

AM No. 11-053 (C4)

MEMO TO: City Council

FROM: John Marchione, Mayor

DATE: March 1, 2011

SUBJECT: **ORDINANCE ADOPTING A SYSTEM FOR THE ISSUANCE, USE AND CONTROL OF CREDIT CARDS BY CITY OFFICIALS AND EMPLOYEES FOR TRAVEL.**

I. RECOMMENDED ACTION:

Approve the attached ordinance which allows for the use of credit cards to secure City travel.

II. DEPARTMENT CONTACT PERSONS:

Mike Bailey, Finance and Information Services Director	425-556-2160
Connie Allen, Purchasing Manager	425-556-2159

III. DESCRIPTION:

Several years ago the City established a procurement card program to streamline the process for small dollar goods and services purchases used in day-to-day city operations. This program was designed to decrease unnecessary paperwork and processing steps thus, reducing acquisition cost and time. These types of purchasing card programs are designed with built-in spending controls and monitoring capabilities. Centrally managed through the City's purchasing division, in 2010 this program successfully handled over \$636,000 involving just fewer than 7,000 individual transactions, making the average spend per purchase a little more than \$95.00 involving the issuance of only 12 checks.

Currently staff is seeking to expand the program to include staff travel-related expenses in an attempt to capitalize on the efficiencies gained by past experience using this procurement tool. The quality of the tracking data, reporting capabilities, and ease of credit card use has improved significantly over the past few years. Additionally, with the institutionalization of the Internet as a prime sourcing tool for the purchase of airline tickets and hotel accommodations, the traditional use of issuing city purchase orders for acquiring these items has become increasingly difficult.

Since the practice of issuing a city purchase order for these types of purchases has become cumbersome and inefficient, staff is seeking permission to expand the program to

include the purchase of travel expenditures in addition to day-to-day operational expenditures.

IV. IMPACT:

A. Service Delivery: The proposed revision will improve staff efficiency by reducing paperwork and streamlining the procurement process for these types of expenditures, it will also reduce costs and provides improved reporting tracking and reporting capabilities.

B. Fiscal: None

V. ALTERNATIVES:

1. The Council can choose not to adopt this ordinance and Redmond's current practices will remain unchanged.
2. The Council can request that staff modify language in the ordinance.

VI. LIST OF ATTACHMENTS:

A. Proposed ordinance

/s/
Mike E. Bailey, Finance and Information Services Director

02/18/2011
Date

Approved for Council Agenda /s/
John Marchione, Mayor

02/18/2011
Date

ATTACHMENT A

Non-Code

**CITY OF REDMOND
ORDINANCE NO. _____**

AN ORDINANCE OF THE CITY OF REDMOND,
WASHINGTON, ADOPTING A SYSTEM FOR THE
ISSUANCE, USE, AND CONTROL OF CREDIT CARDS
BY CITY OFFICIALS AND EMPLOYEES AND
DIRECTING THE FINANCE DIRECTOR TO ADOPT
RULES AND PROCEDURES TO IMPLEMENT SUCH
SYSTEM

WHEREAS, the State Legislature has found that the use of credit cards is a customary and economical business practice to improve cash management, reduce costs, and increase efficiency; and

WHEREAS, RCW 43.09.2855 authorizes cities to use credit cards for official government purchases and acquisitions; and

WHEREAS, the City Council finds the use of credit cards to be an appropriate and useful means of making payment for a variety of types of purchases, including emergency purchases, purchases of small items, one-time purchases from suppliers and travel expenses.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Issuance, Use and Control of Credit Cards.

The City Council hereby adopts the following system for the

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issuance, use and control of credit cards by City officials and employees, to be implemented by the finance director:

A. Distribution. Credit cards may be used by those City officials and employees who, in the opinion of the finance director, have job responsibilities which would be facilitated by the use of a credit card and for which the credit card use would benefit the City.

B. Authorization and Control. The finance director shall develop the implementation guidelines and accounting controls to ensure the proper usage of credit cards and credit card funds, including but not limited to the prompt reimbursement of any incidental non-business charges.

C. Credit Limits. The finance director shall set credit limits on each credit card issued.

D. Payment of Bills. The finance director shall establish and implement a written procedure for the payment of all credit card bills.

E. Incidental and Unauthorized Charges. Credit cards are to be used for City business only and no personal use of City-issued credit cards is authorized. In the event that any City official or employee uses a City-issued credit card for non-City business, the official or employee shall be billed for all such charges on the credit card and shall remit payment for such charges within seven days of issuance of the bill. As a

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condition of receiving City-issued credit card, a City official or employee will be required to sign a consent authorizing the finance director to make payroll deductions to recover any unauthorized charges, where necessary. Unauthorized use of a City-issued credit card shall also be grounds for discipline of any City employee making such unauthorized use, up to and including termination.

F. Cash Advances. Cash advances on credit cards are prohibited.

G. Additional Policies and Procedures. The finance director is hereby authorized to adopt any additional procedures or policies necessary to implement the provisions of this section.

Section 2. Severability. If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this ordinance.

Section 3. Effective Date. This ordinance shall take effect five (5) days after passage and publication of an approved summary thereof consisting of the title.

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ADOPTED by the Redmond City Council this _____ day of _____, 2011.

CITY OF REDMOND

MAYOR JOHN MARCHIONE

ATTEST/AUTHENTICATED:

CITY CLERK

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY:

By: _____

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
SIGNED BY THE MAYOR:
PUBLISHED:
EFFECTIVE DATE:
ORDINANCE NO. _____