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**TOWN OF
BROOKLINE, NEW HAMPSHIRE
BOARD OF SELECTMEN**

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Credit Purchase Policy

Purpose

The purpose of the Credit Purchase Policy is to establish policies and procedures for using town credit cards by department heads or their designees. These same policies and procedures also apply to any town-sponsored credit accounts that may be established with a business for purchases by a town employee. These procedures are intended to accomplish the following:

- Ensure that credit-based purchases are accomplished in accordance with the policy and procedures established by the Board of Selectmen
- Ensure that appropriate internal controls are established within each department so all credit-based purchases are made only for authorized purposes
- Ensure that the town bears no legal liability for inappropriate credit-based purchases

Applicability

This policy applies to all departments within the town of Brookline.

Credit-Based Purchases

No personal purchases of any kind are permitted using town-sponsored credit. Use of such credit for personal purchases or expenses with the intent of reimbursing the town is also prohibited. Town-sponsored credit programs are to be used for town purchases only. Cash advances through bank tellers or automated teller machines are also prohibited.

Cardholders are responsible for the security of their credit card. All precautions shall be used to maintain confidentiality of the cardholders account number, expiration date, and security code.

A single purchase may comprise multiple items. Unless previously approved by the department head, the total amount of a single purchase may not exceed \$1,000. Payments for purchases are not to be split in order to stay within the single purchase limit.

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When making a credit-based purchase, the employee should:

- Ensure that the goods and services to be purchased are budgeted and allowable;
- Determine if the intended purchase is within the credit limit;
- Tell the supplier/merchant that the purchase is tax exempt and that the town of Brookline's tax exempt number is 02-0333986. Review the receipt before leaving the store and request a credit if taxes were charged in error; and
- Manage any returns or exchanges to ensure that proper credit is received for returned merchandise.

Documentation, Reconciliation, and Payment Procedures

It is important to the success of the Credit Purchase Program that employees adhere to the following procedures. Failure to keep adequate receipts or abuse of these provisions will result in cancellation of credit privileges:

- Documentation – Anytime a purchase is made using town-sponsored credit, the employee is to obtain a customer copy of the charge slip, which will become the accountable document.
- Missing Documentation – If the employee does not have a receipt or documentation to submit with the statement, a reconciliation statement that includes a description of the item, date of purchase, merchant's name, and an explanation for the missing documents must be submitted with the statement. Frequent instances of missing documentation will cause an employee's credit privileges to be revoked.
- Payment Procedures – Purchases made by employees and listed on the credit statement must be verified and approved by the department head, including account numbers assigned for each transaction, and submitted to the Selectmen's Executive Assistant for payment. It is the employee's responsibility to submit such expenses in a timely manner. If not done promptly, the department who is making the credit purchases may be responsible for interest or late charges from their department expense lines.

Approval

The department head, because of their knowledge of the job responsibilities of the employee making credit-based purchases, will review each transaction on the statement. At a minimum, the items, vendor, and account number will be reviewed to determine if the purchase was made for official use and in accordance with policies and procedures.

If for any reason the department head questions the purchase, it is their responsibility to resolve the issue with the employee. Resolution for improper use of the town-sponsored credit will be the responsibility of the department head, in coordination with the town administrator. Disciplinary action could result from the misuse of town-sponsored credit. Abuse covered under the Credit Purchase Policy may result in termination.

If items purchased by credit are found to be defective or the repair or services faulty, the employee has the responsibility to return the items to the merchant for replacement or credit. Cash refunds are not permitted. If the merchant refuses to replace or correct the faulty item, the purchase of this item will be considered in dispute.

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The department head should notate the item(s) disputed on the statement. It is the responsibility of the department head to resolve the dispute.

Request for Initial, Additional, or Changes to Credit Cards

All requests for town-sponsored credit cards must be approved by the selectmen and the designated employee's name must be provided to the town administrator.

Lost or Stolen Credit Cards

It is the responsibility of the cardholder to immediately notify the department head and town administrator of a lost or stolen credit card. It is the responsibility of the department head to immediately notify the issuing bank.

Failure to promptly notify the issuing bank of the theft or loss of the credit card could make the town responsible for any fraudulent use of the card and result in the loss of credit card privileges for the cardholder.

Termination or Transfer

Upon termination of employment for any reason, a cardholder must relinquish their credit card at the time of separation and prior to receiving final compensation. The department head will notify the town administrator of the termination. The department head will notify the credit card issuer and the employee's credit card will be immediately deactivated. An employee who fraudulently uses town-sponsored credit after separation from the town will be subject to legal action.

Audits

Credit purchases will be reviewed annually by the town's independent auditing firm. The account statements will also be subject to random audits by the department head and town administrator.

Clarence L. Farwell

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Adopted by the Board of Selectmen on January 23, 2013.