

## HB 312 – QUESTIONS AND ANSWERS FROM THE WEBINAR

**Q:** We are trying to figure out "store credit account." If there is a credit card for Lowes and only Lowes, is it store credit. What if it is a Lowes/Visa card?

**A:** If the card(s) can be used outside of Lowe's for any particular purchase like any other VISA card, then it is a credit card and subject to the new rules. If you want a line of credit at a particular store, that can be paid as a monthly bill subject to fiscal officer review of appropriateness of expenditures.

**Q:** Are you going to have a sample policy?

**A:** See the sample below from OASBO

<https://www.ohgfoa.com/assets/handouts/Policy%206423%20Credit%20Card%20version%20for%20BOE.pdf>

**Q:** It is our understanding that a follow up bulletin from AOS about this bill is tied up in their legal department with some specific questions as to who this applies to. Is this still tied up in AOS legal?

**A:** There is no new information since the webinar for this question. Address concerns directly to your auditor(s) and hopefully they can get back to you with more guidance as it becomes available.

**Q:** Is there a definition of "legislative authority"?

**A:** That is the governing body of your political subdivision (school board, township trustees, city council...)

**Q:** What is a "Gasoline Card Account"-- Does a Marathon gas station card qualify as a "gasoline card"? Marathon card may only be used at Marathon, but may be used to purchase all items sold by Marathon at station.

**A:** This particular example seems like a credit card as there are no apparent merchant codes controlling the types of expenditures. If an employee can (not necessarily would) buy alcohol or tobacco products with the card, then it is a credit card and subject to the rules. A true gas card is restricted to gasoline or petroleum products.

**Q:** We are a charter City. Just to confirm, we are exempt from this law, correct? Assuming so, is there anything we need to do regarding this new law?

**A:** According to a recent communication from the Auditor of State, you would **NOT** be exempt but **do** check with your legal counsel for final advice on this point. As far as what to do, please review the Auditor of State links at the end of the Power Point. There are several valuable tips to preventing credit card fraud, regardless of whether or not you need to implement a policy.

**Q:** "Adoption" - does that mean put in place by Administration or Management, or must it be approved by the legislative body?

**A:** It must be approved by the legislative body or the Auditor of State will likely not consider it a formal policy.

**Q:** So, we have a Staples card that we use in the store that is related to our Staples account and we also have a credit card that can only be used at Giant Eagle Grocery store - are these considered credit cards?

**A:** The key factor is whether or not the card can be used for any particular purchase. If that card does not have merchant codes or other controls to prevent inappropriate purchases, that needs to be addressed. It seems the intent of the law is to push local governments toward procurement cards and away from credit cards to prevent the abusive spending that is outlined in the Auditor of State links at the end of the Power Point.

**Q:** Would a compliance officer be required if fiscal officer is in control but finance director gives card to specific director and credit card has city name and director's name on card

**A:** If the fiscal officer does not retain the card then a compliance officer would be necessary.

**Q:** I have employees who have their city card registered with Pay Pal. If the fiscal officer holds the card, should these employees be allowed to charge using Pay Pal when they do not have the card in their possession?

**A:** No, possession and control means that no charges can be made without the fiscal officer first giving clearance to make purchases. A Pay Pal charge in this instance is effectively another card that is out of the control of the fiscal officer.

**Q:** Curious as to why an entity would use a credit card and not a procurement card.

**A:** The law is discouraging credit card usage and encouraging procurement cards with these administrative and legal hurdles.

**Q:** Does the Bill apply to a statutory Village?

**A:** Due to recent determination by AOS that a charter city is included in the law, we advise checking with legal counsel. As far as what to do, please review the Auditor of State links at the end of the Power Point. There are several valuable tips to preventing credit card fraud, regardless of whether or not you need to implement a policy.

**Q:** How do you address in this policy monthly subscription or online recurring type expenses that automatically charge the card? Since technically they would be charging something without the card being in their possession

**A:** The purchases should be initiated by the fiscal officer department who is in possession of the card.

**Q:** If there are employees in high ranking positions that don't follow the policies in place, what will happen during the audit...is it a citation of non-compliance?

**A:** We do not know how the auditors will address this, but currently all responsibility lies with the fiscal officer of each organization.

**Q:** So counties are exempt... correct? What about a County Health Board?

**A:** Counties are specifically exempt in the law, please contact your legal counsel to see if agencies of the county are exempt.

**Q:** if the card is a store card with no visa or mastercard logo, wouldn't it be considered a procurement card because it is blocked to only make purchases at that vendor? Example- Home Depot card but can purchase anything at Home Depot.

**A:** This particular example seems like a credit card as there are no apparent merchant codes controlling the types of expenditures. If an employee can (not necessarily would) buy anything at the store with the card, then it is a credit card and subject to the rules.

**Q:** What if the fiscal officer wants to assign the assistant fiscal officer as the person to sign in and out the cards and reconcile the statements, they should not be the compliance officer correct?

**A:** If the fiscal office is retaining control of the cards and staff are required to sign them in and out a compliance officer is not required.

**Q:** Most of our credit cards are kept in the finance department, but we have one that is kept out of the office for emergency use by our public service department would that require a compliance officer?

**A:** Any card that is not in control of the fiscal officer or department will require a compliance officer.