

## **Inappropriate Charge Card Use by State Employees**

The following process must be used in the event of State charge card or account misuse by an employee, whether the misuse is mistaken or intentional, to ensure consistent treatment of all State of Alaska employees who are One Card cardholders or use central travel system (CTS) accounts to procure services or products for State business purposes.

The department finance officer can review and consider the facts and circumstances and consider mitigators such as de minimus amounts and reasonable explanations. However repeated violations must be addressed.

### **Card Misuse – First Offense**

It is the responsibility of the individual who discovered and verified the card/account misuse to immediately report the incident to the employee's department finance officer who will notify the employee's immediate supervisor.

Whether mistaken or intentional, the first time an employee uses the State's charge card or account for personal use, the employee must be clearly informed<sup>1</sup> of the consequences of card/account misuse.

The instruction must be delivered by the employee's supervisor, regardless of who discovered the card misuse. The instruction should be delivered in writing, and at minimum must include the following:

On \_\_\_\_\_, 20XX, you used your State charge card or other State charge account for personal use in the amount of \$\_\_\_\_. You must immediately reimburse the State by personal check. If you are unable to do so, the amount will be deducted from your next pay check.

This instruction is in accordance with the One Card Alaska Charge Card Program Cardholder User Agreement and the Alaska Administrative Manual 38.310; use of the State's charge card or accounts for personal use may result in personal liability, revocation of the card and all purchasing authority. Misuse of the card or account may constitute a violation of the Alaska Executive Branch Ethics Act, which may result in civil penalties of up to \$5,000. Additionally, unauthorized use of a card for personal purposes is theft under AS 11.46. If the amount of the personal use is over \$500, the employee may be subject to felony prosecution.

A copy of this instruction must be placed in the employee's supervisory file.

Note: If the misuse was in conjunction with travel, notify the employee the amount will be deducted from his/her travel expense reimbursement, if the reimbursement is sufficient to cover the amount.

---

<sup>1</sup> Discipline may be warranted depending on the seriousness of the offense and relevant circumstances.

The amount of improper charges and related expenses must be recovered through offset against travel expense reimbursements due the employee (if applicable), immediately reimbursed by the employee by personal check, or withheld from the employee's next paycheck(s).

If the employee self reports the first time accidental misuse of the card, the instruction listed above is not required. The employee must submit in writing to the department finance officer what happened, why it happened, and how they plan to prevent a reoccurrence of the misuse. They must submit a personal check for the improper charges with the explanation. The department finance officer must provide a copy of the explanation to the employee's supervisor who must place the copy in the employee's supervisory file.

### **Card Misuse - Second Offense**

It is the responsibility of the individual who discovered and verified the card/account misuse to immediately report the incident to the department finance officer who will notify the employee's immediate supervisor. The employee's immediate supervisor will consult with the department's Human Resource Manager regarding investigation of the misuse and to ensure the employee is afforded all procedural rights. If verified that the employee used their charge card for personal use, depending on the explanation and/or circumstance, progressive discipline shall be imposed. If the second offense is substantiated, the employee must, at minimum, be issued a warning<sup>2</sup>. The warning will state the consequences of card misuse and identify the amount that is immediately due to the State. The employee's supervisor will issue the warning as a formal letter or memoranda and forward the warning to the Division of Personnel and Labor Relations for entry into the employee's official personnel file. The amount of improper charges and related expenses must be recovered through offset against travel expense reimbursements due the employee, immediately reimbursed by the employee by personal check, or withheld from the employee's next paycheck(s). Depending on the seriousness of the offense, the State may take away the charge card from the employee.

### **Card Abuse - Third Offense**

It is the responsibility of the individual who discovered and verified the card/account misuse to immediately report the incident to the department finance officer who will notify the employee's immediate supervisor. The supervisor must provide written notice delivered to the employee stating that the account has been canceled and that the employee should immediately discontinue all use of the card and return the card to their supervisor. The physical card must be destroyed by the supervisor.

The employee's immediate supervisor must again consult with the department's Human Resources Manager regarding investigation of the misuse and to ensure the employee is afforded all procedural rights. If the abuse is substantiated, the employee will be subject to further discipline up to and including dismissal. The employee will be liable for all improper amounts charged, late fees, legal fees, and any other expenses incurred by the State as a result of misuse of the card or account. The amount of improper charges and related expenses must be recovered through offset against travel expense reimbursements due the employee, immediately reimbursed by the employee by personal check, or withheld from

---

<sup>2</sup> Higher level discipline may be warranted depending on the seriousness of the offence and relevant circumstances.

the employee's next paycheck(s). The employee may be denied further corporate cards in their name for the remainder of State service. If the incident will be turned over for criminal prosecution, refer to AAM 100.075.

### **Card or Account Misuse by a Terminated Employee**

The Visa Liability Waiver Program protects the State against eligible losses that might be incurred through card misuse by a terminated employee. Waivable charges are charges incurred by an employee or other authorized person which do not benefit the company directly or indirectly. The department finance officer can request a waiver of charges when the following requirements are met:

1. Employment has been terminated, whether voluntarily or involuntarily.
2. A request is made to US Bank to cancel the account within two (2) business days of the Notification of Termination Date.
3. Written notice stating that the account has been canceled, and that the employee should immediately discontinue all use of the card and return the card to their department is delivered to the employee.
4. The Company side of the Affidavit of Waiver claim form is completed, signed by an authorized official, and returned within ninety (90) days of the employee's Notification of Termination Date to US Bank.

To view the program details, go to  
[http://doa.alaska.gov/dof/charge\\_cards/state\\_agen.html](http://doa.alaska.gov/dof/charge_cards/state_agen.html).