

HB 312 Summary

Credit Card Policies and Procedures

SUMMARY OF MAJOR POINTS

- Written policies shall be adopted for use of credit cards
- The name of the political subdivision shall be displayed on credit cards, checks and any other account instruments
- A compliance officer may need to be designated
- A credit card and the misuse of such is formally defined
- Several exceptions to the new rules are defined
- Some other changes specific to the Auditor of State, the Public Records laws and submerged land leases are included

WHEN DOES IT TAKE EFFECT?

- No later than three months after the effective date of the legislation
- Effective date is November 2, 2018
- Policy must be in place by February 1, 2019 (Friday).

WHO MUST HAVE A POLICY

- The legislative authority of a political subdivision that holds a credit card account shall adopt a written policy for the use of credit card accounts.
- Otherwise a policy shall be adopted prior to holding a credit card account.
- All political subdivisions, including community and STEM schools
- For the official definition of what defines a credit card, please refer to HB 312 Section 9.21(H). This is critical to review as the definition excludes specific and common types of cards such as procurement cards, gasoline and telephone cards

NOT IMPACTED BY THIS NEW LAW

- Counties - County governments are excluded from the credit card provisions of the law. However, counties are subject to a provision in Sec. 9.22 that no political subdivision shall hold a debit card account, except for law enforcement purposes. Sec. 9.22 does not apply to debit card accounts related to the receipt of grant moneys.
- In all likelihood, chartered municipal corporations are excluded as this is a matter of local self-government. The law's applicability to non-chartered municipal corporations is not yet clear. This is an opinion expressed in the Legislative Service Commission's analysis

WHAT MUST THE POLICY ENTAIL?

- Identify officers or positions authorized to use credit cards
- The types of expenses for which credit cards can be used
- Procedures for usage and management of credit cards
- Procedures for submitting itemized receipts and possible liability for failure to submit such receipts
- Procedures for issuance and for cancellation of lost or stolen cards
- Maximum credit limits
- Actions or omissions that qualify as misuse of a credit card

POLICY REQUIREMENTS CONTINUED

- The name of the political subdivision shall appear on each presentation instrument related to the account, including cards and checks
- If the fiscal officer does not retain general possession and control of the credit card account instruments, the legislative authority shall appoint a compliance officer.
- The compliance officer may not use the credit card account or authorize others to use the account. The fiscal officer is not eligible to be appointed as compliance officer.

COMPLIANCE OFFICER DUTIES?

- If a compliance officer is appointed, the officer and the legislative authority shall review semiannually (townships and library districts) or quarterly (all others) the following:
- The number of cards and accounts issued
- The number of active cards and accounts issued
- The cards and accounts expiration dates and credit limits
- Review of itemized receipts

FISCAL OFFICER DUTIES

- If the fiscal officer is in charge of credit cards, a sign out system may be used and should make it clear to all employees using the cards that failure to provide itemized receipts results in personal liability for said expenses.
- Any employee who knowingly misuses a credit card for purposes not authorized violates ORC Sec. 2913.21
- The fiscal officer or designee must annually file a report with the legislative authority detailing all credit card rewards.

WHAT IS NOT INCLUDED?

- Procurement Card accounts
- Gasoline card account
- Telephone card account
- Other card accounts where merchant category codes are in place as a system of control over card expenses.
- Debit cards related to the receipt of grant moneys

FISCAL IMPACTS - MINIMAL AND ADMINISTRATIVE

- Possible administrative expenses for adoption of credit card usage policies and reporting requirements.
- Property tax abatement for a submerged land lease held by a municipal corporation. Lost revenue of an indeterminate amount. Very narrow and limited impact.
- The bill modifies procedures for filling vacancies on financial planning and supervision commissions for political subdivisions that enter fiscal emergency, causing minimal administrative cost increases for the Auditor of State and Office of Budget and Management

OTHER PROVISIONS - AUDITOR OF STATE

- The law allows additional deputy inspectors to be appointed by the Auditor of State
- Changes some procedures for the Auditor of State for logging complaints related to the reporting of fraud and misuse of funds
- Makes changes for the appointment of representatives to financial planning and supervision commissions in the event of a determination of a fiscal emergency
- Eliminates requirement that the Auditor of State publish an annual volume of statistics, requiring instead the publication of the substance of each public office's annual financial report.

OTHER PROVISIONS - MISCELLANEOUS

- Allows a person who submits a public records request electronically, instead of by hand delivery or certified mail, to recover statutory damages if the office fails to comply with the Public Records Law.
- Establishes a temporary procedure by which a municipal corporation may apply for tax exemption and the abatement of unpaid taxes, penalties and interest charged and payable in 2004 and thereafter for a submerged land lease.

LINKS FOR FURTHER DETAILS

- See the PDF documents 'As Enrolled' for the Legislation Text, Analysis, Fiscal Notes, Amendments, and a comparative synopsis
- <https://www.legislature.ohio.gov/legislation/legislation-documents?id=GA132-HB-312>

AUDITOR OF STATE LINKS FOR CREDIT CARDS

- Reforming Credit and Debit Card Usage in Local Government
- https://ohioauditor.gov/publications/Reforming_Credit_and_Debit_Card_Usage_in_Local_Government.pdf
- Credit Card Dangers and Risk of Theft Report
- <https://ohioauditor.gov/publications/2017%20credit%20card%20report%20FINAL.pdf>