

## Credit Card Usage

Initial questions - Hi Kay,

You were so great about answering my question about donations that I thought I would ask you about credit card usage. I've been approached by several libraries asking for advice about credit cards for the library. Probably because so many things require a credit card these days. I was wondering if you could point me to some documentation or give me some advice about using credit cards. In some cases the towns are doing away with credit cards while in others the town does have a credit card that the library can use. For the ones that do have credit cards I believe the town has a specific policy, but the issues are coming up for the ones where the town has gotten rid of the card. Here are my questions:

1. If the town doesn't have a credit card can the library get one on its own? Although the board is a governing body I suspect the answer is no, because the town handles the accounting for the card. However I'm not 100% sure of that.
2. If the library cannot get a card do auditors have a problem with employees paying for library expenses and then being reimbursed by the town? I thought it might be okay for rare or one time only expenses but what about regular, monthly expenses such as purchasing books, etc.?

Response from Kay Gray (includes Follow - Up questions) - August 17, 2011

Under MCA 22-1-309 library boards still have the power to "... adopt bylaws and rules for its own transaction of business and for the government of the library...."

-----Original Message-----

From: Tracy Cook [<mailto:tcook@mtlib.org>]

Sent: Wednesday, August 17, 2011 8:57 AM

To: Gray, Kay

Subject: Re: credit card usage and recommendations for libraries

Hi Kay,

Thanks for the quick response. What if the library is a regular city or county library formed by MCA 22-1-303 with the board having the powers listed under 22-1-309? Am I right in thinking that they have a closer relationship with local government and would have to follow whatever policies and/or rules the city or county made? -Tracy

On 8/17/2011 6:31 AM, Gray, Kay wrote:

Tracy,

We've tried to address your questions here:

- 1) If the Library is a separate local government with a Board that has been granted all the powers and duties by the County/City Commissioners when the District was formed, the Library Board may decide a credit card would be appropriate. The Town Council has no authority over Library issues any more than the Library Board would have authority dealing with Town issues. The Board would develop the Libraries internal control procedures. MCA 22-1-

707(2)(d) delineates the duties and powers of the Library Board and gives the Board the authority to establish the rules of library operations.

2) It is acceptable for an employee to be reimbursed by a local government for an expenditure the employee initially paid for out of their pocket. Establishing internal controls and requiring supporting documentation are key when it comes to the audit.