



**February 17, 2014**

**TO: ALL MEMBERS OF STATE AND LOCAL GOVERNMENT COMMITTEE**

**FROM: BRAD COLE, MANAGING DIRECTOR OF RESEARCH**

**SUBJECT: SUPPORT FOR HB 386**

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Chairman Blair, Vice - Chair Anielski, and Ranking Minority Member Clyde,

My name is Brad Cole, and I am Managing Director of Research for the County Commissioners Association of Ohio (CCAO). CCAO represents 86 boards of commissioners and the county executives and county council members of Cuyahoga and Summit County. CCAO supports HB 386.

### **Purpose of the Bill**

HB 386 adds two allowable expenses to the list of expenses for which a county credit card may be used. Those expenses are:

- Webinars
- Purchases of automatic or electronic data processing or record keeping equipment, software, or services

If this bill is enacted these two allowable purposes would be added to the following allowable expenses: food, transportation, gasoline and oil, motor vehicle repair and maintenance, telephone, lodging, internet service provider, and certain expenses of a public children services agency.

### **Specific Need for Legislation**

Certain vendors, including vendors that sell webinar services and data processing, record keeping equipment, and software, insist on being paid up front (with a credit card) at the time the good or service is acquired. These vendors will not accept a traditional county purchase order.



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This means that at the present time the payment of webinar expenses and automatic or electronic data processing or record keeping or software expenses must be made by a county employee with his or her personal credit card.

After the purchase is made the employee who used their personal credit card to make a purchase must file a reimbursement request with the county and in effect loan their personal credit to the county until such time as the county processes the reimbursement request and cuts the county employee a check for the amount of the purchase. The process described here which occurs in counties across the state is not an efficient process for counties and certainly is not fair to the county employees who must utilize their personal credit to acquire certain goods and services for the county.

### **Limitations on Use of County Held Credit Card**

Existing law, unchanged by HB 386, requires certain procedures to be followed prior to the use of a county held credit card. In order for debt to be incurred with a county credit card the money necessary to pay the debt must be appropriated to a specific line item of the appointing authority for the work related expenses identified in the resolution (county policy) authorizing the use of the county credit card.

In addition to appropriation, the county auditor must certify that the amount of money necessary to pay the debt is in the treasury or in the process of collection to the credit of the specific appropriation line item for which the credit card is approved for use, and is free from previous and then outstanding obligations or certifications. This is commonly referred to as “certification of availability of funds” and must be performed by the county auditor (fiscal officer) before most bills can be paid.

Existing law establishes strict controls regarding anticipated use of a county credit card. Commissioners may approve the anticipated use of the credit card in one or two ways:

- **Monthly or Multi-month Estimate** - Each officer or employee to whom a county credit card has been issued must make an estimate for the next month or for a multi-month period if approved by the commissioners; or
- **Line item Appropriation Limitation** - In lieu of the commissioners approving estimates, commissioners may adopt a policy (resolution) where the amount of debt that may be incurred is limited by the amount of money that has been appropriated to a specific line item in the budget for a specific credit card or for specific uses identified in the county policy.

Credit card expenditures in excess of the estimated or appropriated amount approved by the commissioners are considered to be unauthorized uses. If the estimate or appropriation is exceeded, the commissioners may do either of the following:

- Authorize the expenditure of the higher amount after the obligation has been incurred provided there is sufficient money in the budget to pay the obligation, or
- Require the officer or employee to reimburse the county for the difference between what was authorized or appropriated and the unauthorized expenditure

A county officer or employee who exceeds the estimates or appropriations provided by law is personally liable for any expenditure beyond the estimated or appropriated amount unless the commissioners approve the higher expenditure after the expenditure has been incurred. Finally, if a county credit card is used for any purpose not authorized by law, this expenditure is considered “misuse of a credit card” which is a criminal offense.

### **County Data Board Provision**

Ohio law permits county commissioners to create a county automatic data processing board for coordinated and centralized purchasing of all automatic or electronic data processing or record keeping equipment, software, or services. Most counties have not exercised this option but a few counties have created them.

The bill requires that if the county has a county automatic data processing board and if the county elects to make purchases of data processing or record keeping equipment, software or services with a county credit card, then the county must follow the policies and procedures established by the county automatic data processing board for the purchase of these goods and services.

Thank you, Mr. Chairman, members of the committee for the opportunity to testify. I would be happy to attempt to answer questions from members of the committee at this time.