



Fiscal Policies and Procedures Manual

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Council Meeting**

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Meeting**

Fiscal Policies & Procedures Manual

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City of Indian Wells

Fiscal Policies and Procedures Manual

1. Purpose

The policies and procedures set forth in this manual shall apply to the City of Indian Wells and its component units. The Fiscal Policy and Procedures Manual (the manual) has been developed to assist with the operation of the city accounting system. The manual will assist with compliance of requirements and administrative procedures. Furthermore, the manual documents the policies and procedures related to budgeting, cash receipts, expenditures and disbursements, purchasing, contracts, and financial reporting.

City funds are entrusted to the City Manager and Department Heads. The Department Head is primarily responsible for the expenditure of public monies in accordance with the Indian Wells Municipal Code where applicable. Each Department Head makes decisions and exercises authority relative to the expenditure of funds within the bounds of the department's appropriation(s) and legal function. This manual is intended to assist city officials in complying with laws, policies, and procedures that apply to the fiscal administration of city departments.

This manual standardizes accounting and financial policies and procedures that are within the authority of the City Finance Department. The Finance Director, the City Manager and the City Council have approved this manual in order to establish rules and regulations governing the performance of all functions and duties of the Finance Department. The fiscal procedures define the functions and responsibilities of the Finance Department and the methods of fulfilling these responsibilities as authorized by the Indian Wells Municipal Code. Any errors of omission or commission in this manual are not to be taken as an exemption from the code; full compliance with such code is required.

In addition, the purpose of this manual is to provide guidance to elected and appointed officials on the use and expenditure of City funds and resources, as well as the standards against which those expenditures will be measured. Further, it is the intent that this manual will fully satisfy the requirements of Government Code sections 53232.2 and 53233.3. As used in this manual, elected and appointed officials applies to members of the City Council, Planning Commission, standing committees and all other legislative bodies as that term is defined in Government Code section 54952.

Revisions to the manual will be made periodically as needed. Suggestions should be submitted to the City's Finance Department. Revisions will be presented to the City Council for review and approval. The manual can be accessed from our website at www.cityofindianwells.org.

2. Program Budget and Summaries

The City Council formally adopts through Council action each new fiscal year's operating and capital budget (the "budget"). The Finance Department provides program quarterly status reports to the various Departments. The program status reports display the current budget and encumbrances for the Department's programs and projects. The quarterly summary update is designed to be used by Department staff to monitor and control their program and project budgets. Additionally, department status reports are available upon request.

3. Expenditure of Funds

When the City Council adopts the City Budget at the beginning of a fiscal year, they appropriate the funds necessary to pay for expected City expenses. An appropriation is an authorization to incur obligations on behalf of the City and to expend City funds to pay those obligations. All purchases shall be limited to the procurement of materials, supplies, equipment and contractual services needed by the City. Purchase of goods and services in excess of \$5,000 require Purchase Orders (see Purchasing Procedures.) The program budget provides the basis for the classification and expenditure of funds by department and program.

It is expected that total spending for a program or a project will stay within the parameters set by the budget. However, payments against line item account numbers which are under budgeted may still be authorized if there are sufficient funds budgeted overall within the same program within a fund, to cover the expense. No expenditures can be authorized to an account whose deficit exceeds total available balance of the program.

4. Budget Adjustment Procedures

After the budget has been adopted, it is sometimes necessary to amend the budget or provide for the appropriation or transfer of additional funds.

A. Supplemental Appropriations

A supplemental appropriation is a legislative authorization to spend more money than what has already been appropriated by the Council. Supplemental appropriations are usually necessary to provide additional spending authority to meet unexpected events that impact operations or capital projects.

Departments will be responsible for initiating supplemental appropriations for their budgets as necessary. This will involve the preparation of a staff report requesting the

supplemental appropriation for City Council consideration. The staff report should cite the amount of the appropriation, the funding source, the purpose for which the additional money is being requested, and why it is necessary. These documents should be forwarded to the Finance Department for authorization and to verify the appropriate expense account prior to placing the staff report on the agenda for Council approval.

After Council approval of a supplemental request, the Finance Department will complete a supplemental appropriation form, attach approved Council action support, and post the supplemental appropriation. The Finance Department will notify the originating department that the transaction has been finalized.

B. Budget Adjustments

Budget adjustments involve the reallocation of funds from one expenditure account to another. Budget adjustments do not change the overall budget within the fund or capital project. They usually involve a change in the intended use of the original appropriation. The City Manager may approve any budget transfer that is within a fund or within a capital project. Council approval is required for any budget transfer between capital projects or involving a change in funding sources.

For transfers requiring Council approval:

- Departments will be responsible for initiating budget adjustments for their budgets when they are necessary. This will involve the preparation of a staff report requesting a budget adjustment for City Council action. The staff report should cite the amount of the adjustment, the purpose and justification, the account it is being re-allocated to, and the account it is being taken from.
- After Council approval of an adjustment request, the Finance Department will post the adjustment and subsequently notify the originating department that the transaction has been finalized.

For adjustments requiring City Manager approval:

- Departments can initiate budget adjustments by requesting the preparation of a Budget Adjustment Form from the Finance Department.
- After review and concurrence by the Finance Department, the form will be forwarded to the City Manager or designee for approval.
- After approval by the City Manager or designee, it will be returned to the Finance Department for posting to the financial system and the originating Department will be notified that the transaction has been finalized.

5. Purchasing Procedures

Purchasing procedures provide a process for the purchase of goods and services used for the operation of City programs. These procedures enable the Finance Department to coordinate the City's purchasing process and to establish a system of financial controls for the efficient use and expenditure of public funds. The department head, or designee so authorized by the City Manager may purchase or contract for any materials, supplies, equipment and contractual services in accordance with the provisions of this fiscal procedures manual.

No purchase order or contract shall be issued unless the Finance Director has first certified that there exists an adequate unencumbered balance of the appropriation(s) to be charged with the cost of order or contract.

Purchasing Categories

The City classifies purchases into seven (7) purchasing categories. These categories are based on the dollar amount and type of purchase. Each category establishes a separate purchasing limit, authorization level and procedure.

	Category	Limitation
A.	Petty Cash Purchase	\$100 or less
B.	Minor Purchases	\$5,000 or less
C.	Intermediate Purchases	\$5,001 to \$25,000
D.	Major Purchases	\$25,001 or more
E.	Minor Construction Contracts	\$25,001 to \$100,000
F.	Major Construction Contracts	\$100,001 or more
G.	Professional Services	N/A

All purchases in the amount of \$5,001 or more shall be made using the appropriate City standard form purchase order or contract document applicable to the product or service as further described below.

A. Petty Cash Purchases (\$100.00 or less)

The petty cash fund may be used to provide advances or to pay reimbursement to City employees for the direct and immediate purchase of goods and services needed for City operations.

Such purchases or advances are limited to \$100.00 per transaction. A "petty cash voucher form" must be completed by the employee requesting petty cash and approved by a Department Head. Purchases or advances in excess of \$100.00 shall be submitted

to accounts payable. The Finance Director or designee shall approve all petty cash expenditures under \$100. The Finance Director shall be authorized to approve an individual petty cash transaction up to \$750.00, providing such authorization is necessary to facilitate an exceptional immediate need.

Advances from petty cash must be reconciled and returned to the Finance Department within two days from the date of issuance. A receipt must support all expenditures. Receipts for food & beverages must include names and affiliation of all participants. If no receipt is provided, the Finance Director will require a statement listing the expenditure(s) signed by the employee.

B. Minor Purchases (\$5,000 or less)

Purchases under \$5,000 do not require a requisition. Each department under authorization of its Department Head may initiate purchases for goods or services costing \$5,000 or less. All invoices for such purchases should be authorized, documented, and processed with a Payment Request. Departments are required to ensure the availability of budgeted funds prior to making any approved minor purchases. The Finance Director shall reserve the right to require departments to submit a requisition to a specific provider whose multiple invoices exceed \$5,000 annually.

C. Intermediate Purchases (\$5,001 to \$25,000)

Each department under authorization of its Department Head shall initiate intermediate purchases of goods, services, or construction services by preparing a requisition.

- For intermediate purchases of goods, services or construction services over \$5,000 and up to \$25,000, departmental staff shall solicit and document price quotes in writing (via mail, email, or fax) from a minimum of three (3) vendors.
- Attached to the requisition shall be the solicited price quotes as back up support. Department Heads may submit written justification as to why the transaction should be exempt from this requirement.
- Once three documented quotes are obtained, construction contracts less than \$25,000 may be performed by a negotiated contract followed with a requisition.

After selecting the vendor, the Department Head will submit a completed requisition displaying the vendor selected and describing the goods or services to be provided to the Finance Department. The Finance Department will review the submitted requisition to verify the use of proper account numbers, availability of budgeted funds and

compliance with proper purchasing procedures. The requisition shall be forwarded to the Finance Director for approval.

After receiving the necessary approval, the purchase amount will be encumbered by the Finance Department. The resulting purchase order will be distributed back to the originating department. Departments shall not order goods or services from a vendor before a purchase order is distributed by the Finance Department. Purchases of materials, goods or services in this category shall be made using the City's standard form purchase order or contract form as applicable

D. Major Purchases (over \$25,000)

Purchases of goods or services over \$25,000 shall be awarded by a formal bidding or negotiation process as described below, and require approval by the City Council. Such purchases/procurements shall be memorialized using the City's standard form purchase order or contract form as applicable

E. Minor Construction Contracts (\$25,001 to \$100,000)

Construction Contracts greater than \$25,000 but less than \$100,000 may be awarded by informal bidding or negotiation. City Council approval is required on all construction contracts over \$25,000. Such minor construction contracts shall be memorialized using the City's standard short form construction contract.

F. Major Construction Contracts (\$100,000 or more)

Construction contracts for \$100,000 or more must be awarded by formal bidding, request for proposals, or negotiation. All negotiations for purchases of goods or services over \$100,000 will require City Council direction and approval. All major construction contracts shall be memorialized using the City's standard long form construction contract documents and general conditions.

G. Professional Services

The selection of professional services is to be based on demonstrated competence and on professional qualifications for satisfactory performance. Staff shall endeavor to ensure at least three (3) statements of qualifications are obtained from professional services providers prior to selection of the best qualified firm/entity pursuant to a request for proposal or negotiation process as described below. The emphasis for selection is therefore based upon qualifications rather than the lowest price.

After a qualified firm is selected, the Department Head may negotiate a satisfactory contract, using the City's approved standard form agreements, with a price determined

to be fair and reasonable. The emphasis for selection is therefore based upon demonstrated competence and professional qualifications rather than the lowest price, although price may be considered.

Professional Service Agreement may not extend beyond a period of five years unless exempted as described herein. Once the Professional Service Agreement has come to term, Staff is required to obtain statements of qualifications from a minimum of three (3) qualified professional services providers prior to selection of the best qualified firm/entity pursuant to a request for proposal or negotiation process as described below. Existing professional services providers are eligible to re-submit a statement of qualifications and compete with other qualified firms. Likewise, past experience and performance of such providers may be considered by the City in determining the best qualified firm.

Upon City Council authorization, certain specialized services as described in Government Code section 53060, including but not limited, legal, financial, accounting, etc. may be exempted from this standard procedure. For any such exempted agreement, the terms and conditions of the agreement approved by the City Council shall establish the term and/or renewal of such agreement.

6. Procurement Methods

Procurement methods set forth the approved procurement specifications for each purchase category. Once the purchasing category has been established for the good or service to be provided, the Department shall determine the appropriate procurement method(s) available. The City Council and City Manager shall have the authority to use the alternate process as set forth in this section as the preferred procurement for any purchase category as listed above if it is determined to be in the best interest of the City.

Below are the City approved procurement methods for goods and services.

A. Request for Proposals

An invitation for selected providers of a product or service to submit pricing, qualifications, and/or other proposals for the right to supply that product or service to the City or its entities that issued the request for proposal. A minimum of 3 proposals shall be sought on each occasion that this option is used.

B. Negotiation

The process by which the City or its agents communicate with providers of products or services to reach a mutually acceptable agreement through discussion and compromise.

Negotiation may be used in combination with a request for proposal process as well as independently. In the event the City uses negotiation in the absence of a request for proposal process, the staff shall endeavor to contact at least three (3) different providers as part of the negotiation process, unless it is deemed impractical due to emergency, time, or other circumstances.

C. Informal Bid Procedures

A notice inviting informal bids shall be mailed to selected contractors for the category of work to be bid, as shown on the Contractors List; and to all construction trade journals as specified by the Director, ten (10) calendar days before bids or proposals are due.

The Public Works Department shall maintain a list of licensed contractors (contractors list) in order to utilize the informal bidding procedures. The City may notify additional contractors and/or construction trade journals at its discretion; provided however:

- If there is no list of qualified contractors maintained by the City for the particular category of work to be performed, the notice inviting bids shall be sent only to the construction trade journals specified by the Public Works Director.
- If the product or service is proprietary in nature such that it can be obtained only from a certain contractor or contractors, the notice inviting informal bids may be sent exclusively to such contractor or contractors.

Unless otherwise specified in the informal bid documents, a contract awarded pursuant to this process shall be awarded to the lowest responsible bidder.

D. Formal Bid Procedures

A notice inviting formal bids shall be published fourteen (14) calendar days before the bid opening. Notice inviting formal bids shall also be mailed to all construction trade journals or web sites as determined by the Public Works Director, postmarked thirty (30) calendar days before the bid opening.

The use of formal bid procedures does not guarantee the award of contract for goods and services, professional services, nor construction services to the lowest bidder. The formal bidding procedure is as follows:

- Each Department Head is responsible for initiating and administering purchases for activities under their control. The City Manager may assign responsibility for purchases affecting two or more activities to a single Department Head who will coordinate with others as necessary.

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- The Department Head responsible for the purchase will send a notice inviting bids to be potential bidders (within reason, but a minimum of three) of which he/she has knowledge. A copy shall be provided to the City Clerk.
 - The bid package will describe adequately and accurately the items to be purchased and will include necessary specification. Bidders shall be advised of performance bonds, insurance, contract requirements, affirmative action, minority business enterprise requirements and other requirements as applicable.
 - Bidders will be advised of date, time, place of bid opening, and contact information concerning the bid. All invitations will include a statement of the City's right to reject all bids.
 - All bids shall be sealed and in a separate envelope marked "Sealed Bid".
 - The Department Head will analyze the bids and prepare a recommendation to the City Council for the bid awarding.
 - Unless otherwise specified in the bid documents, a contract awarded pursuant to this process shall be awarded to the lowest responsive responsible bidder.

After the City Council has awarded a contract or purchase resulting from a formal bid, request for proposal, or negotiation, departmental staff should prepare a requisition and finalize the applicable City standard form purchase order, agreement or construction contract. The requisition should be accompanied by a copy of the council approved staff report, insurance certificate, and the final version of the purchase order, agreement or construction contract, if required. After receiving a final approval, the purchase amount will be encumbered by the Finance Department, and contract documents executed as necessary. The resulting purchase order and/or contract documents will be distributed back to the originating department.

E. Authorized Purchasing Alternatives

- Sole source acquisition of brand name, specialized, or compatible products and furnishings to assure compatibility with other City products, equipment, or offices or because the brand name or compatible product has superior performance results as determined through either City or other testing.
- Use of a request for proposal and/or negotiation procurement process to obtain a contractor as a consultant/general contractor and then the use of bid procedures or other purchasing procedures as approved by the City Manager to select subcontractors for construction, but only upon a finding by the City Council prior

to or concurrent with the award of contract that this procedure is in the best interests of the City for the particular contract.

- Use of a request for proposal and/or negotiation procurement process to obtain a contractor for construction, but only upon a finding by the City Council prior to or concurrent with the award of contract that this procedure is in the best interests of the City for the particular contract.

The City Manager or designee may require a pre-qualification process for bidders, suppliers, or professionals (hereinafter collectively referred to as "bidder(s)"). The City may, at its discretion, select bidders for pre-qualification through the use of a standardized questionnaire developed by staff in consultation with the City Attorney.

The pre-qualification questionnaire shall be evaluated based on objective criteria described in the questionnaire, and may include, but is not limited to, questions pertaining to the following criteria:

- The familiarity and experience of the prospective bidder with the particular type of purchase or contract designated.
- The sufficiency and availability of personnel, equipment, materials, and other facilities or resources of the prospective bidder to accomplish the designated work or provide the construction or contract supplies, materials, or reports and opinions.
- The ability of the prospective bidder to provide required bonds and insurance, including indemnity.
- The financial ability/condition of the prospective bidder to accomplish the work designated.
- The experience of the prospective bidder to perform the designated work as well as the experience in performing similar work.
- The safety record of the prospective bidder.
- The record of the prospective bidder within the preceding 5 years regarding claims, arbitration, mediation, or litigation filed by or against the prospective bidder regarding public or private construction contracts or other contracts where the prospective bidder provided services, supplies, materials, opinions or reports.
- Such other information as is deemed appropriate for the particular purchase or contract.

- The City Manager or designee shall apply a uniform rating system to the prospective bidders for each purchase or contract. Bidders that are deemed qualified shall be provided the opportunity to submit bids or proposals; no other bids are required to be sought, although the City may solicit additional bids if in the exercise of its discretion, it determines it to be in the City's best interest.

F. Change Orders

When a change of condition or additional work is required to continue the progression of an authorized purchase, a change order shall be prepared by the Department Head.

Change orders shall require the following authorizations:

- Change Orders for less than \$25,000, and within the appropriated budget, may be authorized by the Finance Director.
- Change Orders in excess of \$25,000 must be authorized by the City Council.
- Change Orders which cause the original authorized purchase order to exceed \$25,000 must be authorized by the City Council.
- Multiple change orders which cumulatively exceed \$25,000 must be authorized by the City Council.
- Change Orders in excess of \$25,000 may be approved by the City Manager and submitted to the City Council for final authorization under the following circumstances:
 - The failure to immediately issue a change order may result in significant project cost increases or an unacceptable project delay due to work stoppage or other inefficiencies.
 - A special meeting or regularly scheduled meeting of the City Council is not scheduled within a reasonable period of time to sufficiently remedy the problem.
 - Funding for the change order is currently available within the appropriated budget.
 - If funding for the change order is not currently available the change order shall be accompanied with a supplemental appropriation and submitted to the City Council for final authorization.

G. Purchase Order Exemptions

The following disbursements are exempt from Purchase Order requirements

- Disbursements for refundable deposits
- Disbursements to Public Agencies for which the City collects fees on behalf the Agency (i.e. TUMF fees, MSHCP fees, etc.)
- Disbursements for payroll, payroll liabilities, and employee benefits.
- Disbursements for refunds of city fees collected (i.e.: Building & Planning fees)

H. Emergency Purchases

In certain situations, it may be necessary to make emergency purchases, which shortcut the pre-approvals required for intermediate or major purchases, as outlined above. An emergency purchase may be made when there is an immediate need to acquire particular goods or services not already available to City staff to deal with an emergency.

For purchasing purposes, an emergency situation is one in which there is an immediate threat to life or property or a substantial disruption of a vital public service. The emergency must be of such a nature that the Department Head and possibly the City Manager would be contacted to advise them of the situation, regardless of when they occur. Such emergency action shall be reported in full to the City Manager and the City Council within 24 hours; appropriate authorization and appropriations if necessary shall be presented at the next regular or specially called City Council meeting.

An emergency purchase of \$25,000 or less must be pre-approved verbally by the appropriate Department Head. An emergency purchase over \$25,000 must be pre-approved verbally by the City Manager or the Acting City Manager.

7. Payment Requests

A payment request form is used to generate a check or disbursement for a particular item. A payment request is required to pay all warrants and wires that the City of Indian Wells issues, with the exception of petty cash disbursements, travel advances, medical expense reimbursements, and travel expense reimbursements for which alternate paperwork is required.

All invoices received by the City shall be directed to the Finance Department for processing. Once received by the Finance Department, invoices will be reviewed for budget availability, Purchase Order balances (if applicable), and correct accounting coding. The Finance Department shall prepare a payment request form for each invoice received by the City. The completed payment request shall be distributed to the appropriate Department Head for proper approval and signature. Requests in excess of \$5,000 will require approval by the Finance Director, prior to inclusion on the warrant list.

Once approved by the appropriate Department Head, the payment request should be returned to the Finance Department by the dates set forth in the annual accounts payable schedule. Payment requests received after the deadline will be paid on the next scheduled payment date. Prompt approval of payment requests by all City departments will enable the Finance Department to process payments on a timely basis and to maintain the City's good credit standing. The Finance Director shall have the authority to approve immediate payments less than \$25,000 where exceptional immediate need is shown.

8. State of California, Riverside County, or Public Agency Purchasing Program

The City is eligible to participate in any State of California, Riverside County, or other Public Agency negotiated/cooperative purchasing program. Participation in these purchasing programs allows the City to receive the same deep discount pricing for goods and services as the State of California, Riverside County, or other Public Agencies without requiring the expenditure of staff time and cost necessary to conduct a separate procurement process. Items purchased through these programs require specific program backup and will not require formal bidding or price quotes from multiple vendors.

9. Management Agreements

The purchasing limitation and requirements contained in this policy shall not apply to any company or person for which the City has entered into a Management Agreement to perform purchasing services independently. Such management companies shall follow shall conform to the fiscal procedures established by their respective companies.

10. Fire Access Maintenance District No. 1

The Indian Wells Fire Access Maintenance District No. 1 (FAMD) specific Fiscal Procedures Manual was developed to serve the FAMD Board and Management Firm. The Fire Access Maintenance District No. 1 (FAMD), it's Officers, Board Members, and

Management Firm(s) shall be required to operate under the same reimbursement guidelines as set forth in this policy.

11. City Credit Card Purchases

A. Purpose of City's Credit Card

These guidelines establish the City's basic policies and procedures for using credit cards. The City credit card may be used: when traveling on City business, attending conferences, official meetings, training, and securing airline reservations and hotel accommodations.

City credit cards may also be used to purchase goods and services such as; community events and activities, cultural events, advertising and marketing, technology goods, and memberships and dues.

B. Authorization and Acknowledgement of City Credit Cards by Eligible Employees

Approval to issue and revoke a City credit card is at the discretion of the City Manager. Unless otherwise authorized by the City Manager, City credit cards shall have a credit limit of \$5,000. The City Manager shall have the authority to set credit limits on a case by case basis up to \$25,000.

The Finance Department requires eligible employees to sign a Cardholder User Agreement acknowledging his/her understanding of the policies and procedures for the use of the City credit card and acknowledging the receipt of the credit card.

C. Appropriate City Credit Card Use

- City credit cards may be used for traveling on City business.
- City credit cards may be used to purchase goods and services from vendors where use of a check is not practical, such as the case with many internet purchases in which no actual store front exists.
- City credit cards may also be used to secure reservations and locations for various City activities, attending local meetings, community events, honoree luncheons, marketing promotions, and sales missions. City credit cards may be used for all meals in conjunction with official city business such as meetings with City Council, developers, or consultants.

- City credit cards shall be kept by the Finance Department for safekeeping and prudence. Cardholders may check credit cards in and out as necessary. All credit cards shall be returned to Finance in a timely manner after use.
- Use of the City credit card is not intended to replace effective procurement planning which enables volume discounts. Credit cards should never be used to circumvent established competitive purchasing procedures. This means no purchases for goods or services should be made that would otherwise require competitive bidding.
- Employees shall not use City credit cards for personal expenses. Charging personal expenses on City cards is a misuse of City funds and a serious breach of City's ethics policy. Doing so will result in disciplinary action, up to and including termination. Employees should use care in selecting between using their business and personal credit cards.

D. Travel, Meetings, & Conferences

The uses of the City credit card for travel, local meetings, and conference shall at all time comply with the standards and practices set forth within the City travel and meeting policy. All credit card charges must be supported by detailed charge receipts and submitted on an expense report within five (5) days of return from a business trip to the Finance Department.

Prior to travel, City employees without City credit cards may complete a credit card purchase authorization form to book airline and hotel accommodations using the respective Department Head's credit card. The completed form is submitted to the employees respective Department Head for approval. The approved form should support the reconciliation of the monthly credit card statement.

E. Obtaining Goods and Services

Prior to the purchase of any goods or services, a credit card purchase authorization form must be completed and approved by the respective Department Head. A receipt/invoice is required to substantiate every purchase made using the credit card.

Authorized purchases may be made in person, via approved internet site, or by telephone. The cardholder must require vendors to itemize the receipt/invoice. An itemized receipt/invoice consists of the following information:

- Date of purchase

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- Detailed description of goods or services purchased
 - Price per item
 - Amount of sales tax and total amount
 - Shipping charges, if any

Upon completing the credit card transaction, the employee shall attach the itemized receipt to the completed credit card purchase authorization form and submit the form to the respective Department Head.

F. Card Restrictions

The credit card shall not be used for the following:

- Cash advances, money orders, wire transfers, etc.
- Routine gasoline purchases
- Any personal items and personal services
- Movies or personal entertainment
- Long-term rentals or lease agreements
- Heavy-duty machinery that requires a maintenance agreement.

G. Monthly Statement

At the end of a billing cycle, the Finance Department will provide every cardholder a statement showing all transactions made during the billing cycle. Cardholders are responsible to review and reconcile monthly credit card statements. Once reconciled, the cardholder will attach the supporting detailed charge receipts to monthly credit card statement and turn it into the Finance Department within two (2) working days of receipt. Undocumented expenditures may not be reimbursed unless approved by the Finance Director. Falsification of receipts will subject the employee to disciplinary action, up to and including termination of employment. The Finance Director reserves the right to review each cardholder's statement and determine if the expenses are purchased in accordance with the City policy.

H. Disputed Charges

Cardholders are responsible for ensuring that the vendor, the issuing bank, and the Finance Director are notified immediately of any disputed charges. Cardholders will be responsible for resolving the disputed charge directly with the credit card company.

I. Timely Payment

Based on the statement cycle date, the Finance Department will ensure timely payments. Credit card charges will be paid once reconciled by the cardholder and approved by the Finance Department.

To avoid late fees and finance charges, the Finance Department reserves the option to pay all credit card charges, even if supporting documentation is not yet received. When subsequently received, the supporting documentation will be retroactively reconciled to the payment.

J. Lost or Stolen Cards

Cardholders are responsible for ensuring that the issuing bank and the Finance Department are notified immediately if the card is lost or stolen. Failure to do so may result in making the cardholder responsible for any fraudulent use of the card.

K. Disciplinary Action

The City Manager is responsible for all disciplinary action surrounding misuse of cards, including requesting cancellation of card privileges.

L. Surrender upon Request or Separation

The credit card will be immediately surrendered upon retirement, termination or upon request of the City Manager. Use of the credit card for any purpose after its surrender is prohibited.

12. Computer Hardware/Software Purchases

Revised 6/16/16 – See City's Personnel Manual

13. Employee Computer Purchase Plan

Revised 6/16/16 – See City's Personnel Manual

14. Cell Phone

Revised 6/16/16 – See City's Personnel Manual

15. Capital Assets Policy and Procedures

A. Purpose

The purpose of this policy is to ensure adequate and appropriate control of City capital assets. The procedures are intended to define capital assets and to establish guidelines for proper accounting, inventory, depreciation, and disposal in accordance with the Government Accounting Standards Board, as amended from time to time. It is the responsibility of the Finance Department to determine the criteria for asset-type, class, depreciation, and accounting of the capital asset or inventory item. It is the responsibility of City Department Heads to ensure that capital assets are adequately controlled.

B. Capitalization Policy

In general all capital assets and intangible assets, including land, buildings, machinery, naming rights, and equipment, with an original cost of \$5,000 or more and a life expectancy of three years or greater, will be subject to capitalization. The City has made one exception with this basic rule. All computer and computer related equipment purchases will not be capitalized.

All costs associated with the purchase or construction should be considered, including ancillary costs such as freight and transportation charges, site preparation expenditures, professional fees, and legal claims directly attributable to asset acquisition. This capitalization threshold is applied to individual units of capital assets. For example, ten desks purchased through a single purchase order, each costing \$1,000, will not qualify for capitalization even though the total, \$10,000 exceeds the threshold of \$5,000. Repairs to existing capital assets will generally not be subject to capitalization unless it extends the useful life of the asset.

Capital projects will be capitalized as "construction in progress" until completed. Costs to be capitalized include direct costs, such as labor and materials, as well as ancillary costs and any construction period interest costs as required by GASB pronouncements.

C. Inventory Control

Individual departments are ultimately responsible for safeguarding the City's capital assets from theft or loss. The Finance Department recognizes its responsibility to

establish and maintain systems and procedures that enable departments to properly safeguard assets.

In general, inventory control is applied only to movable capital assets and not to land, buildings, or other immovable capital assets. Capital assets subject to inventory control will be accounted for and controlled through the same systems and procedures used to account and control capital assets subject to capitalization. Assets less than \$5,000 subject to inventory control will not be capitalized.

D. Depreciation

Depreciation is calculated on all capital assets according to Governmental Accounting Standards Board (GASB) Statement No. 34 standards. The inclusion of an intangible asset is based on the provision of GASB Statement No. 51. Intangible assets are amortized over their contractual useful lives.

All depreciation is booked using the straight-line method and average month conventions. The book value and depreciation life cycles are determined by using general industry guidelines. Depreciation is charged as an expense against operations and accumulated depreciation and reported on the respective balance sheet. The range of lives for depreciation purposes for each capital asset class is as follows:

- Building and improvements 10-50 years
- Equipment 3-15 years
- Infrastructure 5-60 years
- Intangible assets Depreciated over contractual life

E. Surplus Property

Occasionally it becomes necessary to dispose of surplus property such as furniture, equipment and vehicles when such property has outlived its useful life and is no longer needed by the City. The process by which this property is disposed is dictated by the Surplus Property Policy procedures established by the City Council. The Finance Director shall be responsible for the management and disposal of all City surplus property.

The Finance Director shall periodically submit a list of surplus property to the City Council for review and consideration. The list shall contain a description of each item, quantity, age, basis for surplus, designation and recommended method of disposal. The City Council must approve by consent the disposal of surplus property. The method of disposal may be by public auction, private sale or donation, to be determined by the City Council at the time of declaration of approved disposal. If surplus property is slated for donation, a listing of said property shall be mailed to the persons or entities so designated by the City Council on the pre-approved donation list. Such notice shall

include a deadline for response and a requirement to check off items of interest. After the responses to the notice are received, staff will distribute the surplus property. Multiple interests over surplus property will be resolved by a lottery conducted by staff.

16. Reimbursement Policy and Procedures

It is the policy of the City of Indian Wells to reimburse expenses incurred by elected and appointed officials, officers and employees of the City when such expenses are incurred while on authorized City business. Any employee traveling on City business shall first receive approval from his/her Department Head or from the City Manager.

A. Travel Advances

A travel advance for \$75.00 per day meal allowance may be requested by completing a Travel Advance Request and submitting it to the Finance Department. Requests for travel advances shall be submitted in accordance with the Accounts Payable schedule published by the Finance Department.

B. Expense Reimbursement Procedure

A Travel Expense Report should be prepared by the employee and submitted to the Finance Department within one week after incurring a travel or meeting expense. The expense report shall show the total expenses incurred for travel and meetings and a reconciliation of any travel advances granted. All receipts and supporting documentation shall be attached to the expense report to account for all travel expenditures claimed. After approval by the Department Head, the Travel Expense Report shall be submitted to the Finance Department for review and processing. Any Travel Expense Report with insufficient documentation or inappropriate claims will be returned unpaid until corrected.

If the expense reconciliation shows that a travel advance exceeded actual expenses, the employee is required to reimburse the City for the excess. Conversely, if actual expenses exceeded the travel advance, the employee may claim a reimbursement. In the case of a reimbursement, the report form will be considered as a payment request for payment. If a reimbursement is due to the employee, the Finance Department will issue a reimbursement check to the employee.

C. Expense Reimbursement Procedure for Elected and Appointed Official/Reports Regarding Meeting Attended

A Travel Expense Report should be prepared by an elected or appointed official and submitted to the Finance Department within one week after incurring a travel or meeting expense. The expense report shall show the total expenses incurred for travel

and meetings and a reconciliation of any travel advances granted. All receipts and supporting documentation shall be attached to the expense report to account for all travel expenditures claimed. Any Travel Expense Report with insufficient documentation or inappropriate claims will be returned unpaid until corrected.

If the expense reconciliation shows that a travel advance exceeded actual expenses, the elected or appointed official is required to reimburse the City for the excess. Conversely, if actual expenses exceeded the travel advance, the elected or appointed official may claim a reimbursement. In the case of a reimbursement, the report form will be considered as a payment request for payment. If a reimbursement is due to the elected or appointed official, the Finance Department will issue a reimbursement check to the elected or appointed official.

In addition to submitting an expense report, the elected or appointed official will be required to provide a brief report on the conference or meeting attended for which the expenses were incurred at the next regular meeting of his or her respective legislative body.

D. Allowable Expenses

Mileage - Mileage is paid at the prevailing rate provided by the Internal Revenue Service. In order to be eligible for mileage reimbursement, an employee must be specifically requested by management to attend an outside function or to conduct City business away from City premises. Reimbursement mileage is calculated from the City (or closest starting point) to the destination and back to the City (or closest ending point). Employees receiving a City auto allowance are subject to seventy-five (75) mile deduction for mileage reimbursements.

Parking – Employees and elected and appointed officials will be reimbursed for parking as well as mileage. However, depending on the length of the trip, alternative transportation services to and from the airport, such as an airport shuttle or a taxicab, should be considered if they are less expensive.

Air Travel - Air transportation will be acquired at the most economical fare available from the nearest airport. Advance purchases of tickets is encouraged and may be handled via a travel agent, internet, or directly through the individual airlines. Authorization shall be granted prior to purchasing tickets. A City credit card or check may be used to make the purchase.

Hotel Accommodations - The employee will make lodging arrangements based on value, convenience, and safety for the traveler. Individuals attending conventions and conferences are encouraged to stay at the hotel specified for that convention or conference. The hotel should be a moderately priced, full or limited service hotel. Each

individual will be allowed one (1) single room and should request government rates that may be provided at hotels and motels. Whenever possible, employees should attempt to obtain favorable rates from government hotel partners. For convenience of traveling, hotel accommodations are allowed up to one night prior and one night after conducting any official business.

Employees are strongly encouraged to pay for all ancillary lodging expenses such as gift shop and movies separately, and not charged to the main hotel bill. If personal expenses charged to the hotel bill such as toiletries, magazines, hairdresser, barbershop, health club expenses, in-room movies, mini-bar, etc. appear, the employee must indicate them as personal on the hotel bill and deduct them from the overall reimbursable expenses. Reimbursable lodging expenses must be summarized and totaled on the hotel bill.

Hotel Accommodations for Elected and Appointed Officials – Lodging expenses will be reimbursed or paid for when travel on official City business reasonably requires an overnight stay. Lodging shall be paid at the most favorable available rate, provided the lodging is actual and necessary for the conduct of City duties.

If such lodging is in connection with a conference or other educational activity, elected and appointed officials shall request the group rate published by the conference or event sponsor for the meeting in question, provided such rates are available at the time of booking. If the group rate is not available, elected and appointed officials shall request the government rate, if available. In the event that government rates are not available at a given time, the elected or appointed official shall request the most favorable available rate.

Ground Transportation - The City will reimburse taxi expenses associated with City business. Individuals traveling between the airport and hotel are encouraged to use the least expensive form of transportation. Cash paid for taxi, local bus, streetcar, subway fares, parking charges and tolls are reimbursable with a receipt.

Car Rental - Car rental associated with City business is a reimbursable expense provided the rental cost is less than the cost of travel by cab or other less expensive form of transportation. If a rental car is necessary the traveler should use a rental car company that offers the lowest available rental cost. Advance arrangements should be made by the employee if a car is required at the destination. Vehicle selection should be based upon the most cost-effective class that satisfies the requirements for the traveler, passengers, and any equipment which may need to be transported.

Supplemental auto insurance coverage offered by car rental agencies is to be declined, as liability and collision coverage is provided by the City's insurance policy. In cases of

car rentals outside the continental United States, the traveler should check with the City Manager.

Meals - Meals are allowable at actual cost including reasonable tips including room services charges not to exceed \$75.00 per day. Employees and elected and appointed officials must provide detailed receipts and any other documentation to support all expenditures.

Telephone/Fax - When employees and elected and appointed officials are away from home on business, the City will reimburse a reasonable amount for telephone calls to family, etc. Moderation is the expectation. All City-related business phone calls are reimbursable. The City will reimburse fax expenses provided such an expense is incurred in the performance of official City business.

Tipping – Employees and elected and appointed officials will be reimbursed a reasonable amount for tips to bell captains, etc. As a guideline, standard tips would include \$1 per bag and 10 percent maximum on cab fares. If special circumstances justify larger than normal tips, employees and elected and appointed officials should provide a detailed explanation on the expense report. Note: tipping on meals is included within the \$75.00 per day allocation and is not included in the section for tipping expenses.

Laundry - If the trip is extended to a period of more than five (5) overnights, the City will reimburse for reasonable cleaning and laundry expenses.

Internet - Elected and appointed officials may be reimbursed for internet access and/or usage fees away from home, if internet access is necessary for City-related business.

Office supplies - The City will reimburse elected and appointed officials for any office supply expenses which are actual and necessary for the performance of official City duties.

Other Expenses – The City may reimburse elected and appointed officials for other expenses provided these expenses are not the type of Incidental Expenditures listed below.

Incidental Expenditures - The City will not reimburse for incidental expenses. These expenditures, if made, are the responsibility of the employee and the elected or appointed official. The following are examples of such non-reimbursable expenses while traveling:

Babysitting
Barbers and hairdressers
Cigarettes
Clothing
Dietary supplements or vitamins
Dues for frequent guest programs (airline, hotel, restaurant, etc.)
Excess baggage charges
Expenses for travel companions
Expenses related to vacation or personal days while on a business trip
Gifts
Golf fees
Health club fees
Lost baggage
Luggage and/or brief cases
Magazines, books, newspapers
Movies (including in-flight and hotel in-house movies)
"No Show" charges for hotels and/or car rentals
Optional travel or baggage insurance
Parking or traffic tickets
Personal accident insurance
Personal entertainment, including sports events
Personal toiletries
Pet care
Postage costs (unless for City business)
Rental car, airline or hotel upgrades
Routine auto maintenance
Sauna and massage services
Shoeshine
Souvenirs and/or personal gifts
Spousal tours

Family Member Accompaniment - All costs associated with family member travel shall be at the sole expense of the Traveler.

E. Elected and Appointed Officials and Limitation on the Type of Reimbursable Occurrences

Limitations - City funds, equipment, supplies (including letterhead), and staff time must only be used for authorized City business. Expenses incurred in connection with the following types of activities generally constitute authorized expenses, as long as the other requirements of this Policy are met:

- Communicating with representatives of regional, state and national government

on City adopted Policy positions;

- Attending educational seminars designed to improve officials' skill and information levels;
- Participating in regional, state and national organizations whose activities affect the City's interests;
- Recognizing service to the City (for example, thanking a longtime employee with a retirement gift or celebration of nominal value and cost);
- Attending City events;
- Implementing a City-approved strategy for attracting or retaining businesses to the City, which will typically involve at least one staff member;
- Performing activities at home or office in furtherance of official City duties

Other Occurrences - All other expenditures for occurrences not include herein require prior approval by the City Council in a regular public meeting.

17. Cash Receipts

Checks and cash received should always be given to the Finance Department on the day received with a specific description and the proper account coding. Cash and checks should not be held by City employees overnight.

All users are assigned a user ID and password. The cash receipts program automatically creates transaction numbers (receipt numbers) in sequential order. Once a transaction has been posted, a receipt will be created. The receipt is given to the customer or department.

The cash register maintains a \$ 100 change drawer. The register is closed out daily and stored in the Finance Department's vault. The closing process involves generating a "Transaction Report" that details the total of cash and checks collected. "Cash Reconciliation Reports" of checks and cash received are prepared and reconciled to the transaction report.

Once balanced, the register is closed and a receipt is generated noting the closure and the amount of cash and checks received for the day. The cash, checks and report are secured in the Finance Department's vault until deposited at the City's local bank.

Deposit of City funds shall be made by the Finance Department upon the aggregate receipt of \$25,000 in cash and checks. A deposit is required on the last day of each month regardless of the amount of funds collected. The deposit and reconciliation of funds shall be conducted in accordance with the internal control procedures established by the Finance Department. The Finance Department will prepare the bank deposit and deliver the deposit to the bank.

18. Billing for Services

If an individual or company owes the City of Indian Wells for services rendered, an invoice shall be generated from the Finance Department, based upon information provided by the department requesting the billing for services.

When necessary, the City shall invoice individuals and companies for services rendered by the City or for damage to City property. In cases where a permit fee or deposit is required, the payment shall be made prior to the issuance of said permit or performance of other City services. The requirement to invoice is handled by other departments in these cases.

If payment on an invoice is not received after 30 days, a delinquent notice shall be mailed requesting immediate payment. Those invoices that remain unpaid after 90 days may be referred to collections.

When payment is received, a copy of the receipt shall be attached to the invoice. The receipt and applicable backup is then filed in the revenue file for the applicable vendor. Only Finance Department personnel who are familiar with the account numbers for revenue should enter said revenue into the City Cash Receipt System.

19. Refundable Deposits

Deposits or disbursements of refundable deposits shall be directed by the appropriate department requiring the deposit. Upon receipt, all refundable deposits shall be placed in the Special Deposits Fund. A "Refundable Deposit" form must be completed and submitted to the Finance Department staff responsible for receipting the deposit. The form will be validated upon receipt of monies. The Finance Department shall reconcile the Special Deposits Fund on a quarterly basis. Based upon the reconciliation, the Finance Department shall notify the appropriate department of the status and aging of the refundable deposit.