

Hudson Township Credit Card Policy

1. Purpose

This policy governs the issuance and use of township credit cards to ensure proper oversight, internal control, accountability, and compliance with Public Act 266 of 1995 (MCL 129.241-129.247), which requires a written policy before a local unit may enter into a credit card arrangement.

2. Definitions

For purposes of this policy, terms defined in Act 266 of 1995 (e.g., “credit card,” “credit card arrangement,” “governing body,” “local unit”) apply.

3. Policy Requirements (Statutory)

To comply with Michigan law, this policy must address the following:

3.1 Responsible Official

The Township Board shall designate Clerk/Deputy Clerk or Treasurer who is responsible for credit card issuance, accounting, monitoring, retrieval, and oversight of compliance with this policy.

3.2 Authorized Use

- Credit cards may be used *only* by authorized officers or employees.
- Use must be strictly for official township business.
- The Township Board may further limit types of authorized business purchases.

3.3 Documentation

Cardholders must submit documentation for each transaction showing:

- Description of goods/services purchased
- Cost
- Date of purchase
- Official township business purpose

3.4 Custody & Security

Each cardholder is responsible for:

- Proper custody of their card
- Safeguarding it against loss or theft
- Immediate notification to the Clerk/Deputy Clerk/Treasurer if lost/stolen

3.5 Return of Card

A cardholder shall promptly surrender their card upon:

- Separation from township employment/office
- Revocation of card privileges

3.6 Internal Controls

The township shall maintain appropriate internal controls (segregation of duties, documentation review, restricted merchant categories where appropriate, etc.) to monitor credit card use.

3.7 Approval Before Payment

All credit card invoices and charges must be reviewed and approved before payment by the Responsible Official or their designee.

3.8 Payment Timeline

The township shall ensure balances (including interest) are paid *within 60 days* of the initial statement date as required by statute.

3.9 Disciplinary Measures

If there are charges on the card that have not been approved or violate this policy, the card holder will be personally responsible for the charges. Other disciplinary measures may include termination of right to use, termination and civil/criminal penalties for unauthorized use.

3.10 Credit Limit

Total combined credit limits for all township cards shall not exceed **5% of the total township budget** for the current fiscal year. No purchase may be over \$1,000 per month. The Board may appropriate funds to pay balances, fees, and interest.

4. Card Issuance and Limits

- Cards are issued only upon Board approval.
- Individual credit limits shall be established by the Responsible Official with Board direction.
- Cards shall be restricted to specific authorized uses; restrictions may be imposed by merchant category codes (MCCs) or credit profile.

5. Authorized and Unauthorized Uses

5.1 Authorized Uses

- Travel (registration, lodging, transportation) as permitted by township travel policy
- Supplies or services where a purchase order or invoice payment is impractical
- Emergency operational expenditures

- Monthly re-occurring charges (such as telephone, internet, hosting fees, email or electronic storage) as approved by the board.

5.2 Prohibited Uses

- Personal purchases
- Cash advances
- Alcohol (unless Board-approved for specific official functions)
- Purchases outside approved policy or without proper documentation

6. Recordkeeping and Reporting

- Cardholders must attach itemized receipts and business purpose to monthly statements.
- The Responsible Official shall retain all documentation for audit and public inspection.
- Quarterly or annual reports may be provided to the Board summarizing card activity.

7. Compliance and Enforcement

Violations of this policy or misuse may result in disciplinary action or required reimbursement. Patterns of misuse may be reported to appropriate authorities.

Cardholder Acknowledgement Form

Hudson Township Credit Card – Cardholder Acknowledgement and Agreement

I, _____ (print name), acknowledge receipt of the township credit card issued in my name and agree to the following terms:

1. I have read, understand, and will comply with the Credit Card Policy adopted by the Township Board.
2. I understand the card is issued for **official township business only** and will not be used for personal expenses.
3. I agree to provide required documentation for every transaction, including receipts and explanation of business purpose.
4. I understand that failure to comply with this policy may result in disciplinary action and personal liability for unauthorized charges.
5. I will promptly report a lost or stolen card to the Responsible Official.
6. I agree to return the card immediately upon request or upon termination of my role with the township.

Cardholder Name (Printed): _____

Title/Position: _____

Date: _____

Card Number (Last 4 digits): ____ ____ ____ ____

Authorized Limit: \$_____

Cardholder Signature: _____

Responsible Official Signature: _____

Date: _____