients for specific purposes such as gas/propane for heating/generators, meals/groceries, and other products as authorized by the department head. They must be handled with the following internal controls, unless a separate procedure has been approved by the ACO for a specific program:

- A pre-paid card custodian must be assigned and be independent from the prepaid card distributor (the program staff person who will distribute the pre-paid cards).
- The pre-paid card custodian will secure unassigned pre-paid cards in a locked safe, drawer or cabinet. The custodian will not release any cards without proper authority and documentation. The distributor must also safeguard any assigned but not yet distributed cards in their possession. The distributor should not be allocated and should not retain in their possession cards worth more than the amount indicated in the Cash Management guidelines currently \$100.00.
- Each month-end, the custodian will reconcile all cards on hand, whether in the control of the custodian or of the distributor, to the Pre-Paid Card Logs (see instructions below). They will account for any missing cards as they would for lost cash. The custodian will initial and date the Pre-Paid Card Logs to indicate completion. A final audit will be completed at the end of each fiscal year, and any purchased but undistributed cards will be transferred to a new Pre-Paid Card Log.

At random times during the year, the Auditor's office may request Pre-Paid Card Logs to independently verify compliance. Pre-paid card procedures will also be incorporated into internal cash audits.

1) Authorization

- a) Gather or obtain authority in writing prior to any pre-paid card purchases. Pre-

paid cards will only be purchased with a county credit card (any other method of obtaining cards should be reviewed with the Auditor's office prior to purchase). The authority may differ depending on the use of the card and funding source.

Examples include:

- Funding source documents that describe the eligibility to purchase and distribute pre-paid cards.
- Cards purchased as a program participation incentive; the authority could be the event flyer publicizing the incentive.
- A department's pre-purchase form authorizing the purchase, such as a Public Health Department Universal Order Form (UOF).

2) Documentation

- a) Pre-paid card purchases should be recorded on separate Pre-paid Card Logs, one for each program and funding source. A copy of that prepared Pre-Paid Card Log, the authorization documentation as described above, and the receipt for the purchase must be sent to the department's credit card custodian to be included in backup for the credit card collection batch.
- b) A completed receipt or a copy of the receipt log should be returned to the custodian ahead of the monthly card reconciliation. The custodian will keep the returned receipts or receipt logs with the Pre-Paid Card Log.
- c) When a card is distributed, the distributor will provide a receipt for the recipient to sign. When it's inappropriate for the recipient to sign due to HIPAA or other restrictions, the distributor will include an internally auditable reference (case or file number) on an individual receipt or receipt log.
- d) Pre-Paid Card Log Instructions
 - Header Section - The custodian will complete the header section indicating the program and funding source for the pre-paid cards to be purchased. The custodian will also initial and date as each month end audit is completed.
 - Card Purchase Section - Once the pre-paid card is purchased, the card custodian will enter pre-paid card information into the Pre-Paid Card Log including a card number, purchase date, card vendor and card value.
 - Card Assigned Section - When a card is allocated or assigned by the custodian, the distributor will sign and date the Pre-Paid Card Log acknowledging receipt of the pre-paid cards received.
 - Card Distributed Section - After a card is distributed, the distributor will return the receipt or copy of the receipt log to the custodian. The custodian will use the receipt or receipt log to complete the Pre-Paid Card Log indicating the date the card was distributed, the date the receipt or receipt log was received, and initial and date acknowledging completion of the reconciliation.

3) Pre-Paid Card Receipt or Receipt Log

The receipt or receipt log will be completed by the distributor at the time the card is distributed.

- a) Card distribution date, card number, and card amount will be entered on the receipt or receipt log.
- b) The distributor will sign the receipt.
- c) The recipient will also sign the receipt, or the distributor will write in an equivalent internally auditable identifier.
- d) The distributor will return the receipt or receipt log to the custodian in time for the monthly card reconciliation.

K. CREDIT CARD VIOLATIONS & UNAUTHORIZED USES

Credit card use which is inconsistent with the County Credit Card Policy and Procedures may result in any, but is not limited to, the following consequences: card suspension, the loss of card privileges, county repayment and/or disciplinary action. Prohibited uses and violations of the of the County Card include:

- Cash Advances
- Personal expenses
- Office breakroom and furniture purchases that are excessive and do not follow Purchasing Guidelines
- Construction, improvements, and maintenance of facilities
- Vehicles or rolling stock equipment
- Road projects
- Travel upgrades
- Purchases without the appropriate documentation
- Purchase of Capital expenditures or Fixed Assets
- Contract payments
- Purchase of Alcoholic Beverages
- Turning in documentation late
- Commercial Credit Card users allowing anyone other than the cardholder to use their card.

In addition to corrective actions outlined throughout this policy, a cardholder's first unauthorized expenditure or other violation of this policy will result in a written warning to the cardholder and their department head. A second violation of this policy will result in a 30-day (one statement cycle) card suspension. The third violation of this policy may result in the loss of card privileges for the remainder of the fiscal year.

L. INDEX OF RELEVANT LINKS TO FORMS, POLICIES, & SITES

[Auditor-Controller's Accounts Payable InfoNet Site](#)

[CentreSuite](#)

[IRS Publication 5137 Fringe Benefit Guide](#)

[Nevada County Accounts Payable Disbursement Policy & Procedures](#)

[Nevada County Application Responsibility and Acknowledgement Agreement](#)

[Nevada County Cash Management Guidelines](#)

Nevada County Change or Cancel Existing Credit Card
Nevada County Credit Card Custodian Designation Form
Nevada County Department Overnight Travel Card Activation/Deactivation
Nevada County Lost or Missing Receipt Affidavit
Nevada County Personnel Code Travel Reimbursement and Expense Policy
Nevada County Purchasing Breakroom Equipment Guidelines
Nevada County Purchasing Policy
U.S. General Services (GSA) Per Diem Rates