

**Ohio Auditor of State**

**House Bill 312**

Presented by:  
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**Agenda**

- House Bill 312
  - Policy Requirements
  - Two Control models
  - Frequently Asked Questions
  - Additional Questions

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**House Bill 312**

- **Effective Date: November 2, 2018**
  - Not later than three months after the effective date of this section the legislative authority of a political subdivision that holds a credit card account on the effective date of this section shall adopt a written policy for the use of credit card accounts.
- Enacts baseline controls and procedures regarding credit cards for all government entities
- Eliminates the use of debit cards by most government entities
- Promotes enforcement of credit card policies and procedures

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## Written Policy Requirements

- Not later than February 2, 2019 the legislative authority of a political subdivision that holds a credit card account must adopt a written policy for the use of credit card accounts. Otherwise, a legislative authority must adopt a written policy before the use of a card account.

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## Written Policy Requirements

- The policy must include:
  - Appointment of a compliance officer, where applicable
  - Officers or positions authorized to use a credit card account
  - Types of expenses for which a credit card account may be used
  - Procedures for acquisition, use, and management of credit card accounts and presentation instruments related to the account including cards and checks.
  - Procedures for submitting itemized receipts to the fiscal officer or the fiscal officer's designee

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## Written Policy Requirements

- The procedure for credit card issuance, credit card reissuance, credit card cancellation and the process for reporting lost or stolen credit cards
- Political subdivision's credit card account's maximum credit limit or limits
- The actions or omissions by an officer or employee that qualify as misuse of a credit card account

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## Additional Requirements

- The treasurer or fiscal officer or designee shall annually file a report with the board or authority detailing all rewards received based on the use of the credit card account.
- A public employee found knowingly misusing a credit card account violates section 2913.21, a misdemeanor of the first degree

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## Control Models

- Custody and Control
- Compliance Officer Model

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## Custody and Control Model

- System in which the treasurer or fiscal officer maintains physical control over all credit cards of the entity and may use a system requiring the cards to be "signed out" by authorized, designated users.

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## Custody and Control Model

- Entities using the custody model should specify the following items in their written policy:
  - Who the authorized designated users are
  - Reasonable length of time the card is allowed to be out of the control of the treasurer or fiscal officer
  - Procedures that should be followed to submit itemized receipts
  - An officer or employee is liable in person and upon any official bond the officer or employee has given to the political subdivision to reimburse the treasurer for the amount for which the officer or employee does not provide itemized receipts

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## Compliance Officer Model

- System in which the treasurer or fiscal officer does not maintain physical control of credit cards
- Must appoint a compliance officer
  - CANNOT be the treasurer or fiscal officer
  - Should not be an authorized user of the credit card
  - Cannot authorize an officer or employee to use a credit card account.

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## Compliance Officer Model

- The compliance officer, if applicable shall review the number of cards and accounts issued, the number of active cards and accounts issued, the cards' and accounts expiration dates and the cards' and accounts' credit limits.

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## Frequently Asked Questions

**Q.** If an entity is utilizing the Custody and Control Model, can they simply list "All Employees" as authorized users of the card in their policy – as long as they have met the other requirements for use of the card and have an approved PO?

**A.** Short answer, yes they could. However, we would be concerned for the entity that every single employee has open access to the cards.

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## Frequently Asked Questions

**Q.** It is our understanding that most banks still require an individual's name to be listed on the card in addition to the name of the entity. Can the AOS assure local governments or provide some type of documentation that can be used to show that individual names are not required by state or federal law?

**A.** That is a question that can be answered on a case by case basis with your bank. The new law simply required at a minimum, that the entities' name would be present on the card. The preference of the AOS is that the approved user's name also be present on the card.

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## Frequently Asked Questions

**Q.** Under the Custody and Control Model, if the Fiscal Officer is part-time, can the Director/Deputy Fiscal Officer sign out cards to employees for authorized use?

**A.** No, but the itemized receipts with credit cards can be returned to the Director/Deputy Fiscal Officer if they are designated by the Fiscal Officer. So the Fiscal Officer could sign the card out for the day or the week and then be returned with receipt to the Director/Deputy Fiscal Officer.

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Additional Questions??



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