

RESOLUTION No. 21-1904

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAGO VISTA, TEXAS ADOPTING A CREDIT CARD POLICY.

WHEREAS, the City of Lago Vista is a Home Rule City; and

WHEREAS, the City has in place a fiscal and budgetary policy.

WHEREAS, the City Auditor recommended a policy and procedure be put in place with regard to the City issued credit cards; and

WHEREAS, the City Council desires to ensure the proper use of city credit cards by City staff and elected officials; and

WHEREAS, the City of Lago Vista finds it necessary and proper to carry out a power granted to the municipality, and beneficial to the citizens to adopt a credit card policy for the good government, peace and order of the municipality.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LAGO VISTA, TEXAS, THAT:

SECTION 1. The above recitals are found to be true and correct and incorporated herein for all purposes.

SECTION 2. The Credit Card Policy attached hereto as Exhibit "A" and incorporated herein is hereby adopted as the Credit Card Policy of the City of Lago Vista, Texas, effective September 27, 2021.

SECTION 3. This Resolution shall be in full force and effect after its passage.

PASSED AND APPROVED by the City Council of the City of Lago Vista this the 27th day of September 2021.



by: *Ed Tidwell*
Ed Tidwell, MAYOR

ATTEST:

Sandra Barton
Sandra Barton, City Secretary

On a motion by Councilor Sullivan, seconded by Councilor Weatherly, the above and foregoing resolution was passed and approved.

Exhibit "A"
Resolution Adopting a Credit Card Policy



CITY OF
LAGO VISTA
— — TEXAS — —

CREDIT CARD POLICY

approved
September 27, 2021

CITY OF LAGO VISTA CREDIT CARD POLICY

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I. Purpose

The purpose of the Credit 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 credit 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, petty cash, travel, and other City policies. The same restrictions that apply to other methods of purchasing also apply to the Credit cards.

II. Eligibility

If requested and approved by the City Manager, Department cards will be issued to each department and be the responsibility of the department head or his/her 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 monthly limit. The limit on the Department head cards are set by the City Manager. In no case will limit exceed \$5,000. Limits can be changed on a temporary or permanent basis when warranted and a written request is received by the Program Administrator or the department head.

Credit cards may be used for small dollar purchases which conform to the purchasing policy and that do not exceed the cards maximum limit.

Acceptable purchases are:

- Maintenance and repair of equipment
- Operational expense items
- Registration Fees
- Travel expenses (must adhere to the Travel Policy)
- Other items that fit the purpose of the program

Purchases made on the card will be for City business only. The 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 card in violation of this or other City policies are prohibited, and purchaser will be subject to disciplinary action.

The credit card is used solely to pay vendors that require credit card payments, when timing does not allow the normal Accounts Payable check issuing process, or when getting a purchase order either isn't required or cannot be obtained prior to the purchase.

IV. Penalties for Improper Use of the Card

The card is to be used only by the department/cardholder to pay for authorized, work-related expenses. The card should not be used to pay for personal transactions. Improper use of the card can be considered misappropriation of City funds and may result in disciplinary action up to and including termination of employment. Improper use will result in revoking the card. In addition, the cardholder is personally liable for payment of improper purchases, including those in excess of dollar amounts appropriated or authorized by the City and subject to criminal prosecution under the Travis County judicial system.

V. Duties and Responsibilities

A. Cardholder

1. The employee who is issued a card is called a "Cardholder" whether it is issued in their name or just in their custody (i.e., department card).
2. Every transaction made using the Credit card must have corresponding backup in accordance with the Fiscal and Budgetary Policy and all other City of Lago Vista policies accounting system.
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. Online and telephone charges must also be documented by a receipt, so the Cardholder shall request the vendor send them a receipt.
4. The Cardholder is responsible for immediately notifying the Credit card provider, their supervisor, and the Program Administrator if the card is lost or stolen.
5. Each Cardholder must acknowledge receipt of the Credit card, understand the rules of usage, and sign the user agreement. Failure to abide by this Credit card Policy may result in disciplinary action, up to and including termination of 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 or their designee. The Program Administrator manages the Credit Card Program and has the following responsibilities:

1. Establishing credit card accounts and limits
2. Acting as the point of contact for any Credit Card Program questions
3. Ensuring compliance with the Credit Card Policy and the Purchasing Policy
4. Reviewing all credit card transactions monthly
5. Terminating cards as needed

C. Departmental Responsibility

The City Manager determines who will be issued a card and the 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 must be followed in order to make purchases with the card. Directors 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.

VI. Credit Card Provider

The Credit 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. 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 Credit 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.

VII. Transaction/Card Limits

Each individual credit 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 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 credit 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.

VIII. Sales Tax

As a tax-exempt government agency, the City of Lago Vista does not pay sales tax. Cardholders will be provided a copy of the City's tax exemption certificate when requested. Cardholders are responsible for ensuring 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 paid.

IX. Late Fees or Finance Charges

No late fees or finance charges shall be paid by the City under terms of procurement card program. If late fees or finance fees are incurred, the department head/cardholder will be responsible for paying those fees.

X. 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.**

XI. 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 Cardholders 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 credit card.
9. In town-meals without a proven business such as a City hosted event.
10. Gifts to friends or relatives in lieu of meals and lodging.
11. Life travel accident insurance premiums.
12. Parking fines and traffic tickets.
13. Clothing and clothing rental.
14. Laundry, valet, or dry-cleaning charges.
15. Repairs or towing of personal vehicles.
16. Babysitting/pet sitting
17. Expense for travel companions
18. Mini-bar refreshments or other snacks in addition to the meal

reimbursement

19. Separate, sequential, and component purchases or any transaction made with intent to circumvent the City Purchasing Policy or state law.
20. Any transaction that may cause or be perceived to cause damage to the City of Lago Vista's reputation and goodwill, and/or reflect poorly on the ethical and moral decision-making of the Cardholder, staff, and elected officials.
21. Any other purchase specifically excluded in the City Purchasing Policy.

B. Documentation

Each cardholder/department will maintain a purchasing log. The log records the transaction date, vendor name, the merchandise purchased, dollar value of sale, how the order was placed (via Internet, phone, fax, mail, or in person), citywide or individual contract number (if applicable), and purpose of purchase. A separate line is required for each purchase. An itemized receipt for each purchase should be stapled to the log to expedite reconciliation with the billing statement. The log must be reviewed and signed by the department head/cardholder and submitted to finance for review.

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.

XII. Obtaining a Credit Card

Steps:

1. Department Director submits a request in writing to the City Manager for a credit card who determines the appropriate monthly transaction limits.
2. The Program Administrator will request the Credit Card Provider to issue credit cards.
3. Upon receipt of the card, the Program Administrator will have the Cardholder sign the Credit Cardholder Agreement.
4. The new Cardholder receives copies of:
 - a. Credit Cardholder Agreement
 - b. Credit Card Policy
 - c. Purchasing Policy
 - d. Travel Policy

XIII. Revocation of the Credit Card

The credit card is subject to revocation at any time at the discretion of the City Manager 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.