



DAVE YOST
Ohio Auditor of State



132nd Ohio General
Assembly –
HB 312 – for Libraries

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Agenda

House Bill 312

Enacted House Bill 312 Credit Cards



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House Bill 312

Why this legislation?

- Since 2011, findings for recovery issued totaling more than \$1.2 million
- Out of control issuance – 20 or more cards issued
- Out of control spending limits – many entities with limits going from \$50,000 to \$500,000
- No policies – no internal controls – lack of physical access controls
- Ownership – some without the entity name on card
- No uniform standard for allowable expenditures

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House Bill 312

“Fraud is a crime of opportunity,
more likely to occur when
financial controls and
oversight are lax.”

(Best Practices, December 2017)

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House Bill 312

College prep school - \$422,781

Village - \$331,271

Library - \$22,830

Educational Service Center - \$105,916

Exempted Village School District - \$91,588

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House Bill 312

- Effective Date: November 2, 2018
- Library Code section: § 3375.392

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House Bill 312

- What will HB 312 do?
 - Enacts baseline controls and procedures regarding credit cards for all government entities throughout the State of Ohio
 - Eliminates the use of debit cards by most government entities
 - Promotes enforcement of credit card policies and procedures.

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House Bill 312

Credit Card Policy Requirement

- Not later than three months after the effective date of this section, the legislative authority 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.
- Otherwise, a legislative authority shall adopt a written policy *before* first holding a credit card account.

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House Bill 312

Credit Card Policy Requirements:

1. The officers or positions authorized to use a credit card account.
2. The types of expenses for which a credit card account may be used.
3. The procedure for acquisition, use, and management of a credit card account and presentation instruments related to the account including cards and checks.

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Policy Requirements:

4. The procedure for submitting itemized receipts to the fiscal officer or their designee
5. The procedure for credit card issuance, credit card reissuance, credit card cancellation, and the process for reporting lost or stolen credit cards.
6. The Library's credit card account's maximum credit limit or limits.
7. The actions or omissions by an officer or employee that qualify as misuse or a credit card account.

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How does HB 312 define a credit card?

- A bank, financial institution, or financial depository-issued card.
- A store-issued credit card (Lowe's, Home Depot, etc)
- Any 'debit' or gift card which is tied to grant money
- Any other card or credit account allowing the holder to purchase goods or services on credit or to transact with the account

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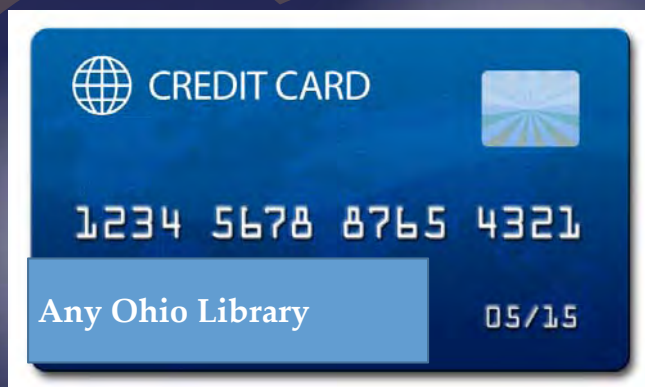
How does HB 312 define a credit card?

A credit card is NOT

- A procurement card, a.k.a P-Card
- Gasoline or telephone credit card
- Any other card where merchant category codes are in place as a system of control on the credit card account.

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Custody and Control Model

- Authorized users that sign out the Library Credit Card are liable for any charges the user does not provide itemized receipts .
- The use of the credit card should not be used to circumvent controls already in place to maintain compliance with the Ohio Revised Code for purchases.

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Compliance Officer Model:

- A Compliance Officer will be appointed by the Board
- The Compliance Officer may not use a credit card account, unless given authority by the Fiscal Officer, unless the Director is the Compliance Officer.
- The Compliance Officer may not authorize an officer or employee to use a credit card account, except Director serving in role of Compliance Officer if authorized under the policy.
- Fiscal Officer is **NOT** eligible for appointment as the compliance officer

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House Bill 312

Compliance Officer Model:

- At least once every 6 months, the Compliance Officer must review:
 - Card and account credit limits
 - # of cards issued
 - # of active cards and accounts issued
 - Card and account expiration date

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House Bill 312 includes the following:

- ORC § 2913.21(A) and ORC § 3375.392(F):
 - No person shall do any of the following:
 - As an officer, employee, or appointee of a political subdivision or as a public servant as defined under Section 2921.01 of the Revised Code, *knowingly misuse* a credit card account held by a political subdivision.
 - This would be a misdemeanor of the 1st degree.



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Rewards from credit card accounts:

- Why the big deal?
 - This is an asset owned not by an individual, but by the entity itself, under the control of the legislative authority

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The fiscal officer, or the designee of that officer annually shall file a report with the legislative authority detailing all rewards received based on the use of the Library's credit card account.

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Other Provisions



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Questions?

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