



**Office Manager's Report to Board of Commissioners**

**Date: 9/4/2013**

**Re: Credit Card Processing Conflicts**

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There are currently two significant conflicts with how the District accepts and process credit card payments and how this service is paid for.

The first conflict involves how the per-transaction fee is charged. The current District Rules & Regulations states "The District will accept credit card payments through its vendor at a fee established by the vendor to be paid by the customer desiring such service." This is in direct conflict with our current practices as the District does not charge the customer a vendor fee. Additionally the District has stated on the back of all monthly bills, on the pamphlet given to every new customer and in a press release dated December 8, 2011 that the customer will be able to pay using the debit card/credit card option at no additional cost.

The second conflict includes how the District pays for the PayClix service and processing fees. The BARS Manual Chapter 3 Section D states that, "All claims against a municipality must be preaudited by the auditing officer of the municipality or his/her delegate. In addition, all claims must be certified by the auditing officer." (Part 3, Chapter 3 Page 9) It further states that "The legislative body must review and approve the claims paid at its next regularly scheduled public meeting." (Part 3, Chapter 3 Page 10) Currently the monthly charges are being automatically debited from the District's Bank of the Pacific account at the beginning of the month for the prior month's transactions without auditing and certification by the auditing officer or review and approval by the Board of Commissioners.

I am investigating how best to correct these conflicts and will report back to the board in coming months. I have attached copies of the BARS manual pages referred to above.

Chapter 3. Expenditures and Disbursements  
Section D. Voucher Certification and Approval (Chapter 42.24 RCW)

All claims against a municipality must be preaudited by the auditing officer of the municipality or his/her delegate. In addition, all claims must be certified by the auditing officer. This certification may be made on each individual claim voucher or, subject to the acceptance and approval of the municipal legislative body, a blanket voucher certification may be used so long as it indicates the particular vouchers so certified. The use of a blanket certification in no way relieves the auditing officer of his/her responsibility and liability for each individual voucher so certified. The certification is required regardless how the transaction is processed (i.e., through warrants, checks, EFTs, etc.). The certification must be signed and dated by the auditing officer or his/her delegate. For all claims, except expense reimbursement claims certified by officers or employees (see Part 3, Chapter 3, Section B, *Employee Travel*), the certification must include the following language:

*I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein, that any advance payment is due and payable pursuant to a contract or is available as an option for full or partial fulfillment of a contractual obligation, and that the claim is a just, due and unpaid obligation against the (city/county/district), and that I am authorized to authenticate and certify to said claim.*

The auditing officer's certification for employee/officer expense reimbursement claims must include the following language:

*I, the undersigned, do hereby certify under penalty of perjury that the claim is a just, due and unpaid obligation against the (city/county/district), and that I am authorized to certify to said claim.*

The certification by the auditing officer in no manner relieves members of the governing body from the responsibility and liability for each voucher approved. It is the governing body's responsibility to ensure that the system of auditing and certifying vouchers is operating in a manner to provide the greatest possible protection for the governing body members and the municipality.

To indicate governing body approval for payment of claim vouchers and payroll, the following should be entered in the minutes:

**The following voucher/warrants are approved for payment:**

(Funds)			Total
Voucher (warrant)			
numbers:	_____	through _____	\$ _____
Payroll warrant/transaction			
numbers:	_____	through _____	\$ _____

If the legislative body authorizes the procedure, cities, counties and districts may issue warrants before the legislative body approves claims. To do this the municipality must enact the following policies and procedures (required in Chapter 42.24 RCW):

- (1) The auditing officer and the officer designated to sign the checks or warrants must have an official bond. The amount should be determined by the legislative body but cannot be less than fifty thousand dollars (RCW 42.24.180);
- (2) The legislative body should adopt contracting, hiring, purchasing, and disbursing policies that implement effective internal control;

(3) The legislative body must review and approve the claims paid at its next regularly scheduled public meeting, or for cities and towns, at a regularly scheduled public meeting within one month from issuance; and

(4) If the legislative body disapproves some claims, the auditing officer and the officer designated to sign the checks or warrants must recognize these claims as receivables of the taxing district and pursue collection diligently until the amounts are either collected or the legislative body is satisfied and approves the claims.

The legislative body may stipulate that certain kinds or amounts of claims should not be paid before the board has reviewed the supporting documentation and approved the issue of checks or warrants in payment of those claims.

The original copy of all vouchers should be filed in the office of the auditing officer of the municipality. The detailed accounts to which the expenditures are to be posted must be clearly designated. Supporting documentation must be retained and either attached to the vouchers or canceled by the auditing officer to prevent reuse. See Part 3, Chapter 12, Interpretation 23 for information regarding original supporting documentation.

Districts that do not issue their own warrants should send either original vouchers or other supporting documentation (e.g., listing of approved vouchers, etc.) to the county auditor.