



**DAVE YOST**  
Ohio Auditor of State



**New Legislation for Credit Cards**  
(132<sup>nd</sup> Ohio General Assembly – HB 312, as proposed)

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**House Bill 312 – proposed**

“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 – proposed**

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 – proposed

Cincinnati College Prep - \$422,781

Village of Mount Sterling - \$331,271

Educational Service Center of Central Ohio - \$105,916

Perrysburg Exempted Village School District - \$91,588



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# House Bill 312 – proposed

House Bill 312 would apply to the following:

- ORC § 505.64(A) – Board of Township Trustees
- ORC § 511.234(A) – Board of Park Commissioners of a Township Park District
- ORC § 717.31(A) – Legislative Authority of Municipal Corporations
- ORC § 940.11(A) – Board of Supervisors of Soil & Water Conservation Districts
- ORC § 1545.072(A) – Board of Park Commissioners



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# House Bill 312 – proposed

House Bill 312 would apply to the following:

- ORC § 1711.131(A) – Board of Directors of a County Agricultural Society or an Independent Agricultural Society
- ORC § 3313.311(A) – Board of Education of any School District; Governing Authority of an Educational Service Center; Governing Authority of an Information Technology Center
- ORC § 3314.52(A) – Governing Authority of a Community School
- ORC § 3326.52(A) – Governing Authority of a STEM School



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# House Bill 312 – proposed

House Bill 312 would apply to the following:

- ORC § 3328.52(A) – Governing Authority of a College-Preparatory Boarding School
- ORC § 3375.92(A) – Board of Library Trustees
- ORC § 6119.60(A) – Board of Trustees of a Regional Water & Sewer District



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# House Bill 312 – proposed

House Bill 312 would *not* apply to the following:

- ORC § 301.27 – Counties
- Any other entity not otherwise listed or provided for by law



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# House Bill 312 – proposed

House Bill 312 would provide for the following:

- ORC § 2913.21(A)
  - No person shall do any of the following:
    - (3) 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. (emphasis added)
  - This would be a misdemeanor of the 1<sup>st</sup> degree.



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## General Provisions - § 9.21

- 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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## General Provisions - § 9.21

### 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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## General Provisions - § 9.21

### Policy Requirements:

4. The procedure for credit card issuance, credit card reissuance, credit card cancellation, and the process for reporting lost or stolen credit cards.
5. The political subdivision's credit card account's maximum credit limit or limits.
6. The actions or omissions by an officer or employee that qualify as misuse of a credit card account.



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## General Provisions - § 9.21

ORC § 9.21(B) – The name of the political subdivision shall appear on each presentation instrument related to the account including cards and checks.



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## General Provisions - § 9.21

ORC § 9.21(C) – If the political subdivision's fiscal officer *does not* retain general possession and control of the credit card account and presentation instruments related to the account including cards and checks, the legislative authority shall appoint a compliance officer...



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## General Provisions - § 9.21

ORC § 9.21(C) – ...the compliance officer *may not* use a credit card account and *may not* authorize an officer or employee to use a credit card account. The fiscal officer *is not eligible* for appointment as compliance officer.



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## General Provisions - § 9.21

ORC § 9.21(E) – ...the officer or employee shall provide the fiscal officer or the fiscal officer’s designee an itemized receipt for each charge upon returning the credit card. The officer or employee is liable in person...to reimburse the treasury for the amount for which they do not provide itemized receipts.



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## Other Provisions

ORC § 9.22 – No political subdivision may hold or utilize a debit card account, *except for* law enforcement purposes.



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## Other Provisions

ORC § 117.702 – A political subdivision that holds a credit card account annually shall file a report with the auditor of state detailing all rewards received by the political subdivision based on the use of a credit card account. *(Please note – the reporting rules have not yet been determined.)*



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## Other Provisions

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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## Key to Remember

Just to emphasize this one last time, the issues discussed today are proposed and have not been signed into law. These could, and most likely will, change prior to adoption and being signed into law by the Governor.



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## Current Status

As per the 132<sup>nd</sup> General Assembly on 2/23/18:

Date	Chamber	Action	Committee
12/13/17	Senate	Refer to Committee	Government Oversight and Reform
12/11/17	Senate	Introduced	
12/5/17	House	Passed	
11/1/17	House	Reported - Substitute	Government Accountability and Oversight
9/12/17	House	Refer to Committee	Government Accountability and Oversight
7/26/17	House	Introduced	



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# Questions?



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