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## Auditor of State Advisory Memo

**To:** All Auditor of State Clients  
**From:** Keith L. Faber, Auditor of State  
**Date:** April 23, 2026  
**Subject:** Credit Card Convenience Fees

The Auditor of State's Office (AOS) is aware of concerns from public officials regarding the allowability of payments for credit card convenience fees charged. This memorandum provides guidance on when the payment of these fees may be appropriate and recommends the development of formal policies to ensure consistent, transparent, and fiscally responsible payment when these fees are unavoidable.

Credit card convenience fees are charges, assessed by vendors or service providers, for processing payments made via credit card. These fees are a common and generally unavoidable cost associated with processing electronic payments. As more vendors and service providers move towards credit card-based transactions, these fees should be recognized as a normal cost of doing business in today's environment. In many cases, there is no practical way to eliminate these charges entirely.

Although not always avoidable, public offices are encouraged to exercise sound judgment and fiscal responsibility when incurring and paying such fees. Whenever feasible, alternative payment methods that do not include convenience fees – such as ACH transfers, checks, or other direct payment options – should be utilized to minimize costs.

To promote consistency and accountability, AOS recommends that formal policies be established outlining when the payment of a credit card convenience fee is appropriate. The policy should clearly define the following:

- Situations where convenience fees are justified due to operational necessity, efficiency, or timing considerations.
- Circumstances where alternative payment methods should be required or prioritized.
- Any thresholds, approvals, or documentation required before incurring and paying such fees.

Public offices should ensure that the established policy reflects a balanced approach that acknowledges both the practicality of credit card usage and the responsibility to manage public funds prudently.

Additionally, public offices should be aware that auditors will not be specifically targeting or questioning the routine occurrence of convenience fees, provided there is a reasonable and documented basis for payment. Establishing and adhering to a clearly established policy will help demonstrate appropriate oversight and decision-making.

It is also important to note that this guidance applies only to credit card convenience fees and does not apply to late fees or penalties. Convenience fees are incurred as part of the payment process and represent a standard transactional cost. In contrast, late fees and penalties arise from untimely payments or failure to meet established obligations and are not considered an acceptable or routine expense. Public offices should take appropriate steps to avoid incurring late fees and penalties, as these costs do not fall within the same category as convenience fees.

In summary, while credit card convenience fees are often unavoidable and represent a standard business expense, efforts should be made to limit the payment of such fees when practical. A well-defined policy will ensure consistency, transparency, and responsible financial management.

Please review your current practices and consider implementing or updating your policy accordingly.

Thank you for your attention to this matter. If you have any questions, please contact your regional AOS office using [Contact Us \(https://ohioauditor.gov/contact.html\)](https://ohioauditor.gov/contact.html) located on the AOS website.