

RESOLUTION NO. R-2020-79

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BASTROP, TEXAS, APPROVING THE CITY OF BASTROP PURCHASING CARD POLICY, WHICH IS ATTACHED AS EXHIBIT A; PROVIDING FOR A REPEALING CLAUSE AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, it is the responsibility of local government to ensure that public funds are managed in a prudent and financially sound manner; and

WHEREAS, the City of Bastrop Purchasing Card Policy was last adopted by City Council on October 25, 2016; and

WHEREAS, at the August 25, 2020 City Council Meeting, the Chief Financial Officer presented the Purchasing Card Policy for annual review by the City Council; and

WHEREAS, the City Council requests that the Purchasing Card Policy be reviewed and adopted annually by City Council as a part of the budget adoption process to ensure this policy is current with State Law and appropriately addresses operational needs.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BASTROP, TEXAS:


Section 1. The City Council hereby approves the City of Bastrop Purchasing Card Policy, which is attached as Exhibit A, and requests that it be reviewed and adopted annually as a part of the budget adoption process.

Section 2. All orders, ordinances, and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 3. This resolution shall take effect immediately from and after its passage, and it is duly resolved.

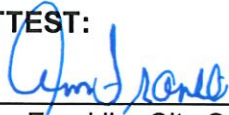
DULY RESOLVED AND ADOPTED by the City Council of the City of Bastrop this 8th day of September 2020.

APPROVED:



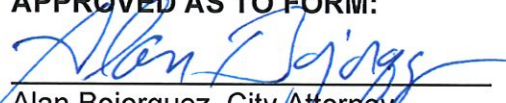
Connie B. Schroeder, Mayor

ATTEST:



Ann Franklin, City Secretary

APPROVED AS TO FORM:



Alan Bojorquez, City Attorney

EXHIBIT A

City of Bastrop, Texas

Purchasing Card Policy

Draft

September 8, 2020



City of Bastrop
Purchasing Card Policy
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I. Purpose

The purpose of the Purchasing Card Program is to provide the City with an efficient and controllable method of making small dollar commodity, service, and travel purchases. This program is to be used to procure low-value maintenance, repair and operational expense items. By using the purchasing card, it will simplify the payment process and take advantage of the rebate program the card provider offers. The City will issue cards via the provider of its choice. This card policy is not intended to replace, but rather supplement existing purchasing, travel, and other City policies. The same restrictions that apply to other methods of purchasing also apply to the purchasing cards.

II. Eligibility

Department Directors and Supervisors can make a request to the City Manager for a purchasing card in their name. Department purchasing cards can be issued to each department and be the responsibility of the Department Director or his designee. Criteria for determining which departments should be issued a department card:

- Will the use of a Credit Card enhance productivity?
- Will the use of a Credit Card reduce paperwork?
- Will the Credit Card be utilized regularly for the purchasing of authorized (budgeted) goods, supplies and services?

III. Usage

Each card will have a daily and monthly limit. The daily limit on the Department Director cards are set by the City Manager. The Department Directors will provide to the Program Administrator in writing, the limits for Supervisors individual cards. The daily limit for the department cards is \$500. Limits can be changed on a temporary or permanent basis when warranted and a written request is received by the Program Administrator from the Department Director.

Purchasing Cards may be used for small dollar purchases which do not exceed the daily transaction limit established by the Purchasing Policy and that do not exceed the cards maximum limit.

Acceptable purchases are:

- Maintenance and repair of equipment
- Operational expense items (within the dollar limits stated above)
- Registration Fees
- Travel expenses (must adhere to the Travel Policy)

Purchases made on the purchasing card will be for City business only. The purchasing card is not a personal line of credit and must never be used for personal or private

purchases of any nature. When in doubt as to whether a purchase is allowable under the City policy, the Cardholder should either contact the Program Administrator before making the purchase or make payment personally and seek reimbursement from the City afterwards. Please remember that reimbursement for any out-of-pocket purchase made without authorization is subject to the City Manager's approval. Unauthorized purchases or use of the purchasing card in violation of this or any other City policy are prohibited, and purchaser will be subject to disciplinary action.

The Finance Department has a purchasing card with a \$125,000 monthly limit. This card is used solely to pay vendors that allow credit card payments and do not charge a processing fee. The advantage to this additional payment method is to obtain the rebate provided through the purchasing card program.

IV. Duties and Responsibilities

A. Cardholder

1. The employee who is issued a card is called a "Cardholder" whether it was issued in their name or just in their custody (ie. department card). The purchasing card has daily transaction limits as well as a maximum monthly limit.
2. Every transaction made using the purchasing card must have corresponding backup and be entered into the accounting system. Only one invoice should be created, per month, for each card account. This invoice is currently being created through an import file. When available, the cardholder can utilize the online export feature, from the card provider, and download the transactions directly into the import file. The Cardholder is responsible for ensuring the invoice balances to the card statement prior to submitting it for approval and payment.
3. Each Cardholder shall use the card only for authorized purchases. A hardcopy itemized receipt must be obtained from the vendor each time the card is used and be signed by the Cardholder and their Supervisor (when applicable).
4. The Cardholder is responsible for immediately notifying the Purchasing Card Provider, their Supervisor, and the Program Administrator if the card is lost or stolen.
5. Each Cardholder must acknowledge receipt of the purchasing card, understand the rules of usage, and sign the Purchasing Cardholder Agreement. Failure to abide by this Purchasing Card Policy may result in disciplinary action, up to and including termination of the employee. The Cardholder will be required to reimburse the City for any unauthorized transaction.
6. Upon resignation or termination of employment of a Cardholder, the Department Director shall notify the Program Administrator immediately, and the card shall be turned in to the Program Administrator.

B. Program Administrator

The Program Administrator is the Chief Financial Officer of their designee. The Program Administrator manages the Purchasing Card Program and has the following responsibilities:

1. Establishing purchasing card accounts and authorized limits
2. Point of contact for any Purchasing Card Program questions
3. Ensure compliance with the Purchasing Card Policy and the Purchasing Policy
4. Reviews all purchasing card transactions monthly
5. Terminating cards as needed

C. Departmental Responsibility

The Department Director determines who will be issued a purchasing card and the daily & monthly limits assigned. The Department Director will also ensure that purchases are authorized and adhere to City policies. Departments may implement more stringent internal authorization procedures that its Cardholders must follow in order to make purchases with the card. Directors or their designee are responsible for approving receipts and making sure the statements for each card are reconciled and turned in to the Finance Department within 15 days of the statement date to facilitate timely payments.

V. Purchasing Card Provider

The Purchasing Card Provider will send the Cardholder and the City's Finance Department a billing statement once each month for all transactions that have taken place in the previous month's statement cycle. This statement can also be obtained online. All Cardholders should receive instructions on how to establish a login to their account. The Cardholder is responsible for reconciling their respective statement, matching each transaction with a receipt, as soon as it is received. If a transaction is listed which is not known to the Cardholder, the Cardholder is responsible for immediately notifying the Purchasing Card Provider and the Program Administrator of the disputed charge. It is imperative that each Cardholder promptly process the transactions and forward receipts to their Supervisor.

VI. Transaction/Card Limits

Each individual purchasing card will have transaction and/or spending limits. The Chief Financial Officer in coordination with Department Director has the authority to limit types of purchases, places of purchases, and hours of day purchases that can be made on individual cards. The total purchase price as printed on the individual credit card receipt is known as the "transaction amount". The purchasing card may be limited by the merchant type, transaction amount, and monthly transaction limit. Each Cardholder will be set up with limits for each of these categories and will be made aware of the limits. A card transaction will be denied when swiped if the transaction

exceeds any of the limits. The card transaction limits may not exceed those set in the policy guidelines.

VII. Sales Tax

As a tax-exempt government agency, the City of Bastrop does not pay sales tax. Cardholders will be provided a copy of the City's Tax Exemption Certificate when requested. Cardholders are responsible for insuring that the merchant does not include sales tax in the transaction, if possible. In the event sales tax is charged, the Cardholder is required to go back to the vendor/merchant to request a refund of the sales tax paid. If a refund is not possible, the Cardholder is required to submit a memorandum monthly to the Finance Department that includes an explanation as to why the sales tax paid cannot be credited along with a copy of the receipts showing the sales tax amount. The Finance Department will deduct the sales tax paid during the monthly sales tax reporting process.

VIII. Returns

Each Cardholder is responsible for coordinating returns with the vendor and making sure a proper credit slip is obtained. Credit shall be issued to the Cardholder's account. **Cash refunds are not allowed.**

IX. Restrictions and Exemptions

A. Employees may *not* use the card for the following:

1. Any purchases of items for personal use.
2. Cash refunds or advances.
3. Any purchase of goods/services or from a merchant type not considered prudent or of good judgment.
4. Any purchases set up as reoccurring.
5. No purchases are to be processed through the employee's personal account online. You must establish a City account to process the purchase.
6. Any transaction amount greater than the Cardholder's transaction limit.
7. Items under contract, unless an emergency exception is granted.
8. Alcohol or liquor of any kind. Patronization of bars, drinking places, and package stores must not be paid for with the purchasing card.
9. Separate, sequential, and component purchases or any transaction made with intent to circumvent the City Purchasing Policy or state law.

10. Any transaction that may cause or be perceived to cause damage to the City of Bastrop's reputation and goodwill, and/or reflect poorly on the ethical and moral decision-making of the Cardholder, staff, and elected officials.

11. Any other purchase specifically excluded in the City's Purchasing Policy.

B. Documentation

Supporting documentation must accompany each transaction including an itemized receipt signed by the Cardholder and Supervisor, when applicable. If a receipt is not obtained, a memo explaining the purchase must accompany the card statement.

C. Personal Use Restrictions

The card may not be used to pay spouse/family expense incurred while traveling. Only City business expenses are allowable, and the Cardholder must pay personal expenses separately.

X. Obtaining a Purchasing Card

A. Steps:

1. Department Director submits in writing requests for a purchasing card and determines the appropriate daily and monthly transaction limits.
2. The Program Administrator will request the Purchasing Card Provider to issue a purchasing cards with these established limits.
3. Upon receipt of the purchasing card, the Program Administrator will have the Cardholder review and sign the Purchasing Cardholder Agreement.
4. The new Cardholder receives copies of:
 - a. Purchasing Cardholder Agreement
 - b. Purchasing Card Policy
 - c. Purchasing Policy
 - d. Travel Policy

XI. Revocation of the Purchasing Card

The purchasing card is subject to revocation at any time at the discretion of the Department Director or Chief Financial Officer. When a card is revoked, changes are made online and take effect immediately. The Program Administrator is further authorized to temporarily suspend use of the card via electronic methods if

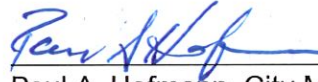
unauthorized use is discovered and such use poses a threat to internal financial controls.

XII. Annual Review and Reporting

These policies will be reviewed administratively by the City Manager at least annually, prior to preparation of the operating budget. The Chief Financial Officer will report annually to the City Manager on compliance with these policies.



Tracy Waldron, Chief Financial Officer



Paul A. Hofmann, City Manager

History of Financial Policies:

Previously Approved 10/25/2016