



FINANCE & ECONOMIC DEVELOPMENT COMMITTEE
TUESDAY, SEPTEMBER 27, 2022
8:30 A.M.
REMOTE AND IN PERSON ATTENDANCE

The Finance & Economic Development Committee meeting will be conducted remotely and in person.

The public may attend the meeting in person in the Council Chambers at Lacey City Hall, 420 College SE, Lacey, Washington, or you may view or listen to the meeting by using one of the following platforms:

Live through Zoom: <https://us02web.zoom.us/j/85445539739>

Live or as a recording on YouTube: <https://youtu.be/QYcFXqEK6YQ>

Listen via telephone: (888) 788-0099 or (877) 853-5247 (Webinar ID: 854 4553 9739)

AGENDA

2023 REVENUE AND EXPENDITURE ESTIMATES

TROY WOO, FINANCE DIRECTOR
(PRESENTATION)

CREDIT CARD POLICY UPDATE

TROY WOO, FINANCE DIRECTOR
(STAFF REPORT)



**FINANCE & ECONOMIC
DEVELOPMENT COMMITTEE**
September 27, 2022

SUBJECT: Credit Card Policy

RECOMMENDATION: Upon review and concurrence, recommend full City Council adoption of resolution.

STAFF CONTACT: Scott Spence, City Manager 
Troy Woo, Finance Director 

ORIGINATED BY: Troy Woo, Finance Department

ATTACHMENTS: 1. [Draft Resolution No. XXXX](#)
2. [Proposed Credit Card Policy](#)

FISCAL NOTE:

PRIOR REVIEW: None

BACKGROUND:

The City's current credit card policies were adopted in February 2020. Due to the COVID-19 public health emergency, the full implementation of the City's credit card policy has been delayed. In the process of implementation planning, staff identified the City's travel process could be more efficient by incorporating the use of credit cards for travel expenses. To include the travel process within the credit card program, staff recommends an increase to the single transaction limit to \$2,500. The current transaction limit is \$1,000.

RCW 43.09.2855 authorizes local governments to use credit cards of official governmental purchases and acquisitions provided the legislative body adopts a credit card system. The system shall include provisions for the following:

- Distribution of the credit cards
- Authorization and control of the use of credit card funds
- Credit limits

- Payment of the bills
- Any other rule necessary to implement or administer the system

The proposed credit card policy changes are limited to two transaction limit increases and housekeeping changes. The proposed policies are as follows:

- Increasing the maximum transaction limit to \$2,500 from \$1,000. The main purposes for the proposed increase are to allow for full incorporation of credit card use within the City's travel practices and rising costs of low value goods and services.
- Increasing the minor equipment limit to \$1,000 from \$500. The proposed limit is consistent with the City's attractive asset definition within the Capital Assets policies and procedures. Attractive assets are defined as assets, which are not capitalized for financial statement purposes, but deemed vulnerable to loss. To safeguard attractive assets, periodic physical inventories are conducted.
- A number of housekeeping items include clarifications of eligibility, State Auditor recommended internal control improvements, and a requirement for employee training on the policy.

It is requested that the Finance and Economic Development Committee review the proposed credit card policy, confirm or propose changes to the policy, and advance this issue to the full City Council with a recommendation for approval.

ADVANTAGES:

1. Helps facilitates improvements to the City's travel process.
2. Provides an efficient method of procurement of low value goods and services.
3. Creates good business relationships with suppliers by shortening payment periods.

DISADVANTAGES:

1. None identified.

RESOLUTION NO. XXXX

CITY OF LACEY

A RESOLUTION OF THE CITY OF LACEY, WASHINGTON, AMENDING THE SYSTEM AND POLICIES RELATING TO THE USE OF CREDIT CARDS BY THE CITY.

WHEREAS, RCW 43.09.2855 authorizes the use of credit cards by governmental units under rules and procedures to be adopted by the legislative body; and

WHEREAS, the City Council deems that it is the best interest of the City to make certain financial payments by using a credit card, and

WHEREAS, the expansion of credit card uses to include travel related expenses requires an increase to the single transaction limit,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, that Resolution No. 1083 is hereby rescinded and those certain policies set forth in the document entitled City of Lacey Purchasing Card Policy, attached hereto and made a part hereof as though fully set forth at length are hereby approved and adopted as the purchasing card policies to be followed by the City Council and management of the City of Lacey.

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, this 6th day of October, 2022.

CITY COUNCIL

Mayor

Attest:

Approved as to form:

City Clerk

City Attorney

CITY OF LACEY PURCHASING CARD POLICY

1. GENERAL

- A. This policy establishes the rules by which the City will conduct the Purchasing Card Program.
- B. Purchasing Cards are designed to provide a convenient and efficient method of procuring low value goods and services. Eligible City users will be able to make these small purchases ~~simply and easily~~efficiently when a need arises. Purchasing Cards will reduce costs associated with processing purchase orders and accounts payable, while creating good business relations with suppliers by ~~speeding up~~expediting payments ~~to them~~for goods and services. These efficiencies will allow all groups and individuals involved to be more effective and focused on the value-added aspect of their jobs.
- C. This policy is divided into the following sections:

| | |
|-----------|---------------------------|
| SECTION 1 | GENERAL |
| SECTION 2 | EMPLOYEE ELIGIBILITY |
| SECTION 3 | PURCHASING CARD USE |
| SECTION 4 | CARD RESTRICTIONS |
| SECTION 5 | MISUSE OF PURCHASING CARD |
| SECTION 6 | CARD CANCELLATION |
| SECTION 7 | ADMINISTRATION |

2. EMPLOYEE ELIGIBILITY

- A. Purchasing Cards will be ~~issued available~~ to authorized regular status City employees, who have an identified business need only. The Department Director is responsible for authorizing an employee to use a Purchasing Card. Temporary or seasonal employees are not eligible to participate in the program.
- B. The employee whose name appears on the card is the only individual who may use the card.
- C. ~~If a~~ Department Director's upon requests, may be issued a non-individualized "department" card, ~~it may be issued~~ for general use by the department, which must have security measures in place to administer its use. The "department" card has a higher potential for misuse and carries higher risk for the City. It is, therefore, generally discouraged.
- D. An a Authorized employees will be required to make submit an application ~~and sign~~

and abide by a cardholder agreement.

~~D.E.~~ Prior to card issuance, each employee must complete a Purchasing Card training conducted by Finance Department staff.

3 PURCHASING CARD USE

- A. The maximum transaction amount is ~~\$1,000~~\$2,500 including all taxes and shipping charges. Under discretion of the City Manager or his designee, the maximum transaction limit can be increased. The maximum monthly limit per card and the City's aggregate monthly limit will be established by the City Manager or his designee.
- B. ~~A~~-Department Director's may establish lower limits for department employees.
- C. Use of the purchasing card does not relieve the cardholder from complying with City and departmental policies and procedures. The purchasing card is not intended to replace effective procurement planning which can result in quantity discounts, reduced number of trips, and more efficient use of City resources.
- D. The cardholder will be responsible to report a lost or stolen card by phoning the contracting bank and advising the Finance Department immediately. A Police report shall be filed for a stolen credit card. The Finance Department will confirm the loss in writing to the Bank. Only the Finance Department card administrator may authorize a replacement card.
- E. The following conditions must be met when using the Purchasing Card:
- Each single purchase may be comprised of multiple items, but the total must not exceed the ~~\$1,000~~\$2,500, including all taxes and shipping charges, transaction limit.
 - ~~When~~If a purchase exceeds the ~~\$1,000~~\$2,500 transaction limit, the purchase shall not be made using a Purchasing Card and the normal procedure of using purchase orders must be followed. Purchases must not be split to circumvent the transaction limit.
 - The least expensive item that meets the needs of the department should be sought.
 - Cardholders must follow their department's administrative control of funds procedures to ensure that sufficient budgeted funds are available for the purchase.
 - The cardholder must obtain an itemized receipt from the vendor and submit the receipt along with their reconciled account statement to the Finance Department for timely payment.

4 CARD RESTRICTIONS

- A. The following list covers purchases for which the Purchasing Cards are specifically prohibited:
- Cash advances or cash refunds
 - Personal use of any kind or any non-City purpose
 - Items purchased for departmental inventories
 - Capital expenditures
 - Minor Equipment over ~~\$500~~\$1,000 (Unless purchases are considered to be telecommunications or computer exemptions)
 - Telecommunications equipment, software or services (Only Information Services and Finance are authorized)
 - Computer hardware, software, or peripherals (Only Information Services employees are authorized)
 - Work considered to be a public work
 - Goods or services that are on current City contracts
- B. A Department Director may specify further restrictions to this list.

5 MISUSE OF THE PURCHASING CARD

- A. If for any reason, disallowed charges are not repaid by the cardholder before the card billing is due and payable, the City shall retain a prior lien against and a right to withhold any and all funds payable to the employee up to an amount of the disallowed charges, any applicable penalties, and interest at the ~~same~~ rate as charged by the purchasing card contractor.
- B. Consequences for misuse of the Purchasing Card can include:
- Permanent revocation of Purchasing Card privileges
 - Assignment of wages for repayment of discrepancies including any applicable penalties and interest charged by the purchasing card contractor
 - Notification to the Finance Director and the Washington State Auditor to investigate the matter further, which may result in the pursuance of criminal charges
 - Disciplinary action

6 CARD CANCELLATION

- A. A Purchasing Card may be canceled for any of the following reasons:
- The card is lost or stolen
 - The employee transfers to another department
 - ~~The cardholder whose name is on the card allows another employee to use the card~~
 - An employee uses a card that is not in their name~~The Purchasing Card is used or given for use by someone other than the assigned user~~
 - The employee retires, resigns, or is otherwise ~~terminated~~separated from City employment

- The authorizing Department Director requests cancellation for any reason
 - At the City Manager or Finance Director discretion
- B. It is the responsibility of the Department Director to advise the Finance Department of the termination or transfer of any cardholder. Finance will then cancel the cardholders Purchasing Card.

7 ADMINISTRATION

- A. The Finance Department is responsible for administering this policy.